

ENACTED BUDGET UPDATE



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.

This document has been updated to reflect the enacted budget and other 2013 legislative financial changes.

The first section describes MnDOT's final biennial budget passed by the 2013 Legislature, a summary of other enacted financial provisions, and a final summary of MnDOT's proposed 2013 legislative policy initiatives. The second section provides a basic MnDOT financial overview. It includes information about how highway transportation is funded in Minnesota, and includes a history of significant revenue changes. The appendix includes end of session (EOS) 2013 fund statements for the six transportation funds, and financial data which include FY2012 overviews of MnDOT revenues and expenditures.

Contents

<u>Transportation Facts</u>	2
SECTION 1	
<u>FY2014-15 Biennial Budget</u>	3
<u>Direct Appropriations Summary</u>	8
<u>Legislative Policy Initiatives</u>	9
SECTION 2	
<u>MN Highway Finances</u>	11
<u>History of HUTD Revenue</u>	14
APPENDIX	
<u>EOS Fund Statements:</u>	19 - 24
Highway User Tax Distr.	
Trunk Highway	
State Airports	
Transit Assistance	
County State Aid	
Municipal State Aid St.	
<u>VMT and Fuel Trends</u>	25
<u>Transportation Funding</u>	26
<u>Revenue and Expenditures for transportation purposes, (Flowchart) FY2012</u>	27



Spectators gather at the Jaycee Park on the Mississippi River on Saturday, Sept. 22, 2012, as the main span of the new Highway 61 bridge in Hastings was being floated into place. (MPR Photo/Anthony Kwan)

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

Your Destination... Our Priority



TRANSPORTATION FACTS

MOTOR VEHICLE REGISTRATIONS:

Minnesota's motor vehicle registrations totaled about 4.98 million in 2011.

LICENSED DRIVERS:

Minnesota had 4.01 million licensed drivers in 2011.

SEAT BELT USAGE

Minnesota's seat belt usage was 93% in 2011.

VEHICLE MILES TRAVELED:

Use of Minnesota's roads totaled an estimated 56.68 billion vehicle miles traveled in 2011.

TRANSIT:

Use of Minnesota transit systems totaled 105.4 million transit trips in 2011.¹⁾

MnDOT Office of Transit



BICYCLE TRAILS:

The State Trails system includes 1,323 developed state trail miles, of which 620 miles are paved for bicycling and other uses.²⁾

AERONAUTICS:

Minnesota has 5,152 active registered aircraft and 135 public airports.³⁾

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 70.4 million tons.⁴⁾



RAIL SYSTEM:

Minnesota's rail system consists of about 4,460 total miles of railroad, with 4,222 rail crossings.

Unless otherwise noted; all facts are from 2011 Transportation Trivia, compiled by Office of Traffic Engineering at

<http://www.dot.state.mn.us/trafficeng/publ/triviacard/>

- ¹⁾ *MnDOT Office of Transit*
- ²⁾ *DNR Division of Parks and Trails*
- ³⁾ *MnDOT Office of Aeronautics...no longer includes antiques or registered non-flyables.*
- ⁴⁾ *MnDOT Ports and Waterways website-
<http://www.dot.state.mn.us/ofrw/waterways.html>*

FY2014-15 BIENNIAL BUDGET

OMNIBUS TRANSPORTATION APPROPRIATION LAW - LAWS 2013, CHAPTER 117.

MnDOT's budget is funded by the Trunk Highway Fund, the County State Aid Highway Fund, the Municipal State Aid Street Fund, the State Airports Fund, the Transit Assistance Fund and the General Fund. With the exception of the activities funded by the General Fund, amounts are constrained by the amount of money estimated to be available in the respective funds.

The enacted budget continues much of MnDOT spending at the same levels as exists in the current biennium, with the exception of the enacted change items below. The County State Aid Highway Fund and the Municipal State Aid Street Fund, which are largely based on estimated revenues flowing to the funds from the Highway User Tax Distribution Fund (primarily based on motor fuel tax, motor vehicle registration tax, and motor vehicle sales tax revenues) are primarily allocated in conjunction with the annual Commissioner's Order typically issued in January.

This section provides an overview of MnDOT's 2014-15 biennial budget change items updated to reflect the enacted budget. It also summarizes other financial provisions and financial policy changes.

