



# Transportation Funds Forecast

## February 2016

Released March 3, 2016

### Funds Forecast Executive Summary

#### FY 2016-17 HUTD revenues down \$23 million from Nov 2015 Forecast

HUTD Fund revenues in the current FY 2016-17 biennium are forecast to be \$23 million lower compared to the November 2015 forecast. Over the entire forecast period (2016-19), revenues are down \$51 million (0.6 percent).

#### HUTD Revenues, FY 2016-17 Biennium (\$ in millions)

Revenue Source	Change from Nov '15 forecast		
	Feb '16 Fcst	\$ Change	% Change
Motor Fuel Taxes	1,798	(3)	(0.2%)
Registration Taxes	1,478	(7)	(0.5%)
Motor Vehicle Sales Taxes	892	(14)	(1.5%)
Other	11	0	1.5%
<b>Total Revenues</b>	<b>4,179</b>	<b>(23)</b>	<b>(0.6%)</b>

#### HUTD Allocations by Fund, FY 2016-17 Biennium (\$ in millions)

Fund	Change from Nov '15 forecast		
	Feb '16 Fcst	\$ Change	% Change
Trunk Highway	2,429	(14)	(0.6%)
CSAH	1,342	(8)	(0.6%)
MSAS	353	(2)	(0.6%)
Other (DNR, DPS, DOR)	55	(0)	(0.3%)
<b>Total Allocations</b>	<b>4,178*</b>	<b>(23)</b>	<b>(0.6%)</b>

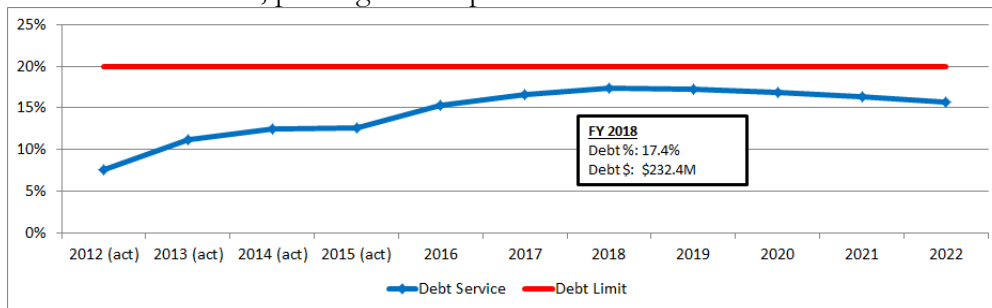
#### HUTD Allocations by Fund

HUTD revenues are transferred to the Trunk Highway, County State Aid Highway (CSAH), and Municipal State Aid Street (MSAS) Funds based on formulas established in the Minnesota Constitution and statute.

*\*Includes distributions of year-end balances*

#### Trunk Highway Debt Service

The forecast of debt service expenditures from the Trunk Highway Fund increased slightly from the November 2015 forecast. The estimated amounts are still close to the MnDOT Debt Management Policy limit of 20 percent of Trunk Highway Fund state revenues, peaking at 17.4 percent in FY 2018.



#### Other Funds

Actual revenues for the forecast period (2016-19) increased 6.0 percent for the State Airports Fund and decreased 3.5 percent for the Greater Minnesota Transit portion of the Transit Assistance Fund, compared to the November 2015 forecast.

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## 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 November fund statements.

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 Statute 16A.103) and are also based on the statutory requirements in Minnesota Statute 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 HUTD Fund receives income from three primary sources: the motor fuel tax (gas taxes), the motor vehicle registration tax (tab fees), and 60 percent 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 Fund 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 TH 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 TAF's primary revenue source is 40 percent of MVST, with additional revenues from MVLST. The SAF 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 TAF, receive investment income earned on the cash balances in the funds.



## 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 gas tax rates compare with those in the surrounding states and with federal tax rates:

### Comparison of January 2016 Motor Fuel Tax Rates (per gallon)

Cents per gallon	Federal	MN	WI	SD*	IA*	ND
Gasoline	18.4	<b>28.5</b>	30.9	28.0	30.8	23.0
Diesel	24.4	<b>28.5</b>	30.9	28.0	32.5	23.0
Gasohol (10% blend)	18.4	<b>28.5</b>	30.9	28.0	29.3	23.0

\*SD rate recently increased by 6 cents, IA by ~10 cents

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) <b>Final Phase-In</b>



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 national forecast produced by IHS Economics (formerly IHS Global Insight). IHS Economics is the same macroeconomic consultant that MMB uses to assist with forecasting the General Fund. MnDOT also reviews regional forecast information from the federal Energy Information Administration (EIA). Finally, this information is compared with actual fuel consumption history in Minnesota.

The most current forecast from EIA was published in April 2015, projecting declining consumption in future years. The most current IHS forecast projects increasing consumption in all future years of the forecast period, similar to its prior forecast. The specific forecasts are shown in the tables below. MnDOT uses a blended average of the consumption forecasts by EIA and IHS for future years. Although the two forecasts are divergent during the forecast period, the long-term projections from both agencies are for reduced fuel consumption as vehicle fuel efficiencies increase at a faster pace than vehicle miles traveled. When combined, the year-over-year consumption projections from EIA and IHS have increased slightly. These amounts are then multiplied by the motor fuel tax rate, resulting in the estimated revenue.

<b>Energy Information Administration (EIA) Regional Changes, Feb '16 vs. Nov '15</b>			
Feb '16 Forecast		Nov '15 Forecast	
Year	Annual Energy Outlook Year over Year Growth	Annual Energy Outlook Year over Year Growth	Change
2014	1.0%	1.0%	0.0%
2015	0.1%	0.1%	0.0%
2016	(0.2%)	(0.2%)	0.0%
2017	(1.0%)	(1.0%)	0.0%
2018	(1.9%)	(1.9%)	0.0%
2019	(1.6%)	(1.6%)	0.0%

<b>IHS Economics National Changes, Feb '16 vs. Nov '15</b>			
Feb '16 Forecast		Nov '15 Forecast	
Year	IHS Highway Consumption of Fuel Year over Year Growth	IHS Highway Consumption of Fuel Year over Year Growth	Change
2014	1.9%	1.9%	0.0%
2015	2.1%	2.1%	0.0%
2016	1.8%	1.4%	0.3%
2017	1.9%	1.7%	0.2%
2018	2.0%	0.8%	1.2%
2019	2.2%	2.4%	(0.2%)



<b>MnDOT Consumption Forecast Changes, Feb '16 vs. Nov '15</b>			
Feb '16 Forecast		Nov '15 Forecast	
Year	Blended Average of EIA/IHS	Blended Average of EIA/IHS	Change
2014 (act)	1.9%	1.9%	0.0%
2015 (act)	1.1%	1.1%	0.0%
2016*	1.1%	1.3%	(0.2%)
2017	0.4%	0.3%	0.1%
2018	0.0%	(0.6%)	0.6%
2019	0.3%	0.4%	(0.1%)

\*EIA/IHS blended average of 0.8% adjusted to 1.1% in FY 2016 to account for actual year-to-date revenues

For the current year, the EIA and IHS forecasts are compared with actual year-to-date revenues. Through January, actual revenues were slightly lower than the November 2015 forecast. Because year-to-date actual revenues are down, FY 2016 revenues decreased from the November 2015 forecast, while future years increased slightly in total due to higher projected growth rates.

#### Motor Fuel Tax (\$ in millions)

Motor Fuel Tax Revenues			FY 2016-17 vs. Last Forecast		FY 2016-17 vs. FY 2014-15		FY 2018-19 vs. FY 2016-17	
FY 2014-15	FY 2016-17	FY 2018-19	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
1,766	1,798	1,806	(2.8)	(0.2%)	32.6	1.8%	7.2	0.4%

The estimated revenue included in the February 2016 forecast is shown below:

Motor Fuel Tax Revenues (\$ in millions)				
State Fiscal Year	Feb '16 Fcst	Nov '15 Fcst	\$ Change	% Change
2014 (act)	878	878	-	0.0%
2015 (act)	888	888	-	0.0%
2016	897	899	(1.9)	(0.2%)
2017	901	902	(0.9)	(0.1%)
2018	902	897	4.5	0.5%
2019	904	900	3.7	0.4%

