



November 2014 Forecast Executive Summary

Revenues up \$30 million in Highway User Tax Distribution (HUTD) Fund in FY 2014-15

The November 2014 forecast revenue estimates for the three primary highway user taxes in the HUTD Fund have all increased since the End of Session (EOS) 2014 forecast. The increase for the two-year period (FY 2014-15) is provided by revenue source.

Revenue Source	HUTD Revenues, FY 2014-15 Biennium (\$ in millions)		
	Nov '14 Fcst	\$ Change	% Change
Motor Fuel Taxes	\$1,749 M	\$18 M	1.0%
Registration Taxes	1,341	5	0.4%
Motor Vehicle Sales Taxes	802	8	1.0%
Other	6	0	1.2%
Total Revenues	\$3,898 M	\$30 M	0.8%

HUTD Revenues, FY 2016-17 Biennium

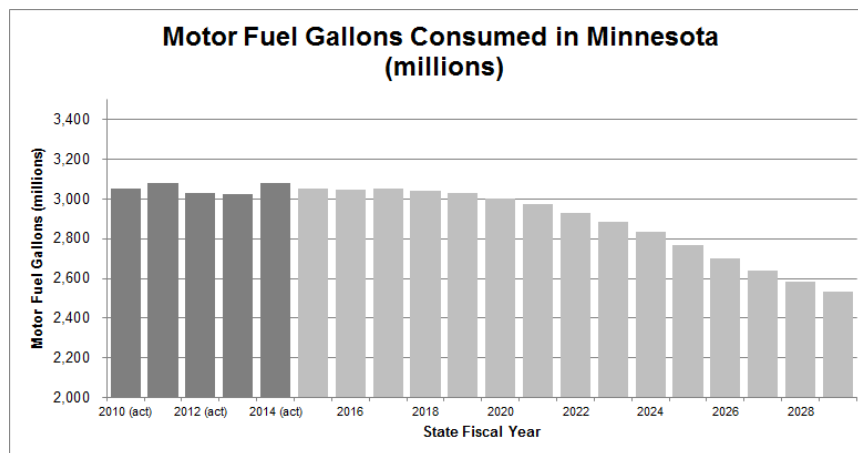
Fund	(\$ in millions)		
	Nov '14 Fcst	\$ Change	% Change
Motor Fuel Taxes	\$1,738 M	(\$10) M	(0.6%)
Registration Taxes	1,475	134	10.0%
Motor Vehicle Sales Taxes	916	113	14.1%
Other	8	2	38.2%
Total Revenues	\$4,138 M	\$240 M	6.1%

FY 2016-17 HUTD revenues up \$240 million from FY 2014-15

HUTD revenues in the upcoming FY 2016-17 biennium are projected to be \$240 million greater than the current FY 2014-15 biennium.

Long Range Motor Fuel Consumption Trend

Over the 5-year forecast period, consumption is projected to decrease an average of 0.3% per year, and in the following 10 years (2020-29), the projection is for an average annual decrease of 1.8% (per federal Energy Information Administration (EIA)).



Other Funds

Revenues for the FY 2014-15 biennium decreased 0.4% for the State Airports Fund and 7.3% for the greater Minnesota transit portion of the Transit Assistance Fund, as compared to the EOS 2014 forecast.

Transportation Funds Forecast

November 2014 Released December 9, 2014

We all have a stake in **A to B**



Introduction to Transportation Funds

MnDOT, in consultation with the Department of Minnesota Management and Budget (MMB), prepares fund statements for six transportation funds. These fund statements are prepared in November and February of each fiscal year. Additional updates are prepared each year at the end of the legislative session (EOS) to incorporate law changes impacting the transportation funds. Where comparisons are made to the prior forecast, changes reflect the difference from EOS fund statements, which include February 2014 forecast assumptions plus any legislative changes made during the 2014 legislative session.

MnDOT prepares fund statements for the following funds:

- Highway User Tax Distribution Fund (HUTD)
- Trunk Highway Fund (TH)
- County State Aid Highway Fund (CSAH)
- Municipal State Aid Street Fund (MSAS)
- Transit Assistance Fund (TAF)
- State Airports Fund (SAF)

Forecasts for these funds are prepared based on the same statutory requirements as the state's General Fund forecast (Minnesota Statutes 16A.103) and are also based on the statutory requirements in Minnesota Statutes 174.03, subdivision 9.

The Minnesota Constitution, Article XIV establishes the first four funds on the list. Revenues flow into the HUTD fund and are then transferred, based on constitutional and statutory formulas, into the TH, CSAH, and MSAS funds. These three funds provide the vast majority of state funding for highways in Minnesota.

Revenue Sources For Transportation Funds

The Highway User Tax Distribution Fund (HUTD) receives income from three primary sources: the motor fuel tax (gas tax), the motor vehicle registration tax (tab fees), and 60% of the motor vehicle sales tax (MVST). In addition, a small portion of revenue is derived from other sources such as interest. As stated above, the revenues from the HUTD are allocated to the TH, CSAH, and MSAS funds. The CSAH fund also receives revenue from the motor vehicle lease sales tax (MVLST), and the Trunk Highway Fund incorporates the federal aid agreement revenues received from the Federal Highway Administration (FHWA) in its funding revenue rather than isolating it within a fund of its own.

The Transit Assistance Fund's primary revenue source is 40% of MVST, with additional revenues from MVLST. The State Airports Fund receives revenue primarily from four different revenue sources: sales tax on aircraft, airline flight property tax, aircraft registration tax, and gasoline and special fuels tax. In addition, all of the funds listed above, except the Transit Assistance Fund, receive investment income earned on the cash balances in the funds.

Revenue from gas tax, tab fees, and sixty percent of MVST are all deposited in the HUTD fund, from which distributions are made to the TH, CSAH, and MSAS funds, based on constitutional and statutory formulas. Each of these three funds will have estimated distributions from the HUTD fund as a source of revenue included in the fund statement.



Forecasts For Revenue Sources

This section describes the revenue forecasts for the sources listed in the previous section.

Motor Fuel Excise Tax Forecast

According to article XIV of the Minnesota Constitution, "...The Legislature may levy an excise tax on any means or substance used for propelling vehicles on the public highways of this state..." This tax is commonly referred to as "gas tax." It is levied on gasoline, diesel fuel, compressed natural gas, and a variety of other special fuels.

The current gas tax rate in Minnesota is 28.5 cents: 25 cents per gallon plus a 3.5 cent per gallon debt service surcharge. This surcharge is intended to partially cover the debt obligations for capital projects on the trunk highway system as authorized in the Laws of 2008, Chapter 152. The final debt service surcharge increase of a half cent was implemented on July 1, 2012. Revenue from this tax is deposited in the HUTD fund.

The table below provides information about how Minnesota's motor fuel tax rates compare with those in the surrounding states and with federal tax rates:

Comparison of October 2014 Motor Fuel Tax Rates (per gallon)

Cents per gallon	Federal	MN	WI	SD	IA	ND
Gasoline	18.4	28.5	30.9	22.0	21.0	23.0
Diesel	24.4	28.5	30.9	22.0	22.5	23.0
Gasohol (10% blend)	18.4	28.5	30.9	22.0	19.0	23.0

The following table shows historical motor fuel tax rates:

Year	Historical Motor Fuel Excise Rates in Minnesota
1975	Increased from 7 to 9 cents per gallon
1980	9 to 11 cents
1981	11 to 13 cents
1983	13 to 16 cents (for eight months) and then to 17 cents beginning January 1, 1984
1988	17 to 20 cents
1994	Phased out 2-cent gasohol credit over 4 years
2008	Chapter 152 authorized a number of changes to the fuel tax rates from 2008 to 2012; including a general rate increase of 5 cents phased in by October 1, 2008, and a debt service surcharge that increases to 3.5 cents by 2012.
2008 Apr 1	20.0 cents to 22.0 cents (2 cent general increase)
2008 Aug 1	22.0 cents to 22.5 cents (debt service surcharge)
2008 Oct 1	22.5 cents to 25.5 cents (3 cent general increase)
2009 Jul 1	25.5 cents to 27.1 cents (debt service surcharge)
2010 Jul 1	27.1 cents to 27.5 cents (debt service surcharge)
2011 Jul 1	27.5 cents to 28.0 cents (debt service surcharge)
2012 Jul 1	28.0 cents to 28.5 cents (debt service surcharge) Final Phase-In: Current Rate is 28.5 cents



The outlook for fuel consumption is affected by:

- the economy and world oil prices
- long-term policy (e.g. corporate average fuel economy (CAFE) standards)
- consumer trends toward more fuel efficient vehicles
- utilization of other transportation options

To forecast the motor fuel excise tax, MnDOT consults the U.S. gasoline consumption macroeconomic forecast produced by Global Insight (GI). Global Insight is the same macroeconomic consultant that the state uses to assist with forecasting the General Fund. MnDOT also reviews regional forecast information from the federal Energy Information Administration (EIA). Finally, a comparison is made of actual state consumption versus previous forecast information provided by GI and EIA.

The most current forecast from EIA is very similar as compared to the version available for the February 2014 forecast, projecting declining consumption in each year. The amount of the projected decline for future years is slightly less than in the February 2014 EIA data. The most current GI forecast projects less consumption in FYs 2015 and 2016, and similar consumption in FYs 2017-19, as compared to the February 2014 forecast. The specific forecasts are shown in the tables below. MnDOT uses a blended average of the consumption forecasts by EIA and GI for future years. When combined, the year-over-year consumption changes from EIA and GI for future years are relatively unchanged. These amounts are then multiplied by the motor fuel tax rate, resulting in the estimated revenue.

Energy Information Administration (EIA) Changes, Nov '14 vs. Feb '14			
	Nov '14 Forecast	Feb '14 Forecast	
Year	Annual Energy Outlook 2014 Baseline Year over Year Growth	Annual Energy Outlook 2014 Early Release Year over Year Growth	Change
2013	(0.2%)	(0.5%)	0.3%
2014	(1.2%)	(1.2%)	0.0%
2015	(2.0%)	(1.9%)	(0.2%)
2016	(1.5%)	(1.4%)	0.0%
2017	(1.2%)	(1.4%)	0.2%
2018	(1.4%)	(1.6%)	0.2%
2019	(1.7%)	(1.8%)	0.1%

Global Insight (GI) Changes, Nov '14 vs. Feb '14			
	Nov '14 Forecast	Feb '14 Forecast	
Year	GI Highway Consumption of Fuel Year over Year Growth	GI Highway Consumption of Fuel Year over Year Growth	Change
2013	(0.3%)	(0.3%)	0.0%
2014	1.8%	1.0%	0.7%
2015	(0.8%)	(0.5%)	(0.3%)
2016	1.0%	1.2%	(0.2%)
2017	1.4%	1.2%	0.2%
2018	0.8%	0.8%	0.0%
2019	0.8%	0.6%	0.2%



MnDOT Consumption Forecast Changes, Nov '14 vs. Feb '14			
	Nov '14 Forecast	Feb '14 Forecast	
Year	Blended Average of EIA/GI	Blended Average of EIA/GI	Change
2013 (act)	(0.2%)	(0.2%)	0.0%
2014 (act)	1.9%	1.1%	0.9%
2015*	(0.9%)	(1.2%)	0.3%
2016	(0.2%)	(0.1%)	(0.1%)
2017	0.1%	(0.1%)	0.2%
2018	(0.3%)	(0.4%)	0.1%
2019	(0.4%)	(0.6%)	0.2%

*EIA/GI blended average of (1.4%) adjusted to (0.9%) in FY 2015 to account for actual year-to-date revenues

For the current year, the EIA and GI forecasts are compared with actual year-to-date revenues. Through October, actual revenues are greater than both the EOS 2014 forecast and prior year actuals. Because year-to-date actual revenues are up, FY 2015 revenues increased from the EOS 2014 forecast, which also results in increases in all future years due to a higher base.

