



# Financial Management and Legislative Briefing

The Office of Financial Management prepared this financial management and legislative briefing to provide basic information on the Minnesota Department of Transportation's (MnDOT) finances.

The first section describes MnDOT's final **budget**, as well as MnDOT's portion of the bonding bill, passed by the 2011 Legislature. It also includes a final summary of MnDOT's proposed 2011 **legislative initiatives** and their disposition. The second section provides a basic **MnDOT financial overview**, and is once again included. It includes information about how highway transportation is funded in Minnesota and a history of significant revenue changes over the past 25 years. The appendix includes End of Session (EOS) 2011 fund statements for the Highway User Tax Distribution Fund (HUTD), Trunk Highway Fund, State Airports Fund, and Transit Assistance Fund, as well as financial data including FY2010 overviews of MnDOT revenues and expenditures.



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**Comments?** This briefing was prepared by MnDOT's Office of Financial Management with writing, data, and analysis from Bruce Briese, Lynn Poirier, Kristi Schroedl, Josh Knatterud-Hubinger, Denny Herzog, and Jerry Wood. Please contact Lynn Poirier ([lynn.poirier@state.mn.us](mailto:lynn.poirier@state.mn.us)) with questions, comments or suggestions.

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## TRANSPORTATION QUICK FACTS

### MOTOR VEHICLE REGISTRATIONS:

Minnesota's motor vehicle registrations totaled about 4.92 million in 2010.

*2010 Transportation Trivia, compiled by  
Office of Traffic Engineering  
[www.dot.state.mn.us/trafficeng/publ/triviacard/](http://www.dot.state.mn.us/trafficeng/publ/triviacard/)*

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### LICENSED DRIVERS:

Minnesota had 4.00 million licensed drivers in 2010.

*2010 Transportation Trivia, compiled by  
Office of Traffic Engineering*

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### SEAT BELT USAGE

Minnesota's seat belt usage was 92% in 2010.

*2010 Transportation Trivia, compiled by  
Office of Traffic Engineering*

Note: primary seat belt legislation became effective on June 9, 2009.

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### VEHICLE MILES TRAVELED:

Use of Minnesota's roads totaled an estimated 56.76 billion vehicle miles traveled in 2010.

*2010 Transportation Trivia, compiled by  
Office of Traffic Engineering*

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### TRANSIT:

Use of Minnesota transit systems totaled 100.0 million riders and 5.0 million service hours in 2009.

*MnDOT Office of Transit website- 2010 Transit Report*

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### BICYCLE TRAILS:

The State Trails system includes 1,270 off-road trail miles, of which over 541 miles are paved for bicycling and other uses.

*DNR website-10 year strategic State Parks and Trails plan*

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### AERONAUTICS:

Minnesota has 6,122 registered aircraft and 136 public airports.

*2010 Transportation Trivia, compiled by  
Office of Traffic Engineering*

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### WATERWAYS:

The Mississippi River System stretches over 222 miles in Minnesota. The five ports on this river plus four ports on Lake Superior transported combined tonnage of 71.9 million tons.

*MnDOT Ports and Waterways website-  
<http://www.dot.state.mn.us/ofrw/waterways.html>*

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### RAIL SYSTEM:

Minnesota's rail system consists of about 4,458 total miles of railroad, with 4,223 rail crossings.

*2010 Transportation Trivia, compiled by  
Office of Traffic Engineering*

## ENACTED BUDGET, JULY 2011

The Transportation budget bill was passed as Special Session Laws 2011, Chapter 3.

The biennial budget legislation is contained in Special Session Laws 2011, Chapter 3. The first article of the bill contains the appropriations (spending authority) for MnDOT, the Metropolitan Council (transportation functions) and part of the Department of Public Safety. The second article relates to metropolitan transit. The third article makes a number of policy changes that are mostly related to the appropriations in the bill. The discussion of MnDOT's budget in the first article is organized by MnDOT's programs. "Millions" are designated by "M" within this publication.

### MULTIMODAL SYSTEMS

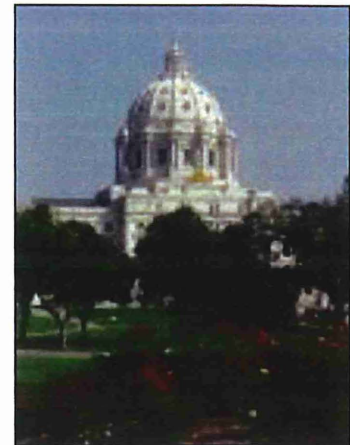
This program provides the spending authority for Aeronautics, Greater Minnesota transit, Freight, and Commuter and Passenger Rail.

The *Aeronautics* activity is largely funded by the state airports fund, which receives revenues from aviation fuel taxes, airline flight property taxes, aircraft registration fees, investment income, and internal reimbursements. The governor's proposal for FY2012 was approved by the legislature – funding of \$20.421M (\$19.584M from

the state airports fund and \$0.837M from the trunk highway fund). However, FY2013 totaled \$22.196M, including a one-time \$1.775M increase for grants over the base budget, paid for with money from the fund balance (\$21.359M from the state airports fund and \$0.837M from the trunk highway fund).

The general fund budget for *Greater Minnesota transit* is lower than the governor's recommendation by \$1.269M each in FY2012 and FY2013, for a total of \$15.798M (\$15.023M from the general fund and \$0.775M from the trunk highway fund). This amount includes the entire \$0.100M appropriation for the MN Council on Transportation Access.

The budget approved for *Freight* was unchanged from the governor's recommendation, which is \$0.049M less than the base appropriation amounts due to a 5% agency general fund administrative functions reduction. This was accomplished by reducing the appropriation for hazardous materials program administration, which was eliminated in the 2010 session.



The total appropriation is \$5.154M in each year (\$4.897M from the trunk highway fund and \$0.257M from the general fund.) The budget approved for *Commuter and Passenger Rail* was unchanged from the governor's recommendation, which was \$0.500M each for fiscal years 2012 and 2013.

### STATE ROADS

This program provides funding for Operations and Maintenance, Program Planning and Delivery, State Road Construction, Highway Debt Service, and Electronic Communications.

The budgets approved for *Operations and Maintenance* and *Electronic Communications* were unchanged from the base amounts: Operations and Maintenance: \$257.395M each year, and Electronic Communications: \$5.177M

each year (\$5.168M from the trunk highway fund and \$0.003M from the general fund). In addition, the Public Safety budget bill, passed as Special Session Laws, Chapter 1, included funding to Transportation for Allied Radio Matrix for Emergency Response (ARMER) state backbone operating costs (\$69.948M and \$67.333M from the 911 special revenue fund). This included a governor's change item of \$3.240M and \$3.590M for anticipated increased costs in the operation and maintenance of ARMER. The governor's recommendation for **Program Planning and Delivery** was approved, funding of \$206.918M in FY2012 and \$206.733M in FY2013. This amount included two change items: an increase in state planning research funds of \$0.800M in FY2012 and \$0.615M in FY2013 due to increased federal funding, and an increase of \$.130M each year for the new targeted group business program. The policy provisions related to this program were not enacted in 2011.

The final amounts for **State Road Construction** were \$20M higher than the governor's recommendation in FY2012. This is due to an additional rider that allows MnDOT to transfer up to \$20 million from the trunk highway fund for economic

development in FY2012. The totals of \$888.0M in FY2012 and \$595.0M in FY2013 also include an additional \$87.0M and \$40.0M in FY2012 and FY2013 respectively for the Better Roads program. In addition, a \$146.0M increase in FY2012 and decrease of (\$80.0M) in FY2013 due to the timing of federal funds is included. This federal funds timing also resulted in a \$43.0M decrease in FY2011 appropriations.

**Highway Debt Service** was above the governor's recommendation due to the Better Roads program of \$4.888M and \$9.239M in FY2012 and FY2013, for a total of \$142.764M and \$167.486M respectively.

#### AGENCY MANAGEMENT

This program provides funding for **Agency Services** and for **Buildings**. The governor's proposal for FY2012 was approved by the legislature – funding of \$59.835M each for FY2012 and FY2013 (\$59.756M from the trunk highway fund, \$0.025M from the state airports fund, and \$.054M from the general fund). This included the governor's proposal of an additional \$.065M per fiscal year for research due to increased federal funds.

#### LOCAL ROADS

This program provides funding for County State Aids

and Municipal State Aids. The funding for these two activities was unchanged from the governor's recommendation.

#### OTHER PROVISIONS

A trunk highway economic development account was created in the trunk highway fund. Money in the account is annually appropriated and does not lapse. It must be used to fund construction, reconstruction and improvement of trunk highways that will promote economic development. A project selection process must be designed to distribute the money, and must be allocated 50 percent to MnDOT's metropolitan district and 50 percent to greater Minnesota districts where possible.