#### Motor Vehicle Registration Tax Forecast

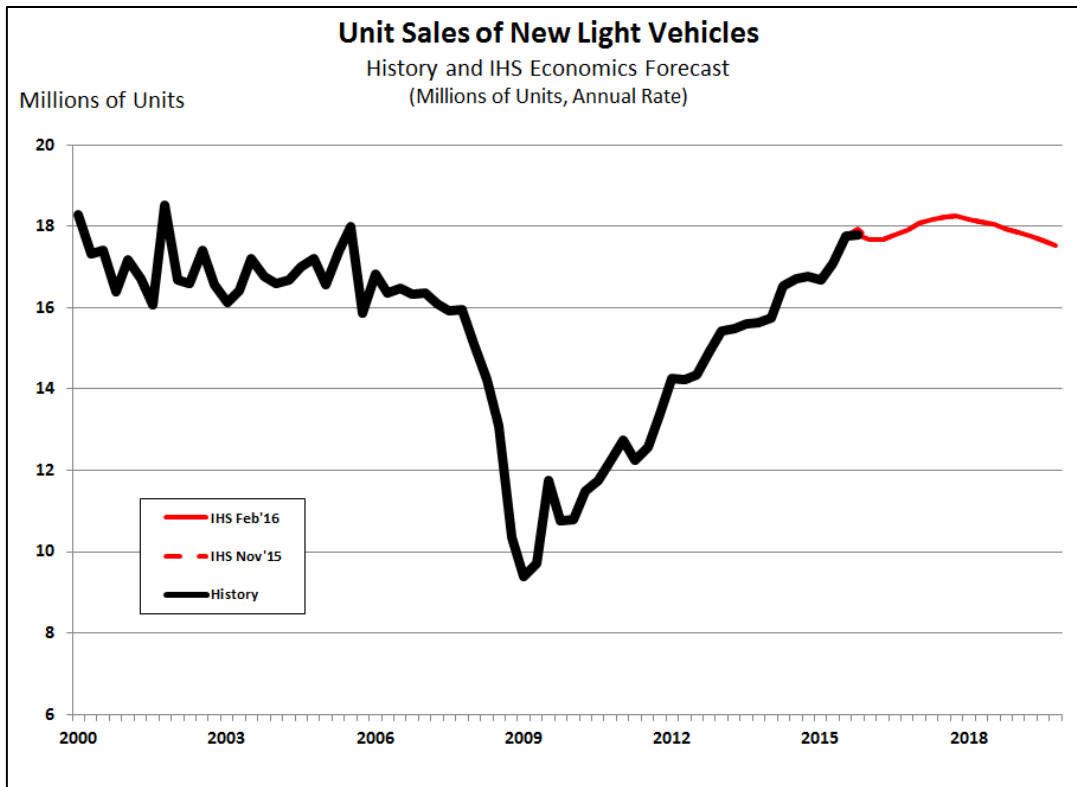
According to Article XIV of the Minnesota Constitution, "...The Legislature may by law tax motor vehicles using the public streets and highways on a more onerous basis than other personal property..." These taxes are commonly referred to as "tab fees." Revenue from these taxes is deposited in the HUTD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

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



registration, after which the additional tax is \$25 (\$35 total). Revenue from these taxes comprises about 80 percent of the total revenue from motor vehicle registration taxes. The remaining revenue is provided primarily 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 the 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 duty vehicles, from 2000 through the forecast period. All data are provided by IHS and reflect national levels. The solid red line reflects the current forecast, which is virtually identical to the prior 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 IHS. The chart suggests that new vehicle sales will be less than was assumed in the prior forecast in FY 2016, and very similar in future years. The February 2016 forecast includes detailed vehicle information supplied by the Department of Public Safety that reflects February 2016 data, which MnDOT uses in its model to forecast revenue from all passenger motor vehicles. Fleet data is updated once a year for the February forecast. The new vehicle data reflect an overall increase in the fleet as compared to last year's data; however, the mix of vehicles is slightly older in FY 2016 than was projected last year. This results in slightly lower revenues in all fiscal years as compared to the November forecast. MnDOT assumes that an additional \$120 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)**

Motor Vehicle Registration Tax Revenues			FY 2016-17 vs. Last Forecast		FY 2016-17 vs. FY 2014-15		FY 2018-19 vs. FY 2016-17	
FY 2014-15	FY 2016-17	FY 2018-19	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
1,339	1,478	1,597	(7.0)	(0.5%)	138.8	10.4%	119.9	8.1%

The estimated revenue included in the February 2016 forecast is shown below:

**Motor Vehicle Registration Tax Revenues (\$ in millions)**

State Fiscal Year	Feb '16 Fcst	Nov '15 Fcst	\$ Change	% Change
2014 (act)	652	652	-	0.0%
2015 (act)	686	686	-	0.0%
2016	722	724	(1.9)	(0.3%)
2017	755	760	(5.1)	(0.7%)
2018	786	794	(7.9)	(1.0%)
2019	811	821	(10.1)	(1.2%)

**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 percent must be deposited in the highway user tax distribution fund, and not less than 40 percent must be deposited in a fund dedicated solely to public transit..." Current statute provides that 60 percent of this revenue is deposited in the HUTD Fund and 40 percent is deposited in the TAF.

This is a 6.5 percent tax on the sale of new and used motor vehicles. MMB prepares the official forecast of this revenue, which is heavily influenced by input provided by IHS. 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. The projections for FY 2016 decreased, and although the growth rates in future years are similar, the lower base in FY 2016 results in reduced revenues in all fiscal years as compared to November.

**Motor Vehicle Sales Tax (\$ in millions) (60 percent dedicated to highways)**

Motor Vehicle Sales Tax Revenues			FY 2016-17 vs. Last Forecast		FY 2016-17 vs. FY 2014-15		FY 2018-19 vs. FY 2016-17	
FY 2014-15	FY 2016-17	FY 2018-19	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
801	892	1,010	(13.8)	(1.5%)	90.9	11.4%	118.7	13.3%





The estimated revenue included in the February 2016 forecast is shown below:

<b>Motor Vehicle Sales Tax (\$ in millions)</b>				
<b>State Fiscal Year</b>	<b>Feb '16 Fcst</b>	<b>Nov '15 Fcst</b>	<b>\$ Change</b>	<b>% Change</b>
2014 (act)	384	384	-	0.0%
2015 (act)	417	417	-	0.0%
2016	428	436	(7.3)	(1.7%)
2017	463	470	(6.5)	(1.4%)
2018	494	503	(9.3)	(1.8%)
2019	516	524	(8.0)	(1.5%)

### **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 portion of the MVST that is constitutionally dedicated to public transit (currently set at 40 percent by statute), revenues from these three taxes are all constitutionally required to be deposited into the HUTD Fund. From there they are subsequently transferred, in accordance with formulas in Article XIV of the Minnesota Constitution and in statutes, to the TH, CSAH, and MSAS Funds. There are also small distributions to the Department of Natural Resources based on statutory language.

As shown in the chart below, of the total revenue to the HUTD Fund, after statutory distributions to the Department of Natural Resources, 95 percent is allocated by a formula in the constitution to:

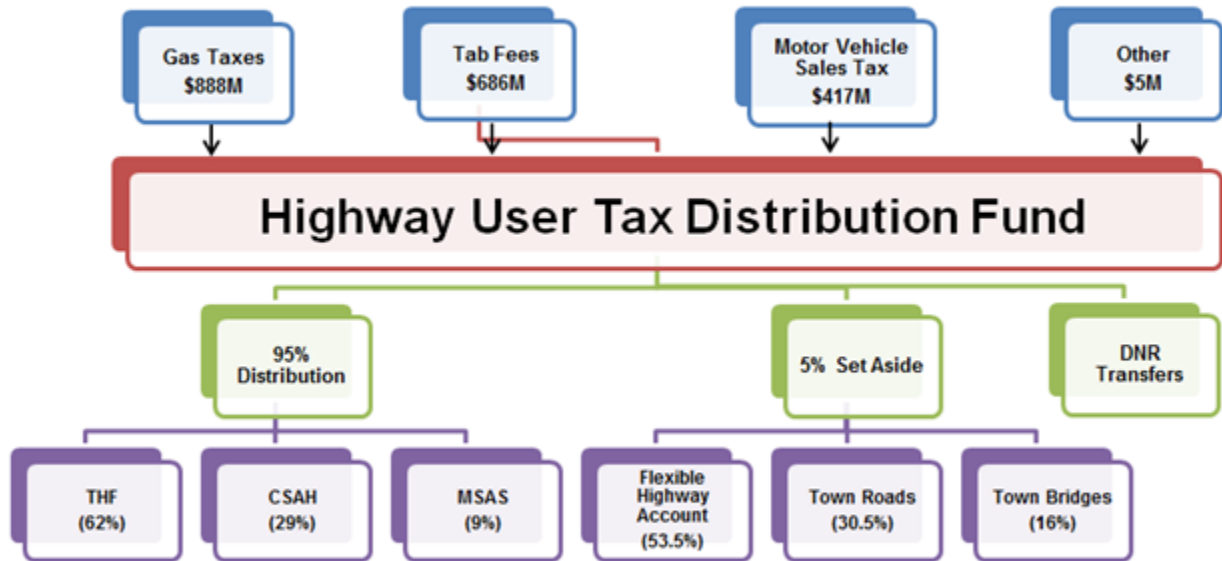
- TH Fund – 62 percent
- CSAH Fund – 29 percent
- MSAS Fund – 9 percent

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





## HUTD Sources and Uses FY 2015



-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)

