

One Minnesota Budget



Department of Transportation

Priority	Governor's Recommendations	Four Year Total (FY24-27)
1	Multimodal Transportation Package (<i>New \$ from General Fund</i>)	\$722.1 M
2	Tab Fee Restructure (<i>New Tax Revenue</i>)	~ \$700 M
3	Maintain Current Service Levels	\$304.4 M
4	Maximize Federal Climate Transportation Funding	\$8 M
5	ARMER Tower and Building Replacement	\$2 M
6	Strategic Technology System Investments	\$19 M
7	Local Transportation Disaster Support	\$7.3 M
8	Rail Grade Crossing Safety (<i>\$ shift from Trunk Highway Fund</i>)	\$5.3 M
9	Aeronautics Systems and Investments	\$15 M
10	Tribal Affairs Training Program	\$4 M
11	Twin Cities-Milwaukee-Chicago Rail Corridor	\$15.1 M
12	Stone Arch Bridge	\$5 M
13	Weigh Station Program	\$4 M
14	Utility Aircraft Replacement	\$7 M
15	Rail Safety Inspectors	-
16	Safe Routes to School Extension	-
17	Freight Network Optimization Tool	-
18	Meteorological Tower Registration Fee	-
19	Authority to Charge for Traffic Control	-
20	Pilot-Scale Sustainable Aviation Fuels Production	\$11.6 M
21	Capital Budget Debt Service and Trunk Highway Cash (<i>\$ from Trunk Highway Fund</i>)	\$52 M
22	Impact on Transportation Funds for DPS HUTD Funding Recommendations	-\$1.2 M

Multimodal Transportation Package

- \$722 million general funds for transportation investments over the next 4 years
 - \$358 million allocated to the trunk highway fund to match IIJA federal funding opportunities
 - Invests in project planning and support
 - \$364 million general funds to match multimodal and non-trunk highway investments
 - Includes formula and discretionary funds
- \$50 million authorized trunk highway bonds

MnDOT - IIJA State and Local Match (estimates)

All amounts in table below reflect rough estimates in millions:

Program	Federal Funds/Year	State/Local Match
FHWA – MnDOT (@70%)	\$170M	\$40M (@20%)
FHWA – Locals (@30%)	\$70M	\$20M (@20%)
FAA	\$60M	\$7M (@10%)
FTA – MnDOT portion only	\$13M	\$7M (@36%)
<i>Discretionary programs*</i>	<i>\$450M (@2% of total national funding)</i>	<i>\$112M (@20%)</i>
Grand Total	\$760M	\$185M

**Estimates of Minnesota's portion of the many new and expanded discretionary grant programs are for illustrative purposes only*

Multimodal Transportation Package \$358M in Trunk Highway Funds

- \$90 million per year trunk highway funds provide:
 - \$50.5 million base increase for State Road Construction
 - To be used as state match for IJJA federal funds
 - \$22 million base increase for Operations and Maintenance
 - \$12 million base increase for Program Planning and Delivery
 - \$5 million base increase for Agency Support
- \$50 million trunk highway bonds to provide match for federal grants

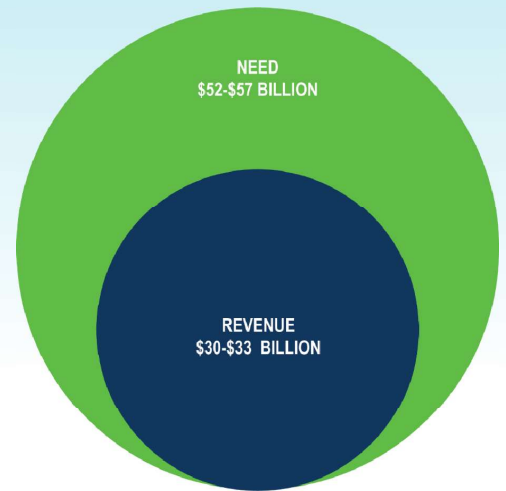
- Budget authority to spend \$315.5 million of federal funds was approved in Ch. 6