Additional requirements have been added to the guideway investments area for capital project requests to the legislature and for the biannual report to the legislature.

For more information about this bill, and all other bills with interest to MnDOT, please see the Government Affairs website:

<http://ihub/governmentaffair/legislative2011/index.html>,

## MnDOT OPERATING BUDGET SUMMARIES

- BY PROGRAM
- BY PROGRAM AND APPROPRIATION

MnDOT Direct Appropriations- Chapter 3		Leg chg	Base appropriations		Leg change		Enacted appropriations			
\$ in '000s	Fund	FY2011	FY2012	FY2013	FY2012	FY2013	FY2012	FY2013	FY2014	FY2015
<b>10 MULTIMODAL</b>										
<b>AERONAUTICS</b>										
	Airports		19,584	19,584	-	1,775	19,584	21,359	19,584	19,584
	TH		837	837			837	837	837	837
			20,421	20,421	-	1,775	20,421	22,196	20,421	20,421
<b>FREIGHT</b>										
	GF		306	306	(49)	(49)	257	257	257	257
	TH		4,897	4,897			4,897	4,897	4,897	4,897
			5,203	5,203	(49)	(49)	5,154	5,154	5,154	5,154
<b>TRANSIT</b>										
	GF		16,292	16,292	(1,269)	(1,269)	15,023	15,023	16,373	16,292
	TH		775	775			775	775	775	775
			17,067	17,067	(1,269)	(1,269)	15,798	15,798	17,148	17,067
<b>COMMUTER AND PASSENGER RAIL</b>										
	GF		500	500			500	500	500	500
<b>10 MULTIMODAL SYSTEMS Total</b>			<b>43,191</b>	<b>43,191</b>	<b>(1,318)</b>	<b>457</b>	<b>41,873</b>	<b>43,648</b>	<b>43,223</b>	<b>43,142</b>
<b>20 STATE ROADS</b>										
<b>ELECTRONIC COMMUNICATIONS</b>										
	GF		3	3			3	3	3	3
	TH		5,168	5,168			5,168	5,168	5,168	5,168
<b>PROGRAM PLANNING AND DELIVERY</b>										
	TH		205,988	205,988	930	745	206,918	206,733	206,733	206,733
<b>HIGHWAY DEBT SERVICE</b>										
	TH		137,876	158,247	4,888	9,239	142,764	167,486	172,491	171,259
<b>STATE ROAD CONSTRUCTION</b>										
	TH	(43,000)	635,000	635,000	253,000	(40,000)	888,000	595,000	679,000	668,000
<b>OPERATIONS &amp; MAINTENANCE</b>										
	TH		257,395	257,395	-	-	257,395	257,395	257,395	257,395
<b>20 STATE ROADS Total</b>			<b>1,241,430</b>	<b>1,261,801</b>	<b>258,818</b>	<b>(30,016)</b>	<b>1,500,248</b>	<b>1,231,785</b>	<b>1,320,790</b>	<b>1,308,558</b>
<b>30 LOCAL ROADS</b>										
<b>COUNTY STATE AID HIGHWAY</b>										
	CSAH		545,109	572,773			545,109	572,773	584,006	599,457
<b>MUNICIPAL STATE AID STREET</b>										
	MSAS		145,455	153,484			145,455	153,484	156,478	160,176
<b>30 LOCAL ROADS Total</b>			<b>690,564</b>	<b>726,257</b>	<b>-</b>	<b>-</b>	<b>690,564</b>	<b>726,257</b>	<b>740,484</b>	<b>759,633</b>
<b>40 AGENCY MANAGEMENT</b>										
<b>AGENCY SERVICES</b>										
	Airports		25	25			25	25	25	25
	TH		41,907	41,907	65	65	41,972	41,972	41,972	41,972
<b>BUILDINGS</b>										
	GF		54	54			54	54	54	54
	TH		17,784	17,784			17,784	17,784	17,784	17,784
<b>40 AGENCY MANAGEMENT Total</b>			<b>59,770</b>	<b>59,770</b>	<b>65</b>	<b>65</b>	<b>59,835</b>	<b>59,835</b>	<b>41,997</b>	<b>41,997</b>

**MnDOT Direct Appropriations Only - 2010-11 Legal Base Appropriations and 2012-13 Governor's Rec Appropriations**  
with comparison to Chapter 3 Transportation Bill

All dollars in thousands (\$1 = \$1,000)

Prog. Code	Budget Program Name	Activity	Budget Activity Name	Approp. unit (APU)	APU Name:	Fund	Fund Name	Legal Base:		SF990/HF1267 Governor's Rec-includes all Base Adj&Change Items:		2011 1st Special Session Chapter 3		Chapter 3 vs. Gov Rec	
								2010	2011	2012	2013	2012	2013	2012	2013
10	Multimodal Sys	11	Aeronautics	036	Airport Development & Assistance	220	State Airports	14,298	14,298	14,298	14,298	14,298	16,073	-	1,775
		11	Aeronautics	039	Aviation Support (marketing included)	220	State Airports	5,221	5,221	5,221	5,221	5,221	5,221	-	-
		11	Aeronautics	042	Civil Air Patrol (rider)	220	State Airports	65	65	65	65	65	65	-	-
		11	Aeronautics	650	Air Transp/Pilots Salaries	270	Trunk Highway	837	837	837	837	837	837	-	-
		12	Transit	004/002/343	Transit Grants/Admin & Council	100	General	17,752	11,617	16,292	16,292	15,023	15,023	(1,269)	(1,269)
		12	Transit	071	TH Transit Admin	270	Trunk Highway	775	775	775	775	775	775	-	-
		13	Freight	003/014	Rail Admin and Haz Mat	100	General	356	306	257	257	257	257	-	-
		13	Freight	064/077	Rail Ops Admin and Motor Carrier	270	Trunk Highway	4,897	4,897	4,897	4,897	4,897	4,897	-	-
		16	Commuter & Passenger Rail	17U	Commuter & Passenger Rail	100	General	500	500	500	500	500	500	-	-
20	State Roads	21	Program Planning & Delivery	083/094/098/350	Prog Planning & Delivery (incl riders)	270	Trunk Highway	201,461	196,935	206,918	206,733	206,918	206,733	-	-
		22	State Road Construction	058/458	State Road Construction	270	Trunk Highway	551,300	667,700	781,000	555,000	888,000	595,000	107,000	40,000
		25	Operations & Maintenance	081	Operations & Maintenance	270	Trunk Highway	251,643	255,892	257,395	257,395	257,395	257,395	-	-
		27	Electronic Communications	006	Roosevelt Tower	100	General	3	3	3	3	3	3	-	-
		27	Electronic Communications	067	TH Electronic Communications	270	Trunk Highway	5,168	5,168	5,168	5,168	5,168	5,168	-	-
		23	Debt Service	093	Debt Service	270	Trunk Highway	84,639	59,225	137,876	158,247	142,764	167,486	4,888	9,239
30	Local Roads	31	County State Aids	224/438	County State Aids Directs	260	CSAH	496,786	524,478	545,109	572,773	545,109	572,773	-	-
		32	Municipal State Aids	223	Municipal State Aid Direct	250	MSAS	134,003	141,400	145,455	153,484	145,455	153,484	-	-
40	Agency Mgmt.	41	Agency Services	033	Phone Network-State Airports Fund	220	State Airports	25	25	25	25	25	25	-	-
		41	Agency Services	068	Department Support	270	Trunk Highway	43,415	42,424	41,972	41,972	41,972	41,972	-	-
		42	Building Services	007	Space Rental - General Fund	100	General	56	56	54	54	54	54	-	-
		42	Building Services	659	Buildings	270	Trunk Highway	17,387	16,991	17,784	17,784	17,784	17,784	-	-
<b>Grand Total:</b>								<b>1,830,587</b>	<b>1,948,813</b>	<b>2,181,901</b>	<b>2,011,780</b>	<b>2,292,520</b>	<b>2,061,525</b>	<b>110,619</b>	<b>49,745</b>





## ENACTED BONDING BILL, JULY 2011

The bonding bill was passed as Special Session Laws 2011, Chapter 12. Appropriations relating to MnDOT:

<b>Local bridge replacement and rehabilitation</b>	\$33,000,000
<b>Local road improvement fund grants –</b> Can be used for local roads with statewide or regional significance, or for rural road safety projects on county state-aid highways.	\$10,000,000
<b>Railroad grade warning device replacements</b>	\$3,000,000
<b>Greater MN transit capital assistance</b>	\$2,500,000
<b>Port development assistance program.</b>	\$3,000,000
<b>Airport infrastructure program - runway pavement rehabilitation and modernization</b>	\$3,700,000
<b>Rail service improvement - St. Louis Park noise barrier</b>	\$ 700,000
<b>Total MnDOT: General Fund, General Obligation Bonds</b>	<b>\$55,900,000</b>

**Several non-MnDOT transportation-related appropriations occurred:**

Metropolitan Council transitway facilities - \$20,000,000

Bloomington - Lindau Lane corridor, including a safety improvement to the access from Trunk Highway 77 to Lindau Lane - \$15,450,000

**The Law also:**

Extends a 2006 bond appropriation for the Northeast Minnesota rail initiative until December 31, 2012.