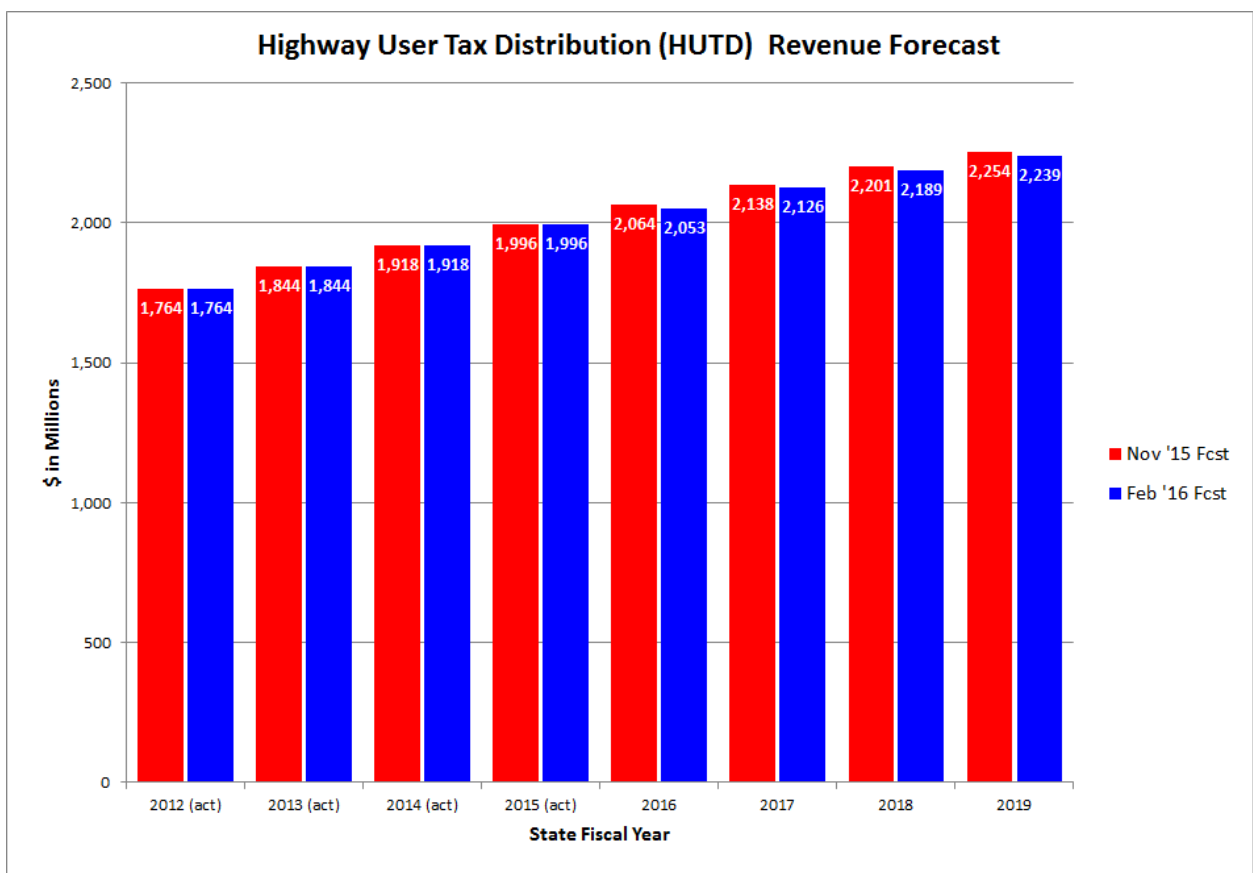
Total HUTD Fund Revenues			FY 2016-17 vs. Last Forecast		FY 2016-17 vs. FY 2014-15		FY 2018-19 vs. FY 2016-17	
FY 2014-15	FY 2016-17	FY 2018-19	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
3,913	4,179	4,428	(23.4)	(0.6%)	265.5	6.8%	249.3	6.0%



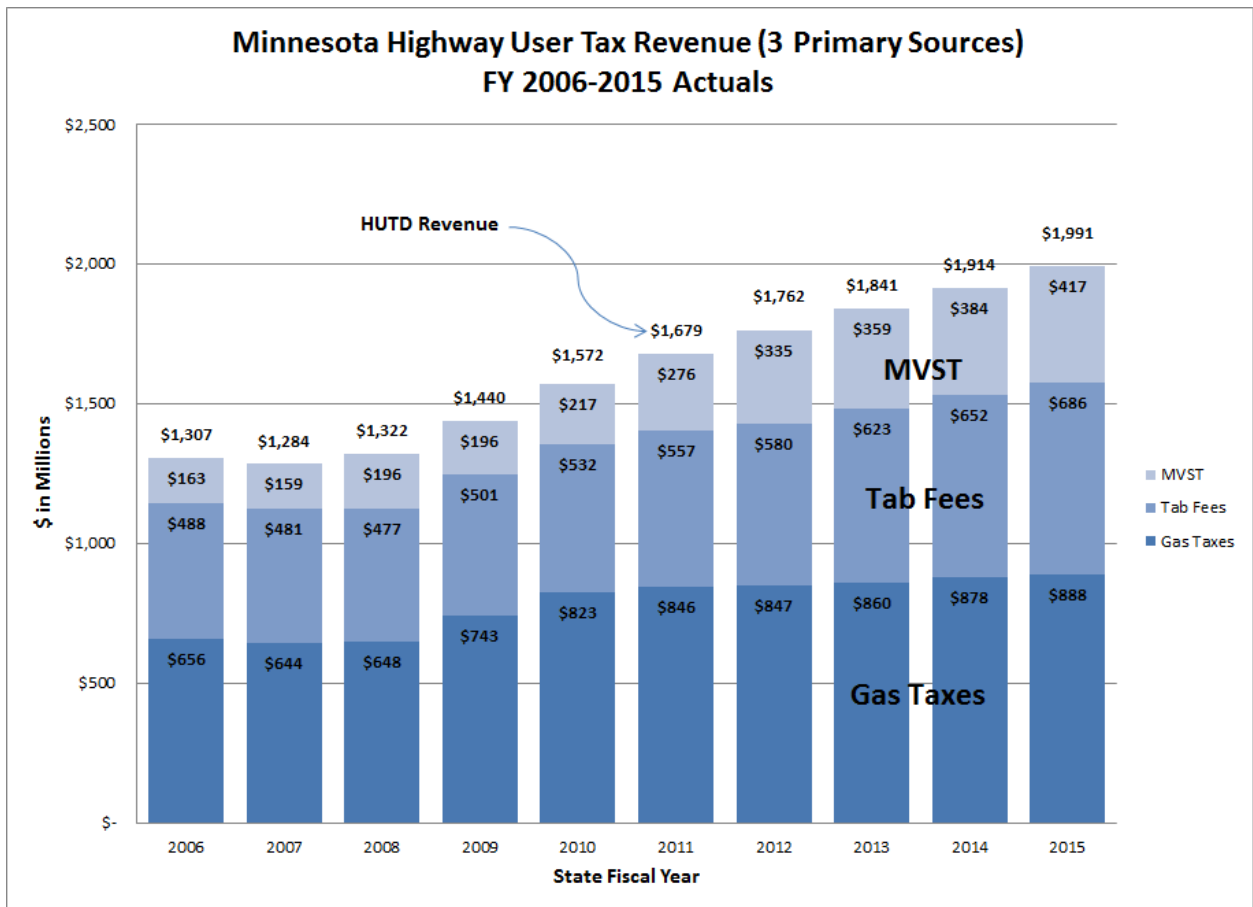
The estimated revenue included in the February 2016 forecast is shown below:

HUTD Revenues (\$ in millions)				
State Fiscal Year	Feb '16 Fcst	Nov '15 Fcst	\$ Change	% Change
2014 (act)	1,918	1,918	-	0.0%
2015 (act)	1,996	1,996	-	0.0%
2016	2,053	2,064	(10.9)	(0.5%)
2017	2,126	2,138	(12.5)	(0.6%)
2018	2,189	2,201	(12.8)	(0.6%)
2019	2,239	2,254	(14.4)	(0.6%)

These revenues are also shown in the bar chart below that compares February 2016 and November 2015 forecasts:



The bar chart below details a 10-year history of actual revenues for the HUTD Fund (2006-15), which shows the relative shares of revenue attributed to gas taxes, tab fees, and MVST over that period. This bar chart demonstrates that over the last ten years, gas taxes are a reduced percentage of the total revenue, while 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.



## Other Revenue Sources

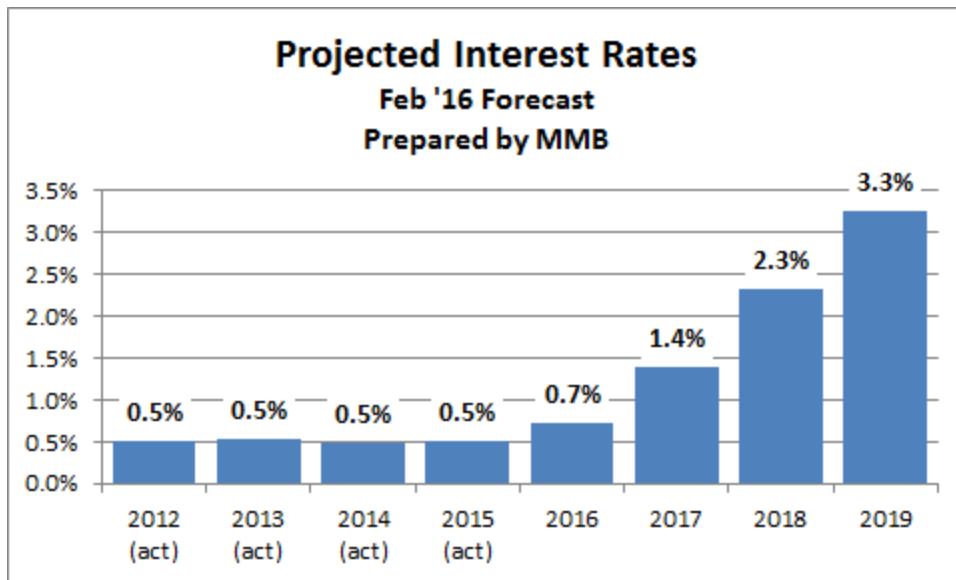
### Investment Income Forecasts

All of the transportation funds discussed in this document, with the exception of the TAF, 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 percent over the past few years. The February 2016 forecast assumes that interest rates will increase in the latter years of the forecast period, increasing from a projected 0.7 percent in FY