Motor Fuel Tax (\$ in millions)

FY 2014-15 Nov '14 Forecast over EOS '14			FY 2016-17 vs. FY 2014-15			FY 2018-19 vs. FY 2016-17		
FY 2014-15	\$ Change	% Change	FY 2016-17	\$ Change	% Change	FY 2018-19	\$ Change	% Change
\$1,749	\$18	1.0%	\$1,738	(\$10)	(0.6%)	\$1,730	(\$9)	(0.5%)

The estimated revenue included in the November 2014 forecast is shown below:

Motor Fuel Tax Revenues (\$ in millions)				
State Fiscal Year	Nov '14 Fcst	EOS '14 Fcst	\$ Change	% Change
2013 (act)	\$860 M	\$860 M	\$0.0 M	0.0%
2014 (act)	878	871	7.4	0.9%
2015	871	860	10.1	1.2%
2016	869	860	9.1	1.1%
2017	870	859	10.9	1.3%
2018	867			
2019	\$863 M			

Motor Vehicle Registration Tax Forecast

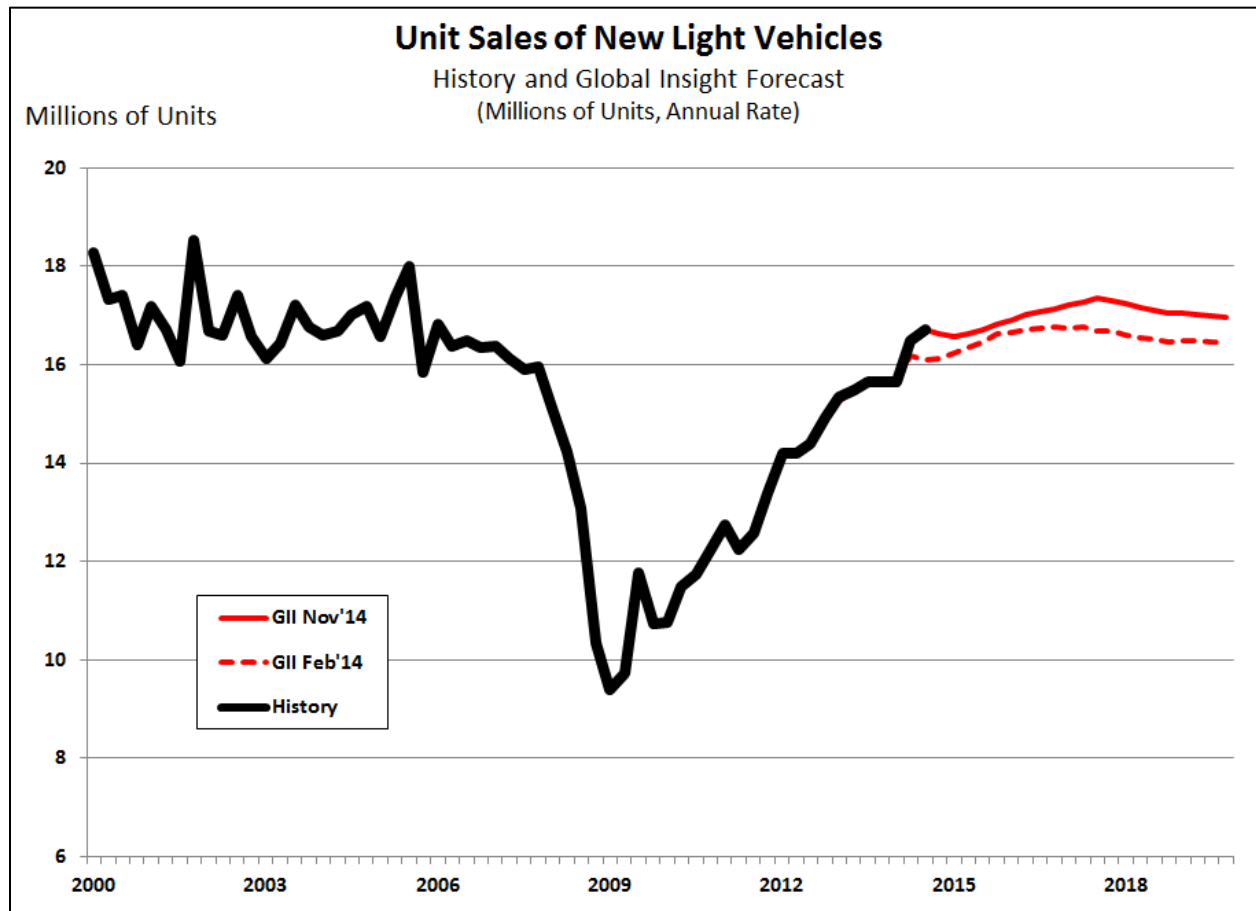
According to article XIV of the Minnesota Constitution, "...The Legislature may by law tax motor vehicles using the public streets and highways on a more onerous basis than other personal property..." These taxes are commonly referred to as "tab fees." Revenue from these taxes is deposited in the HUTD fund.

The policy for taxes on passenger motor vehicles is described in Minnesota Statutes 168.013, subdivision 1a. Vehicles are taxed based on \$10 plus 1.25% of the vehicle's value, depreciated over time through the 10th year of registration,



after which the tax is \$35. Revenue from these taxes comprises about 80% of the total revenue from motor vehicle registration taxes. The remaining revenue is provided by taxes on commercial vehicles. The tax for commercial vehicles is generally based on vehicle weight and age. The current passenger motor vehicle registration tax policy was instituted in 2008, and included a provision that tax on any passenger vehicle when calculated using the new policy would not be greater than paid previously. This provision resulted in a phase-in of the full impact of this policy change.

The following chart depicts the unit sales rate for new light vehicles, from 2000 through the forecast period. All data are provided by GI and reflect national levels. The solid red line reflects the current forecast, which was up significantly in FY 2014 and up slightly in future years as compared to the February 2014 forecast.



MnDOT has a model to forecast revenue from passenger vehicles that is largely based on forecasts of the purchase of new passenger vehicles. Forecasts of the sales of new vehicles are provided by GI. The chart suggests that new vehicle sales will be slightly greater than was assumed in GI's prior forecast. The November 2014 forecast continues to use detailed vehicle information supplied by the Department of Public Safety (February 2014 data), which MnDOT uses in its model to forecast revenue from all passenger motor vehicles. This data is unchanged from the February 2014 forecast. New vehicle data will be incorporated in the upcoming February 2015 forecast. Based on the slight increases projected in new vehicle sales, revenues are projected to increase in all years as compared to the EOS 2014 forecast. MnDOT assumes that an additional \$110 million per year of motor vehicle registration tax revenue is received from taxes on various other types of vehicles, primarily on heavy trucks. Estimated revenues for the forecast period are shown below:



Motor Vehicle Registration Tax (\$ in millions)

FY 2014-15 Nov '14 Forecast over EOS '14			FY 2016-17 vs. FY 2014-15			FY 2018-19 vs. FY 2016-17		
FY 2014-15	\$ Change	% Change	FY 2016-17	\$ Change	% Change	FY 2018-19	\$ Change	% Change
\$1,341	\$5	0.4%	\$1,475	\$134	10.0%	\$1,581	\$106	7.2%

The estimated revenue included in the November 2014 forecast is shown below:

Motor Vehicle Registration Tax Revenues (\$ in millions)

State Fiscal Year	Nov '14 Fcst	EOS '14 Fcst	\$ Change	% Change
2013 (act)	\$623 M	\$623 M	\$0.0 M	0.0%
2014 (act)	652	653	(0.7)	(0.1%)
2015	689	683	5.7	0.8%
2016	722	713	8.6	1.2%
2017	753	742	10.9	1.5%
2018	779			
2019	\$802 M			

Motor Vehicle Sales Tax Forecast

According to article XIV of the Minnesota Constitution "...revenue from a tax imposed by the state on the sale of a new or used motor vehicle...must be allocated for the following transportation purposes: not more than 60% must be deposited in the highway user tax distribution fund, and not less than 40% must be deposited in a fund dedicated solely to public transit..." Current statutes provide that 60% of this revenue is deposited in the HUTD fund and 40% is deposited in the Transit Assistance Fund.

This is a 6.5% tax on the sale of new and used motor vehicles. MMB prepares the official forecast of this revenue, which is largely based on input provided by GI. Similar to the forecast for passenger motor vehicles, this forecast is largely based on estimates of sales of passenger vehicles, so the trend is similar to that described previously for motor vehicle registration tax revenue.

Motor Vehicle Sales Tax (60% that is dedicated to highways) (\$ in millions)

FY 2014-15 Nov '14 Forecast over EOS '14			FY 2016-17 vs. FY 2014-15			FY 2018-19 vs. FY 2016-17		
FY 2014-15	\$ Change	% Change	FY 2016-17	\$ Change	% Change	FY 2018-19	\$ Change	% Change
\$802	\$8	1.0%	\$916	\$113	14.1%	\$1,016	\$100	10.9%

The estimated revenue included in the November 2014 forecast is shown below:



Motor Vehicle Sales Tax Revenues (\$ in millions)

State Fiscal Year	Nov '14 Fcst	EOS '14 Fcst	\$ Change	% Change
2013 (act)	\$359 M	\$359 M	\$0.0 M	0.0%
2014 (act)	384	386	(2.1)	(0.6%)
2015	418	408	10.0	2.4%
2016	443	430	13.2	3.1%
2017	473	450	23.0	5.1%
2018	499			
2019	\$516 M			

Transfers From HUTD Fund

The HUTD fund receives revenues from the three sources dedicated to highways and transit by Article XIV of the Minnesota Constitution, for which revenue estimates have been discussed in the previous several sections.