Modifies previous bond appropriations for the Old Cedar Avenue Bridge. Instead of being used to renovate the bridge, the money will be used for a multimodal trail connection in that vicinity.



# MnDOT 2011 LEGISLATIVE INITIATIVES

A variety of initiatives were included in MnDOT’s 2011 legislative proposals--summaries and disposition follow. All initiatives noted “Not Enacted” were included in final versions of the Omnibus Transportation Policies bills, which the Senate and House chose not to pass off their respective floors. They will likely be taken up again in 2012.

## MISSISSIPPI RIVER TRAIL

This proposal establishes the Mississippi River Trail bikeway. **NOT ENACTED**

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## VETERANS MEMORIAL HIGHWAY CORRECTION

This proposal clarifies the Veterans Memorial Highway route definition. **NOT ENACTED**

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## FLASHING YELLOW ARROW

This proposal adds additional language to MS 169.06 Subd. 7 clarifying that traffic must yield to oncoming traffic on flashing yellow arrows. This is consistent with the most current version of the federal manual of uniform traffic control devices. **NOT ENACTED**

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## MINNESOTA RAIL SERVICE IMPROVEMENT PROGRAM

This proposal eliminates references to the obsolete federal rail service continuation program. **NOT ENACTED**

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## TRUCK SIZE AND WEIGHT

This proposal would add a new annual overweight permit of \$900 for vehicles weighing 145,001-155,000 pounds, and contains technical changes and clarifying language to various truck permit statutes. **NOT ENACTED**

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## THREE-YEAR BAR FOR COMMERCIAL VEHICLE INTRASTATE MEDICAL WAIVER

This proposal replaces the three-year bar to receiving a medical waiver for disqualified commercial vehicle drivers who have been convicted of the driving-related offense of driving after being suspended, cancelled or revoked. **NOT ENACTED**

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## GOVERNMENT SELF-EVALUATION DATA

This proposal is to remove the word “all” from Minn. Stat. 13.43, Subd. 1 to allow employee suggestions and concerns to be protected when solicited from a smaller group of employees. **NOT ENACTED**

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## DESIGN-BUILD DATA

This proposal redefines the section of law governing classification of design-build data by determining at what point in time during the design-build bidding and contracting processes certain information becomes public. It also clarifies data classifications and the timing of change if all responses to a request for proposals are rejected prior to award of the project. **NOT ENACTED**

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## ADOPT-A-HIGHWAY VOLUNTEER DATA

This proposal defines what information collected about Adopt-a-Highway program volunteers is private. **NOT ENACTED**

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## MILEAGE-BASED USER FEE DATA

This proposal defines data practices related to a MnDOT mileage-based user fee pilot. **NOT ENACTED**

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## TRAFFIC ACCIDENT DATA

This proposal allows MnDOT access to traffic accident data where MnDOT infrastructure is involved. **NOT ENACTED**

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**CONSTRUCTION MANAGER AT-RISK**

This proposal is to expand MnDOT’s construction contract procurement options to include construction manager/general contractor (CM/GC), which is more commonly known as construction manager at-risk. CM/GC is a process which brings contractors and designers together earlier in the process than design-build or design-bid-build methods. **NOT ENACTED**

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**ALTERNATIVE FINANCING**

This proposal allows MnDOT to enter into agreements with governmental and nongovernmental entities (including nonprofit and private entities) to finance or invest in transportation projects. **NOT ENACTED**

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**SUBPOENA AUTHORITY**

This legislation provides MnDOT to issue subpoenas in all matters relating to official duties. This will allow the department to obtain company records for auditing purposes. **NOT ENACTED, Defeated, Senate Judiciary**

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**STATE RAIL BANK PROPERTY**

This proposal makes revisions to state rail bank statutes. It makes violations a misdemeanor; prohibits the removal or placement of vegetation without authorization; allows the placement of a sign, memorial, advertisement, or fence with the authorization of MnDOT; prohibits plowing, disc, or any other detrimental operation; and prohibits placing or maintaining any building or structure. **NOT ENACTED**

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**DAKOTA COUNTY BUS SHOULDERS**

This proposal modifies Minnesota Statute 169.306 to allow other road authorities besides MnDOT to authorize buses to use shoulders on freeways or expressways. It also allows MnDOT to authorize different operating conditions and speeds, based on a recommendation and an engineering study conducted by the road authority. **NOT ENACTED**

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**TARGETED GROUP BUSINESS PROGRAM**

This proposal is to update current law in order to develop a defensible targeted group business (TGB) program to be administered by MnDOT on state-funded construction projects. **NOT ENACTED. However, the \$0.130 million appropriation for this program is included in the enacted transportation budget bill.**

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**WORKING CAPITAL LOAN FUND**

This proposal clarifies definitions related to the Working Capital Loan Fund. **NOT ENACTED**

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**DRESBACH BRIDGE LAND TRANSFER**

This proposal allows MnDOT to transfer 1.4 acres of land under the jurisdiction of MnDOT to the US Fish & Wildlife Service to facilitate the construction of the Dresbach Bridge and Trunk Highway 61/I-90 interchange. US Fish & Wildlife will then transfer control of approx. 1.4 acres of land to MnDOT needed for the bridge. **ENACTED – CHAPTER 98, SECTION 29**

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**MNPASS**

This proposal streamlines the language and makes consistent the appropriation distribution for all high-occupancy toll lanes. Currently, there is separate legislation for each of the two lanes in operation, though both include both MnDOT and Met Council in the appropriation distribution. The language relating to the I-35W corridor is repealed in this bill, resulting in the I-35W corridor having the same language as the I-394 corridor. It also removes the requirement that any fund source used to install, or equip, or modify the corridor be paid back. **NOT ENACTED**



## MINNESOTA'S HIGHWAY FINANCES

This section describes Minnesota's highway financing, followed by historical revenue trends since 1975.

### MOTOR FUEL TAX

The state motor fuel tax is a major source of revenue for highways in Minnesota. Each one cent of gas tax yields about \$30 million per year to the Highway User Tax Distribution (HUTD) Fund and thus about \$18 million in revenues to the Trunk Highway (TH) Fund. The current tax yielded \$823 million in FY 2010 after refunds, but before collection costs and transfers to the Department of Natural Resources (DNR).

Approximately eighty percent of motor fuel tax revenues are generated from gasoline sales. The remainder comes mostly from diesel and special fuel sales.

State law requires transfers of non-highway use gasoline tax revenues (e.g., from fuel used in boats and snowmobiles) to accounts managed by the DNR. About 3% of gasoline tax revenues, or approximately \$20 million in FY 2010, were termed "unrefunded" and were transferred from the HUTD Fund to DNR accounts. As motor fuel tax revenues increase in future years as a result of legislation increasing the tax rates enacted in 2008, the amount transferred to DNR accounts will correspondingly increase.

Based on information supplied by the American Petroleum Institute, seven states have gasoline tax rates higher than Minnesota. Some states have local option gas taxes and/or levy a statewide sales tax or other statewide tax (e.g., an oil franchise tax in Pennsylvania) on gasoline sales. If additional statewide taxes such as a sales tax are taken into account, nineteen states have higher gas tax rates than Minnesota.

### MOTOR VEHICLE REGISTRATION TAXES

In FY 2010, motor vehicle registration taxes, after refunds, but before collection costs, yielded \$532 million. Passenger class and pickup truck vehicles generated approximately 80% of total motor vehicle registration tax revenues.

### MOTOR VEHICLE SALES TAX

The motor vehicle sales tax, a 6.5% tax on the sale of new and used motor vehicles, is partially dedicated

to transportation. By 2012, all of this revenue will be dedicated to transportation, with 40% allocated to transit and 60% allocated to highways by state statute. In fiscal year 2010, 47.5% of this revenue was deposited in the HUTD Fund; this amounted to \$217 million.

The phase-in schedule included in legislation passed in 2007 stated that 50.25% of revenues would be transferred to the HUTD Fund in fiscal year 2010 and 56.25% would be transferred in fiscal year 2011. The 2009 legislature reduced these percentages such that, 47.5% of this revenue was deposited in the HUTD Fund in fiscal year 2010 and 54.5% will be transferred in fiscal year 2011. This was done in order to increase the percentages transferred to the transit assistance fund. This could be done because the constitution provides that *at least 40%* of motor vehicle sales tax revenues are to be allocated to transit and *not more than 60%* of these revenues are to be allocated to the HUTD fund. The revenue to the HUTD fund in fiscal year 2011 is estimated to be \$261 million.

