

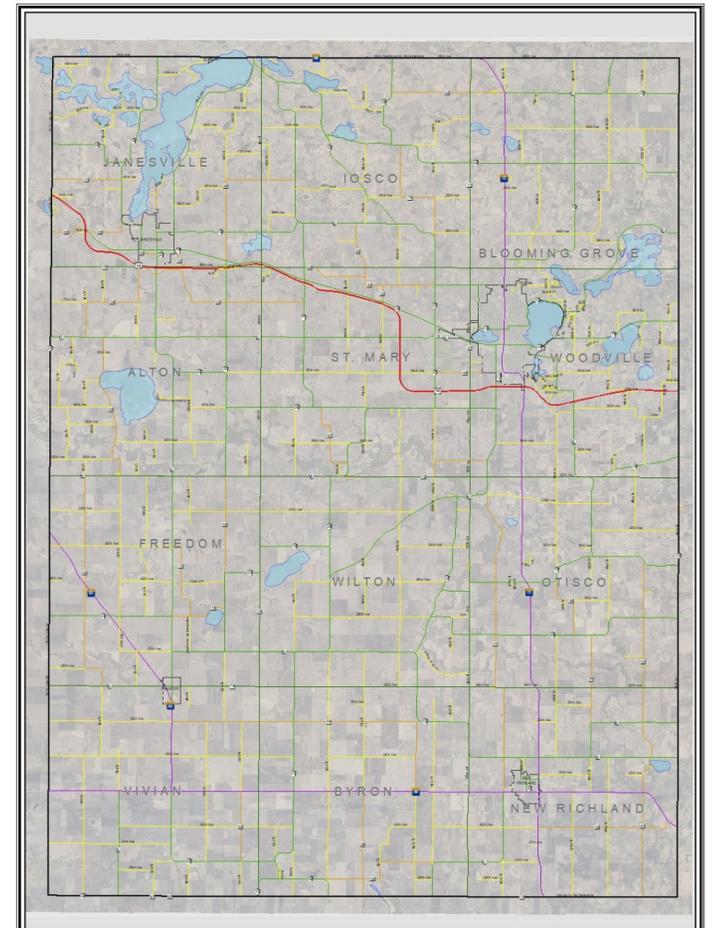
# Waseca County Transportation Funding Considerations



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# Breakdown of Waseca County Roads

- **County State Aid Highway System**
  - 245.15 miles of paved, gravel and municipal roads  
(construction and maintenance primarily funded by the Highway User Tax Distribution Fund)
- **County Roads**
  - 131.7 miles (paved and gravel)  
(constructed and maintained with local road and bridge property tax funds)



# Needs Documented Across Waseca County

- Heavier Trucks and Equipment Utilizing Roads and Bridges
- Aging Roads and Bridges
- Rising Construction Costs
- Safety Concerns
- Funding levels
- Deteriorating Infrastructure System

# Potential Options for Waseca County in Addressing Transportation Infrastructure Needs

- Work with legislators to increase transportation funding
- Continue to raise the property tax levy to fund transportation needs (currently \$1 million per year)
- Implement a local transportation sales tax option

# Transportation Sales Tax Funding Option Background Information

- 2013 Minnesota legislation provides a local transportation sales tax funding option for specified transportation projects and transit operations/capital
- Statute 297A.993 gives authority to County Boards to impose
  - Sales tax up to a ½ percent on retail sales
  - \$20 wheelage tax
  - \$20 excise tax for retail sales of vehicles
  - 100 percent of revenue raised is controlled by the County

# Transportation Sales Tax Advantages

- Share the tax burden with residents and non-residents using the local transportation system
- Minimize the tax burden for Waseca County property owners
- Utilize a funding mechanism for local transportation projects based on non-essential purchases by residents and nonresidents

\*(food, clothing, vehicles, agriculture production items and essential items exempt from tax)



# What Could a Potential Transportation Funding Solution Mean for Residents & Visitors?

- Establishment of a predictable funding source outside of property tax dollars for maintaining and constructing Waseca County roads.
- Enhancement of safety and livability factors for County residents, businesses, commuters and visitors to the area
- Ensure roads and infrastructure can be adequately maintained and built for current and future needs in Waseca County
- Provide quality infrastructure throughout the County and better position the County and its communities for industry/agricultural growth.