With the exception of the revenue from the Motor Vehicle Sales Tax that is constitutionally dedicated to public transit (currently set at 40% by statute), revenues from these three taxes are all constitutionally required to be deposited into the Highway User Tax Distribution Fund. From there they are subsequently transferred, in accordance with formulas in Article XIV of the Minnesota Constitution and in statute, to the Trunk Highway Fund, the County State Aid Highway Fund, and the Municipal State Aid Street Fund. There are small distributions to the Department of Natural Resources based on statutory language.

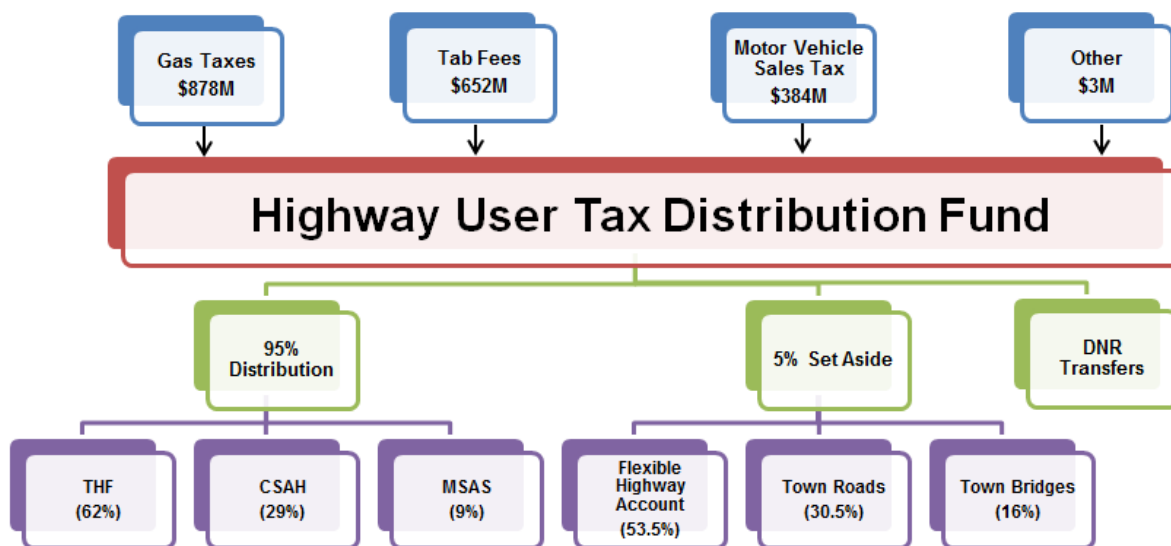
Of the total revenue to the Highway User Tax Distribution Fund, after statutory distributions to the Department of Natural Resources, 95% is allocated by a formula in the constitution to:

- Trunk Highway Fund – 62%
- County State Aid Highway Fund – 29%
- Municipal State Aid Street Fund – 9%

The remaining five percent, referred to as the five percent set aside, is all allocated to the County State Aid Highway Fund in accordance with Minnesota Statutes 161.081. This funding is further allocated to Township Roads, Township Bridges, and the Flexible Highway Account, as shown in the chart below:



HUTD Sources and Uses FY 2014



-Article XIV of the Minnesota Constitution
 -DNR transfers for unrefunded gas taxes per MS 296A.18

As a result of these provisions, the TH, CSAH, and MSAS funds all have a revenue source included in their fund statements called Transfer From Highway User Tax Distribution Fund. These transfers are based on the forecasts for the three revenue sources described previously, the forecast for investment income discussed in the section below, and forecasts for several other minor sources of revenue. Estimates of the total amount to be transferred are shown below. The portions of this total going to each of the three funds will be shown in the discussion of these funds, but will all have the same percentage changes as shown below:

Total HUTD Fund Revenues (\$ in millions)

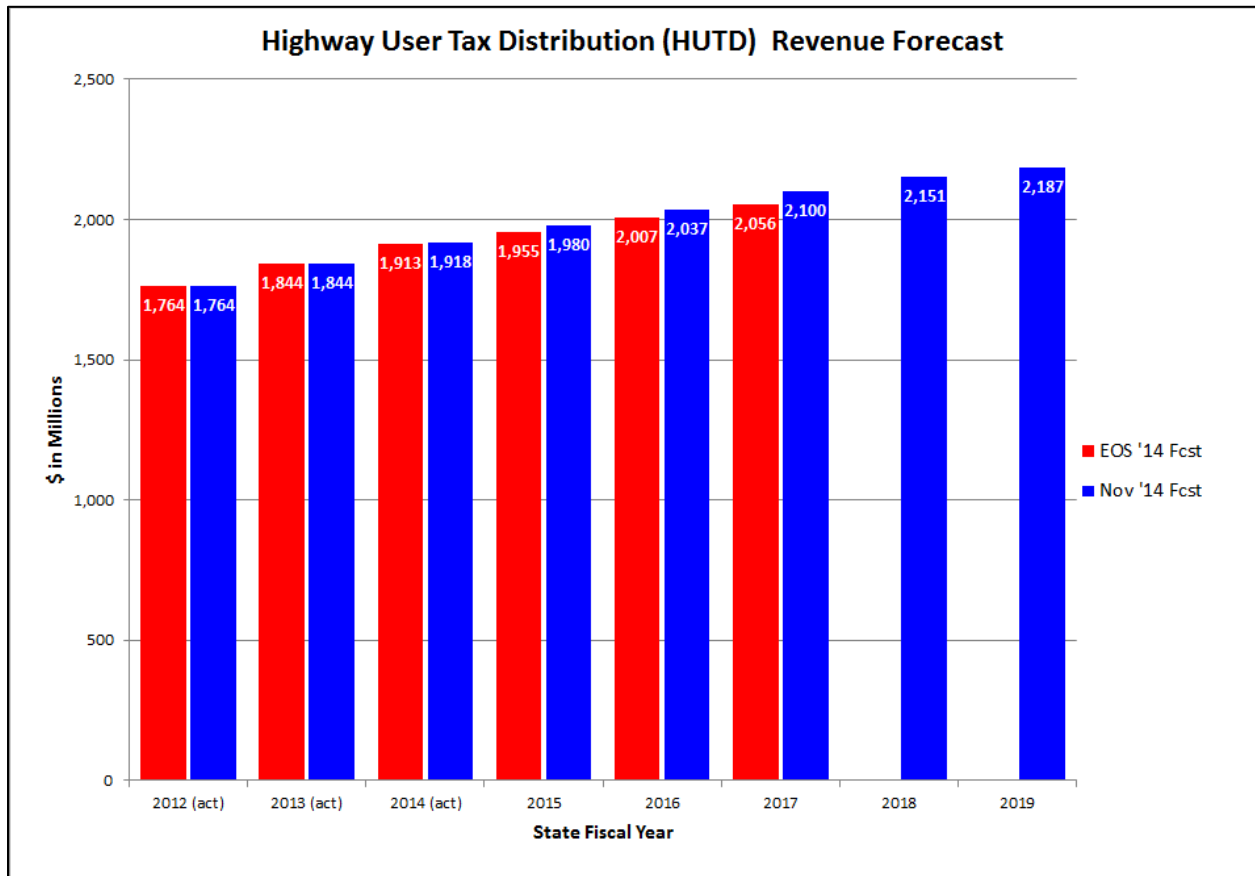
FY 2014-15 Nov '14 Forecast over EOS '14			FY 2016-17 vs. FY 2014-15			FY 2018-19 vs. FY 2016-17		
FY 2014-15	\$ Change	% Change	FY 2016-17	\$ Change	% Change	FY 2018-19	\$ Change	% Change
\$3,898	\$30	0.8%	\$4,138	\$240	6.1%	\$4,338	\$201	4.9%

The estimated revenue included in the November 2014 forecast is shown below:



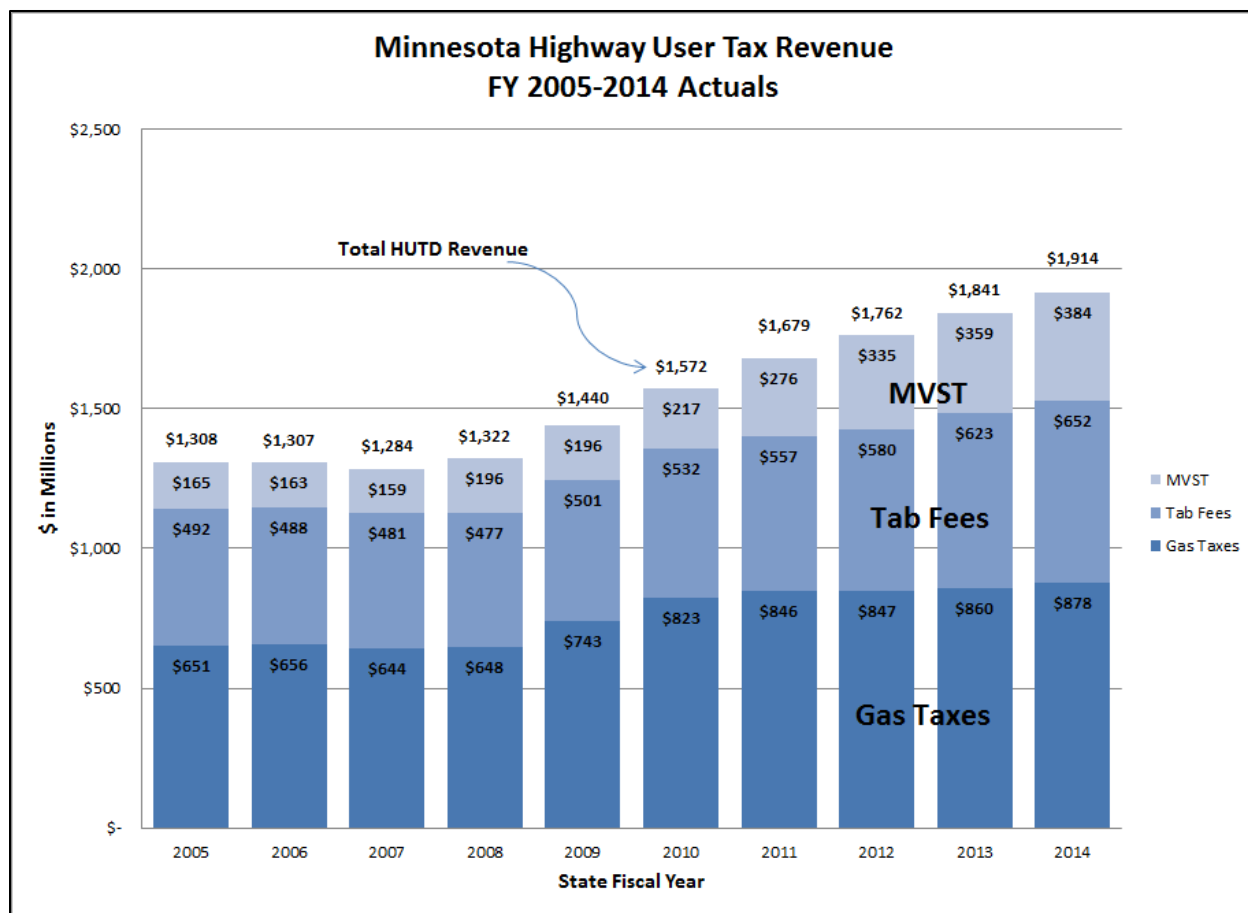
HUTD Revenues (\$ in millions)				
State Fiscal Year	Nov '14 Fcst	EOS '14 Fcst	\$ Change	% Change
2013 (act)	\$1,844 M	\$1,844 M	\$0.0 M	0.0%
2014 (act)	1,918	1,913	4.7	0.2%
2015	1,980	1,955	25.8	1.3%
2016	2,037	2,007	30.7	1.5%
2017	2,100	2,056	44.4	2.2%
2018	2,151			
2019	\$2,187 M			

These revenues are also shown in the bar chart below:



The bar chart below details a 10-year history of actual revenues for the HUTD fund (2005-14), which shows the relative shares of revenue attributed to gas tax, tab fees, and MVST over the period. This bar chart demonstrates that over the last ten years, revenue from the gas tax has been providing a reduced percentage of the total revenue, while revenue from the tab fees and MVST are providing increased percentages of total revenue. Appendix 8 contains similar data from 2000-2019, displayed as percentages to more clearly illustrate the relative contributions of each revenue source and how they've changed over time.