### FEDERAL HIGHWAY FUNDS

The level of federal funding is a critical issue for MnDOT and for local governments across the state, because federal funds make up a substantial portion of transportation spending. For the TH Fund, which is the principal funding source for MnDOT and which also provides significant funding for the Department of Public Safety, approximately \$545 million (November 2010 forecast) of federal aid agreements are forecasted to be entered into in fiscal year 2011; this is about 34% of total revenue. It is higher than normal due to additional stimulus funds. In addition, a substantial amount of federal highway revenue is made available for local government projects. Typically this is more than \$100 million per year; \$211 million was received for local government use in fiscal year 2010 (the large increase is also due to additional stimulus funds).

The current transportation authorization bill, SAFETEA-LU, expired in September 2009, but has been extended by Congress through March 4, 2011, the sixth such extension since it expired. The future federal funding situation remains very uncertain, with current proposals ranging from a new authorization bill to

further extensions. The state trunk highway forecast has assumed that federal funding levels for FFY2012 will be maintained at that level into the future - this will require Congressional action to achieve.

**HIGHWAY USER TAX DISTRIBUTIONS**

The Minnesota Constitution provides that 95% of HUTD Fund revenues are distributed as follows: Trunk Highway (TH) fund - 62%; County State Aid Highway (CSAH) fund - 29%; and Municipal State Aid Streets (MSAS) fund - 9%. The remaining 5%, referred to as the five percent set-aside, is distributed in accordance with a formula established by the Legislature, but the formula may only be changed once every six years. This formula was most recently changed by the 1998 Legislature.

Since July 1, 1999, the five percent set-aside revenues, \$77 million in FY2010, have been deposited in the CSAH Fund, where they have been further allocated to the Township Roads Account (30.5%), Township Bridges Account (16%), and Flexible Highway Account (53.5%).

**FLEXIBLE HIGHWAY ACCOUNT**

The Flexible Highway Account was created by the 1998 Legislature by combining money from the five percent set-aside that was previously allocated to the Trunk Highway Fund, the county turnback Account in the CSAH Fund, and the municipal turnback Account in the MSAS Fund.

According to changes made by the 2008 Legislature, the commissioner of transportation must recommend allocation of money in the Flexible Highway Account to the CSAH Fund, which includes allocations to metropolitan counties (except that the shares allocated to Hennepin and Ramsey counties do not include the population of the cities of the first class – Bloomington, Minneapolis, and St. Paul) from the “excess sum,” the county turnback account, the safety improvement account, and the routes of regional significance account; the MSAS Fund (municipal turnback account); and the Trunk Highway Fund (for trunk highways that will be restored and subsequently turned back by agreement to local governments) for each upcoming two-year period as part of the biennial budget proposal.

Since the distribution of money in the Flexible Highway Account is subject to decisions made in the

biennial budget process, the relative amounts in the following table could be different in future biennia.

The following table describes allocations of the five percent set-aside for FY2010 through 2012, with the 2010 amount being an actual transfer, and the 2011 and 2012 amounts being the amounts that were included in the approved biennial budget:

Fiscal Year	2010	2011	2012	2013
Town Road Account @ 30.5%	23.6	24.8	26.1	27.0
Town Bridge Account @ 16%	12.4	13.0	13.7	14.2
Subtotal Township Funding	35.9	37.8	39.8	41.1
Flexible Highway Account				
County Turn Back Account	41.3	33.5	44.2	45.8
Municipal Turn Back Account	-	10.0	1.6	1.6
Trunk Highway Fund	-	-	-	-
Subtotal Flexible Highway (53.5%)	41.3	43.5	45.8	47.3
Total Distributions of the Five Percent Set Aside	77.3	81.2	85.6	88.5

**CSAH FUND AND MSAS FUND SPENDING**

Money in these funds is allocated to all counties and to municipalities with populations greater than 5,000, based on statutorily defined apportionment formulas. The 2008 Legislature changed the process for allocation (formally termed apportionment) of this money to the CSAH Fund. Revenues derived from increases provided by the 2008 Legislature (e.g., increased gas tax rates) plus increased revenue from the percentages allocated to the Highway User Tax Distribution fund above 32% due to the phase-in of motor vehicle sales tax revenue as a constitutionally dedicated transportation revenue source are apportioned 60% based on money needs and 40% based on relative shares of the number of motor vehicle registrations in each county. For revenues not derived from increases provided by the 2008 Legislature, the apportionment is based on monetary needs (50%), relative shares of lane miles of roads (30%), relative shares of the number of motor vehicle registrations (10%), and equal shares to each of the 87 counties (10%). The allocation of money for the MSAS Fund was unchanged; the municipalities’ respective shares are based on monetary needs (50%) and population (50%).

As a result of each decennial census, or as a result of the annual state demographer’s estimate, additional municipalities may qualify for funding because their population grew beyond 5,000. At each census, some municipalities may stop qualifying for funding because their population fell below 5,000. As the decade progresses, additional municipalities may qualify for funding due to incorporation, consolidation, or by state

demographer’s estimate. Municipalities may also appeal their census counts.

Total number of municipalities qualifying for MSAS funds

	2005	2006	2007	2008	2009	2010
Number of cities:	138	138	142	143	144	147

**BONDING**

As of September 2010, the principal amount of outstanding trunk highway bonds totaled approximately \$860 million, of which \$394 million was authorized by Chapter 152 and the remainder by other laws.

Approximately \$337 million of interest must be paid on these bonds, for a total of approximately \$1,198 million of outstanding debt service.

The total amount of trunk highway bond authorizations provided by the Legislature since 2000 is \$2,485,288,000. From these authorizations, \$938,450,000 of bonds have been issued. The most recent bond authorization occurred when the 2010 Legislature approved \$100.1 million of trunk highway bonds and \$26.445 million of trunk highway bonds for the Rochester headquarters building.

If MnDOT did not sell any additional bonds in the future, principal and interest on the *outstanding* trunk highway bonds for upcoming fiscal years are:

Debt service payments on outstanding trunk highway bonds (\$ thousands)

	FY2011	FY2012	FY2013	FY2014
Principal	26,670	54,685	54,220	53,520
Interest	26,854	37,073	34,627	32,222
Total	53,524	91,758	88,847	85,742

This total repayment is reduced each fiscal year by the interest earned on the balances in the trunk highway account in the state debt service fund.

The total estimated debt service transfers from the Trunk Highway Fund is based on the currently known debt service (see above) plus estimates that are developed for planned bond sales in the future. The current estimate of these transfers is from the November 2010 forecast:

Scheduled debt service transfers from the trunk highway fund (\$ thousands)

	FY2012	FY2013	FY2014
Estimated Amount:	\$100,641	137,508	161,063

Source: November 2010 fund statement

The reason the estimated debt service expenditures are higher than the amounts shown in the Minnesota Management and Budget’s official statement is that the fund statement reflects MnDOT’s plans to sell significant amounts of additional bonds from the authorization provided by the 2008 Legislature. As estimates of cash flow expenditures from the \$1.8 billion in additional bonding are refined, these estimates of debt service will change. In addition, any legislation enacted in the 2011 session will also result in changes.

Debt service is higher in the earlier years of repayment because the repayment schedules are based on retiring one-twentieth of the principal each year, unlike repayment requirements for a home mortgage, which are a fixed annual sum for combined principal and interest, with the amount of principal being repaid increasing each year.

**ADVANCE CONSTRUCTION**

MnDOT utilizes a type of federal financing called advance construction (AC). In general, this technique permits recognizing in the current year, federal revenues scheduled to be received in future years. This results in a number of benefits.

Even though the budgetary revenue is recognized, actual reimbursement (receipt of cash from FHWA) does not begin until the year the advanced construction agreements are “converted” to regular federal funds (the year the federal funds are actually made available through a federal appropriations act).

The cash balance in the trunk highway fund may sometimes be used to pay contractors before the project is converted and federal reimbursement received. Careful management of the use of AC has been adopted to avoid potential cash flow issues. MnDOT has developed and continues to refine advance construction and cash management techniques and policies.







