



Goodhue County

Minnesota

COMMITTEE OF THE WHOLE AGENDA

PINE ISLAND CITY HALL
COUNCIL CHAMBERS
250 SOUTH MAIN STREET
PINE ISLAND, MN

JUNE 6, 2023
10:00 A.M.

Join on your computer, mobile app or room device

[Click here to join the meeting](#)

Meeting ID: 266 673 214 074
Passcode: wknxqK

OR CALL IN
[+1 872-240-8960,,925976225#](#)

PHONE CONFERENCE ID: 925 976 225#

Public Works Funding Options

Documents:

[Public Works Funding Option.pdf](#)



Public Works Funding Options

June 6, 2023



co.goodhue.mn.us

To Effectively Promote the Safety, Health and Well-Being of Our Residents



@GoodhueCountyMN

Funding Options

- State legislators authorized two transportation funding options for counties in 2013:
 1. Local Option Sales Tax
 - Goodhue County implemented ½ of 1% and an excise tax of \$20/vehicle in 2017.
 2. Wheelage Tax:
 - Goodhue County implemented \$10/vehicle in 2014



Wheelage Tax

- Counties authorized to implement Wheelage Tax applied to eligible vehicles annually
 - Up to \$20/vehicle
- All Wheelage Tax revenue generated stays in the county where the vehicle is registered
- Paid to the County monthly
- Implementation or changes require Board authorization by the August 1st deadline to become active at the beginning of the next year.



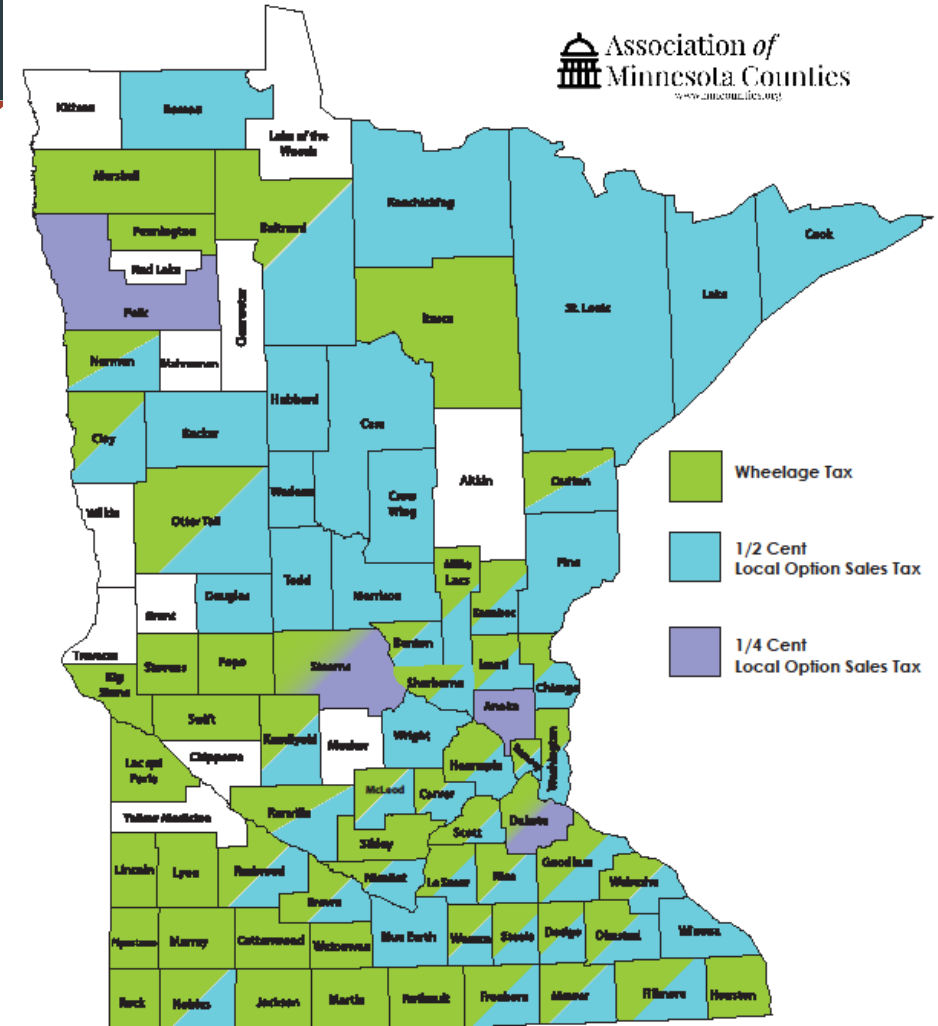
County Participation

• 2023 Wheelage Tax Implementation

- 33 Counties @ \$10/vehicle
- 4 Counties @ \$15/vehicle
- 17 Counties @ \$20/vehicle
- 33 Counties not implementing