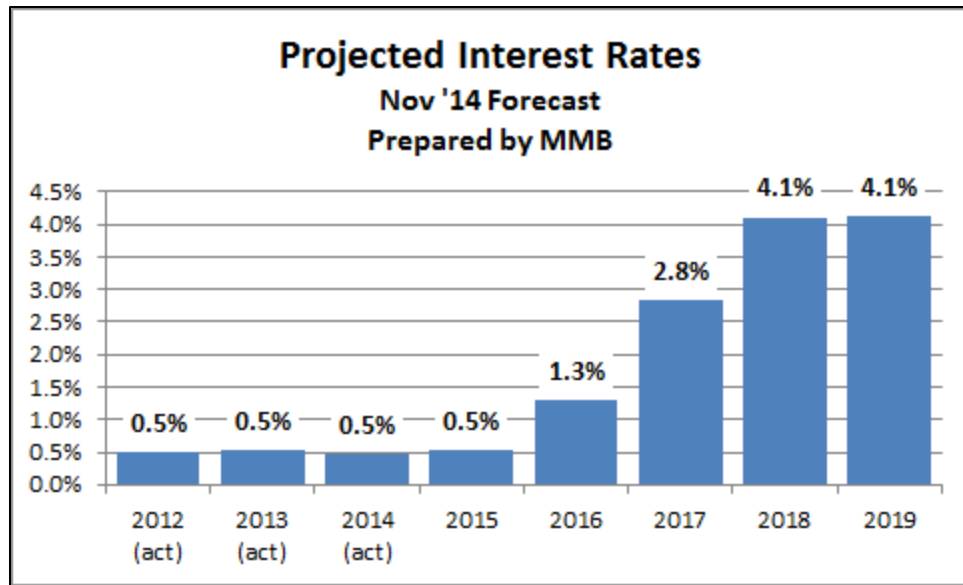


Investment Income Forecasts

All of the transportation funds discussed in this document, with the exception the Transit Assistance Fund, receive investment income earned on cash balances in the funds. Two factors influence the amount of revenue – the amount of cash anticipated to be in the funds, and the estimated interest rates for the invested cash. Forecasts of the interest rates are supplied by MMB.

Currently interest rates are very low – about 0.5%. The November 2014 forecast assumes that interest rates will increase in the latter years of the forecast period, especially in FY 2018 and FY 2019 where rates are projected around 4%. The chart below summarizes the current interest rate forecast from MMB:





Compared with the EOS 2014 forecast the same pattern is forecast for the increase from current rates, although all interest rates are expected to be slightly lower. Also, the cash balances in all funds are expected to be similar to the EOS 2014 forecast. In general, investment income in all funds slightly increases in the FY 2014-15 biennium, and decreases in the FY 2016-17 biennium, as compared to the EOS 2014 forecast. These forecasts are shown below for all five funds that earn investment income:

Investment Income (\$ in millions)

	FY 2014-15 Nov '14 Forecast over EOS '14			FY 2016-17 vs. FY 2014-15			FY 2018-19 vs. FY 2016-17		
	FY 2014-15	\$ Change	% Change	FY 2016-17	\$ Change	% Change	FY 2018-19	\$ Change	% Change
HUTD	\$0.8	\$0.1	7.7%	\$3.3	\$2.5	306%	\$6.6	\$3.3	100%
TH	7.8	0.8	11.5%	33.8	26.0	333%	66.7	33.0	98%
CSAH	4.8	0.3	6.7%	20.2	15.4	318%	39.9	19.7	98%
MSAS	1.6	0.1	8.3%	6.6	5.0	317%	13.1	6.5	98%
SAF	\$0.3	\$0.0	7.5%	\$1.2	\$1.0	382%	\$2.4	\$1.2	101%

Motor Vehicle Lease Sales Tax Forecast

The first \$32 million of this revenue is allocated to the General Fund and all revenue greater than \$32 million is shared equally by the CSAH fund and the greater Minnesota transit account in the TAF. In FY 2014, the amount allocated to the CSAH fund was capped at \$9 million, and the remainder was allocated to the greater Minnesota transit account in the TAF. The 2014 legislative session returned the allocation to being split equally between the CSAH fund and the greater



Minnesota transit account in the TAF for FY 2015 and beyond. Prior to this change, the statute capped the CSAH portion at \$9 million again in FY 2015, and then split the revenue equally in FY 2016 and beyond. This forecast is supplied by the Department of Revenue. The forecast in all years decreased as compared to the EOS 2014 forecast. The November 2014 forecast is shown below:

Motor Vehicle Lease Sales Tax (amount above \$32 million) (\$ in millions)

FY 2014-15 Nov '14 Forecast over EOS '14			FY 2016-17 vs. FY 2014-15			FY 2018-19 vs. FY 2016-17		
FY 2014-15	\$ Change	% Change	FY 2016-17	\$ Change	% Change	FY 2018-19	\$ Change	% Change
\$69	(\$11)	(13.8%)	\$88	\$19	27.7%	\$93	\$5	5.2%

Effect of Revenue Forecasts on Fund Statements For Individual Funds

The remainder of this document will focus on the effects of the revenue forecasts on the individual funds, except for the HUDT fund. That fund is not discussed because the primary purpose of the fund is to receive revenue that is subsequently distributed to three other funds, as previously discussed, and the overall revenue change has already been described. In addition, information about expenditures will also be provided.



Trunk Highway Fund

The TH fund receives revenue from transfers from the HUTD fund and from investment income. One other substantial source of revenue for the fund is from federal aid agreements with the Federal Highway Administration, through which reimbursement for the federal share of highway construction projects is provided. In addition, the fund receives revenue from several other smaller sources. Across FY 2014-19, transfers from the HUTD Fund comprise approximately 72% of revenue, federal aid agreements comprise approximately 24% of revenue, and other sources, such as investment income, comprise approximately 4% of revenue.

The first year of the 2015-18 State Transportation Investment Plan (STIP) has approximately \$68 million fewer trunk highway construction projects funded with federal aid than MnDOT previously forecast for the FY 2014-15 biennial budget. This is primarily due to project shifts with federal projects moving forward into FY 2014, which displaces state funded projects that are now in FY 2015. The net effect of the project shifts on the Trunk Highway Fund balance at the end of FY 2015 is a net zero as the sum of the revenue between FY 2014 and 2015 remains the same, as do the associated expenditures.

The estimated revenues in the November 2014 forecast are shown below:

Trunk Highway Fund Revenues (\$ in millions)

	FY 2014-15 Nov '14 Forecast over EOS '14			FY 2016-17 vs. FY 2014-15			FY 2018-19 vs. FY 2016-17		
	FY 2014-15	\$ Change	% Change	FY 2016-17	\$ Change	% Change	FY 2018-19	\$ Change	% Change
Transfers from HUTD	\$2,260	\$18	0.8%	\$2,396	\$136	6.0%	\$2,514	\$118	4.9%
Investment Income	8	1	11.5%	34	26	333%	67	33	97.8%
Federal Aid Agreements	951	0	0%	725	(226)	(23.8%)	724	(1)	(0.1%)
Other	117	(17)	(12.5%)	98	(19)	(15.8%)	99	0	0.2%
Total	\$3,336	\$2	0.1%	\$3,253	(\$83)	(2.5%)	\$3,404	\$150	4.6%

Trunk Highway Fund Expenditure Forecast Changes

The forecast for expenditures is generally based on the previously enacted biennial budget, so there usually are not significant changes in forecasted spending. However, the TH fund has unique constitutional authority (see Article XIV, section 11 of the Minnesota Constitution) to sell authorized trunk highway bonds. The debt service on these bonds (payment of principal and interest) is specified as the first obligation of the fund. The biennial budget includes amounts for debt service, but the law also states that any increase in the amount of estimated debt service is to be transferred, because there is a statutory open appropriation for trunk highway debt service.