# How Would a Local Transportation Sales Tax Option be Spent?

- 1. Reconstruction and safety improvement projects**
- 2. Bridge projects**

# Waseca County Transportation Funding Option Comparisons (Potential Revenue Estimates)



## Transportation Sales Tax Revenue Options:

½ Cent Sales Tax: \$500,000

(Residents, businesses, commuters, visitors share in the cost)



## Wheelage Tax Revenue Option:

\$10 per vehicle flat fee: \$194,000 (already in place)

\$20 per vehicle flat fee: an additional \$184,080

(Waseca County licensed vehicles)



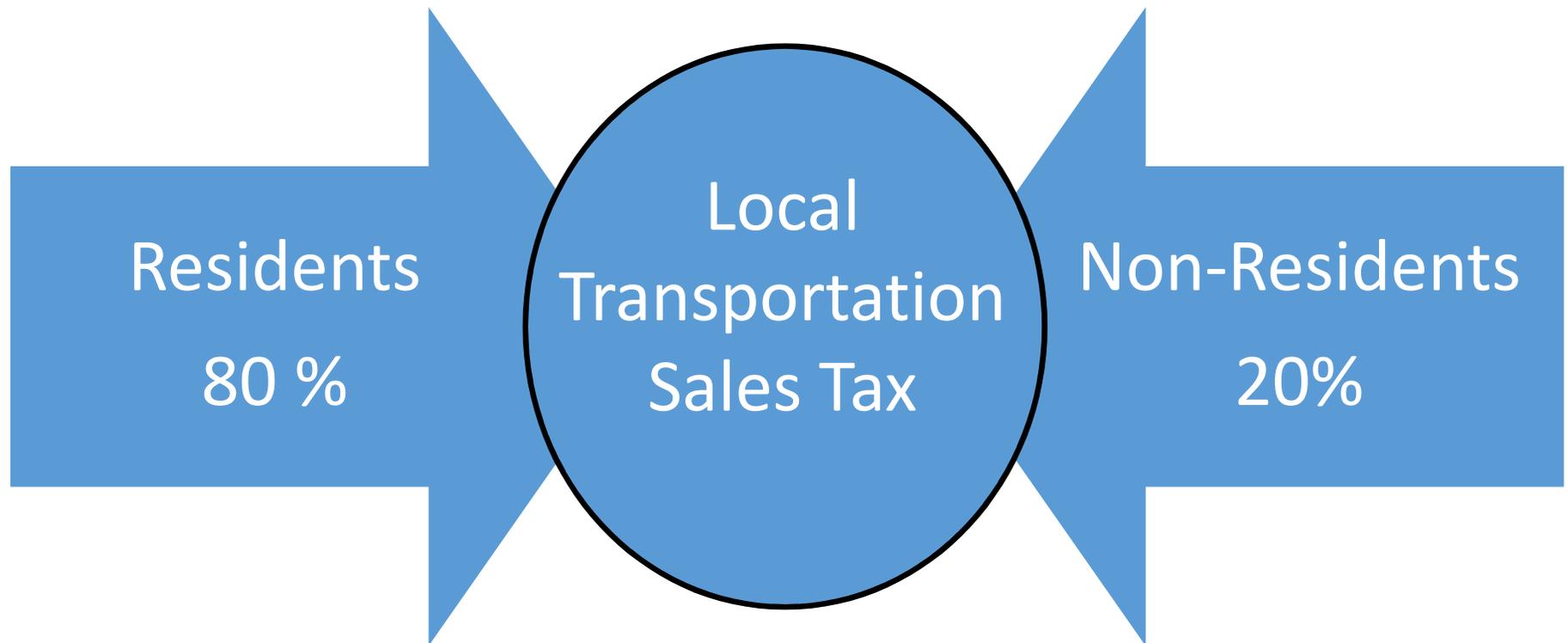
## Property Tax Levy Revenue Option:

2% levy increase = \$300,000

3% levy increase = \$450,000

(Waseca County property owners)

# Resident and Non-resident Comparisons



\*Generalized statewide projections provided by the Minnesota Department of Revenue