2016 to about 3.3 percent in FY 2019. The bar chart below summarizes the current interest rate forecast prepared by MMB:



Rates are expected to increase over the forecast period, although they are lower than November 2015 in all years. Cash balances in all funds are expected to be similar to the November 2015 forecast, so the lower interest rates result in reduced interest income in all funds in all years. These forecasts are shown below for all five funds that earn investment income:

**Total Investment Income (\$ in millions)**

	Investment Income			FY 2016-17 vs. Last Forecast		FY 2016-17 vs. FY 2014-15		FY 2018-19 vs. FY 2016-17	
	FY 2014-15	FY 2016-17	FY 2018-19	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
<b>HUTD</b>	0.8	1.7	4.5	(0.4)	(20.3%)	0.9	102%	2.8	165%
<b>TH</b>	7.6	14.2	37.8	(5.0)	(26.2%)	6.6	86%	23.6	167%
<b>CSAH</b>	4.6	9.5	25.4	(2.1)	(18.3%)	4.8	104%	15.9	168%
<b>MSAS</b>	1.5	3.1	8.3	(0.8)	(20.4%)	1.5	101%	5.2	168%
<b>SAF</b>	0.2	0.6	1.7	(0.1)	(17.8%)	0.4	151%	1.0	168%



### Motor Vehicle Lease Sales Tax Forecast

The first \$32 million of the Motor Vehicle Lease Sales Tax (MVLST) revenue is allocated to the General Fund, and all revenue greater than \$32 million is shared equally by the CSAH 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. The MVLST forecast is supplied by the Department of Revenue. The forecast in all years decreased compared to the November 2015 forecast. The February 2016 forecast is shown below:

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

Motor Vehicle Lease Sales Tax Revenue			FY 2016-17 vs. Last Forecast		FY 2016-17 vs. FY 2014-15		FY 2018-19 vs. FY 2016-17	
FY 2014-15	FY 2016-17	FY 2018-19	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
78	104	121	(7.0)	(6.3%)	25.5	32.6%	17.0	16.4%

The estimated revenue included in the February 2016 forecast is shown below:

Motor Vehicle Lease Sales Tax (amount above \$32 million) (\$ in millions)					
State Fiscal Year	Feb '16 Fcst	Nov '15 Fcst	\$ Change	% Change	
2014 (act)	32	32	-	0.0%	
2015 (act)	47	47	-	0.0%	
2016	50	52	(2.6)	(5.0%)	
2017	54	59	(4.4)	(7.5%)	
2018	59	62	(3.2)	(5.1%)	
2019	62	65	(3.2)	(4.9%)	

### 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 HUTD Fund. The HUTD 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. 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 2016-19, transfers from the HUTD Fund comprise approximately 73 percent of revenue, federal aid agreements comprise approximately 23 percent of revenue, and other sources, such as investment income, comprise approximately 4 percent of revenue.



The estimated revenues in the February 2016 forecast are shown below:

**Trunk Highway Fund Revenues (\$ in millions)**

	Trunk Highway Fund Revenues			FY 2016-17 vs. Last Forecast		FY 2016-17 vs. FY 2014-15		FY 2018-19 vs. FY 2016-17	
	FY 2014-15	FY 2016-17	FY 2018-19	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
<b>Transfers from HUTD</b>	2,266	2,429	2,566	(13.7)	(0.6%)	163.1	7.2%	137.2	5.6%
<b>Investment Income</b>	8	14	38	(5.0)	(26.2%)	6.6	86%	23.6	167%
<b>Federal Aid Agreements</b>	1,005	772	825	-	0.0%	(232.8)	(23.2%)	52.3	6.8%
<b>Other</b>	131	98	98	-	0.0%	(32.8)	(25.0%)	-	0.0%
<b>Total</b>	3,409	3,313	3,526	(18.8)	(0.6%)	(95.9)	(2.8%)	213.1	6.4%

**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.

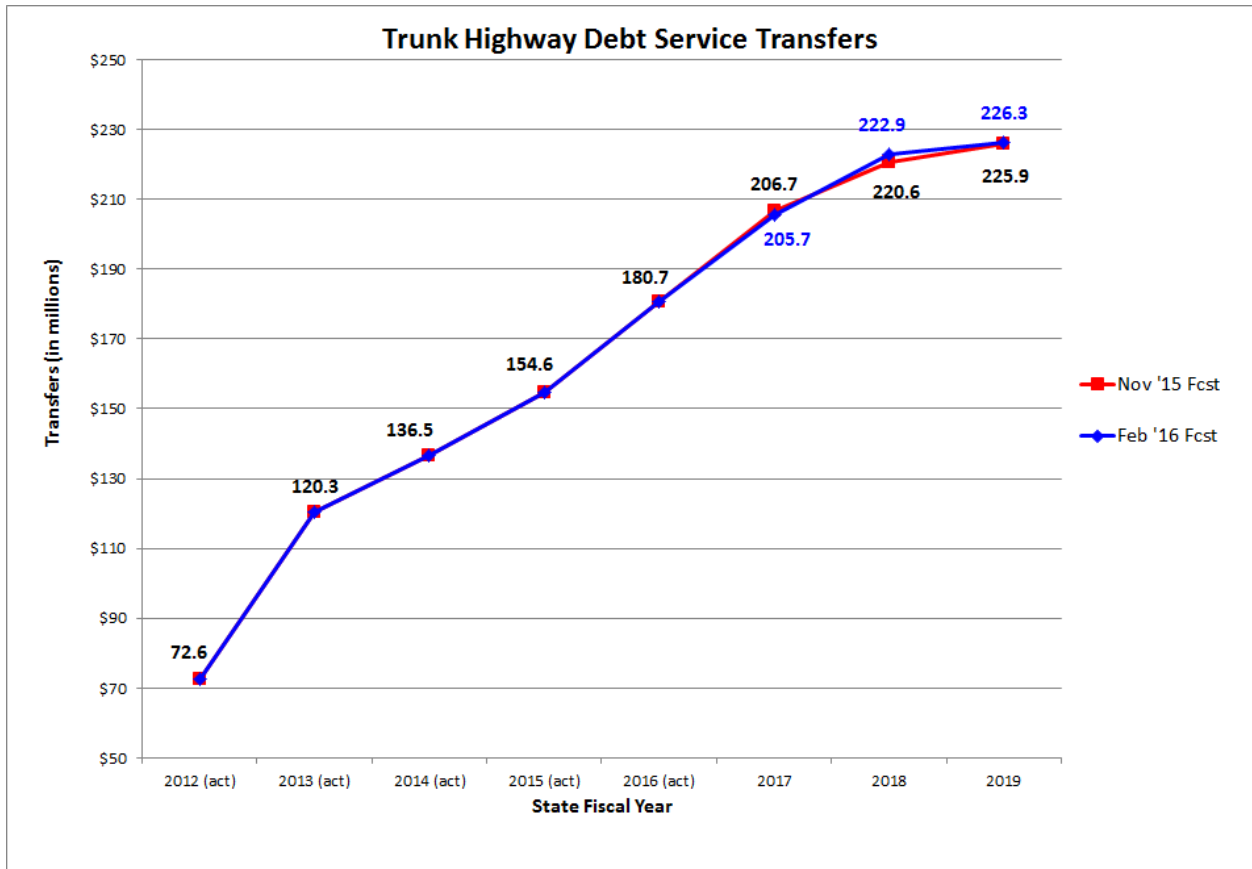
Since the November 2015 forecast, debt service expenditure estimates slightly decreased in the current biennium, then slightly increased in the FY 2018-19 biennium. The increases in the next biennium are largely due to decreased projected premiums as well as lower earnings on cash balances due to lower projected interest rates. 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. The forecast amount of debt service costs is shown below:

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

Trunk Highway Fund Debt Service Transfers			FY 2016-17 vs. Last Forecast		FY 2016-17 vs. FY 2014-15		FY 2018-19 vs. FY 2016-17	
FY 2014-15	FY 2016-17	FY 2018-19	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
291	386	449	(1.0)	(0.3%)	95.3	32.7%	62.8	16.2%



The graph below depicts the debt service transfer amounts by year, compared to the November 2015 forecast:



MnDOT's TH Fund is governed by four financial policies: Debt Management, Fund Balance, Cash Balance, and Advance Construction. A link to all of the policies is included in the appendices index. The Debt Management Policy, developed to comply with the requirements in Minnesota Statute 167.60, addresses the percentage of debt service that is allowed. This policy states that debt service should not exceed 20 percent of annual state revenues to the TH Fund. This includes transfers to the state bond fund for debt service on trunk highway bonds, repayments of local government advances (LGA) in accordance with Minnesota Statute 161.361, and transportation revolving loan (TRLF) repayments in accordance with Minnesota Statute 161.04, subdivision 4.