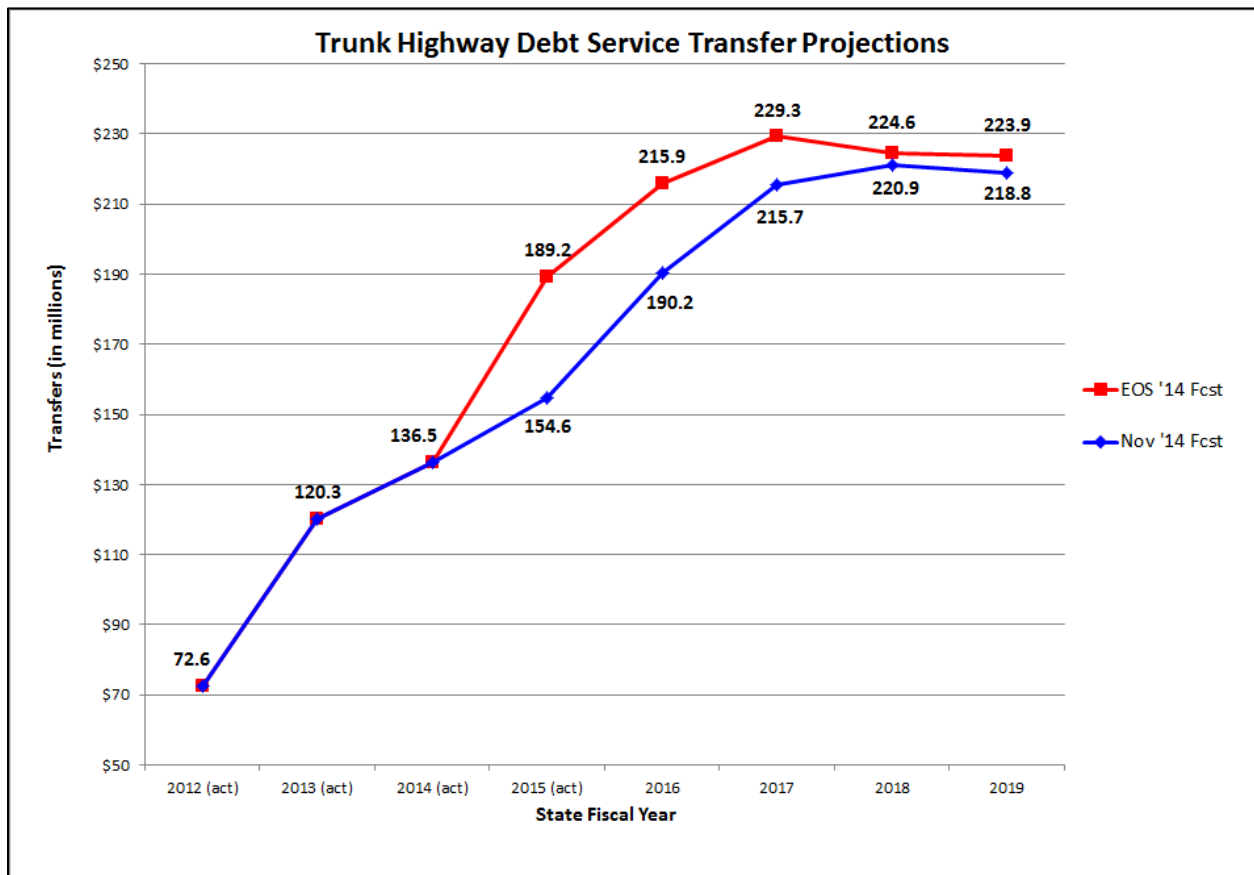


Since the EOS 2014 forecast, the expenditure estimates for FY 2015, 2016, and 2017 have all decreased. This is largely due to increased premiums based on projected lower interest rates being assumed by MMB for upcoming bond sales; revisions to cash flow estimates used in forecasting future bond sales and debt service amounts are made in preparation for the November forecast each year and for scheduled bond sales. However, no changes were made to the cash flow estimates for this forecast. The forecasted amount of increased debt service costs is shown below:

Trunk Highway Fund Debt Service Transfers (\$ in millions)

FY 2014-15 Nov '14 Forecast over EOS '14			FY 2016-17 vs. FY 2014-15			FY 2018-19 vs. FY 2016-17		
FY 2014-15	\$ Change	% Change	FY 2016-17	\$ Change	% Change	FY 2018-19	\$ Change	% Change
\$291	(\$35)	(10.6%)	\$406	\$115	39.4%	\$440	\$34	8.3%

The graph below depicts the debt service transfer amounts by year, compared to the EOS 2014 forecast:



MnDOT's Trunk Highway Fund is governed by four financial policies. A link to all of the policies is included in the appendix. The Debt Management Policy addresses the percentage of debt service that is allowed. This policy states that



debt service (which includes transfers to the state bond fund for debt service on trunk highway bonds, repayments of local government advances (LGA) in accordance with Minnesota Statutes 161.361, and transportation revolving loan (TRLF) repayments in accordance with Minnesota Statutes 161.04, subdivision 4) should not exceed 20 percent of annual state revenues to the Trunk Highway Fund.

The percentage of debt service for the upcoming few years is depicted on the chart below. This chart also includes estimates for the FY 2020-21 biennium, in order to be consistent with the approach MMB uses with the debt service projections for General Fund debt service. The chart below demonstrates that currently estimated debt service expenditures from the TH fund are between 16% and 18% through the end of the FY 2020-21 biennium:

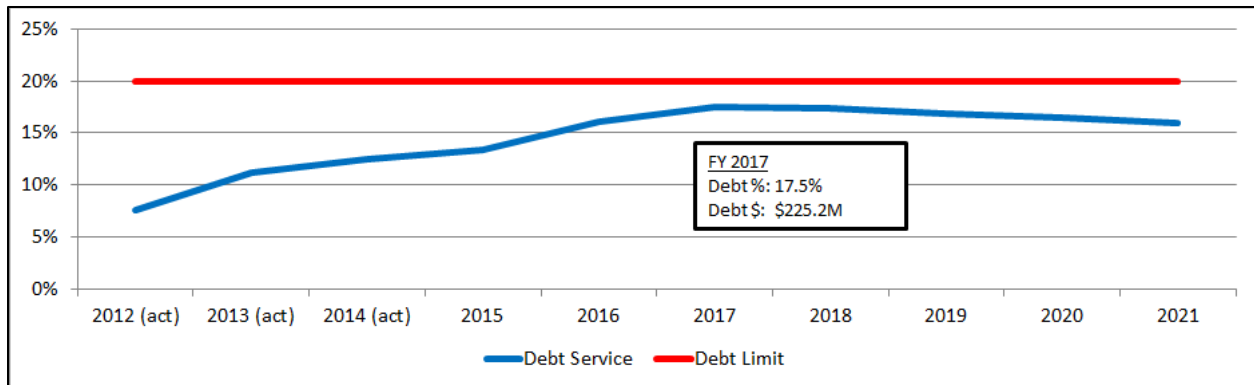
Debt Management Policy (\$ in millions)

Year	Total Debt Service ⁽¹⁾	Estimated Current %	Variance from 20% Policy Limit ⁽²⁾
2012 (act)	\$80.5M	7.5%	\$133.6M
2013 (act)	126.4	11.2%	99.1
2014 (act)	144.2	12.5%	87.4
2015	164.1	13.4%	81.3
2016	199.7	16.1%	48.1
2017	225.2	17.5%	32.6
2018	230.4	17.3%	35.4
2019	228.3	16.9%	41.8
2020	221.8	16.4%	48.3
2021	\$215.0M	15.9%	\$55.0M

⁽¹⁾ Includes bond debt transfers, transportation revolving loans, and local area advances

⁽²⁾ Represents amount of additional debt service to reach 20% limit

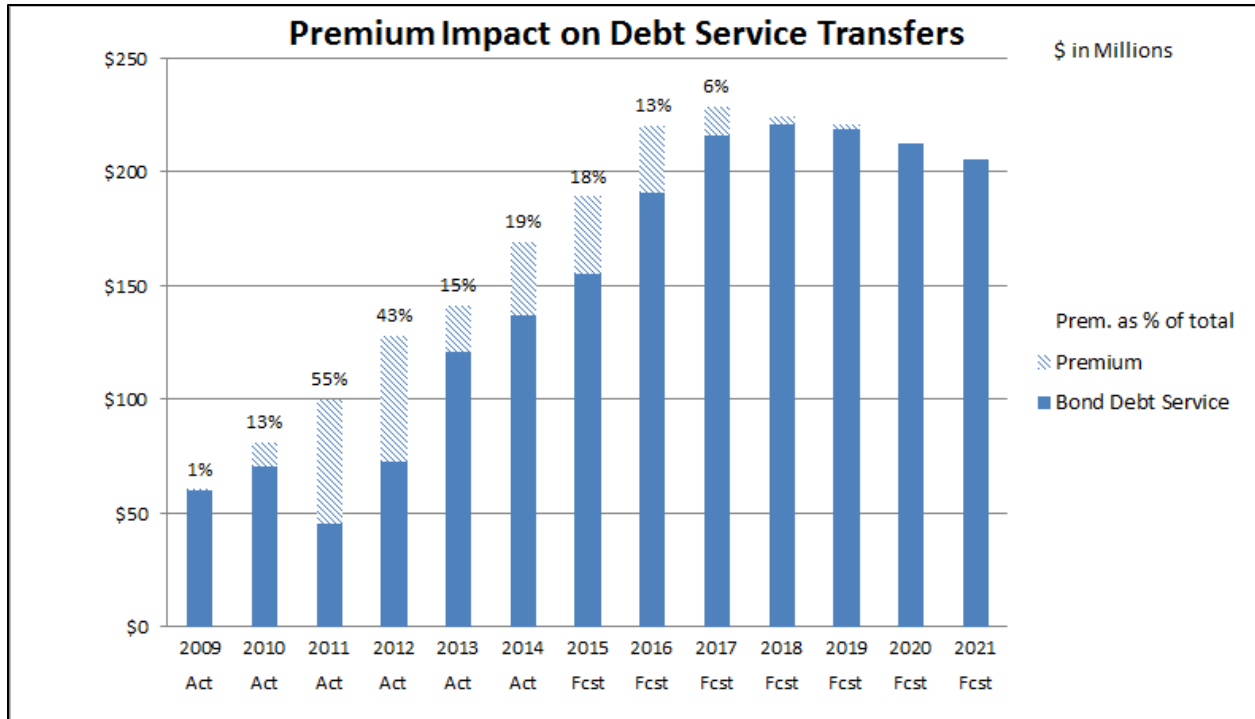
The graph below depicts the debt service estimates compared with the policy limit:



As MnDOT manages to this policy, there are variables to the debt management calculation outside of the State's control. One of the largest variables is interest rate fluctuation, which can lead to large debt service expenditure fluctuations. Because of low interest rates, MnDOT's fund balance has benefited the past several years. When bond interest rates drop below 5%, trunk highway general obligation bonds command a premium which is accounted for in the year of sale. Therefore, debt service is lower the year the bonds are sold, but this decrease is then offset over the 20 year life of the bonds.



In recent years MnDOT's debt has increased, primarily as a result of Laws of 2008, Chapter 152, which included \$1.8 billion of bonding authorization. The chart below illustrates the reduction to debt service as the result of premium. The solid bar represents the actual/forecast debt service; adding the dashed bar represents what the debt service would have been without the actual/forecast premium reducing it in each bond sale year.



Fund Balance Impacts

The table below summarizes the impacts on the TH fund balance for the revenue and expenditure forecasts previously discussed.