## HISTORY OF MnDOT REVENUE CHANGES

### MOTOR FUEL TAX RATES PER GALLON: MINNESOTA

Year	Description
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 April 1	20 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 cents (debt service surcharge)
2012 Jul 1	28.0 cents to 28.5 cents (debt service surcharge)

### MOTOR FUEL TAX RATES PER GALLON: FEDERAL, MINNESOTA, AND NEIGHBORING STATES, DEC. 2010

Cents per gallon	Federal	MN	WI	SD	IA	ND
Gasoline	18.4	27.5	30.9	22.0	21.0	23.0
Diesel	24.4	27.5	30.9	22.0	22.5	23.0
Gasohol (10% blend)	18.4	27.5	30.9	20.0	19.0	23.0

### MOTOR VEHICLE REGISTRATION TAXES

Year	Description
1981	Increased passenger vehicle registration taxes by phasing in an increased minimum tax
1986	Increased truck registration taxes for heavier trucks
1989	Adjusted schedule for reduction of taxes paid for passenger vehicles as they become older, such that citizens pay more over the life of the vehicle
2000	Retained the same policy for calculating the tax for passenger vehicles, but provided a maximum tax of \$189 for the first renewal and a maximum tax of \$99 for the second and subsequent renewals
2008	Modified registration tax policy for passenger vehicles to institute a process similar to what existed prior to 2000, by eliminating caps and changing the depreciation schedule; these provisions are phased-in by virtue of a provision that provides that for currently registered vehicles, no one's tax will be higher in a current year than it was in the previous year.

## MOTOR VEHICLE SALES TAX AS A TRANSPORTATION REVENUE SOURCE

***The Motor Vehicle Sales Tax (MVST) was previously known as the Motor Vehicle Excise Tax (MVET)***

Year	Description
1981 - 1991	Numerous changes were made, which first statutorily dedicated this revenue to transportation on a phase-in basis, began the phase-in, delayed the phase-in, and ultimately eliminated this as a transportation revenue source.
2001 - 2004	Allocation of this revenue for highways and transit began. For highways the allocation was intended to offset the reduced revenues from the change in tax policy for passenger motor vehicles made by the 2000 legislature. For transit the allocation was intended to offset a 2001 reduction in local government property taxes due to the law being changed prohibiting levying taxes for transit operations.
2005	A constitutional amendment was passed, providing that by FY 2012 all revenue would be dedicated to transportation as follows: (1) not more than 60% to be deposited in the Highway User Tax Distribution Fund; and (2) not less than 40% to be dedicated to transit. A five-year phase-in schedule is provided in the amendment.
2006	Voters approved the proposed constitutional amendment in the general election held in November 2006.
2007	The legislature provided a statutory allocation of revenues, consistent with the constitutional amendment, which is shown below.
2009	The percentages were changed for FYs 2010 and 2011 to address operating deficits in transit. For FY 2012 and beyond, the allocation percentages are the same as in the legislation passed in 2007.

Statutory allocation of motor vehicle sales tax revenues

Enacted by the 2007 Legislature

Consistent with the constitutional amendment passed by the voters in November 2006

Fiscal Year	FY2008	2009	2010	2011	2012
Highway user tax distribution fund	38.25%	44.25%	50.25%	56.25%	60%
Metropolitan transit	24.00%	27.75%	30.00%	33.75%	36%
Greater Minnesota transit	1.50%	1.75%	3.50%	3.75%	4%
Total to transportation	63.75%	73.75%	83.75%	93.75%	100%

Statutory allocation of motor vehicle sales tax revenues

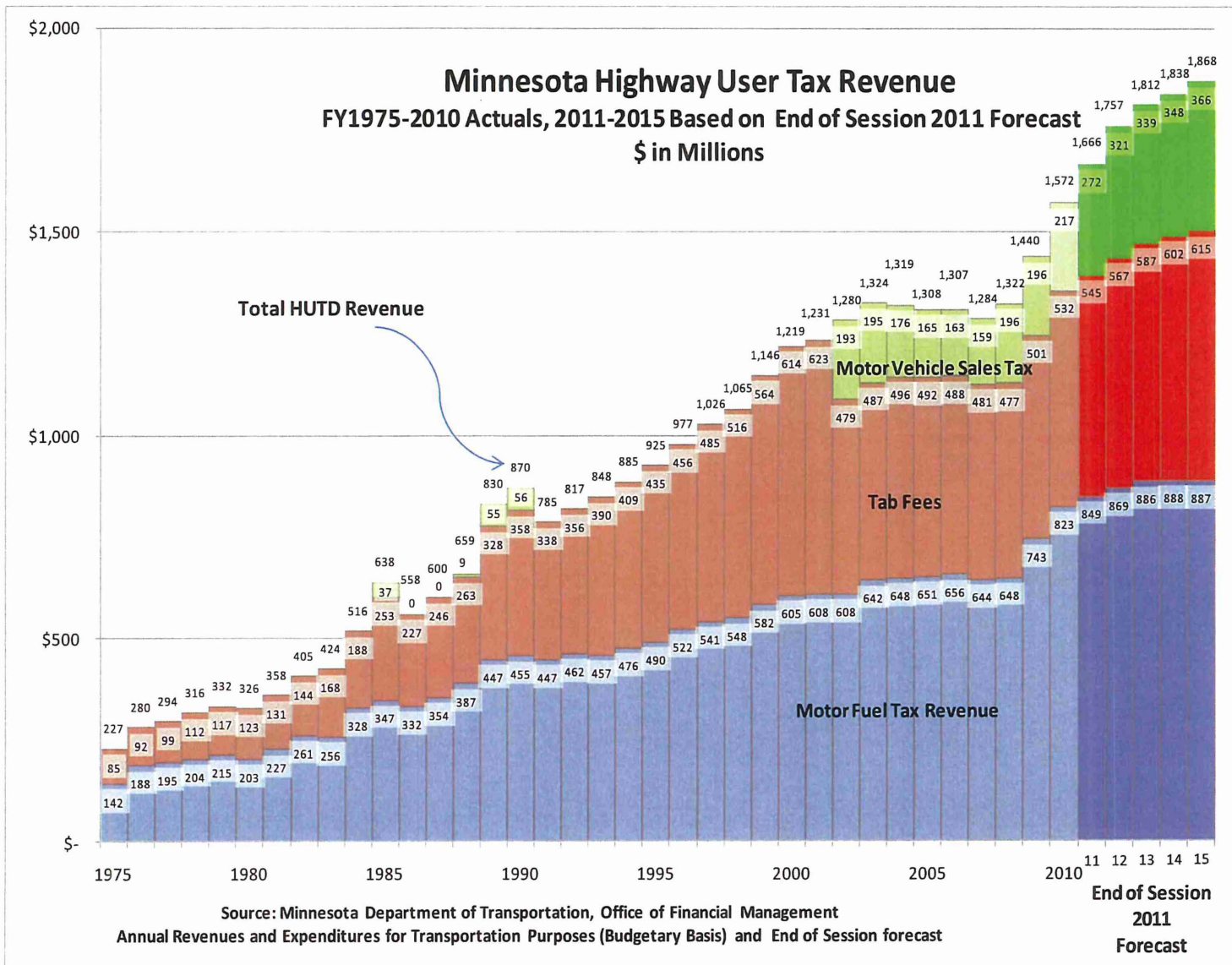
Fiscal Years 2010 and 2011 shift to transit

Enacted by the 2009 Legislature

Fiscal Year	FY2008	2009	2010	2011	2012
Highway user tax distribution fund	38.25%	44.25%	47.5%	54.5%	60%
Metropolitan transit	24.00%	27.75%	31.5%	35.25%	36%
Greater Minnesota transit	1.50%	1.75%	4.75%	4%	4%
Total to transportation	63.75%	73.75%	83.75%	93.75%	100%

#### HISTORICAL TRENDS IN HIGHWAY REVENUE TO THE HUTD, 1975 TO 2010 AND FORECAST TO 2015

The following page shows the history of the major state highway revenue sources in Minnesota and the End of Session 2011 forecast for the period of FY2011 to FY2015.



# Appendix

This section includes a range of additional detailed or background information:

- Current forecast fund statements for the major state transportation funds:
  - Highway User Tax Distribution fund statement, End of Session 2011 forecast;
  - Trunk Highway fund statement, End of Session 2011 forecast;
  - State Airports fund statement, End of Session 2011 forecast;
  - Transit Assistance fund statement, End of Session 2011 forecast  
(MVST that is dedicated to metropolitan transit and Greater Minnesota transit);
  
- Vehicles Miles Traveled (VMT) and Motor Fuel Consumption from 1975 to the present, together with implied overall fleet efficiency (VMT per gallon of fuel);
  
- Transportation Funding, Fiscal Year 2010 -where it comes from and where it goes;
  
- Revenue and expenditures for transportation purposes, all sources of funds, FY2010 final (budgetary basis), on the last page.