The percentage of debt service for the upcoming few years is depicted on the chart below. This chart also includes estimates for FYs 2020-22, 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 estimated debt service expenditures from the TH Fund range between 15 percent and 17 percent through the end of FY 2022, decreasing each year after peaking at 17.4 percent in FY 2018:





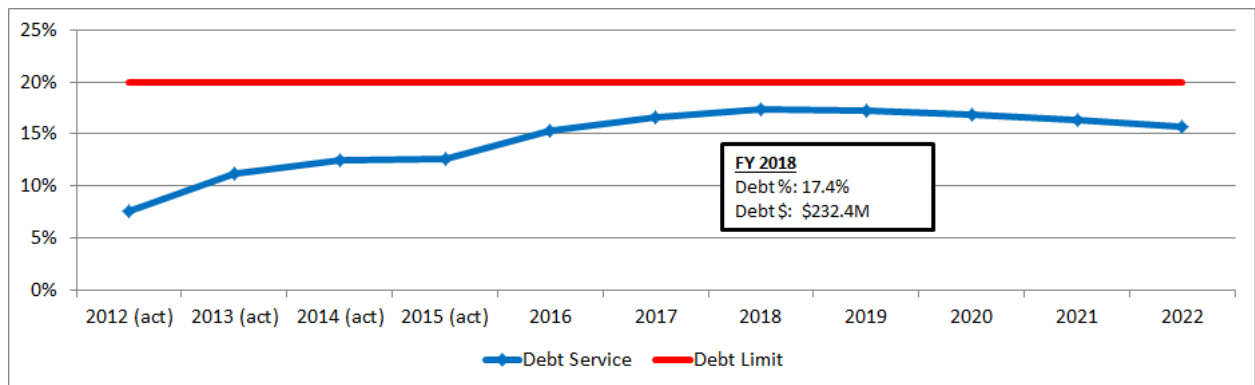
### Debt Management Policy (\$ in millions)

Year	Total Debt Service <sup>(1)</sup>	Estimated Current %	Variance from 20% Policy Limit <sup>(2)</sup>
2014 (act)	144.2	12.5%	87.4
2015 (act)	157.0	12.6%	92.2
2016	190.2	15.3%	59.2
2017	215.2	16.6%	43.7
2018	232.4	17.4%	34.2
2019	235.8	17.2%	38.0
2020	231.3	16.9%	42.5
2021	224.1	16.4%	49.8
2022	214.5	15.7%	59.3

<sup>(1)</sup> Includes bond debt transfers, transportation revolving loans, and local government advances

<sup>(2)</sup> Represents amount of additional debt service to reach 20 percent limit

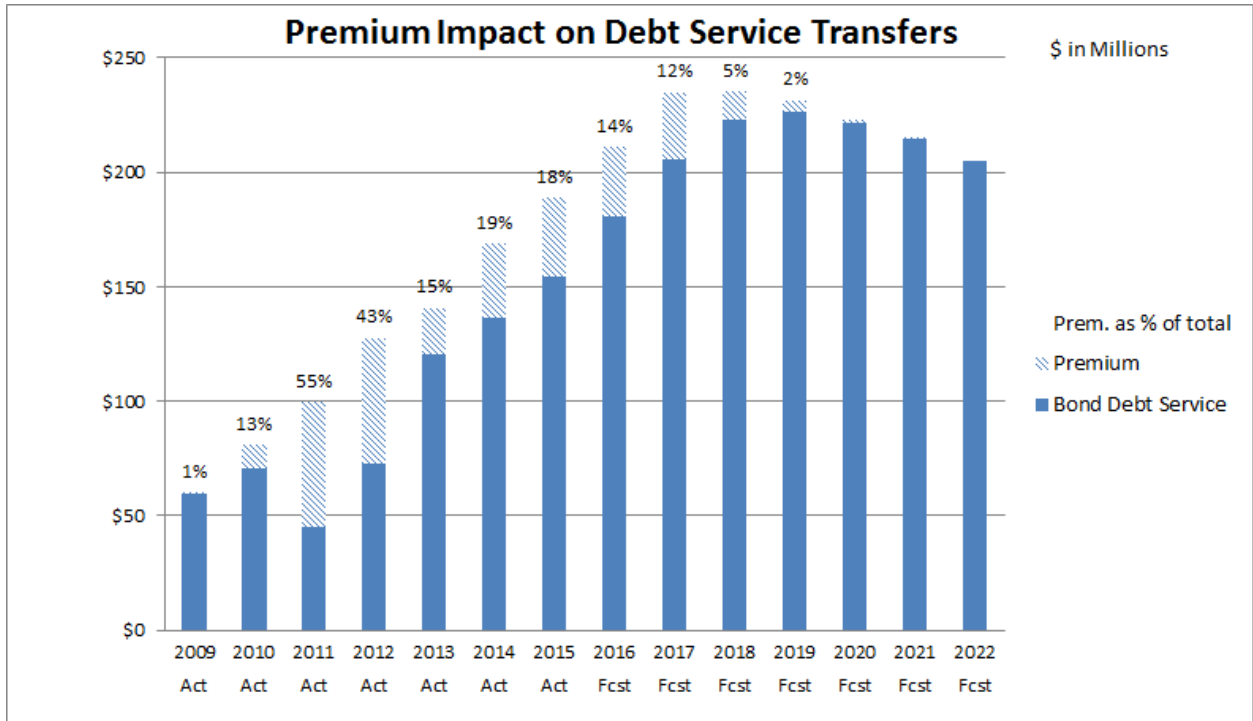
The graph below depicts the debt service estimates compared with the policy limit:



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. Due to low interest rates, MnDOT’s fund balance has benefited the past several years. When bond interest rates drop below 5 percent, 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 large bonding programs such as the Laws of 2008, Chapter 152, which included \$1.8 billion of bonding authorization. The bar chart below illustrates the reduction to debt service as the result of premium. The solid bar represents the actual/forecast debt service, and the dashed bar represents the additional debt service 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.

### Feb '16 vs. Nov '15 (\$ in millions)

	<u>FY 14-15</u>	<u>FY16-17</u>	<u>FY18-19</u>
Transfers from HUTD	-	(13.7)	(16.1)
Federal Aid Agreements	-	-	-
Investment Income	-	(5.0)	(9.2)
Other Revenue	-	-	-
Prior Year Adjustments	-	-	-
<b>Total Revenue Impact</b>	-	(18.8)	(25.3)
Transportation Expenditures	-	-	-
Other Agencies	-	-	-
Transfers Out	-	-	-
Debt Service Transfer	-	(1.0)	2.6
<b>Total Expenditure and Transfer Impact</b>	-	(1.0)	2.6
<b>Fund Balance Change</b>	-	(17.8)	(27.9)
<b>Total Cumulative Change</b>	-	(17.8)	(45.7)
Nov '15 Forecast	275.8	146.7	344.3
Feb '16 Forecast	275.8	128.9	298.6
<b>Change</b>	0.0	(17.8)	(45.7)
<i>Reserved Fund Balance (Feb '16)</i>	92.3	82.6	82.5
<i>Unreserved Fund Balance (Feb '16)</i>	183.5	46.4	216.1



## County State Aid Highway (CSAH) Fund

The CSAH Fund receives revenue from transfers from the HUTD Fund, investment income, and its share of the MVLST. A summary of these revenues is shown below:

**CSAH Fund Revenues (\$ in millions)**

	CSAH Fund Revenues			FY 2016-17 vs. Last Forecast		FY 2016-17 vs. FY 2014-15		FY 2018-19 vs. FY 2016-17	
	FY 2014-15	FY 2016-17	FY 2018-19	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
<b>Transfers from HUTD</b>	1,252	1,342	1,418	(7.6)	(0.6%)	90.1	7.2%	75.8	5.6%
<b>Investment Income</b>	5	9	25	(2.1)	(18.3%)	4.8	104%	15.9	168%
<b>MVLST</b>	32	52	60	(3.5)	(6.3%)	19.6	60.6%	8.5	16.4%
<b>Other</b>	0.5	0.5	0.5	-	0.0%	-	4.2%	-	0.0%
<b>Total</b>	1,290	1,404	1,504	(13.2)	(0.9%)	114.5	8.9%	100.3	7.1%

### CSAH Expenditure Forecast Changes

Minnesota Statutes, Chapter 162 provides the policy controlling this fund's expenditures. The statutes describe the way in which the fund's revenues are allocated to accounts within the fund and Minnesota's 87 counties. Beginning in 2016, estimated revenues for counties are split between "apportionment sum" and "excess sum" based on fixed percentages. 68 percent is allocated to apportionment sum and 32 percent is allocated to excess sum. These two amounts are then apportioned to counties using different formulas specified in statute. These allocations are calculated each year based primarily on revenue estimates for the CSAH Fund. A Commissioner's Order is issued in January that establishes the county allocations for the following calendar year.

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 from the preceding November forecast each year. The result is an increase or decrease to the total appropriation amount each year after the Commissioner's Order is executed. The revenue estimates from November were used as the basis for calculating distribution amounts for calendar year 2016, and the accounting system and fund statements are updated to reflect these changes in the February Forecast for FY 2016. FY 2017 expenditure estimates reflect current appropriation law, and both FY 2018 and 2019 are updated in this forecast based on the revised revenue forecast for the fund.