Trunk Highway Fund Balance Changes
Nov '14 vs. EOS '14
(\$ in millions)

	<u>FY14-15</u>		<u>FY16-17</u>	
Transfers from HUTD	18.4	M	44.0	M
Federal Aid Agreements	0.0		0.0	
Other Revenue	(15.9)		(10.4)	
Prior Year Adjustments	34.8		0.0	
Total Revenue Impact	37.2		33.6	
Transportation Expenditures	23.1		(54.1)	
Other Agencies	(0.3)		(0.1)	
Transfers Out	(3.1)		(0.1)	
Debt Service Transfer	(34.6)		(39.3)	
Total Expenditure and Transfer Impact	(14.9)		(93.5)	
Fund Balance Change	52.1		127.1	
Total Cumulative Change	52.1	M	179.2	M
Fund Balance				
EOS '14 Forecast	92.9		135.7	
Nov '14 Forecast	145.0		315.0	
Change	52.1	M	179.2	M

County State Aid Highway (CSAH) Fund

The CSAH fund receives revenue from transfers from the HUTD fund, from investment income, and from its share of the motor vehicle lease sales tax (MVLST). A summary of these revenues is shown below:

CSAH Fund Revenues (\$ in millions)

	FY 2014-15 Nov '14 Forecast over EOS '14			FY 2016-17 vs. FY 2014-15			FY 2018-19 vs. FY 2016-17		
	FY 2014-15	\$ Change	% Change	FY 2016-17	\$ Change	% Change	FY 2018-19	\$ Change	% Change
Transfers from HUTD	\$1,249	\$10.1	0.8%	\$1,324	\$75	6.0%	\$1,389	\$65	4.9%
Investment Income	4.8	0.3	6.7%	20	15	318%	40	20	98%



	FY 2014-15 Nov '14 Forecast over EOS '14			FY 2016-17 vs. FY 2014-15			FY 2018-19 vs. FY 2016-17		
MVLST	28	(3.0)	(9.9%)	44	16	59%	46	2	5.2%
Other	0.5	(0.1)	(8.4%)	0.6	0.1	9.2%	0.6	0	0%
Total	\$1,282	\$7.4	0.6%	\$1,389	\$107	8.3%	\$1,476	\$87	6.3%

CSAH Expenditure Forecast Changes

Minnesota Statutes, Chapter 162 provides the policy controlling this fund's expenditures. In general, the statute describes the way in which the fund's revenues are allocated to Minnesota's 87 counties. Two formulas are used in combination to provide these allocations. The first is based on revenue at taxation levels prior to passage of Laws of 2008, Chapter 152 and the allocations of revenue from the motor vehicle sales tax prior to passage of the constitutional amendment by the electorate in the 2008 election dedicating this revenue to transportation. The second formula provides a different allocation based on revenues attributable to increases provided by Chapter 152 and the constitutional amendment. These allocations are calculated each year based primarily on revenue estimates for the CSAH fund. A Commissioner's Order is issued each year that establishes the county allocations.

The CSAH fund is directly appropriated based on the most current revenue forecast at the time the law is written. The Commissioner's Order is based on revenue estimates depicted in the preceding November forecast each year. The result is in an increase or decrease to the total appropriation amount each year after the Commissioner's Order is executed. Since the order is calendar year and available for the February forecast, the forecast expenditures for FY 2015 in this forecast have not changed. The accounting system will also be updated to reflect these changes in the February forecast.

The expenditure estimates for the FY 2016-17 biennium are updated in this forecast. These updates are based on the revised revenue forecast for the fund. The estimated expenditures for FY 2015 continue to be the amount in the biennial budget enacted by the 2013 legislature.

The revised expenditures forecast, compared with the amounts in the EOS 2014 forecast, are shown below:

CSAH Expenditures and Transfers (\$ in millions)				
State Fiscal Year	Nov '14 Fcst	EOS '14 Fcst	\$ Change	% Change
2013 (act)	\$570 M	\$570 M	\$0.0 M	0.0%
2014 (act)	578	627	(48.6)	(7.8%)
2015	634	633	1.0	0.2%
2016	680	674	5.6	0.8%
2017	709	\$702 M	7.0	1.0%
2018	732			
2019	\$744 M			

A portion of these expenditures is attributed to the portion of the MVLST that is allocated to the CSAH fund. This revenue is allocated to five of the seven metropolitan counties, excluding Hennepin and Ramsey counties, rather being available for all 87 counties, as was described previously.



A portion of the expenditures from the CSAH fund is related to what is called the five percent set aside portion of the revenues for the HUTD fund. The constitution allows the legislature to allocate five percent of the total HUTD fund revenues in a manner different from the constitutional formula (62% to the TH fund, 29% to the CSAH fund, and 9% to the MSAS fund). The current allocation is to have 100% of this revenue go to the CSAH fund (see Minnesota Statutes 161.081). This funding is further allocated to Township Roads (30.5%), Township Bridges (16.0%), and the Flexible Highway Account (53.5%). The portion allocated to the Flexible Highway Account is available for transfer to the TH and MSAS Funds, if so designated in the appropriation law. Transfers authorized by the current appropriation law are included in the totals shown above.

Municipal State Aid Street (MSAS) Fund

The MSAS fund receives revenue from transfers from the HUTD fund, authorized transfers from the CSAH fund, and investment income. Summaries of these revenues are shown below:

MSAS Fund Revenues (\$ in millions)

	FY 2014-15 Nov '14 Forecast over EOS '14			FY 2016-17 vs. FY 2014-15			FY 2018-19 vs. FY 2016-17		
	FY 2014-15	\$ Change	% Change	FY 2016-17	\$ Change	% Change	FY 2018-19	\$ Change	% Change
Transfers from HUTD	\$328	\$2.7	0.8%	\$348	\$20	6.0%	\$365	\$17	4.9%
Investment Income	1.6	0.1	8.3%	6.6	5.0	317%	13.1	6.5	98%
Transfer from CSAH	23	0	0%	0	(23)	(100%)	0	0	0%
Other	0.5	0	5.6%	0.5	(0)	(5.6%)	0.5	0	0%
Total	\$353	\$2.8	0.8%	\$355	\$1.7	0.5%	\$379	\$23.7	6.7%

MSAS Expenditure Forecast Changes

As is the case for the CSAH fund, the policy controlling the MSAS fund's expenditures is provided by Minnesota Statutes, Chapter 162. In general the statute describes the way in which the fund's revenues are allocated to the accounts within the fund, and how the residual is allocated to each of the Minnesota State Aid Cities defined as having a population of 5,000 or greater.

Per Minnesota Statutes Chapter 162, the allocations are calculated based primarily on revenue estimates for the MSAS fund, not including transfers from the CSAH fund. The same Commissioner's Order establishes both the CSAH and MSAS fund appropriations each year. The MSAS fund is also directly appropriated based on the most current revenue forecast at the time the law is written. The Commissioner's Order is based on revenue estimates depicted in the preceding November forecast each year. The result is in an increase or decrease to the total appropriation amount each year after the Commissioner's Order is executed. Since the order is calendar year and available for the February



forecast, the forecast expenditures for FY 2015 in this forecast have not changed. The accounting system will also be updated to reflect these changes in the February forecast.

The expenditure estimates for the FY 2016-17 biennium are updated in this forecast based on the revised revenue estimates for the fund. The estimated expenditures for FY 2015 continue to be the amount in the biennial budget enacted by the 2013 legislature. The revised expenditure estimates, compared with the amounts in the EOS forecast, are shown below:

MSAS Expenditures (\$ in millions)				
State Fiscal Year	Nov '14 Fcst	EOS '14 Fcst	\$ Change	% Change
2013 (act)	\$134 M	\$134 M	\$0.0 M	0.0%
2014 (act)	164	175	(10.7)	(6.1%)
2015	170	169	0.4	0.2%
2016	174	171	2.5	1.4%
2017	181	178	\$3.0 M	1.7%
2018	188			
2019	\$191 M			

Transit Assistance Fund

The TAF receives revenue from transfers for its share of revenues from MVST and MVLST. The MVST share for the TAF must be at least 40% according to the constitution, and is currently set at 40% by statute (Minnesota Statutes 297.09). Of this revenue, 36% is allocated to metropolitan transit and 4% is allocated to greater Minnesota transit. This fund also receives revenue from the MVLST, as was described on page 12. Revenue forecasts for these two revenue sources are shown below:

Transit Assistance Fund Revenues (\$ in millions)

	FY 2014-15 Nov '14 Forecast over EOS '14			FY 2016-17 vs. FY 2014-15			FY 2018-19 vs. FY 2016-17		
	FY 2014-15	\$ Change	% Change	FY 2016-17	\$ Change	% Change	FY 2018-19	\$ Change	% Change
MVST (40%)	\$535	\$5.2	1.0%	\$610	\$75.5	14.1%	\$677	\$66.7	10.9%
MVLST	41	(8.0)	(16.2%)	44	2.7	6.6%	46	2.3	5.2%
Total	\$576	(\$2.8)	(0.5%)	\$654	\$78.3	13.6%	\$723	\$69.0	10.5%

The MVSLT changes are due to the factors discussed on page 12. As was stated, the share of this revenue dedicated to the CSAH fund was capped at \$9 million per year for FY 2014 only.

The total estimated revenue for the Transit Assistance Fund, by fiscal year, is shown below:



Transit Assistance Fund Revenues (\$ in millions)				
State Fiscal Year	Nov '14 Fcst	EOS '14 Fcst	\$ Change	% Change
2013 (act)	\$254 M	\$254 M	\$0.0 M	0.0%
2014 (act)	279	285	(6.4)	(2.2%)
2015	297	294	3.6	1.2%
2016	317	312	5.0	1.6%
2017	338	327	\$10.5 M	3.2%
2018	356			
2019	\$367 M			

Of this total revenue, the estimated revenue for the greater Minnesota portion of the Transit Assistance Fund is shown below:

Greater Minnesota Transit Revenues (\$ in millions)				
State Fiscal Year	Nov '14 Fcst	EOS '14 Fcst	\$ Change	% Change
2013 (act)	\$38 M	\$38 M	\$0.0 M	0.0%
2014 (act)	48	53	(5.1)	(9.6%)
2015	47	49	(2.4)	(4.9%)
2016	51	54	(2.8)	(5.3%)
2017	54	58	(\$3.3) M	(5.7%)
2018	56			
2019	\$58 M			

Transit Assistance Fund Expenditure Forecast Changes

MVST revenues are annually appropriated. The share allocated to metropolitan transit is appropriated to the Metropolitan Council, and the share allocated to greater Minnesota transit appropriated to MnDOT. This means that forecasted revenues are the same as forecasted expenditures. For MVLST, because revenue for a specific fiscal year is not made available until the following fiscal year, the amount estimated for the current year is shown as an appropriation carry forward into the next year annually.

State Airports Fund

The revenue sources in the State Airports Fund are unique to this fund, and are not shared with any of the other five transportation funds. This fund was statutorily created (Minnesota Statutes 360.017) to carry out aviation functions. This includes costs for airport development and assistance grants, aeronautic planning, administration, and operations. Three funds make up the total consolidated State Airports Fund:

- State Airports Fund
- Hangar Revolving Loan Fund
- Air Transportation Services Revolving Fund

Ending balances in the two revolving funds are not included in the consolidated fund statement ending balance, because their receipts are dedicated to their specific functions. The remainder of the section only addresses the individual State Airports Fund.