Multimodal Transportation Package \$364M in General Funds

- \$100 million one-time general funds to provide local match for federal grants
 - Also provides technical assistance and support for grant applications
- \$66 million/year in general funds for non-highway project match
 - \$3.4 million - EV charging infrastructure
 - \$17 million - Greater Minnesota transit
 - \$6.5 million - state airport infrastructure
 - \$10 million - Small Cities program
 - \$29 million – discretionary grants

MnDOT Revenue vs. Need

- MnDOT is projecting a funding gap of between \$19 – \$27 billion (overall gap is roughly \$1B/year)
- Increase due to several factors
 - Projected costs of inflation
 - Refined and more thorough planning processes
- New state goals in areas such as pedestrian and bicycle facilities and freight
- Low end of estimated need reflects Minnesota successfully achieving preliminary goals of reducing per capita Vehicle Miles Traveled (VMT)
- In addition to the needs identified by MnDOT, cities and counties have identified \$5-6 billion in priority investments on the state highway system
- MnSHIP relates only to State Road Construction



Bridge Condition

National Highway System Bridges	Current (2021)	Target	End of STIP (2026)	End of CHIP (2032)
Good Condition	30.4%	≥ 55%	40.8%	43.7%
Poor Condition	6.3%	≤ 5%	3.7%	11.3%

Other State Highway Bridges	Current (2021)	Target	End of STIP (2026)	End of CHIP (2032)
Good Condition	30.5%	≥ 50%	31.3%	31.2%
Poor Condition	4.4%	≤ 8%	4.4%	12.1%

- MnDOT has increased the accuracy of bridge condition data over the past 4-5 years through improved training, quality control and quality assurance of bridge inspections.

Pavement Condition

Interstate Pavements	Current (2021)	Target	End of STIP (2026)	End of CHIP (2032)
Good Condition	93%	≥ 70%	87%	84%
Poor Condition	0.4%	≤ 2%	0.6%	2.9%
National Highway System (Non-Interstate) Pavements				
Good Condition	82%	≥ 65%	73%	70%
Poor Condition	0.5%	≤ 4%	1.4%	3.0%
National Highway System (Non-Interstate) Pavements				
Good Condition	82%	≥ 65%	73%	70%
Poor Condition	0.5%	≤ 4%	1.4%	3.0%

Tab Fee Restructure

- Adjustment to the motor vehicle registration tax depreciation schedule
 - No one will pay more next year than they do this year unless they purchase a new vehicle
 - Concentrates costs on those who are purchasing new vehicles
 - Nearly half of all vehicles would pay \$5 less than they currently do
- Nearly \$700 M in new HUTD revenue over 4 years
 - \$411 M to Trunk Highway
 - \$227 M to County State Aid Highways (CSAH)
 - \$60 M to Municipal State Aid Streets (MSAS)
- Represents a 19% increase to tab fees over four years
- Represents a 6.5% increase to HUTD fund revenues overall over four years

Tab Fee Restructure

- Current law:

- \$10 plus 1.285% of MSRP of a passenger vehicle, adjusted for depreciation
- Depreciation begins with **100%** of MSRP in the first year
- Declines by 10 percentage points each year
- Tax for vehicles 11+ years is **\$35**

- Proposed change:

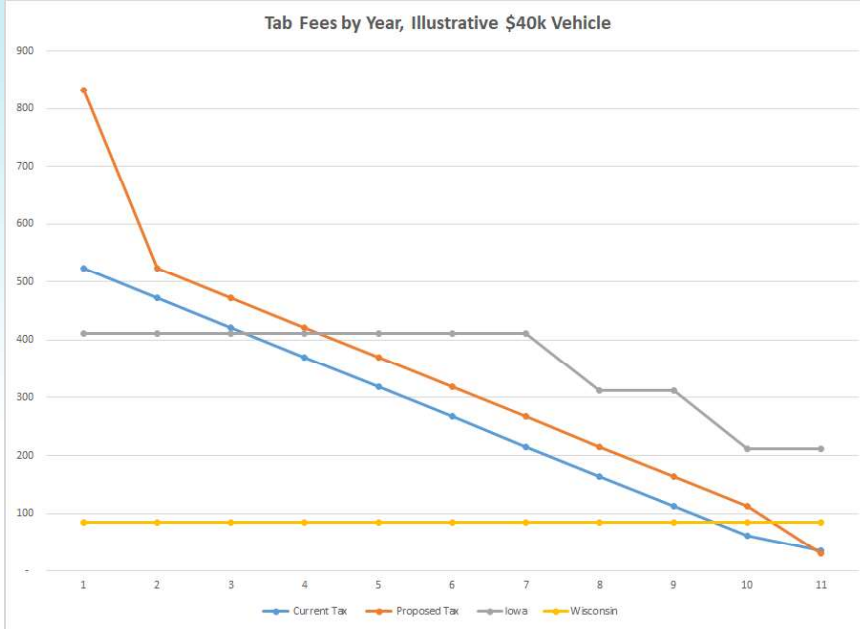
- \$10 plus 1.285% of MSRP of a passenger vehicle, adjusted for depreciation
- Depreciation begins with **160%** of MSRP in the first year
- Declines to 100% in the second year and then by 10 percentage points each year
- Tax for vehicles 11+ years is **\$30**
- Effective January 1, 2024