These changes items were enacted as proposed:

STATE ROAD CONSTRUCTION APPROPRIATION

The enacted change item increases appropriations related to state road construction from the trunk highway fund due to changes in the new federal authorization law (MAP-21). These changes make more federal funding available for projects on Minnesota's state trunk highway system. The increased appropriation, in conjunction with the request for State Road Construction Infrastructure Investments (see below), would raise the percent of state roadway pavements in good condition from 63% to 65%. This funding would also be used to complete the funding package for projects currently in the federal 2013-16 State Transportation Improvement Program (STIP). The proposal is for increased appropriations of \$125.4 million in FY 2014 and \$137.6 million in FY 2015. Revenue from the Federal Highway Administration of the same amounts is expected, so there is no net cost to the trunk highway fund from this proposal.

STATE ROAD CONSTRUCTION INFRASTRUCTURE INVESTMENTS

The enacted change item is a one-time \$95 million appropriation from the trunk highway fund in FY 2014 for selected state road construction investments to improve Minnesota's transportation infrastructure, including Americans with Disability Act accommodations and the Better Roads Program. The Better Roads program is focused on improving the condition of roadway pavements. The increased appropriation would primarily raise the percent of state roadway pavements in good condition from 63% to 65%. Besides pavement conditions, the increased appropriation would be used to address the emerging infrastructure needs (e.g., drainage structures) on existing projects, and continue the investments towards Americans with Disabilities Act goals. Finally, the increased appropriation would fund a pilot program to address investments being identified through MnDOT's evolving Corridor Investment Management Strategy (CIMS).

OPERATIONS AND MAINTENANCE INCREASE

The enacted change item is an increase of an ongoing \$5 million per year from the trunk highway fund (a 2% increase) to the operations and maintenance program to offset the cumulative cost increases in commodities like salt, sand and gasoline. MnDOT has experienced significant inflation in these heavily used commodities. Overall maintenance and operations inflation has been over 3% per year since 2005, and that trend is projected to continue. Some commodities have increased at higher rates. Performance is measured by overall safety on state roads and the time it takes to clear snow and ice.



ECONOMIC RECOVERY FUNDS – TRUNK HIGHWAY AND FEDERAL FUNDS

The enacted change item extends the authority to expend existing or new American Recovery and Reinvestment Act (ARRA) funds awarded to MnDOT from FY 2013 to the end of FY 2016. This change is consistent with the Federal Highway Administration which extended the time period that ARRA funds can be expended, allowing states to move unused funds from one project to another. ARRA funds are one-time and have no base. This date extension allows MnDOT to maximize the use of ARRA funds on trunk highway and passenger rail projects. This proposal assumes revenue and expenditure amounts of \$1 million in each of FY 2014, 2015, and 2016 in each of the trunk highway and federal funds. The proposal would have no net cost to either fund.

INCREASE FUNDING TO REGIONAL DEVELOPMENT COMMISSION (RDC) STATE PLANNING GRANTS

The enacted change item increases the amount available to Regional Development Commissions (RDCs) to recognize that these grants have been set at \$50,000 per year since 1997, and that the RDCs have assumed additional planning responsibilities at both the state and regional levels. The RDC appropriation comes out of the Program Planning and Delivery appropriation from the trunk highway fund. This proposal would increase the RDC appropriation by \$300,000 per year, but leave the total Program Planning appropriation the same. Expanding MnDOT's partnership with the Regional Development Commissions is a cost-effective way to increase the Department's ability to deliver sustainable, multimodal, and interdisciplinary planning products. An outcome would be the linking of planning and programming to support the area transportation partnerships process through various RDC planning products. Additional funding would allow RDCs to assist communities with planning and implementation of various MnDOT programs as well as supporting the RDCs' integral role in local public and stakeholder involvement for MnDOT planning and programming processes.

GRADE CROSSING SAFETY ACCOUNT

The enacted change item eliminates the requirement that any remaining balance in the Grade Crossing Safety Account be transferred to the Trunk Highway Fund at the end of each fiscal year. Instead, such a balance may be transferred at the end of a biennium. The effect of this change is to minimize the need to transfer balances between funds. This is a net zero change item that creates a more efficient process than manually transferring across funds.