The estimated expenditures and transfers, compared with the amounts in the November 2015 forecast, are shown in the following chart:

**CSAH Expenditures and Transfers (\$ in millions)**



State Fiscal Year	Feb '16 Fcst	Nov '15 Fcst	\$ Change	% Change
2014 (act)	578	578	-	0.0%
2015 (act)	692	692	-	0.0%
2016	705	693	12.8	1.8%
2017	713	725	(11.1)	(1.5%)
2018	741	749	(7.7)	(1.0%)
2019	763	771	(7.5)	(1.0%)

A portion of these expenditures is derived from the MVLST that is dedicated to the CSAH Fund. This revenue is allocated to five of the seven metropolitan counties, excluding Hennepin and Ramsey counties.

These expenditures also include 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 percent to the TH Fund, 29 percent to the CSAH Fund, and 9 percent to the MSAS Fund). The current allocation is to have 100 percent of this revenue go to the CSAH Fund (see Minnesota Statute 161.081). This funding is further allocated to Township Roads (30.5 percent), Township Bridges (16.0 percent), and the Flexible Highway Account (53.5 percent). 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)**

	MSAS Fund Revenues			FY 2016-17 vs. Last Forecast		FY 2016-17 vs. FY 2014-15		FY 2018-19 vs. FY 2016-17	
	FY 2014-15	FY 2016-17	FY 2018-19	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
<b>Transfers from HUTD</b>	329	353	372	(2.0)	(0.6%)	23.7	7.2%	19.9	5.6%
<b>Investment Income</b>	1.5	3.1	8.3	(0.8)	(20.4%)	1.5	101%	5.2	168%
<b>Transfer from CSAH</b>	23	-	-	-	0.0%	(23)	(100%)	-	0.0%
<b>Other</b>	0.6	0.6	0.6	-	0.0%	0.0	1.4%	-	0.0%
<b>Total</b>	354	356	381	(2.8)	(0.8%)	2.2	0.6%	25.1	7.0%

### 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. The statute describes the way in which the fund's revenues are allocated to the accounts within the fund, and how the revenue 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 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 from the preceding November forecast each year. The result is an increase or decrease to the total appropriation amount each year after the Commissioner's Order is executed. . The revenue estimates from November were used as the basis for calculating distribution amounts for calendar year 2016, and the accounting system and fund statements are updated to reflect these changes in the February Forecast for FY 2016. FY 2017 expenditure estimates reflect current appropriation law, and both FY 2018 and 2019 are updated in this forecast based on the revised revenue forecast for the fund.



The estimated expenditures and transfers, compared with the amounts in the November 2015 forecast, are shown below:

State Fiscal Year	Feb '16 Fcst	Nov '15 Fcst	\$ Change	% Change
2014 (act)	164	164	-	0.0%
2015 (act)	184	184	-	0.0%
2016	178	176	2.2	1.2%
2017	183	183	(0.8)	(0.4%)
2018	188	190	(1.8)	(1.0%)
2019	194	195	(1.8)	(0.9%)

## Transit Assistance Fund (TAF)

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 percent according to the constitution, and is currently set at 40 percent by statute (Minnesota Statute 297.09). Of this revenue, 36 percent is allocated to metropolitan transit and 4 percent is allocated to Greater Minnesota Transit. Revenue forecasts for these two sources are shown below:

**Transit Assistance Fund Revenues (\$ in millions)**

	Transit Assistance Fund Revenues			FY 2016-17 vs. Last Forecast		FY 2016-17 vs. FY 2014-15		FY 2018-19 vs. FY 2016-17	
	FY 2014-15	FY 2016-17	FY 2018-19	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
<b>MVST (40%)</b>	534	594	674	(9.2)	(1.5%)	60.6	11.4%	79.1	13.3%
<b>MVLST*</b>	46	52	60	(3.5)	(6.3%)	5.9	13.0%	8.5	16.4%
<b>Total</b>	580	646	734	(12.7)	(1.9%)	66.6	11.5%	87.7	13.6%

\*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 TAF, by fiscal year, is shown below:

State Fiscal Year	Feb '16 Fcst	Nov '15 Fcst	\$ Change	% Change
2014 (act)	279	279	-	0.0%
2015 (act)	301	301	-	0.0%
2016	310	317	(6.2)	(2.0%)
2017	336	342	(6.5)	(1.9%)
2018	359	367	(7.8)	(2.1%)
2019	375	382	(6.9)	(1.8%)





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

<b>Greater Minnesota Transit Revenues (\$ in millions)</b>					
<b>State Fiscal Year</b>	<b>Feb '16 Fcst</b>	<b>Nov '15 Fcst</b>	<b>\$ Change</b>	<b>% Change</b>	
2014 (act)	48	48	-	0.0%	
2015 (act)	51	51	-	0.0%	
2016	53	55	(1.8)	(3.2%)	
2017	58	61	(2.6)	(4.4%)	
2018	62	65	(2.2)	(3.4%)	
2019	65	67	(2.1)	(3.1%)	

### **Transit Assistance Fund Expenditure Forecast Changes**

MVST revenues are statutorily appropriated. The share allocated to metropolitan transit is appropriated to the Metropolitan Council, and the share allocated to Greater Minnesota Transit is appropriated to MnDOT. This means that forecast revenues are the same as forecast 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.

### **State Airports Fund (SAF)**

The revenue sources in the SAF are unique to this fund, and are not shared with any of the other five transportation funds. This fund was statutorily created (Minnesota Statute 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 SAF:

- 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 SAF.

### **Fund Balance Policy**

A State Airports Fund Balance policy was developed by MnDOT to provide an appropriate level of reserve in the SAF 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 took into consideration the General Fund repayment 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, and the remaining \$11 million was appropriated during the 2015 legislative session.

### **2013 Enacted Legislation Impacts**

Prior to the changes enacted by the Legislature in 2013, the SAF received most of its revenue from three primary sources: airline flight property tax (46 percent), aircraft registration tax (34 percent), and aviation fuel tax (19 percent)



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 registrations. The effective date for the change in treatment of the sales tax was July 1, 2013 and the changes for the aviation fuel tax and aircraft registration tax was July 1, 2014. An “Aviation Tax Report” will be prepared every four years, with the first report completed by June 30, 2016, summarizing all aviation tax revenues and expenditures.

### Revenue Forecast

Compared with the November 2015 forecast, there were changes to the forecasts for all of the major revenue sources. MnDOT certifies the airline flight property tax to the Department of Revenue in accordance with Minnesota Statute 270.075. This law requires MnDOT to determine the property tax portion of revenue for the SAF, 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...” Although FY 2015 revenues were significantly more than projected, due to the uncertainty and volatility of these revenue sources in future years, the property tax for FY 2016 was certified at \$7 million. Future years were unchanged at \$6 million. Other revenues were adjusted based on year-to-date trends in FY 2016. The net effect is small increases of about 1 percent in all years. These changes are shown in the tables below:

**State Airports Fund Revenues (\$ in millions)**

	State Airports Fund Revenues			FY 2016-17 vs. Last Forecast		FY 2016-17 vs. FY 2014-15		FY 2018-19 vs. FY 2016-17	
	FY 2014-15	FY 2016-17	FY 2018-19	\$ Change	% Change	\$ Change	% Change	\$ Change	% Change
<b>Airline Flight Property Tax</b>	17	13	12	4.2	47.4%	(4.3)	(24.8%)	(1.0)	(7.7%)
<b>Aviation Fuel Tax</b>	10	14	14	1.4	11.7%	4.0	41.7%	0.5	3.8%
<b>Sales Tax on Aircraft</b>	11	8	8	(0.5)	(6.3%)	(3.9)	(34.1%)	0.5	6.7%
<b>Aircraft Registration Tax</b>	7	6	6	(0.8)	(11.4%)	(0.8)	(11.5%)	-	0.0%
<b>Investment Income</b>	0.2	0.6	1.7	(0.1)	(17.8%)	0.4	151%	1.0	168%
<b>Other</b>	15	0.1	0.1	-	37.5%	(15.0)	(99.3%)	-	0.0%
<b>Total</b>	61	41	42	4.2	11.4%	(19.6)	(32.4%)	1.1	2.6%



The total estimated revenue for the SAF, by fiscal year, is shown below:

**State Airports Revenues and Transfers (State Airports Fund Only)**  
**(\$ in millions)**

<b>State Fiscal Year</b>	<b>Feb '16 Fcst</b>	<b>Nov '15 Fcst</b>	<b>\$ Change</b>	<b>% Change</b>
2014 (act)	34	34	-	0.0%
2015 (act)	26	26	-	0.0%
2016	21	17	4.0	24.0%
2017	20	20	0.2	1.1%
2018	21	21	0.2	1.1%
2019	21	21	0.3	1.3%



## Appendices

- Appendix 1: Highway User Tax Distribution Fund Statement
- Appendix 2: Trunk Highway Fund Statement
- Appendix 3: County State Aid Highway Fund Statement
- Appendix 4: Municipal State Aid Street Fund Statement
- Appendix 5: Transit Assistance Fund Statement
- Appendix 6: State Airports Fund Statement
- Appendix 7: Minnesota Highway User Tax Revenue – 10-Year History 2006-15
- Appendix 8: Minnesota Highway User Tax Revenue – Percent of Total Revenues
- Policy Links: [Policy Links](#)

