MEMORANDUM

To: MAS Membership

From: Derrick Surrette/Executive Director
Steve Gray/Government Affair Director

Date: 5-5-2017

Re: House Continues Exploring Road/Bridge Funding

Yesterday, The Office of the Speaker of the House issued a press release identifying various options that the House leadership is evaluating as it relates to long-term infrastructure funding, as negotiations between the Lt. Governor and Speaker Gunn continues. The House leadership is considering the following:

1. Local Option Fuel Tax (LOFT)
   a. Local governments will be allowed to put to a direct referendum a local fuel tax to be collected and used by the local government for local road and bridge repair and maintenance only.
   b. Must have inner local agreements between cities and counties. All the money stays at the city and county level.

2. Gaming Sinking Fund (GSF)
   a. $36 million is generated in GSF on an annual basis. $16 million is obligated to paying off bond debt. The House would propose to use $8 million of the remaining $20 million to service a $100 million revenue bond issue to be paid over 20 years for the purpose of road and bridge repair/maintenance in gaming counties and those adjacent counties.

3. New Road Moratorium
   a. Where construction has not already begun, unless right-of-away acquisition has occurred

4. MDOT Removed from State Personnel Board
   a. Remove MDOT from State Personnel Board. The House proposes giving MDOT lump sum funding for MDOT operations (salaries, etc.), demanding savings and efficiencies, prioritizing spending and ultimately right-sizing the agency.
5. **Revenue Growth Trigger:** When our state general fund revenue grows more than 2% in one year, 50% of those dollars beyond the 2% growth (up to a max of $100 million) will be devoted to road and bridge improvement under the same formula as above.

6. **Bond Issuance:** $50 million for bridge repair and maintenance to be distributed as follows:
   a. 50% assist municipalities for bridge repair/maintenance.
   b. 50% assist counties in paying costs for bridge repair/maintenance.

7. **Voluntary Online Sales Tax Allocation:** Certain companies are already voluntarily remitting sales tax on sales they make over the internet. Of these voluntary payments, the House proposes to send the first $50 million to the General Fund as it currently does. Of the amounts paid to the State over $50 million and up to $250 million, these dollars would be dedicated to repair/maintenance of roads and bridges. This is not a new tax. Those who oppose our plan have not produced any evidence to support claims that this is a new tax. The House has deleted any sort of federal law change or Supreme Court ruling as an additional trigger.
   a. All monies collected over the 50m will be distributed as follows:
      i. 50% to MDOT if they internally reallocate $25 million in their existing budget to prioritize road and bridge repair.
      ii. 25% to counties for roads and bridges
      iii. 25% to municipalities for roads and bridges