Note: MnDOT's budget submission will be available on the Department of Finance/MMB web site at <http://www.mmb.state.mn.us/>

End of Session (EOS) 2011 Forecast-Transportation

Highway User Tax Distribution Fund  
 End of Session (EOS) 2011 forecast  
 Comparison with February 2011

(\$ in thousands)

	End of Session (EOS) 2011 forecast											
	Closing	Budget	Budget	Budget	Planning	Planning	Budget	Budget	Budget	Planning	Planning	
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	
<b>Beginning Balance</b>	\$283	\$691	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>REVENUES</b>												
Gasoline and Special Fuel Taxes	823,378	849,278	869,400	886,000	888,100	887,323	0	0	0	0	0	0
Motor Vehicle License Tax	531,551	544,956	566,663	586,672	601,837	615,396	0	0	0	0	0	0
Motor Vehicle Sales Tax	216,666	272,186	321,411	339,471	347,631	365,631	0	(9)	(9)	(9)	(9)	(9)
Other	5,644	4,696	4,808	5,980	6,396	6,771	0	0	0	0	0	0
<b>Total Revenues</b>	<b>1,577,239</b>	<b>1,671,116</b>	<b>1,762,282</b>	<b>1,818,123</b>	<b>1,843,964</b>	<b>1,875,121</b>	<b>0</b>	<b>(9)</b>	<b>(9)</b>	<b>(9)</b>	<b>(9)</b>	<b>(9)</b>
<b>ACTUAL &amp; ESTIMATED USES</b>												
Appropriations to MnDOT, Revenue, DPS	10,077	12,029	13,499	13,499	13,499	13,499	0	(125)	(125)	(125)	(125)	(125)
Transfers--DNR and Special Revenue	19,708	22,550	21,730	22,604	22,737	22,913	1,821	0	0	0	0	0
Transfers--Flexible Highway & Township	77,286	81,831	86,322	89,071	90,356	91,905	(91)	6	6	6	6	6
Transfers--County State-Aid Highway	425,846	450,888	475,635	490,779	497,861	506,396	(502)	32	32	32	32	32
Transfers--Municipal State-Aid Highway	132,159	139,931	147,611	152,311	154,509	157,157	(156)	10	10	10	10	10
Transfers--Trunk Highway	910,429	963,968	1,016,875	1,049,251	1,064,393	1,082,641	(1,073)	68	68	68	68	68
Other	1,326	610	610	610	610	610	0	0	0	0	0	0
Total Uses	1,576,831	1,671,807	1,762,282	1,818,123	1,843,964	1,875,121	0	(9)	(9)	(9)	(9)	(9)
<b>Ending Balance</b>	<b>\$691</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>\$0</b>	<b>\$0</b>	<b>\$0</b>

PURPOSE OF FUND/SOURCE OF FUNDING/PRIMARY EXPENDITURES

The highway user tax distribution (HUTD) was established by the Minnesota Constitution to be used solely for highway purposes. The fund receives revenue from motor vehicle related taxes and fees, including motor vehicle license tax, motor vehicle sales tax (MVST), and gasoline and special fuels taxes. All interest and profits from the investments of the fund must be credited to HUTD. All revenue is then transferred to various highway related funds. The Minnesota Constitution requires that 95 percent of the revenues deposited into the HUTD be distributed as follows: 62 percent to the trunk highway fund (TH), 29% to the county state aid highway fund (CSAS), and 9 percent to the municipal state aid street fund (MSAS). The remaining 5% percent of revenues are distributed to these same funds according to a formula.

FORECAST COMPARISON

Revenue: A reduction in MVST of \$9,000 in FY2012 and beyond in due to an exemption of certain emergency response vehicles.

Appropriations: The contingent appropriation of \$125,000 was eliminated in FY2012 and beyond.

Transfers -- DNR and Special Revenue: A clarification in language resulted in an additional \$1.8 million transferred to the DNR for non-refunded gas taxes from FY2008-FY2010.

End of Session (EOS) 2011 Forecast-Transportation

**Trunk Highway Fund  
End of Session (EOS) 2011 forecast  
Comparison with February 2011**

(\$ in thousands)

	End of Session (EOS) 2011 forecast										
	Closing	Budget	Budget	Budget	Planning	Planning	Budget	Budget	Budget	Planning	Planning
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>Beginning Balance</b>	\$90,355	\$132,384	\$129,479	\$67,371	\$66,497	\$61,992	0	(\$1,073)	(\$81,822)	(\$118,923)	(\$158,029)
Prior year adjustments	16,816	0	0	0	0	0	0	0	0	0	0
<b>Adjusted Beginning Balance</b>	107,170	132,384	129,479	67,371	66,497	61,992	0	(1,073)	(81,822)	(118,923)	(158,029)
<b>REVENUES AND TRANSFERS</b>											
HUTD transfer	910,429	963,968	1,016,875	1,049,251	1,064,393	1,082,641	(1,073)	68	68	68	68
Federal aid agreements	472,788	507,020	550,665	305,480	392,480	373,480	(43,000)	177,865	(67,320)	19,680	680
Other income	46,128	77,197	80,217	85,797	88,487	90,777	(0)	0	0	0	0
<b>Total Revenues and Transfers</b>	1,429,345	1,548,185	1,647,757	1,440,528	1,545,360	1,546,898	(44,073)	177,933	(67,252)	19,748	748
<b>ACTUAL &amp; ESTIMATED USES</b>											
Department of Transportation	1,249,427	1,413,123	1,492,685	1,199,500	1,283,500	1,272,500	(43,000)	253,995	(39,190)	44,810	33,810
DPS and other agencies	84,162	92,742	88,416	88,416	88,416	88,416	0	(200)	(200)	(200)	(201)
Debt service	70,542	45,225	128,764	153,486	177,949	188,080	0	4,888	9,239	14,244	13,012
<b>Total Uses</b>	1,404,131	1,551,090	1,709,865	1,441,402	1,549,865	1,548,996	(43,000)	258,683	(30,151)	58,854	46,621
Balance before reserves	\$132,384	\$129,479	67,371	66,497	61,992	59,893	(1,073)	(81,822)	(118,923)	(158,029)	(203,901)
Reserved for approp. carried forward	0	0	0	0	0	0	0	0	0	0	0
<b>Ending Balance</b>	\$132,384	\$129,479	\$67,371	\$66,497	\$61,992	\$59,893	(\$1,073)	(\$81,822)	(\$118,923)	(\$158,029)	(\$203,901)

**PURPOSE OF FUND**

The trunk highway fund was established by the Minnesota Constitution for highway construction, improvement and maintenance.

**SOURCE OF FUNDING**

The trunk highway fund receives 62 percent of highway user tax distribution (HUTD) fund revenues (aside from the five percent of HUTD revenues that are distributed in accordance with a formula that the legislature periodically establishes), money from the federal government as aid in construction and maintenance of trunk highways, and other sources of direct income. Trunk highway bond proceeds from the sale of bonds as authorized by Article XV of the constitution are deposited in a separate trunk highway bond fund.

**FORECAST COMPARISON**

The Trunk Highway fund has two major sources of revenues: state funds from the distribution from the HUTD fund, and federal aid agreements, primarily for construction contracts. Primary spending for MnDOT is for operations, capital, and debt service, and for DPS.

Changes from prior forecast Federal aid agreements and MnDOT estimated uses are due to Governor's change recommendations being passed - Better Roads for MN, State Road Construction Appropriation, State Planning and Research and the DBE Collaborative.

DPS and other: The contingent appropriation of \$200,000 was eliminated in FY2012 and beyond.

Debt service: Changes to debt service are due to the Better Roads for MN program.