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**Highway User Tax Distribution Fund**  
February 2016 Forecast  
Comparison to November 2015 Forecast

**2016 February-Transportation**

(\$ in thousands)	February 2016 Forecast								Change from November 2015				
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est	Close	Budget	Budget	Planning Est	Planning Est
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Balance Forward from Prior Year	\$1,848	\$2,025	\$8,691	\$11,948	\$11,617	\$12,000	\$12,000	\$12,000	-	-	-	-	-
Prior Year Adjustments	1	4,595	443	5,211	-	-	-	-	-	-	-	-	-
Adjusted Balance Forward	1,850	6,620	9,134	17,159	11,617	12,000	12,000	12,000	-	-	-	-	-
<b>Net Revenue and Transfers-In</b>													
Motor Fuel Excise Tax	846,741	860,007	878,022	887,818	897,200	901,200	901,500	904,100	-	(1,900)	(900)	4,500	3,700
Motor Vehicle Registration Tax	579,619	622,586	652,281	686,433	722,300	755,200	786,100	811,300	-	(1,900)	(5,100)	(7,900)	(10,100)
Motor Vehicle Sales Tax	335,351	358,671	384,163	416,565	428,446	463,226	494,150	516,245	-	(7,342)	(6,467)	(9,260)	(7,988)
Other Income	2,690	2,280	3,088	4,797	5,208	5,930	6,857	7,773	-	224	(54)	(97)	11
Total Net Revenue and Transfers-In	1,764,401	1,843,544	1,917,555	1,995,613	2,053,154	2,125,556	2,188,607	2,239,418	-	(10,918)	(12,521)	(12,757)	(14,377)
<b>Expenditures and Transfers-Out</b>													
Appropriations to MnDOT, Revenue, DPS	10,866	11,126	11,014	11,741	4,537	4,558	12,794	12,794	-	10	10	10	10
Transfers--DNR	21,196	21,866	21,727	21,994	22,737	22,821	22,875	22,912	-	(131)	(36)	49	103
Transfers--5% Set-Aside	86,542	90,358	94,034	98,305	101,275	104,909	107,647	110,186	-	(540)	(625)	(641)	(725)
Transfers--County State-Aid Highway	476,846	497,870	518,126	541,659	558,025	578,048	593,134	607,123	-	(2,975)	(3,442)	(3,531)	(3,992)
Transfers--Municipal State-Aid Highway	147,987	154,511	160,798	168,101	173,180	179,394	184,076	188,417	-	(923)	(1,068)	(1,096)	(1,239)
Transfers--Trunk Highway	1,019,463	1,064,412	1,107,717	1,158,029	1,193,018	1,235,827	1,268,081	1,297,986	-	(6,360)	(7,360)	(7,549)	(8,535)
Other	1,326	1,330	1,326	1,326	-	-	-	-	-	-	-	-	-
Total Expenditures and Transfers-Out	1,764,225	1,841,473	1,914,741	2,001,155	2,052,771	2,125,556	2,188,607	2,239,418	-	(10,918)	(12,521)	(12,757)	(14,377)
<b>Ending Balance</b>	<b>\$2,025</b>	<b>\$8,691</b>	<b>\$11,948</b>	<b>\$11,617</b>	<b>\$12,000</b>	<b>\$12,000</b>	<b>\$12,000</b>	<b>\$12,000</b>	-	-	-	-	-

Beginning in FY 2016, the ending balance in all forecast years will equal \$12 million, to align with MnDOT practices to maintain positive cash and fund balances

**Trunk Highway Fund**  
February 2016 Forecast  
Comparison to November 2015 Forecast

**2016 February-Transportation**

(\$ in thousands)	February 2016 Forecast								Change from November 2015				
	Close FY 2012	Close FY 2013	Close FY 2014	Close FY 2015	Budget FY 2016	Budget FY 2017	Planning Est FY 2018	Planning Est FY 2019	Close FY 2015	Budget FY 2016	Budget FY 2017	Planning Est FY 2018	Planning Est FY 2019
Balance Forward from Prior Year	\$199,967	\$397,785	\$316,756	\$415,353	\$275,790	\$122,579	\$128,923	\$206,877	-	-	(7,435)	(17,774)	(32,443)
Prior Year Adjustments	15,106	25,299	34,774	30,961	-	-	-	-	-	-	-	-	-
Adjusted Balance Forward	215,073	423,084	351,530	446,314	275,790	122,579	128,923	206,877	-	-	(7,435)	(17,774)	(32,443)
<b>Net Revenue and Transfers-In</b>													
Transfer from HUTD	1,019,463	1,064,412	1,107,717	1,158,029	1,193,018	1,235,827	1,268,081	1,297,986	-	(6,360)	(7,360)	(7,549)	(8,535)
Federal Aid Agreements	393,993	550,712	506,527	498,560	359,975	412,275	412,275	412,275	-	-	-	-	-
Other Income and Transfers-In	51,041	63,154	50,358	88,104	53,865	58,391	64,783	71,085	-	(1,076)	(3,964)	(4,872)	(4,327)
Total Net Revenue and Transfers-In	1,464,497	1,678,278	1,664,602	1,744,694	1,606,858	1,706,493	1,745,138	1,781,346	-	(7,435)	(11,324)	(12,421)	(12,862)
<b>Expenditures and Transfers-Out</b>													
Transportation Department	1,124,582	1,573,451	1,374,357	1,659,158	1,480,875	1,393,903	1,343,737	1,362,723	-	-	-	-	-
Public Safety and Other Depts.	84,485	90,175	86,933	98,268	98,469	100,561	100,561	100,561	-	-	-	-	-
Transfers-Out and Other	118	675	3,000	3,198	-	-	-	-	-	-	-	-	-
Debt Service	72,601	120,305	136,488	154,593	180,725	205,685	222,886	226,310	-	-	(985)	2,248	399
Total Expenditures and Transfers-Out	1,281,785	1,784,606	1,600,778	1,915,217	1,760,069	1,700,149	1,667,184	1,689,594	-	-	(985)	2,248	399
Balance Before Reserves	397,785	316,756	415,353	275,790	122,579	128,923	206,877	298,629	-	(7,435)	(17,774)	(32,443)	(45,704)
Less Appropriation Carryforward	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Ending Balance</b>	<b>\$397,785</b>	<b>\$316,756</b>	<b>\$415,353</b>	<b>\$275,790</b>	<b>\$122,579</b>	<b>\$128,923</b>	<b>\$206,877</b>	<b>\$298,629</b>	-	(7,435)	(17,774)	(32,443)	(45,704)
Reserved Fund Balance per Policy	88,637	88,398	89,983	92,284	86,129	82,567	81,714	82,515	-	(446)	(679)	(745)	(772)
Unreserved Fund Balance per Policy	309,148	228,358	325,369	183,506	36,449	46,356	125,162	216,114	-	(6,989)	(17,095)	(31,698)	(44,933)
Debt Service Percentage Compared to State Revenue	7.5%	11.2%	12.5%	12.6%	15.3%	16.6%	17.4%	17.2%	0.0%	0.1%	0.1%	0.3%	0.2%

Reserved Fund Balance reflects reserved amounts to mitigate risk from state revenue fluctuations, federal funding uncertainty, severe winters, etc.  
Unreserved Fund Balance reflects amounts available to be appropriated for specific purposes

**County State Aid Fund**  
 February 2016 Forecast  
 Comparison to November 2015 Forecast

*2016 February-Transportation*

(\$ in thousands)	February 2016 Forecast								Change from November 2015				
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est	Close	Budget	Budget	Planning Est	Planning Est
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Balance Forward from Prior Year	\$314,720	\$453,538	\$488,869	\$534,626	\$508,749	\$490,812	\$493,851	\$493,851	-	-	(17,937)	(14,898)	(14,898)
Prior Year Adjustments	485	188	569	256	-	-	-	-	-	-	-	-	-
<b>Adjusted Balance Forward</b>	<b>315,205</b>	<b>453,726</b>	<b>489,438</b>	<b>534,882</b>	<b>508,749</b>	<b>490,812</b>	<b>493,851</b>	<b>493,851</b>	<b>-</b>	<b>-</b>	<b>(17,937)</b>	<b>(14,898)</b>	<b>(14,898)</b>
<b>Net Revenue and Transfers-In</b>													
Leased Vehicle Sales Tax	9,299	14,438	9,000	23,266	24,750	27,070	29,430	30,910	-	(1,300)	(2,210)	(1,585)	(1,590)
Other Income	2,372	2,431	2,483	2,636	3,463	6,507	10,836	15,078	-	(317)	(1,800)	(1,900)	(1,188)
Transfer from HUDT	563,388	588,227	612,159	639,964	659,299	682,957	700,781	717,308	-	(3,514)	(4,067)	(4,172)	(4,717)
Transfer from MSAS	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Net Revenue and Transfers-In</b>	<b>575,059</b>	<b>605,096</b>	<b>623,643</b>	<b>665,866</b>	<b>687,512</b>	<b>716,534</b>	<b>741,047</b>	<b>763,296</b>	<b>-</b>	<b>(5,131)</b>	<b>(8,077)</b>	<b>(7,657)</b>	<b>(7,495)</b>
<b>Expenditures and Transfers-Out</b>													
Grants to Local Governments	425,372	560,979	549,524	651,767	690,392	698,495	725,321	747,067	-	13,167	(10,780)	(7,479)	(7,324)
MnDOT Administrative and Research	7,236	8,975	10,230	9,231	15,057	15,000	15,726	16,229	-	(361)	(336)	(178)	(170)
Transfers to MSAS Fund	2,218	-	13,000	10,000	-	-	-	-	-	-	-	-	-
Transfers to Trunk Highway Fund	1,900	-	5,700	21,000	-	-	-	-	-	-	-	-	-
<b>Total Expenditures and Transfers-Out</b>	<b>436,726</b>	<b>569,954</b>	<b>578,455</b>	<b>691,999</b>	<b>705,450</b>	<b>713,495</b>	<b>741,047</b>	<b>763,296</b>	<b>-</b>	<b>12,806</b>	<b>(11,116)</b>	<b>(7,657)</b>	<b>(7,495)</b>
Balance Before Reserves	453,538	488,869	534,626	508,749	490,812	493,851	493,851	493,851	-	(17,937)	(14,898)	(14,898)	(14,898)
Less Appropriation Carryforward	453,538	488,869	534,626	508,749	490,812	493,851	493,851	493,851	-	(17,937)	(14,898)	(14,898)	(14,898)
<b>Ending Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