Fund Balance Policy

A State Airports Fund Balance policy was recently developed by MnDOT to provide an appropriate level of reserve in the State Airports Fund to protect against major fluctuations in revenue. The Aeronautics Office, in consultation with their stakeholders developed a long-range plan to comply with the policy that will take into consideration the General Fund payback of \$15 million that occurred in December 2013. \$4 million in additional spending was appropriated during the 2014 legislative session to begin spending down the \$15 million.

2013 Enacted Legislation Impacts

Prior to the changes enacted by the Legislature in 2013, the State Airports Fund received most of its revenue from three primary sources: airline flight property tax (46%), aircraft registration tax (34%), and aviation fuel tax (19%) across FY 2012-17. This policy was changed by adding a fourth revenue source – sales tax on aircraft purchases (previously credited to the general fund), by increasing the aviation fuel tax, and by changing the policy for aircraft registration that resulted in lower amounts of revenue from this source. The effective dates of these changes were July 1, 2013 for change in treatment of the sales tax on aircraft and July 1, 2014 for the aviation fuel tax and aircraft registration tax changes. The estimated revenue effects of these changes are summarized below:

	<u>FY 2014</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>
Aviation Fuel Tax	\$0.0 M	\$1.9 M	\$2.1 M	\$2.2 M
Sales Tax on Aircraft	2.9	2.9	2.9	2.9
Aircraft Registration	0.0	(3.8)	(3.8)	(3.8)
Total	\$2.9 M	\$1.0 M	\$1.2 M	\$1.3 M

Revenue Forecast

Compared with the EOS 2014 forecast, there were minor changes to the forecasts for only two of these revenue sources, aviation fuel taxes and investment income (which was described previously). In total across fiscal years 2015-17, these revenue estimates decreased by \$0.1 million, or 0.2%. MnDOT certifies the airline flight property tax to the Department of Revenue in accordance with Minnesota Statutes 270.075. This law requires MnDOT to determine the property tax portion of revenue for the State Airports Fund, which is defined as the difference between the "...total fund appropriation and the estimated total fund revenues from other sources for the state fiscal year in which the tax is payable..." The estimated amount for this revenue source for all of the forecast fiscal years is \$8 million per year. These changes are shown in the tables below:



State Airports Fund Revenues (\$ in millions)

	FY 2014-15 Nov '14 Forecast over EOS '14			FY 2016-17 vs. FY 2014-15			FY 2018-19 vs. FY 2016-17		
	FY 2014-15	\$ Change	% Change	FY 2016-17	\$ Change	% Change	FY 2018-19	\$ Change	% Change
Airline Flight Property Tax	\$17	0.0	0.0%	\$16	(1.2)	(7.0%)	\$16	0.0	0.0%
Aviation Fuel Tax	9	(0.1)	(0.7%)	12	2.7	29.7%	12	0.4	3.8%
Sales Tax on Aircraft	6	0.4	6.4%	6	(0.4)	(6.0%)	6	0.0	0.0%
Aircraft Registration Tax	6	(0.5)	(7.3%)	5	(0.9)	(14.6%)	5	0.0	0.0%
Investment Income	0.3	0.0	7.9%	1.2	1.0	382%	2.4	1.2	101%
Other	15	(0.0)	(0.3%)	0.1	(15.0)	(99.5%)	0.1	0.0	0.0%
Total	\$54	(0.2)	(0.3%)	\$40	(13.8)	(25.8%)	\$41	\$1.7	4.2%

The total estimated revenue for the State Airports Fund, by fiscal year, is shown below:

State Airports Revenues and Transfers (State Airports Fund Only) (\$ in millions)				
State Fiscal Year	Nov '14 Fcst	EOS '14 Fcst	\$ Change	% Change
2013 (act)	\$23 M	\$23 M	\$0.0 M	0.0%
2014 (act)	34	35	(0.3)	(0.9%)
2015	19	19	0.2	0.8%
2016	20	20	(0.1)	(0.3%)
2017	20	20	(\$0.2) M	(1.1%)
2018	21			
2019	\$21 M			

State Airports Fund Expenditure Forecast Changes

The 2014 legislature approved additional spending of \$1 million in FY 2014 and \$3 million in FY 2015, which reflects spending down a portion of the \$15 million repayment from the General Fund.



Appendices

- Appendix 1: Highway User Distribution (HUTD) Fund Statement
- Appendix 2: Trunk Highway Fund Statement
- Appendix 3: Transit Assistance Fund Statement
- Appendix 4: State Airports Fund Statement
- Appendix 5: County State Aid Highway Fund Statement
- Appendix 6: Municipal State Aid Street Fund Statement
- Appendix 7: Minnesota Highway User Tax Revenue – 10-Year History 2005-14
- Appendix 8: Minnesota Highway User Tax Revenue – % of Total Revenues
- Policy Links: [Policy Links](#)

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Highway User Tax Distribution Fund
 November 2014 Forecast
 Comparison to End of Session 2014 Forecast

November 2014 Forecast-Transportation

(\$ in thousands)	November 2014 Forecast								Change from End of Session 2014			
	Close	Close	Close	Budget	Planning Est	Planning Est	Planning Est	Planning Est	Close	Budget	Planning Est	Planning Est
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2014	FY 2015	FY 2016	FY 2017
Balance Forward from prior year	\$1,849	\$2,025	\$8,691	\$11,948	\$0	\$0	\$0	\$0	\$0	\$11,948	\$0	\$0
Prior year adjustments	1	4,595	443	0	0	0	0	0	\$443	\$0	\$0	\$0
Adjusted Balance Forward	1,850	6,620	9,134	11,948	0	0	0	0	443	11,948	0	0
Net Revenue and Transfers-In												
Motor Fuel Excise Tax	846,741	860,007	878,022	870,500	868,700	869,700	866,800	863,100	7,407	10,129	9,061	10,892
Motor Vehicle Registration Tax	579,619	622,586	652,281	688,700	722,000	753,100	779,400	801,500	-716	5,700	8,593	10,939
Motor Vehicle Sales Tax	335,351	358,671	384,163	418,250	443,080	472,620	499,400	516,390	-2,139	9,952	13,157	22,997
Other income	2,690	2,280	3,088	2,949	3,554	4,791	5,810	5,826	99	-26	-152	-428
Total Net Revenue and Transfers-In	1,764,401	1,843,544	1,917,555	1,980,399	2,037,334	2,100,211	2,151,410	2,186,816	4,652	25,756	30,660	44,400
Expenditures and Transfers-Out												
Appropriations to MnDOT, Revenue, DPS	10,866	11,126	11,014	11,751	11,414	11,422	11,422	11,422	-515	279	-58	-58
Transfers--DNR	21,196	21,866	21,727	22,258	22,119	22,109	22,085	21,998	-324	250	243	255
Transfers--5% Set-Aside	86,542	90,358	94,034	97,851	100,124	103,268	105,829	107,604	-301	1,859	1,524	2,210
Transfers--County State-Aid Highway	476,846	497,870	518,126	539,157	551,682	569,005	583,117	592,895	-1,657	10,242	8,396	12,178
Transfers--Municipal State-Aid Highway	147,987	154,511	160,798	167,325	171,212	176,588	180,967	184,002	-514	3,178	2,606	3,779
Transfers--Trunk Highway	1,019,463	1,064,412	1,107,717	1,152,680	1,179,458	1,216,494	1,246,664	1,267,569	-3,542	21,896	17,950	26,036
Other	1,326	1,330	1,326	1,326	1,326	1,326	1,326	1,326	0	0	0	0
Total Expenditures and Transfers-Out	1,764,225	1,841,473	1,914,741	1,992,347	2,037,334	2,100,211	2,151,410	2,186,816	-6,853	37,704	30,660	44,400
Ending Balance	\$2,025	\$8,691	\$11,948	\$0	\$0	\$0	\$0	\$0	\$11,948	\$0	\$0	\$0

Trunk Highway Fund
November 2014 Forecast
Comparison to End of Session 2014 Forecast

November 2014 Forecast-Transportation

(\$ in thousands)	November 2014 Forecast								Change from End of Session 2014			
	Close FY 2012	Close FY 2013	Close FY 2014	Budget FY 2015	Planning Est FY 2016	Planning Est FY 2017	Planning Est FY 2018	Planning Est FY 2019	Close FY 2014	Budget FY 2015	Planning Est FY 2016	Planning Est FY 2017
Balance Forward from prior year	\$199,967	\$397,785	\$316,756	\$415,353	\$144,972	\$218,447	\$314,960	\$447,271	\$0	\$275,007	\$52,116	\$119,439
Prior year adjustments	15,106	25,299	34,774	0	0	0	0	0	34,774	0	0	0
Adjusted Balance Forward	215,073	423,084	351,530	415,353	144,972	218,447	314,960	447,271	34,774	275,007	52,116	119,439
Net Revenue and Transfers-In												
Transfer from HUDT	1,019,463	1,064,412	1,107,717	1,152,680	1,179,458	1,216,494	1,246,664	1,267,569	-3,542	21,896	17,950	26,036
Federal aid agreements	393,993	550,712	506,527	444,328	362,980	361,980	361,980	361,980	67,752	-67,752	0	0
Other income and transfers-in	51,041	63,154	50,358	74,393	59,703	72,500	82,605	82,770	-12,264	-3,667	-4,361	-6,036
Total Net Revenue and Transfers-In	1,464,497	1,678,278	1,664,602	1,671,401	1,602,141	1,650,973	1,691,249	1,712,319	51,946	-49,523	13,589	20,000
Expenditures and Transfers-Out												
Transportation Department	1,124,582	1,573,451	1,374,357	1,688,147	1,242,526	1,242,348	1,241,542	1,241,528	-188,252	211,360	-27,989	-26,069
Public Safety and Other Depts.	84,603	90,850	89,933	99,042	95,901	96,446	96,446	96,446	-36	-3,397	-114	-91
Debt service	72,601	120,305	136,488	154,593	190,239	215,666	220,950	218,789	0	-34,594	-25,631	-13,634
Total Expenditures and Transfers-Out	1,281,785	1,784,606	1,600,778	1,941,782	1,528,666	1,554,460	1,558,938	1,556,763	-188,288	173,368	-53,734	-39,794
Balance before reserves	397,785	316,756	415,353	144,972	218,447	314,960	447,271	602,827	275,007	52,116	119,439	179,233
Less Appropriation Carryforward	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	\$397,785	\$316,756	\$415,353	\$144,972	\$218,447	\$314,960	\$447,271	\$602,827	275,007	52,116	119,439	179,233
Reserved Fund Balance per Policy	\$0	\$88,398	\$89,983	\$88,363	\$81,961	\$80,810	\$81,104	\$81,020	-948	1,753	-1,805	-3,089
Unreserved Fund Balance per Policy	\$0	\$228,358	\$325,369	\$56,609	\$136,487	\$234,150	\$366,167	\$521,807	275,956	50,363	121,245	182,323
Debt Service Percentage Compared to State Revenue		11.2%	12.5%	13.4%	16.1%	17.5%	17.3%	16.9%	0.1%	-3.0%	-2.3%	-1.3%

