

TO: Honorable County Commissioners  
Scott Arneson, County Administrator

FROM: Jess L. Greenwood, Public Works Director / County Engineer

RE: 17 Feb 26 County Board Meeting  
**Local Option Sales Tax (LOST) Public Hearing**

Date: 08 Feb 26

#### Summary

It is requested that the County Board consider adding additional highway construction projects to the list of projects that are eligible to use Local Optional Sales Tax (LOST) revenues.

#### Background

On an annual basis Goodhue County Public Works prepares updated 5-year Road & Bridge programs that address current issues with County infrastructure. These programs are driven by available funding, issues that arise during the year, and changes in what is happening with the industry as it relates to market trends. The Road & Bridge programs are fluid documents that change from year to year because of those factors. 2026 is no exception to that, especially with inflationary pricing.

As programs change and new projects are added, there becomes a need to re-visit the list of LOST eligible projects. Updating this list of projects ensures that the collected dollars are able to be spent on projects approved in the 5-year programs.

During the February 4, 2025, meeting of the Board of Commissioners, the list of LOST eligible projects was updated. Over the last year, six new projects were added to the program. The 2026 Five-Year County Highway Construction projects that are highlighted indicate their LOST funding eligibility.

Staff is requesting that the County Board approve a new list of eligible projects to utilize proceeds collected through the Local Option Sales Tax.

#### Alternatives

- Adopt an updated list of Highway Construction Projects that are eligible to use revenues from the Local Option Sales Tax.
- Seek funding from other sources.

- Take no action and continue to work from the approved list of eligible projects from 2025.

Adoption of a revised Local Option Sales Tax project list requires a public hearing. Notice of this public hearing was published on the County's website and in the Kenyon Leader as well as several other local newspapers. After the public hearing and considering public comment, a resolution containing a list of projects that would be eligible for funding is needed to utilize dollars from the Local Option Sales Tax. These funds cannot be used for maintenance, paying staff, buying equipment, or other purposes.

### Recommendations

Staff is recommending two separate actions:

First, it is the recommendation of staff that the Board hold a public hearing, consider the public's opinions, and decide how to proceed.

Second, it is the recommendation of staff that the Board consider adopting the updated list of projects attached to this agenda report and considering the following action:

- Adopt a list of projects by approving the attached resolution that could receive proceeds from the Local Optional Sales Tax. The Board is reminded that this list of projects is fluid and will require revisions as the system ages, new needs develop, and opportunities emerge.

## LOST Eligible Project List - As of 17 Feb 2026

CSAH 2	SURFACING (CONC)	INITIAL PAVEMENT (CSAH 5 - TH 61)
CSAH 11	GRADING	CR 55 TO ECL
CR 50	SURFACING	BIT RECLAIM & AGG SURF (TH 57 - 400TH ST)
CSAH 7	REPLACE BR L0415	BRIDGE & APPROACH GRADING
CSAH 7	REPLACE BR L0416	BRIDGE & APPROACH GRADING
CSAH 1	GRADING & PAVING	CSAH 1 - 2500' EAST OF CSAH 25
CSAH 1	SURFACING (CONC)	CR 53 - BENCH STREET
CSAH 1	CONCRETE REHAB	CSAH 66 - TH 61
CSAH 2	SURFACING	MILL & FILL (CSAH 16 - N. BELLECHESTER LIM.)
CSAH 11	INITIAL SURFACING	CR 55 - ECL
CSAH 11	SURFACING	MILL & FILL (PINE ISLAND - CR 55)
CSAH 11	SURFACING & ROUNDABOUT	MILL & FILL (IN PINE ISLAND)
CR 45	SURFACING	MILL & FILL (CHURCH - CSAH 9)
CR 47	SURFACING	MILL & FILL (CSAH 9 - 1.75 MILES NORTH)
CR 49	SURFACING	MILL & FILL (20TH AVE - TH 56)
CR 43	REPLACE BR 25573	BRIDGE & APPROACH GRADING
CR 56	REPLACE BR L0544	BRIDGE & APPROACH GRADING
CSAH 1	SURFACING	Mill & Fill (S.C.L. to TH 60)
CSAH 4	SURFACING	Mill & Fill (TH 58 to CSAH 16)
CSAH 9	SURFACING	Mill & Fill (1 Mi. West of CSAH 7 to TH 58)
CSAH 9	SURFACING	Mill & Fill (TH 58 to CSAH 2)
CSAH 11	GRADING	CR 27 - PINE ISLAND
CSAH 30	SURFACING	BITUMINOUS PAVING (TH 56 - CSAH 1)
CSAH 12	REPLACE BR L0470	BRIDGE & APPROACH GRADING
CSAH 14	REPLACE BR 25534	BRIDGE & APPROACH GRADING
CSAH 1	ROUNDABOUT	CSAH 1 & CSAH 6
CSAH 11	INITIAL SURFACING	BITUMINOUS PAVING (CR 27 - PINE ISLAND)
CSAH 17	RECONDITIONING	BASE CORRECTION & PAVING (TH 20 - 3.8 MILES EAST)
CSAH 62	MUN GRADING	S MAIN ST. IN PINE ISLAND
CSAH 62	CONCRETE REHAB	IN PINE ISLAND
CSAH 30	REPLACE BR 25564	BRIDGE & APPROACH GRADING
CR 44	REPLACE BR L0519	BRIDGE & APPROACH GRADING
CSAH 1	ROUNDABOUT	CSAH 1 & CSAH 66
CSAH 16	GRADING	TH 58 - EAST COUNTY LINE
CSAH 6	REPLACE BR 95139	BRIDGE & APPROACH GRADING
	<b>NEW PROJECTS</b>	
	<b>EXISTING PROJECTS</b>	