# Examples of Implementation Across Minnesota Counties (2016 examples)

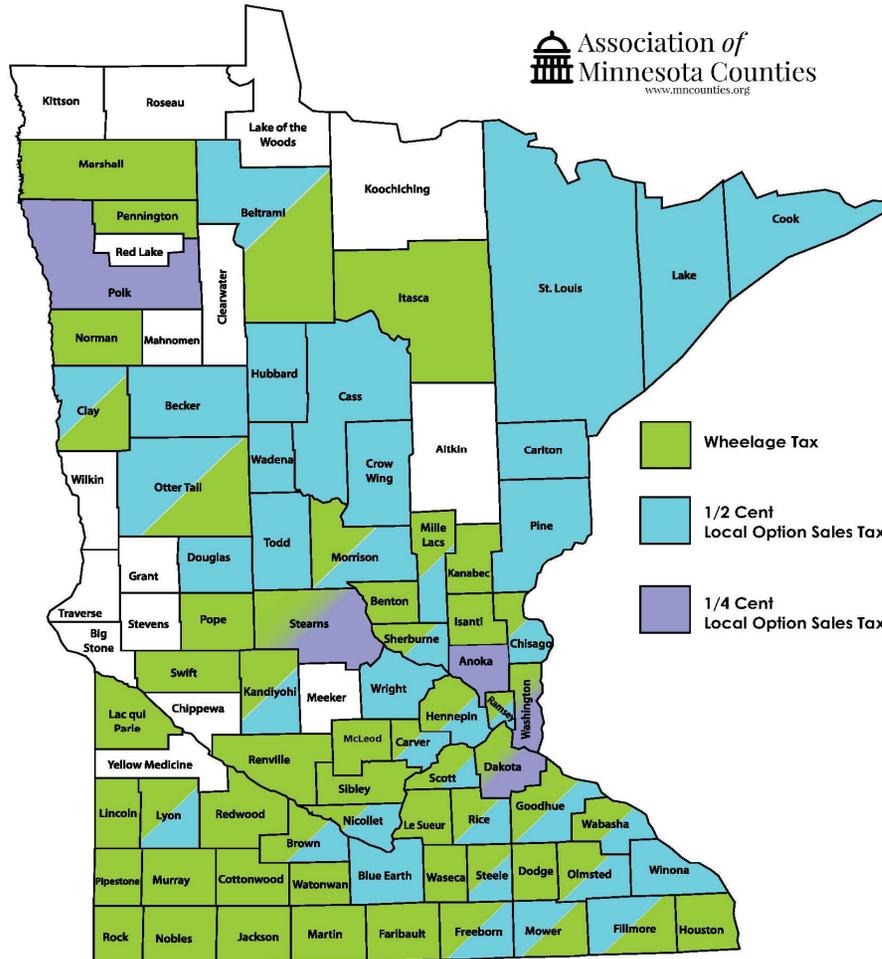
Regional Counties	Sales Tax Percent	Estimated Sales Tax Generated
Brown	½ percent	\$1,312,854
Nicollet	½ percent	\$869,533
Rice	½ percent	\$2,284,356
Steele	½ percent	\$2,083,268
Freeborn	½ percent	\$1,364,534

# Examples of Implementation Across Minnesota Counties (2016 examples)

Similarly Sized Counties	Sales Tax Percent	Estimated Sales Tax Generated
Le Sueur	(considering ½ percent)	\$621,524
Wabesha	½ percent	\$497,233
Wadena	½ percent	\$658,857
Fillmore	½ percent	\$772,110
Cook	½ percent	\$535,325
Todd	½ percent	\$403,671

# Local Option Taxes for Transportation

October 2018



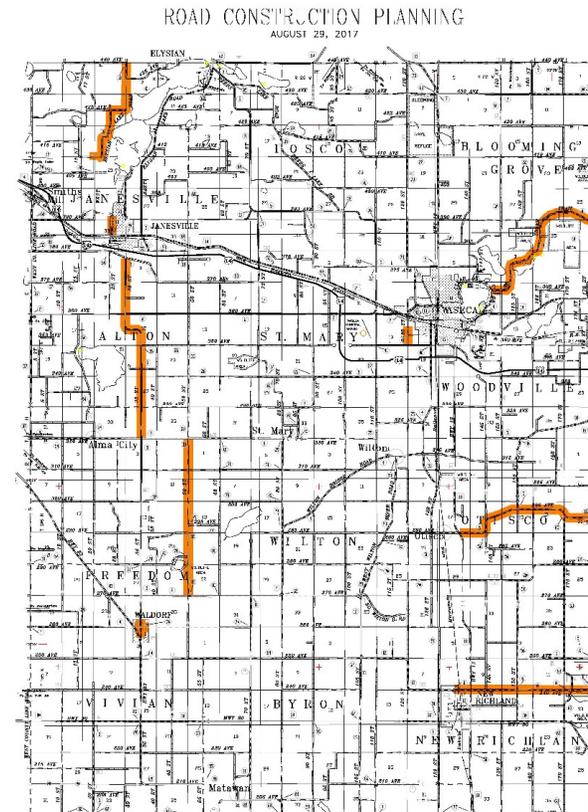
# Potential Local Option Sales Tax

## Next Steps

- Community Discussions (optional)
- Establish a Transportation Project Plan (**County Engineer**)
- Public Hearing/County Board Resolution (**Authorization**)
- Notification to the Commissioner of Revenue (**Letter**)
  - Must be received 90 days prior to local tax start date
  - Local tax start dates are only allowed on the first day of a quarter
    - Example: notification on 1/1/19 for 4/1/19 new local tax
- Agreement with Department of Revenue (**Implementation Begins**)
  - Revenue notifies businesses (60 days prior to local tax start date)
  - County and Revenue Website Notices (60 days prior to local start date)
  - Set-up Revenue Account

# Other Considerations

- Tax “Sunset”
  - Option to remove the transportation sales tax after projects are completed or upon a Board vote.



# Questions/Considerations