**Municipal State Aid Fund**  
February 2016 Forecast  
Comparison to November 2015 Forecast

**2016 February-Transportation**

(\$ in thousands)	February 2016 Forecast								Change from November 2015				
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est	Close	Budget	Budget	Planning Est	Planning Est
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Balance Forward From Prior Year	\$129,016	\$139,869	\$161,492	\$172,486	\$167,954	\$164,748	\$163,834	\$163,834	-	-	(3,205)	(4,120)	(4,120)
Prior Year Adjustments	163	84	281	110	-	-	-	-	-	-	-	-	-
Adjusted Balance Forward	129,180	139,953	161,772	172,596	167,954	164,748	163,834	163,834	-	-	(3,205)	(4,120)	(4,120)
<b>Net Revenue and Transfers-In :</b>													
Other Income	1,009	918	1,006	1,122	1,348	2,335	3,738	5,118	-	(132)	(659)	(741)	(547)
Transfer From HUDT	147,987	154,511	160,798	168,101	173,180	179,394	184,076	188,417	-	(923)	(1,068)	(1,096)	(1,239)
Transfer From CSAH	2,218	-	13,000	10,000	-	-	-	-	-	-	-	-	-
Net Revenue and Transfers In	\$151,214	155,429	174,804	179,223	174,528	181,729	187,814	193,535	-	(1,055)	(1,727)	(1,837)	(1,786)
<b>Expenditures and Transfers-Out</b>													
Grants to Local Governments	137,881	130,723	160,638	180,696	173,000	178,141	183,149	188,726	-	2,106	(769)	(1,791)	(1,741)
MnDOT Administrative and Research	2,644	3,167	3,453	3,169	4,733	4,503	4,665	4,810	-	44	(44)	(45)	(45)
Transfers to CSAH	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures and Transfers-Out	140,524	133,891	164,091	183,865	177,733	182,644	187,814	193,535	-	2,150	(813)	(1,837)	(1,786)
<b>Balance before Reserves</b>	139,869	161,492	172,486	167,954	164,748	163,834	163,834	163,834	-	(3,205)	(4,120)	(4,120)	(4,120)
Less Appropriation Carryforward	139,869	161,492	172,486	167,954	164,748	163,834	163,834	163,834	-	(3,205)	(4,120)	(4,120)	(4,120)
<b>Ending Balance</b>	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	-	-	-	-	-

2016 February-Transportation

Transit Assistance Fund  
February 2016 Forecast  
Comparison to November 2015 Forecast

(\$ in thousands)	February 2016 Forecast								Change from November 2015				
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est	Close	Budget	Budget	Planning Est	Planning Est
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Balance Forward from Prior Year	\$6,010	\$15,622	\$34,816	\$32,170	\$56,246	\$24,750	\$27,070	\$29,430	-	-	(1,300)	(2,210)	(1,585)
Prior Year Adjustments	-	212	160	5,862	-	-	-	-	-	-	-	-	-
Adjusted Balance Forward	6,010	15,834	34,976	38,032	56,246	24,750	27,070	29,430	-	-	(1,300)	(2,210)	(1,585)
<b>Net Revenue and Transfers-In</b>													
Metropolitan Area Transit Account	201,210	215,202	230,498	249,930	257,068	277,936	296,490	309,747	-	(4,405)	(3,880)	(5,556)	(4,793)
Greater Minnesota Transit Account	22,357	23,911	25,611	27,770	28,563	30,882	32,943	34,416	-	(489)	(431)	(617)	(533)
Total Motor Vehicle Sales Tax	223,567	239,114	256,109	277,700	285,631	308,818	329,433	344,163	-	(4,895)	(4,312)	(6,174)	(5,326)
Leased Vehicle Sales Tax	9,299	14,438	22,612	23,266	24,750	27,070	29,430	30,910	-	(1,300)	(2,210)	(1,585)	(1,590)
Total Net Revenue and Transfers-In	232,866	253,552	278,721	300,967	310,381	335,888	358,863	375,073	-	(6,195)	(6,522)	(7,759)	(6,916)
<b>Expenditures and Transfers-Out</b>													
Metropolitan Council	201,210	210,929	234,915	252,931	257,068	277,936	296,490	309,747	-	(4,405)	(3,880)	(5,556)	(4,793)
Transportation Department	22,043	23,641	46,612	29,821	84,809	55,632	60,013	63,846	-	(489)	(1,731)	(2,827)	(2,118)
Total Expenditures and Transfers-Out	223,254	234,570	281,527	282,752	341,876	333,568	356,503	373,593	-	(4,895)	(5,612)	(8,384)	(6,911)
Balance Before Reserves	15,622	34,816	32,170	56,246	24,750	27,070	29,430	30,910	-	(1,300)	(2,210)	(1,585)	(1,590)
Less Appropriation Carryforward	-	-	32,170	56,246	24,750	27,070	29,430	30,910	-	(1,300)	(2,210)	(1,585)	(1,590)
Less Met Council Balance	-	4,273	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	\$15,622	\$30,543	\$0	\$0	\$0	\$0	\$0	\$0	-	-	-	-	-

State Airports Fund  
February 2016 Forecast  
Comparison to November 2015 Forecast

(S in thousands)	February 2016 Forecast								Change from November 2015				
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est	Close	Budget	Budget	Planning Est	Planning Est
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Balance Forward from Prior Year	\$2,902	\$2,605	\$4,113	\$20,826	\$24,346	\$19,469	\$14,438	\$15,471	-	-	3,977	4,191	4,409
Prior Year Adjustments	479	144	1,532	553	-	-	-	-	-	-	-	-	-
Adjusted Balance Forward	3,381	2,749	5,645	21,379	24,346	19,469	14,438	15,471	-	-	3,977	4,191	4,409
<b>Net Revenue and Transfers-In</b>													
Transfer from General Fund	-	-	15,000	-	-	-	-	-	-	-	-	-	-
Sales Tax on Aircraft	-	-	3,272	8,104	3,500	4,000	4,000	4,000	-	(500)	-	-	-
Airline Flight Property Tax	7,287	12,017	9,208	8,081	7,000	6,000	6,000	6,000	-	4,182	-	-	-
Aircraft Registration Tax	6,496	8,704	3,358	3,648	3,100	3,100	3,100	3,100	-	(400)	(400)	(400)	(400)
Gasoline & Special Fuel Tax	3,470	2,522	3,317	6,230	6,700	6,827	6,957	7,089	-	700	713	727	741
Other Income	743	797	835	964	969	1,169	1,452	1,732	-	(5)	(100)	(109)	(63)
Total Net Revenue and Transfers-In	17,996	24,039	34,991	27,028	21,269	21,096	21,509	21,921	-	3,977	213	218	278
<b>Expenditures and Transfers-Out</b>													
Transportation Department	18,967	21,888	20,313	24,526	25,941	26,007	20,431	20,375	-	-	-	-	-
Revenue Department	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures and Transfers-Out	18,967	21,888	20,313	24,526	25,941	26,007	20,431	20,375	0	0	0	0	0
<b>Net Change in Loan Fund</b>	194	(788)	503	465	(205)	(120)	(45)	42	-	-	-	-	-
Balance Before Reserves	2,605	4,112	20,826	24,346	19,469	14,438	15,471	17,060	-	3,977	4,191	4,409	4,686
Less Appropriation Carryforward	1,521	1,487	2,043	2,615	2,312	2,028	1,895	1,905	-	-	-	-	-
<b>Ending Balance</b>	<b>\$1,083</b>	<b>\$2,625</b>	<b>\$18,783</b>	<b>\$21,731</b>	<b>\$17,157</b>	<b>\$12,410</b>	<b>\$13,576</b>	<b>\$15,154</b>	<b>-</b>	<b>3,977</b>	<b>4,191</b>	<b>4,409</b>	<b>4,686</b>

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.