November 2014 Forecast-Transportation

Transit Assistance Fund

November 2014 Forecast

Comparison to End of Session 2014 Forecast

November 2014 Forecast-Transportation

(\$ in thousands)

	November 2014 Forecast								Change from End of Session 2014			
	Close	Close	Close	Budget	Planning Est	Planning Est	Planning Est	Planning Est	Close	Budget	Planning Est	Planning Est
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2014	FY 2015	FY 2016	FY 2017
Balance Forward from prior year	\$6,010	\$15,622	\$34,816	\$32,170	\$18,650	\$21,250	\$22,750	\$23,150	\$0	\$4,590	-\$3,035	-\$3,725
Prior year adjustments	0	212	160	0	0	0	0	0	160	0	0	0
Adjusted Balance Forward	6,010	15,834	34,976	32,170	18,650	21,250	22,750	23,150	160	4,590	-3,035	-3,725
Net Revenue and Transfers-In												
Metropolitan Area transit account	201,210	215,202	230,498	250,950	265,850	283,570	299,640	309,830	-1,283	5,971	7,896	13,796
Greater Minnesota transit account	22,357	23,911	25,611	27,880	29,540	31,510	33,290	34,430	-142	660	878	1,535
Total Motor Vehicle Sales Tax	223,567	239,114	256,109	278,830	295,390	315,080	332,930	344,260	-1,426	6,632	8,775	15,331
Leased Vehicle Sales Tax	9,299	14,438	22,612	18,650	21,250	22,750	23,150	23,150	-4,968	-3,035	-3,725	-4,810
Total Net Revenue and Transfers-In	232,866	253,552	278,721	297,480	316,640	337,830	356,080	367,410	-6,394	3,597	5,050	10,521
Expenditures and Transfers-Out												
Metropolitan Council	201,210	210,929	234,915	250,950	265,850	283,570	299,640	309,830	-1,139	5,971	7,896	13,796
Transportation Department	22,043	23,641	46,612	60,050	48,190	52,760	56,040	57,580	-9,684	5,250	-2,157	-2,190
Total Expenditures and Transfers-Out	223,254	234,570	281,527	311,000	314,040	336,330	355,680	367,410	-10,823	11,221	5,740	11,606
Balance before reserves	15,622	34,816	32,170	18,650	21,250	22,750	23,150	23,150	4,590	-3,035	-3,725	-4,810
Less Appropriation Carryforward	0	0	32,170	18,650	21,250	22,750	23,150	23,150	4,590	-3,035	-3,725	-4,810
Less Met Council Balance	0	4,273	0	0	0	0	0	0	0	0	0	0
Ending Balance	\$15,622	\$30,543	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

State Airports Fund
November 2014 Forecast
Comparison to End of Session 2014 Forecast

November 2014 Forecast-Transportation

(\$ in thousands)	November 2014 Forecast								Change from End of Session 2014			
	Close	Close	Close	Budget	Planning Est	Planning Est	Planning Est	Planning Est	Close	Budget	Planning Est	Planning Est
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2014	FY 2015	FY 2016	FY 2017
Balance Forward from prior year	\$2,902	\$2,605	\$4,113	\$20,826	\$15,728	\$15,371	\$15,595	\$16,459	\$1	\$1,952	-400	-897
Prior Year adjustments	479	144	1,532	0	0	0	0	0	1,532	0	0	0
Adjusted Balance Forward	3,381	2,749	5,645	20,826	15,728	15,371	15,595	16,459	1,533	1,952	-400	-897
Net Revenue and Transfers-In												
Transfer from General Fund	\$0	\$0	\$15,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax on Aircraft	0	0	\$3,272	2,900	2,900	2,900	2,900	2,900	\$372	\$0	\$0	\$0
Airline Flight Property Tax	7,287	12,017	\$9,208	8,000	8,000	8,000	8,000	8,000	\$7	\$0	\$0	\$0
Aircraft Registration Tax	6,496	8,704	\$3,358	2,500	2,500	2,500	2,500	2,500	-\$459	\$0	\$0	\$0
Gasoline & Special Fuel Tax	3,470	2,522	\$3,317	5,663	5,770	5,880	5,992	6,106	-\$222	\$156	-\$5	-\$65
Other Income	743	797	\$835	899	1,120	1,572	1,950	1,956	-723	-701	-748	-854
Total Net Revenue and Transfers-In	17,996	24,039	34,991	19,962	20,290	20,852	21,342	21,462	-1,024	-545	-753	-919
Expenditures and Transfers-Out												
Transportation Department	18,967	21,888	20,313	25,265	20,441	20,507	20,431	20,375	-939	2,013	-461	-395
Revenue Department		0	0	1	1	1	1	1	-1	0	0	0
Total Expenditures and Transfers-Out	18,967	21,888	20,313	25,266	20,442	20,508	20,432	20,376	-940	2,013	-461	-395
Net change in Loan Fund	194	-788	503	206	-205	-120	-45	42	503	206	-205	-120
Balance before reserves	2,410	4,112	20,826	15,728	15,371	15,595	16,459	17,588	1,952	-400	-897	-1,541
Less Appropriation Carryforward	1,521	1,487	2,043	2,217	1,914	1,630	1,498	1,509	392	401	-66	-514
Ending Balance	\$1,083	\$2,625	\$18,783	\$13,511	\$13,457	\$13,965	\$14,961	\$16,079	\$1,560	-\$802	-\$832	-\$1,028

This fund statement consists of three funds: State Airports Fund, Hangar Revolving Loan Fund, and Air Transportation Services Fund. Ending balances in the two revolving funds are not included in the consolidated fund statement ending balance since their receipts are dedicated to their specific functions.

County State Aid Fund
November 2014 Forecast
Comparison to End of Session 2014 Forecast

(\$ in thousands)	November 2014 Forecast								Change from End of Session 2014			
	Close	Close	Close	Budget	Planning Est	Planning Est	Planning Est	Planning Est	Close	Budget	Planning Est	Planning Est
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2014	FY 2015	FY 2016	FY 2017
Balance Forward from prior year	\$314,720	\$453,538	\$488,869	\$534,626	\$558,714	\$558,714	\$558,714	\$558,714	\$0	\$47,217	\$55,578	55,578
Prior Year adjustments	485	188	569	0	0	0	0	0	569	0	0	0
Adjusted Balance Forward	315,205	453,726	489,438	534,626	558,714	558,714	558,714	558,714	569	47,217	55,578	55,578
Net Revenue and Transfers-In												
Leased Vehicle Sales Tax	9,299	14,438	9,000	18,650	21,250	22,750	23,150	23,150	0	-3,035	-3,725	-4,810
Other income	2,372	2,431	2,483	2,892	6,615	14,163	20,208	20,297	-5	257	-599	-2,558
Transfer from HUTD	563,388	588,227	612,159	637,007	651,806	672,273	688,946	700,499	-1,958	12,100	9,920	14,388
Transfer from MSAS	0	0	0	0	0	0	0	0	0	0	0	0
Total Net Revenue and Transfers-In	\$575,059	\$605,096	\$623,643	\$658,549	\$679,671	\$709,186	\$732,304	\$743,946	-\$1,962	\$9,322	\$5,596	7,020
Expenditures and Transfers-Out												
Grants to local governments	425,372	560,979	549,524	588,936	665,276	694,170	716,745	728,087	-45,994	0	5,477	6,904
MnDOT Administrative and Research	7,236	8,975	10,230	14,525	14,394	15,016	15,559	15,859	-2,617	961	119	117
Transfers to MSAS	2,218	0	13,000	10,000	0	0	0	0	0	0	0	0
Transfers to Trunk Highway Fund	1,900	0	5,700	21,000	0	0	0	0	0	0	0	0
Total Expenditures and Transfers-Out	436,726	569,954	578,455	634,461	679,671	709,186	732,304	743,946	-48,610	961	5,596	7,020
Balance before reserves	453,538	488,869	534,626	558,714	558,714	558,714	558,714	558,714	47,217	55,578	55,578	55,578
Less Appropriation Carryforward	453,538	488,869	534,626	558,714	558,714	558,714	558,714	558,714	47,217	55,578	55,578	55,578
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Municipal State Aid Fund
November 2014 Forecast
Comparison to End of Session 2014 Forecast

(\$ in thousands)	November 2014 Forecast								Change from End of Session 2014			
	Close	Close	Close	Budget	Planning Est	Planning Est	Planning Est	Planning Est	Close	Budget	Planning Est	Planning Est
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2014	FY 2015	FY 2016	FY 2017
Balance Forward From Prior Year	\$129,016	\$139,869	\$161,492	\$172,486	\$181,228	\$181,228	\$181,228	\$181,228	\$0	\$10,490	\$13,420	\$13,420
Prior Year Adjustments	163	84	281	0	0	0	0	0	281	0	\$0	\$0
Adjusted Balance Forward	129,180	139,953	161,772	172,486	181,228	181,228	181,228	181,228	281	10,490	\$13,420	\$13,420
Net Revenue and Transfers-In :												
Other Income	1,009	918	1,006	1,104	2,313	4,780	6,775	6,806	47	102	-\$151	-\$741
Transfer From HUTD	147,987	154,511	160,798	167,325	171,212	176,588	180,967	184,002	-514	3,178	\$2,606	\$3,779
Transfer From CSAH	2,218	0	13,000	10,000	0	0	0	0	0	0	\$0	\$0
Net Revenue and Transfers In	\$151,214	\$155,429	\$174,804	\$178,429	\$173,525	\$181,368	\$187,742	\$190,808	-\$468	\$3,281	\$2,455	\$3,039
Expenditures and Transfers-Out												
Grants to local governments	137,881	130,723	160,638	165,060	169,162	176,873	183,081	186,053	-10,148	0	\$2,389	\$2,966
MnDOT Administrative and Research	2,644	3,167	3,453	4,627	4,363	4,495	4,662	4,755	-529	351	\$65	\$73
Transfers to CSAH	0	0	0	0	0	0	0	0	0	0	\$0	\$0
Total Expenditures and Transfers-Out	140,524	133,891	164,091	169,687	173,525	181,368	187,742	190,808	-10,677	351	\$2,455	\$3,039
Balance before Reserves	139,869	161,492	172,486	181,228	181,228	181,228	181,228	181,228	10,490	13,420	\$13,420	\$13,420
Less Appropriation Carryover	139,869	161,492	172,486	181,228	181,228	181,228	181,228	181,228	10,490	13,420	\$13,420	\$13,420
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