STATE AIRPORTS FUND REVENUE /EXPENDITURE ALIGNMENT

The 2013 February forecast fund balance for the State Airports Fund projects a negative balance assuming the current law forecast base expenditures in FY 2014 and 2015. The enacted change item reduces the appropriated amount to

eliminate the negative fund balance forecast by \$650,000 each in FY 2014 and 2015. Funding from the State Airports Fund provides competitive grant funds to airports across the state. The proposed expenditure reduction would align spending with available resources.

Enacted with changes:

PAGE & HILL SUPERFUND SITE

The enacted change item funds a one-time general fund appropriation of \$1 million in FY2014 for the purposes of cleaning up 15 acres of abandoned railroad property that has soil and ground water contaminated with wood treating chemicals and petroleum products. This proposal is to request funding for MnDOT's portion of the cleanup of Page & Hill's contaminated site, which will result in the cleanup of contaminated MnDOT property. Because this is rail bank property, general funds are needed to pay for the cleanup. It is difficult to estimate the total cost of cleanup until the process has begun; this represents the mid-point of MnDOT's estimated range of liability. Once begun, it will take approximately a year to complete the cleanup, and several additional years of monitoring. **Enacted, but \$500,000.** In addition, Chapter 127 (SF 1270, section 62) allows MnDOT to transfer specific state rail bank property to a private company.

TRANSPORTATION ECONOMIC DEVELOPMENT (TED) PROGRAM

The enacted change item appropriates \$10 million in FY 2014 and \$10 million in FY 2015 from the General Fund for the Transportation Economic Development (TED) program. TED is a collaborative grant program between MnDOT, the Department of Employment and Economic Development, and the Public Facilities Authority. This multi-modal, multi-jurisdictional transportation, economic development and jobs creation program requires a local or private sector match and accelerates transportation projects in order to revitalize the Minnesota economy and improve economic competitiveness. The methodology for

evaluating projects will continue to be based on sound demographic and economic data. Project selection criteria would include the following; number of jobs created or retained, cost per job created or retained, level of local and private sector financial participation (at least 30% required) and average salary of jobs created. The Governor's proposal includes recommended funding at the same level for FY 2016 and 2017. **Enacted, but appropriated from the Trunk Highway Fund.**

OTHER RECOMMENDATIONS

There were several other enacted change items related to transportation finance or MnDOT:

ARMER MAINTENANCE

The enacted change item recognizes a Department of Public Safety initiative to increase the maintenance budget for the ARMER system. The enacted change item is an increase of \$ 0.6 million in FY2014 and \$1 million in FY2015 and beyond. If adopted, the appropriation will be made to Public Safety, and then transferred to the Department of Transportation. **Enacted.**

PUBLIC SAFETY TRUNK HIGHWAY FUND

The four enacted change items were proposed by the Department of Public Safety. They increase appropriated amounts within the trunk highway fund by \$1,425,000 each in FY2014 and beyond. **All were enacted.**

- Additional funding for Minnesota State Patrol (MSP) fuel costs – an increase of \$1 million each in FY2014 and beyond.
 - A new ongoing appropriation for reimbursing the cost of soft body armor vests for state troopers of \$100,000 each in FY2014 and beyond.
 - Additional funding for forensic laboratory equipment replacement – an increase of \$125,000 each in FY2014 and beyond.
 - Additional funding for forensic laboratory staffing – an increase of \$200,000 each in FY2014 and beyond.
-

OTHER ENACTED PROVISIONS – OMNIBUS TRANSPORTATION APPROPRIATION LAW

BONDING

The Corridors of Commerce program is established with \$300 million in Trunk Highway Bonds. Provisions include:

- \$300 million in trunk highway bonds
- Effective July 1, 2014 (FY 2015)
- Up to 17% may be used for program delivery
- Outlines project classification, eligibility, selection process and criteria

MnDOT’s Debt Management Policy Forecast as of 2013 End of Session:

Debt Service for the TH Fund
should not exceed 20% of
annual state revenues

\$ in millions	Bold = Actual	
	Actual/ Forecast	Variance from 20%
2012	7.5%	\$ 133.6
2013	11.7%	92.4
2014	14.0%	68.6
2015	16.5%	40.2
2016	17.4%	31.1
2017	17.8%	26.7
2018	18.5%	17.8
2019	19.0%	12.5

ADDITIONAL APPROPRIATION ITEMS:

- Transit – appropriations from the general fund for continuation of the MN Council on Transportation Access (\$100,000 in FY 14 and beyond), grants for rides to disabled veterans - (\$78,000 in FY 14 and beyond), and the Safe Routes to School program (\$250,000 in FY 14 and beyond).
- Program Planning and Delivery – appropriations for the Workplace Telework Program (\$75,000 from the HUTD fund in FY 14) and a joint program office with MnDOT and DEED for public private partnerships (\$250,000 from the trunk highway fund in FY 14 and beyond).