Tab Fee Restructure

Year	Current Depreciation	\$40K New Purchase Current Example	Recommended Depreciation	\$40K New Purchase Recommended Example	Difference
1	100%	\$524	160%	\$832	+ \$308
2	90%	\$473	100%	\$524	+ \$51
3	80%	\$421	90%	\$473	+ \$51
4	70%	\$370	80%	\$421	+ \$51
5	60%	\$318	70%	\$370	+ \$51
6	50%	\$267	60%	\$318	+ \$51
7	40%	\$216	50%	\$267	+ \$51
8	30%	\$164	40%	\$216	+ \$51
9	20%	\$113	30%	\$164	+ \$51
10	10%	\$61	20%	\$113	+ \$51
11+	\$35	\$35	\$30	\$30	- \$5
Total		\$2,962		\$3,728	+ \$776

- On new \$40k vehicle, increase of \$308 in year 1 = 0.78% overall cost increase
- Nearly half of all vehicles would pay \$5 less (vehicles 11+ years old would decrease from \$35 to \$30)

Tab Fee Restructure – Comparison to Neighbor States



- Wisconsin charges a flat fee of \$85/yr
- Iowa charges tab fees based on vehicle weight. For a “normal” vehicle (~3,000 lbs) the tax is \$412/yr for 1st 7 years

Maintain Current Service Levels

- Preserves existing purchasing power and addresses compensation pressures
- \$135 million base Trunk Highway Fund increase in FY 24-25
 - ~ 6% increase from FY 22/23 operating budget
- \$800,000 base General Fund increase in FY 24-25
- \$1.2 million base 911 Emergency Fund increase in FY24-25

Component	FY 2024	FY 2025	Biennial
Compensation	\$46,309	\$74,576	\$120,885
IT Rates/Volume	\$5,000	\$8,000	\$13,000
Rest Area Services	\$750	\$750	\$1,500
EZ-Pass Operations	\$380	\$380	\$760
Office of Environmental Stewardship	\$200	\$200	\$400
Total	\$52,639	\$83,906	\$136,545



Maximize Federal Transportation Climate Funding

- \$2 million base general fund increase for federal climate programs
 - Leverages federal funds from the IIJA
 - IIJA focus on EV charging and fueling (NEVI), transportation resilience (PROTECT), and carbon reduction
 - Provides 5 FTE and adequate resources to plan and administer federally funded programs
 - This request is supported by the Sustainable Transportation Advisory Council (STAC) working group



ARMER Tower and Building Replacement

- \$2 million one-time general funds to replace aging radio towers and buildings
 - ARMER is Minnesota's shared public safety communication system
 - ARMER provides radio service to federal, state, tribal, and local agencies
 - ARMER serves:
 - Minnesota State Patrol
 - Department of Homeland Security
 - Federal Bureau of Investigations and Border Patrol
 - Fire, Police and Emergency Medical Services (Ambulance) providers
 - MN Department of Natural Resources
 - County Sheriff Departments
 - Tribal Police Departments
 - Metro Transit System
 - MnDOT



Strategic Technology System Investments

- \$3 million one-time general funds
- \$4 million base general fund increase
 - 9 FTE to deliver and support IT projects
- Priority initiatives: asset management, data and document transfer, research project management system
- One-time funds allow for implementation and modernization of core systems, applications, and platforms
- Base funds allow for ongoing support and maintenance