Local Option Taxes for Transportation January 2023

Association of
Minnesota Counties
www.amcouncil.org



Goodhue County

- Since wheelage tax started being collected: (2014-2022)
 - Total: \$4,526,255.15
 - Avg/Yr: \$ 502,917.24 = ~ 50,291 Vehicles
- \$15/vehicle/year:
 - Avg/Yr: \$ 754,375.86
- \$20/vehicle/year:
 - Avg/Yr: \$1,005,834.48



Wheelage Tax Use

- Projects in Goodhue County have been mostly for seal coating bituminous pavements or have been spent on other pavement preservation projects
 - Past Commissioners agreed that spending these dollars on projects that affect all areas of the County seemed most appropriate
 - User Tax
- Taxes collected shall be used for “highway purposes”
- Can implement in \$1.00 increments up to the cap of \$20/veh/yr



Exempt Vehicles

- Motorcycles
- Mopeds
- Trailers
- Semitrailers
- Vehicles not subject to annual registration (i.e. collector vehicles)
- Tax Exempt
- State owned vehicles



Possible Reasons to Implement

- 1. Reduce property taxes and offset with this user-based tax to help pay for general highway needs
- 2. Increase preservation work
- 3. Replace aged maintenance equipment on a more frequent basis
- 4. Increase maintenance/mechanic budget to better care for older equipment
- 5. Offset capital equipment levy dollars with additional wheelage tax dollars



Possible Reasons to Implement cont.

- 1. Reduce property taxes and offset with this user-based tax to help pay for general highway needs
 - Very general use of funding: highway purposes
 - Originally intended to go to something specific



Possible Reasons to Implement cont.

- 2. Increase preservation work
 - Currently wheelage monies go to seal coat work
 - Could increase money to seal coating, crack filling, micro-surfacing, etc. More needs than money or time available
 - Generally, Goodhue County pavement is doing excellent



Possible Reasons to Implement cont.

- 3. Replace aged maintenance equipment on a more frequent basis
 - The best example would be tandem plow trucks
 - 14 trucks = 14 year replacement
 - Annual maintenance cost for trucks 1-7 yrs old:
 - \$7,869 / unit / year
 - Annual maintenance cost for trucks 8-14 yrs old:
 - \$15,646 / unit / year
 - Trade Value @ 7 ~ \$125,000
 - Trade Value @ 14 ~ \$35,000
 - Winter service is increased
 - Per snow event average 1-3 trucks needing repair







Possible Reasons to Implement cont.

- 4. Increase maintenance/mechanic budget to better care for older equipment
 - Again, the best example is likely the tandem plow trucks
 - Older equipment has more issues
 - Trade values affected by age and condition
 - Plow trucks put through worst possible conditions for up to 6-7 months (water + chlorides)
 - Operating under load & plowing = difficult hours on engine
 - More than just plow trucks: dozers, excavator, tractor backhoe, skid loaders, mini-excavator, trailers, etc.
 - Staffing vs outsourcing







Possible Reasons to Implement cont.

- 5. Offset capital equipment levy dollars with additional wheelage tax dollars
 - Avg/Yr: \$ 502,917.24
 - Public Works capital budget around \$1,000,000 annually
 - One time levy reduction



Things to Consider

- More people paying wheelage tax than property tax
 - Wheelage revenue used to support a user based hwy network
- Utilizing wheelage tax revenues to replace tandems on a 7 year cycle would leave money to offset a part of the capital equipment levy.
- Regardless, full wheelage tax implementation can bring some property tax relief by offsetting a portion of the levy.



Discussion

- The Board would need to decide by August 1st if they are interested in moving forward with a change
 - Not many meetings between now and then
- Could decide later on how to utilize the revenue collected
 - Revenue does not have to be used as specifically as the Local Option Sales Tax.
- To implement or not to implement, that is the question