Note: Aeronautics – Airport Development and Assistance still contains the “available for five years” language, and Agency Management programs did not include requested language for building construction appropriation language to keep funds available.

REVENUE AND FINANCIAL POLICY CHANGES :

- All MnDOT language items have been included: grade crossing safety account, MnIT added/torts claims stricken as trunk highway fund eligible expenses, changed ARRA date, Northstar commuter rail language, TED and Corridors of Commerce programs established, and prior TED program language repealed.
 - The allocation of revenue for the motor vehicle lease sales tax revenue (MVLST) was modified. The CSAH fund’s allocation is capped at \$9 million for fiscal years 2014 and 2015, and the forecast revenue of \$10.8M that would have gone to CSAH under the old formula instead will go the greater Minnesota Transit Account in the Transit Assistance Fund in FY 2014 and 2015 only.
 - Changes to MVST revenue occurred by eliminating certain gift exemptions and increasing the in lieu flat tax on collector vehicles. Total impact to all MnDOT funds is \$1.4M for fiscal years 2014 and 2015.
 - The Council on Transportation Access’ sunset date was repealed.
 - The Center for Transportation Studies (CTS) funding of 0.1% of TH funds is not to exceed \$2M (currently cap at \$1.2M).
 - Federal Transportation alternatives language requires the same amount to be spent on bike trails, etc. as in past years.
 - If using solar panels, they must be made in Minnesota, as long as they meet the functional requirements and are available if there is a required procurement method.
 - Additional permissive transportation infrastructure hiring and recruitment language related to women, minorities, and economically disadvantaged businesses was added.
 - County only items:
 - \$10 wheelage tax option for all counties by resolution (up to \$20 starting in

2017). Prior law was just metro counties and \$5.

- Local option transportation sales tax up to one half of one percent by resolution. Prior law required referendum.

OTHER ENACTED FINANCIAL PROVISIONS

(House or Senate file number (HF or SF) indicates the bill that was enacted).

Ch. 127 (SF 1270) contains two provisions related to accounts. The type of eligible expenditures from the Trunk Highway Emergency Relief Account was broadened, and modifications were made to the account used to account for revenues for the I-394 Parking Garages (broadens the eligible uses of this money). The language related to payment of transit operating assistance to greater Minnesota was changed to be less specific (section 49 plus the repealer in section 71). Also, section 50 allows MnDOT to establish a Joint Program Office for Public-Private Partnerships (discretionary). In addition, language to encourage MnDOT to examine all MnDOT-owned real property to determine if it is suitable for sale or disposal is included. It does require an analysis before selling of the suitability of the property for bicycle or pedestrian facilities, and a report every other year.

Ch. 136 (HF 1070, the scaled back bonding bill) contains language canceling the capital appropriation to MnDOT for the Alexandria surveillance facility.

Ch. 140 (HF 316) expands overweight vehicle permit issuance for a small number of vehicles, which will result in a minimal amount of additional fees.

Ch. 143 (HF 677, the Tax Omnibus bill) restructures Aeronautics funding. It decreases registration tax, increases fuel tax, and redirects sales tax on aircraft. It also exempts aircraft parts and labor from sales tax. The net estimated increase to State Airport Fund: FY 14 \$2.9M, FY 15 \$.9M.

Ch. 114 (HF 976) requires the Environmental Quality Board to lead an interagency team (which may include MnDOT) to provide technical assistance and develop standards regarding silica sand mining, processing and transporting. \$500,000 total general appropriation in each of FY 14 and FY 15; a portion may be transferred to MnDOT.

Ch. 85 (HF 729) establishes a new Office of Broadband Development in the Dept. of Employment and Economic Development, and it will collaborate with MnDOT and private entities to coordinate “Dig Once” efforts for installing improving broadband conduits. It also requires MnDOT to establish a fiber collaboration database with a list of upcoming construction projects and notification to broadband service providers.