Local Transportation Disaster Support

- \$3.3 million one-time general funds to reimburse Local Public Agencies (LPAs) for disaster spending
 - Provides the cost-share match for Federal Highway Administration (FHWA) Emergency Relief Program
- \$1 million base general funds for future disaster relief
 - Funds will be put in a Disaster Assistance Contingency Account (DACA) to reimburse LPAs



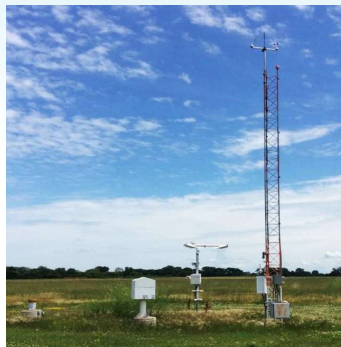
Rail Grade Crossing Safety

- \$750,000 in FY24 and \$1.5 million starting in FY25 base Trunk Highway funds for the Rail Grade Crossing Safety Account (GCSA)
 - Used for rail safety improvements on the Trunk Highway and Local Road systems
 - GCSA is derived from a portion of State Patrol fine revenues
 - The GCSA currently receives \$1 million annually
 - Increasing the GCSA results in an equivalent decrease to the Trunk Highway fund
 - Minnesota has more than 4,000 railroad-highway grade crossings



Aeronautics Systems and Investments

- \$15 million one-time general funds to repair and replace Automated Weather Observing Systems (AWOS)
 - Many of Minnesota's AWOS are out of production and past life expectancy
 - AWOS provide critical weather information for aviation activities including medical air, commercial, and freight flights
 - AWOS are used by the National Weather Service for general forecasting
 - Located at publicly-owned airports statewide



Utility Aircraft Replacement

- \$7 million one-time general funds to replace two utility aircraft
- Used to transport MnDOT technicians and parts for time-sensitive repair work
- Necessary to minimize the impact of aviation equipment failure such as AWOS or other navigational systems
- MnDOT serves 133 publicly owned state-funded airports



Tribal Affairs Training Program

- \$900,000 base general funds for a construction skills training program in Indian Country
 - Contractors will administer trainings to tribal members
 - 2 FTE to manage and administer the training program
- \$100,000 base general fund increase for the Tribal-State Relations Training program
 - 1 FTE to enhance virtual training options
- Aligns with MMB evidence-based practice



Twin Cities-Milwaukee-Chicago Rail Corridor

- \$893,200 in FY24 and \$2.3 million in FY25 of one-time general funds for TCMC operating costs
- Provides matching funds for a federal grant
- \$4.9 million base general funds starting in FY26 for Minnesota's share of ongoing TCMC operating costs
- \$940,000 in FY24 and \$980,000 in FY25 of one-time general funds for capital improvements on the TCMC corridor



Stone Arch Bridge

- \$5 million one-time general funds for Stone Arch Bridge repairs
 - Matching for secured \$24 million total of federal funds
 - \$30 million total project cost
 - Allows above-water and underwater work to happen during the same bridge closure
 - Not trunk highway eligible
 - MnDOT owns the Stone Arch bridge, and the City of Minneapolis is responsible for bridge deck maintenance



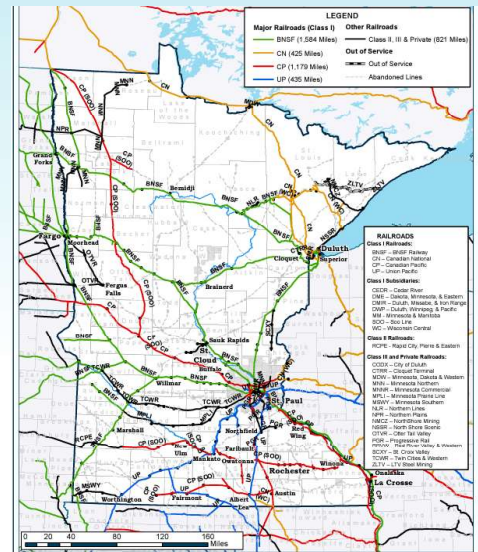
Weigh Station Program

- \$1 million base general funds for a weigh station program at MnDOT
 - Weigh stations are built and maintained by MnDOT and operated by Minnesota State Patrol's Commercial Vehicle Enforcement Division
 - Weigh stations are essential for the federally-mandated size, weight, and safety enforcement program
 - Reliable base funding allows for consistent maintenance and repairs of state assets