**BOARD OF COUNTY COMMISSIONERS  
GOODHUE COUNTY, MINNESOTA**

Date: 17 Feb 2026

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WHEREAS, Minnesota Statute 297A.993, Subdivision 1, authorizes county boards to adopt a countywide transportation sales tax of up to  $\frac{1}{2}$  percent (.5%), and an excise tax of \$20 per motor vehicle (purchased or acquired from any person engaged in the business of selling motor vehicles at retail occurring within the jurisdiction of Goodhue County) after holding a public hearing and passing an official resolution; and

WHEREAS, Minnesota Statute 297A.993, Subdivision 2, requires proceeds of these countywide transportation taxes to be dedicated exclusively to fund capital costs of specific transportation projects or improvements, both capital and operating costs of specific transit projects or improvements, payment of the capital costs of a safe route to school program, or payment of transit operating costs; and

WHEREAS, the Goodhue County Board held a public hearing on July 24, 2018 to initially approved this Local Optional Sales Tax and directed the Auditor-Treasurer to certify this tax to the Minnesota Department of Revenue for collection of the sales tax on or before September 30, 2018; and

WHEREAS, the Goodhue County Board held a public hearing on February 17, 2026, approved an updated list of projects that are eligible to use revenues generated by this local optional sales tax; and

WHEREAS, proceeds of these countywide transportation sales taxes shall be spent on projects specifically identified at the February 17, 2026 public hearing; and

WHEREAS, the addition of other projects or improvements to be considered for funding by these countywide transportation sales taxes shall be presented at a public hearing and included in a resolution passed by the Goodhue County Board of Commissioners; and

WHEREAS, Minnesota Statute 297A.993, Subdivision 2, requires these countywide transportation sales taxes to terminate when revenues raised are sufficient to finance the identified projects or improvements;

NOW, THEREFORE, BE IT RESOLVED, the countywide transportation sales taxes shall continue each subsequent year until revenues raised are sufficient to finance all projects identified or December 31, 2035, whichever occurs first.

BE IT FURTHER RESOLVED, the sales tax revenue shall only fund transportation projects within Goodhue County and improvements identified and presented at the February 17, 2026, public hearing.

**BOARD OF COUNTY COMMISSIONERS  
GOODHUE COUNTY, MINNESOTA**

Date: 17 Feb 2026

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State of Minnesota  
County of Goodhue

Flanders	Yes <u>      </u>	No <u>      </u>
Anderson	Yes <u>      </u>	No <u>      </u>
Majerus	Yes <u>      </u>	No <u>      </u>
Betcher	Yes <u>      </u>	No <u>      </u>
Greseth	Yes <u>      </u>	No <u>      </u>

I, Scott Arneson, duly appointed, qualified and County Administrator of the County of Goodhue, State of Minnesota, do hereby certify that I have compared the foregoing copy of a resolution with the original minutes of the proceedings of the Board of County Commissioners, Goodhue County, Minnesota at their session held on the 17<sup>th</sup> day of February 2026, now on file in my office, and have found the same to be a true and correct copy thereof.

Witness my hand and official seal at Red Wing, Minnesota, this 17<sup>th</sup> day of February 2026.

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Scott Arneson  
County Administrator