Ch. 142 (SF 1589) repeals the Sunset Act, sets the Commissioner’s salary at a higher limit, and no longer links agency employees’ salaries to the Commissioner’s salary. Also, MMB was funded for additional statewide budget system development, an enterprise talent management system, and enterprise human resources capacity efforts. It also provides that a state agency shall first seek approval to pay a tort claim from the commissioner or director of the agency.

Ch. 93 (HF 1451) allows MNDOT to distribute a portion of steel salvaged from the I-35W bridge collapse to various entities, rather than selling all as surplus property as required by current law. The remaining surplus property proceeds will be transferred to the general fund.

Ch. 134 (HF 1389) provides that approval for federal funds as specified in M.S. 3.3005 is for the full term of availability of federal funds, up to the end of the biennium in which the approval of federal funds was made.

Ch. 111 (SF 489) contains a contribution adjustment for the State Patrol pension plan. This results in a slight impact to both the HUTD and Trunk Highway Funds.

**MN Dept of Transportation
Office of Financial Management - Budget & Forecasts Unit
MnDOT Direct Appropriations by Program, Budget Activity and Fund - FY 2014-15 Tracking Appropriation Comparisons**

N:\Fin-Fis Analysis\FMLB & website & flowchart\fm1b 2013\June update\2014-15 Tracking Appropriation Comparisons-with FMLB summary.xlsx\2014-15 Appr_Tracking_FMLB Summ

All dollars in thousands (\$1 = \$1,000)				FY 2014-15 Governor's Rec		Chapter 117 Enacted Budget (5/23/2013)	
Program Name	Budget Activity Name	APPROP Name:	Fund Name	2014	2015	2014	2015
Multimodal Sys.	Aeronautics	Airport Development & Assistance	AIR	14,298	14,298	14,298	14,298
	<i>Cl: State Airport Fund Revenue/Expend Alignment</i>	Airport Development & Assistance	AIR	(650)	(650)	(650)	(650)
	Total	Airport Development & Assistance		13,648	13,648	13,648	13,648
	Aeronautics	Aviation Support	AIR	5,286	5,286	5,286	5,286
	Aeronautics	Air Transp/Pilots Salaries	TH	1,100	1,100	1,100	1,100
			AIR Total	18,934	18,934	18,934	18,934
			TH Total	1,100	1,100	1,100	1,100
	Aeronautics	TOTAL		20,034	20,034	20,034	20,034
	Transit	Greater MN Transit Grants & Admin	GF	16,373	16,292	16,373	16,292
	Transit	Transit Planning & Eval	TH	775	775	775	775
			GF	-	-	-	100
			GF	-	-	78	78
			GF	-	-	250	250
			GF Total	16,373	16,292	16,701	16,720
			TH Total	775	775	775	775
	Transit	TOTAL		17,148	17,067	17,476	17,495
	Freight	Freight Rail Administration	GF	256	256	256	256
	Freight	Freight Rail Ops Admin	TH	4,897	4,897	4,897	4,897
			GF	1,000	-	500	-
			GF Total	1,256	256	756	256
		TH Total	4,897	4,897	4,897	4,897	
	TOTAL		6,153	5,153	5,653	5,153	
Freight	TOTAL		6,153	5,153	5,653	5,153	
Commuter & Passenger Rail	Commuter & Passenger Rail	GF	500	500	500	500	
State Roads	Program Planning & Delivery	Prog Planning & Delivery	TH	206,470	206,470	206,470	206,470
			HUTD	-	-	75	-
			TH	-	-	250	250
			HUTD Total	-	-	75	-
			TH Total	206,470	206,470	206,720	206,720
	Program Planning & Delivery	TOTAL		206,470	206,470	206,795	206,720
	State Road Construction	State Road Construction	TH	679,000	668,000	679,000	668,000
		State Road Construction	TH	1,000	1,000	1,000	1,000
		State Road Construction	TH	125,400	137,600	125,400	137,600
		State Road Construction	TH	95,000	-	95,000	-
		GF	10,000	10,000	-	-	
		TH	-	-	10,000	10,000	
		GF Total	10,000	10,000	-	-	
		TH Total	900,400	806,600	910,400	816,600	
State Road Construction	TOTAL		910,400	816,600	910,400	816,600	
Debt Service	Debt Service	TH	158,417	189,821	158,417	189,821	
Operations & Maintenance	Operations & Maintenance	TH	257,395	257,395	257,395	257,395	
		TH	5,000	5,000	5,000	5,000	
	Operations & Maintenance	TH Total	262,395	262,395	262,395	262,395	
Electronic Communications	Roosevelt Tower	GF	3	3	3	3	
Electronic Communications	TH Electronic Communications	TH	5,168	5,168	5,168	5,168	
Local Roads	County State Aid	County State Aids Directs	CSAH	594,883	607,505	594,883	607,505
	Municipal State Aid	Municipal State Aid Direct	MSAS	152,219	155,060	152,219	155,060
Agency Mgmt	Agency Services	Phone Network-State Airports Fund	AIR	25	25	25	25
	Agency Services	Department Support	TH	41,972	41,972	41,972	41,972
	Building Services	Space Rental - General Fund	GF	54	54	54	54
	Building Services	Buildings	TH	17,784	17,784	17,784	17,784