Rail Safety Inspectors

- Assess the cost of 2 additional rail safety inspectors to Class I and II railroads
 - \$300,000 additional cost to be assessed
 - 4 of 6 rail inspectors are already being assessed to Class I and II railroads
 - This request changes the funding source and does not add new inspectors



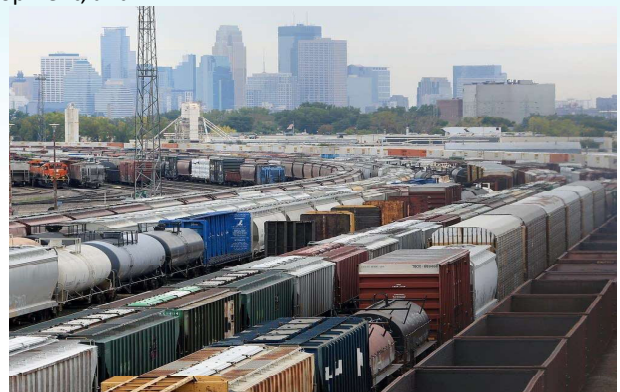
Safe Routes to School Extension

- Extend the Safe Routes to School appropriation
 - Funding was granted in 2021 1st Special Session
 - Appropriation is available until June 30, 2023
 - Seeking to extend to June 30, 2025
 - SRTS creates safe walking and biking paths to schools



Freight Network Optimization Tool

- Extend the Freight Network Optimization Tool (FNOT) appropriation
 - Funding was granted in 2021 1st Special Session
 - Appropriation is available until June 30, 2023
 - Seeking to extend to June 30, 2025
 - FNOT will be used for transportation planning, economic development, and communication through a visual display



Meteorological Towers Registration Fee

- Remove the \$50 fee to register meteorological towers
 - Collecting the fee costs more than MnDOT receives in revenue
 - Removing the fee may increase registration compliance
 - Meteorological towers pose a potential aviation obstruction



Authority to Charge for Traffic Control

- Permit MnDOT to collect traffic control costs
 - MnDOT incurs staff time and equipment usage costs when responding to a crash or traffic incident
 - Seeking express permission to collect costs from at-fault drivers and insurance companies



Sustainable Aviation Fuel

- \$3.2 million one-time general funds in FY24 and \$2.1 million base general funds starting in FY24
 - Develop a pilot-scale Sustainable Aviation Fuel program in conjunction with other State Agencies
 - Create a Sustainable Aviation Fuel development fund to pay incentives for production
 - Establish state Sustainable Aviation Fuel production goals



One Minnesota Budget

Questions?

Governor's Recommended Capital Budget

Recommendation	Funding Source	Amount
High Priority Bridges*	THB	\$80 M
Local Bridge Replacement Program*	GO	\$144 M
Local Road Improvement Program*	GO	\$108 M
Highway Railroad Grade Crossing-Warning Devices Replacement	GO	\$6 M
Port Development Assistance Program*	GO	\$6 M
Safe Routes to School	GO	\$1.8 M
Active Transportation*	GO/GF	\$6 M
Statewide Freight Safety Investments	THF	\$5 M
Minnesota Rail Service Improvement Program	GO	\$2.4 M
Greater Minnesota Transit Capital Program*	GO	\$1.2 M
Facilities Capital Improvement Program	THB/THF	\$90.9 M
Rail Corridor Capacity Improvements*	GO	\$19.9 M
Funding Source	Abbreviation	Total Amount
General Fund General Obligation Bonds	GO	\$294.1 M
Trunk Highway Fund General Obligation Bonds	THB	\$167.4 M
General Fund Cash	GF	\$1.2 M
Trunk Highway Fund Cash	THF	\$8.4 M
Total Project Funding		\$471.2 M

**Potential IJJA Match*