## End of Session (EOS) 2011 Forecast-Transportation

**State Airports Fund**  
**End of Session (EOS) 2011 forecast**  
**Comparison with February 2011**

(\$ in thousands)	End of Session (EOS) 2011 forecast						Change from February 2011					
	Closing	Budget	Budget	Budget	Planning	Planning	Closing	Budget	Budget	Budget	Planning	Planning
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>Balance Forward From Prior Ye</b>	\$8,127	\$5,001	\$2,419	\$1,162	\$2,480	\$1,340	0	0	\$0	\$50	(\$1,675)	(\$1,625)
Prior Year Adjustments	163	0	0	0	0	0	0	0	0	0	0	0
<b>Adjusted Balance Forward</b>	8,290	5,001	2,419	1,162	2,480	1,340	0	0	0	50	(1,675)	(1,625)
<b>Receipts:</b>												
Airline Flight Property Tax	7,804	7,804	7,804	12,037	7,804	7,804	0	0	0	0	0	0
Aircraft Registration Tax	6,039	6,517	6,517	6,517	6,517	6,517	0	0	0	0	0	0
Gasoline & Special Fuel Tax	3,375	3,800	3,914	4,031	4,031	4,031	0	0	0	0	0	0
Departmental Earnings (1)	655	510	510	510	510	510	0	0	0	0	0	0
Investment Income	143	55	75	75	75	75	0	0	0	0	0	0
Other Income	294	90	90	90	90	90	0	0	0	0	0	0
<b>Total Receipts</b>	18,310	18,776	18,910	23,260	19,027	19,027	0	0	0	0	0	0
<b>ACTUAL &amp; ESTIMATED USES</b>												
<b>Expenditures:</b>												
Department of Transportation	21,599	21,307	20,166	21,941	20,166	20,166	0	0	0	1,775	0	0
Minnesota Mgmt and Budget	0	50	0	0	0	0	0	0	(50)	(50)	(50)	(50)
Legislature	0	0	0	0	0	0	0	0	0	0	0	0
Revenue, Department of	0	1	1	1	1	1	0	0	0	0	0	0
<b>Total Expenditures</b>	21,599	21,358	20,167	21,942	20,167	20,167	0	0	(50)	1,725	(50)	(50)
<b>Budgetary Balance</b>	\$5,001	\$2,419	\$1,162	\$2,480	\$1,340	\$200	0	0	\$50	(\$1,675)	(\$1,625)	(\$1,575)

Note 1: Excludes loan transactions from Hangar Revolving Fund

**PURPOSE OF FUND**

The purpose of the State Airports Fund is to provide technical and financial assistance to municipal airports, to improve air transportation facilities, to promote air safety, to establish and promote air service, and to pay costs of aeronautics staff in the Department of Transportation.

**SOURCE OF FUNDING**

Primary spending for MnDOT for operations, capital, and debt service, and for DPS.  
Investment income earned by the fund is credited to the fund.

**FORECAST COMPARISON**

Expenditures MnDOT: A one-time appropriation in FY2013 of \$1.775M for additional airport development and assistance grants.  
Expenditures: Minnesota Mgmt and Budget: The contingent appropriation of \$50,000 was eliminated in FY2012 and beyond.  
Fund balance: The airline flight property tax estimate for FY2013 includes \$4.223 million that Northwest Airlines did not pay for its 2005 airflight property tax liability, due to filing for bankruptcy in 2005. The airline emerged from bankruptcy in 2007, and the deadline for paying this tax is 2013.

*End of Session (EOS) 2011 Forecast-Transportation*

**Transit Assistance Fund  
End of Session (EOS) 2011 forecast  
Comparison with February 2011**

(\$ in thousands)

	End of Session (EOS) 2011 forecast										
	Closing	Budget	Budget	Budget	Planning	Planning	Budget	Budget	Budget	Planning	Planning
	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
<b>Balance forward</b>	\$648	\$7,289	\$0	\$0	\$0	\$0	0	\$0	\$0	\$0	\$0
<b>RECEIPTS:</b>											
Motor Vehicle Sales Tax	162,777	194,783	214,274	226,314	231,754	243,754	0	(6)	(6)	(6)	(6)
Leased Vehicle Sales Tax	0	0	0	1,415	2,900	5,165	0	0	0	0	0
<b>Total Receipts</b>	162,777	194,783	214,274	227,729	234,654	248,919	0	-6	-6	-6	-6
<b>ACTUAL &amp; ESTIMATED USES</b>											
Metropolitan Council	141,920	174,859	192,847	203,683	208,579	219,379	0	-5	-5	-5	-5
Department of Transportation	14,216	27,213	21,427	24,046	26,075	29,540	0	-1	-1	-1	-1
<b>Total Uses</b>	156,136	202,071	214,274	227,729	234,654	248,919	0	-6	-6	-6	-6
<b>Budgetary Balance</b>	\$7,289	\$0	\$0	\$0	\$0	\$0	0	\$0	\$0	\$0	\$0

**PURPOSE OF FUND**

The transit assistance fund is established within the state treasury. It receives money distributed under section 297B.09, subdivision 1, and other money as specified by law. Money in the fund must be allocated to the greater Minnesota transit account and the metropolitan area transit account in the manner specified in section 297B.09, subdivision 1, and must be used solely for transit purposes under the Minnesota Constitution, article XIV, section 13.

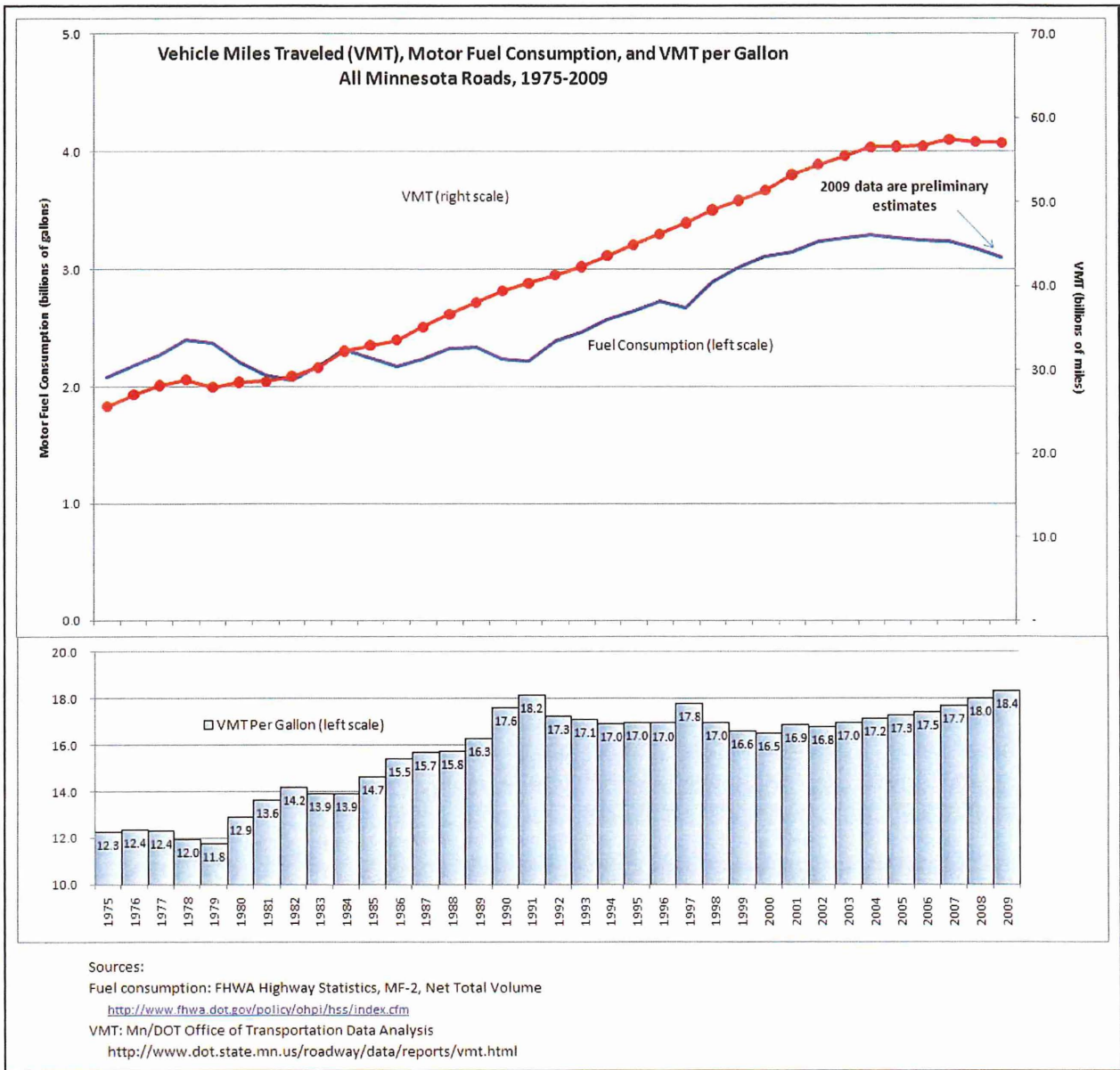
**SOURCE OF FUNDING**

- 1) Revenues are from motor vehicle sales taxes.
- 2) The greater Minnesota transit account receives half of the net proceeds from the sales tax on leased vehicles, starting with the first distribution of net funds in FY 2011.

**FORECAST COMPARISON**

Revenue: A reduction in MVST of \$6,000 in FY2012 and beyond in due to an exemption of certain emergency response vehicles.

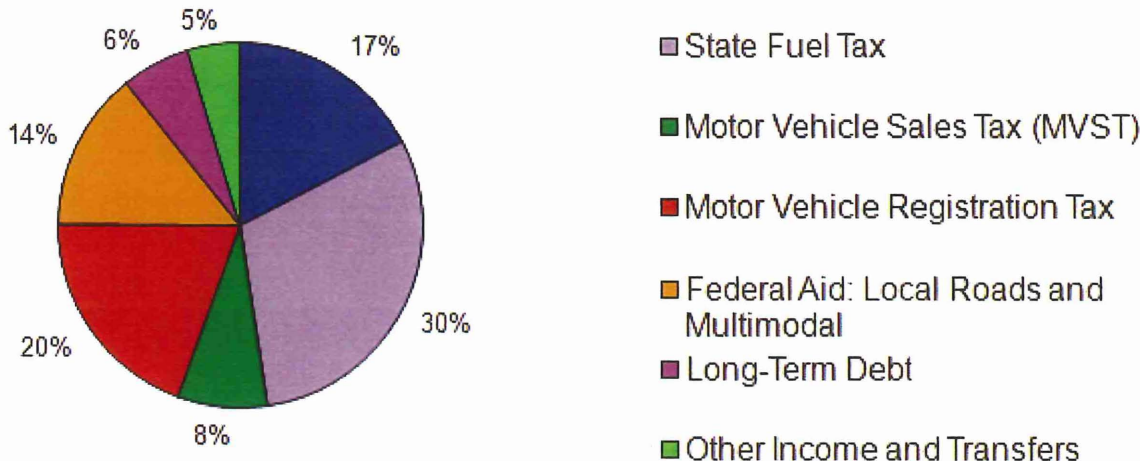




# Transportation Funding, Fiscal Year 2010

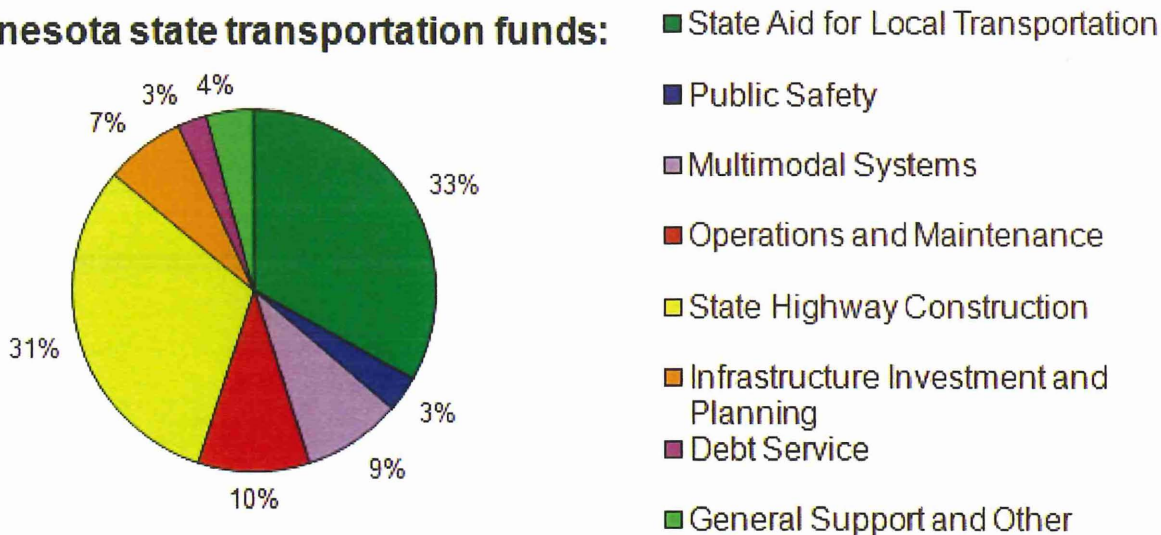
## Where it comes from and where it goes

### Sources of Minnesota state transportation fund



Approximately 80 percent of MnDOT funds are appropriated by the legislature and 20 percent are statutorily appropriated. Sources of legislative appropriations include state motor fuel taxes, motor vehicle registration fees, motor vehicle sales taxes (MVST), and federal motor fuel tax grants. Fiscal year 2008 was the first year of a five-year phase-in of the motor vehicle sales tax, of which 100 percent will be directed to transportation by 2012.

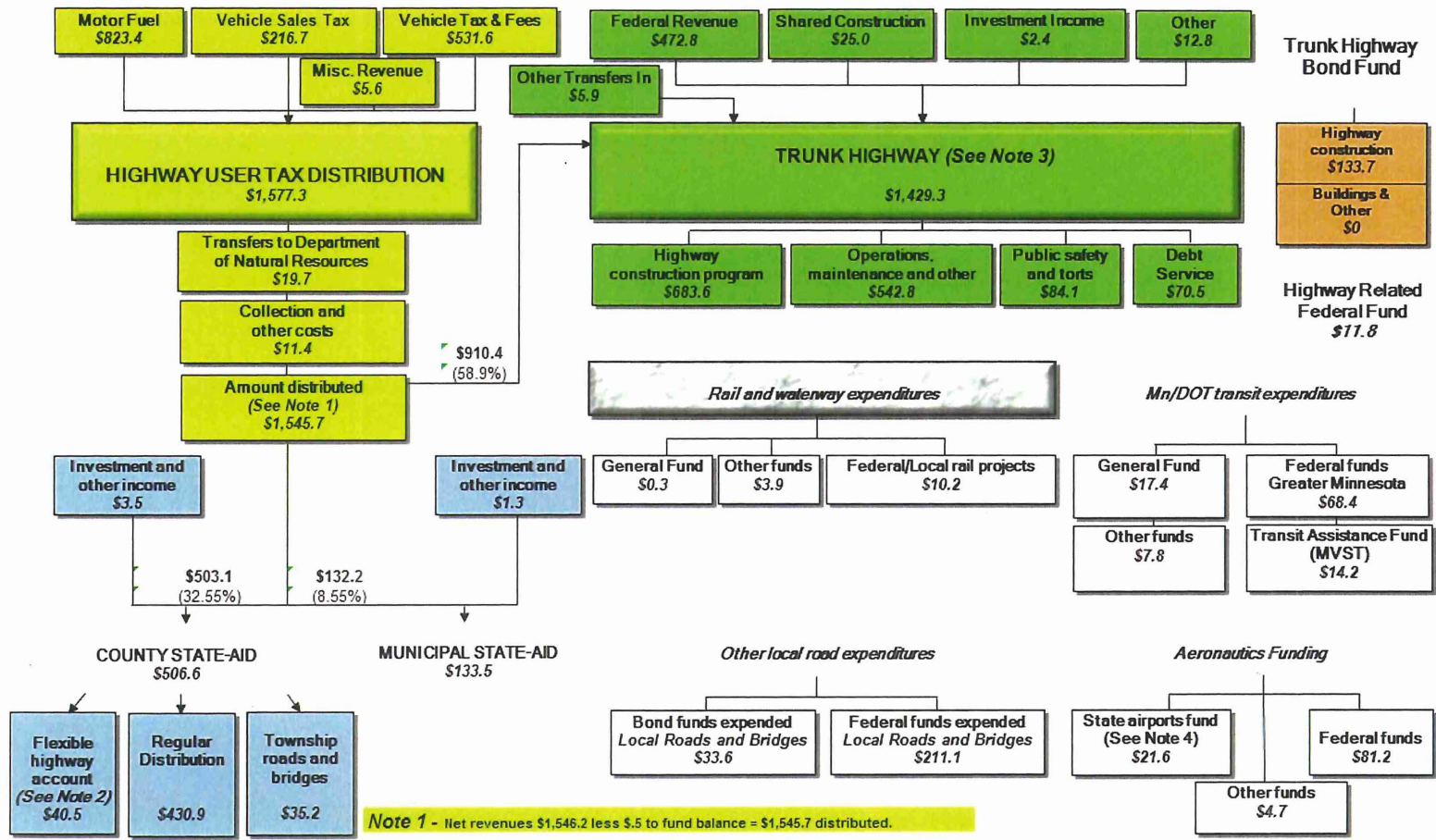
### Uses of Minnesota state transportation funds:



MnDOT is a multi-modal agency. Its activities include transit, aeronautics, freight and commercial vehicles, construction, maintenance, and operation of 12,000 miles of state highways. Approximately 30% of MnDOT's appropriations are state aid to local governments for road and bridge projects and other activities.



STATE OF MINNESOTA  
**REVENUE AND EXPENDITURES FOR TRANSPORTATION PURPOSES**  
**ALL SOURCES OF FUNDS (\$ MILLIONS)**  
 FY 2010 FINAL (BUDGETARY BASIS)



**Note 1** - Net revenues \$1,546.2 less \$5.5 to fund balance = \$1,545.7 distributed.

**Note 2** - County turnback = \$40.5.

**Note 3** - Net revenues \$1,429.3 less \$48.3 to fund balance = \$1,381.0 expend. & transfers out.

**Note 4** - Excludes hangar loan activity

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 Financial Reporting  
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