Cl: Indicates a "Change Item" or a recommended change from current legal base funding

Highlighted rows indicate differences between Governor's Recommendation and Enacted Budget.

Totals by Fund:	2014	2015	2014	2015
General (GF)	28,186	27,105	18,014	17,533
Municipal State Aid Street (MSAS)	152,219	155,060	152,219	155,060
County State Aid Highway (CSAH)	594,883	607,505	594,883	607,505
Trunk Highway (TH)	1,599,378	1,536,982	1,609,628	1,547,232
Highway Users Tax Dist. (HUTD)	-	-	75	-
State Airports (AIR)	18,959	18,959	18,959	18,959
Total	2,393,625	2,345,611	2,393,778	2,346,289

MnDOT 2013 LEGISLATIVE POLICY INITIATIVES

MnDOT proposed and the governor approved a variety of policy initiatives for consideration by the 2013 Legislature. **All have been enacted in Chapter 127 (SF 1270), unless otherwise noted.** Summaries follow. Further information regarding these initiatives and all other session activity can be found in MnDOT's Office of Government Affairs' 2013 Legislative Summary at

<http://ihub/governmentaffairs/legislative2013/pdf/2013sessionsummary.pdf>

STOP OR YIELD SIGNS AT HIGHWAY-RAIL CROSSINGS

MnDOT proposes allowing either stop signs or yield signs at all passively warned highway-rail grade crossings. Currently only stop signs are allowed.

COMBINATION ROUTES & PROCEDURES RELATED TO PUBLISHING REQUESTS FOR VARIANCES FROM STATE AID RULES

Combination routes were roadways that carried both county state aid highway and municipal state aid street designations. Combination routes were removed from statute several years ago and this proposal removes a remaining reference in statute. Also, MnDOT proposes deleting procedures requiring publishing of requests for variances from State Aid Rules in the State Register. These are duplicative because variance requests must be in the form of a formal resolution from the appropriate local unit of government, which provides the public with an opportunity to provide input.

GREATER MINNESOTA TRANSIT ASSISTANCE

MnDOT proposes changing the method for providing greater Minnesota transit assistance payments to local governments (from both general fund appropriations and greater Minnesota transit account appropriations) from one having specific payment requirements by month to having payments made "...in an appropriate manner as determined by the commissioner."

CONTROLLED ACCESS HIGHWAY LOGO SIGN PROGRAM

Logo signs are located on interstate highways and freeways to provide business identification and directional information for services such as gas, food, lodging, camping, 24-hour pharmacies, and attractions. This proposal is to update existing law to reflect the 2011 Minnesota Manual on Uniform Traffic Control Devices and to conform to current contractual language with Minnesota Logos (a private company that manages this program). The proposal also includes several technical changes.

TRUNK HIGHWAY EMERGENCY RELIEF ACCOUNT MODIFICATIONS

MnDOT proposes language to clarify that maintenance work conducted by MnDOT may be paid for from this account during an emergency; currently only contract work is eligible. It is also proposed to eliminate the requirement of crediting interest earned on the balance in the account back to the account; this revenue would instead become non-dedicated revenue to the trunk highway fund.

MEDICAL EXAMINER REGISTRY REQUIREMENT/MEDICAL WAIVER PROGRAM

Federal law requires that by May 2014 medical certificates for interstate commercial motor vehicle drivers will have to be provided by medical professionals on a national registry of certified examiners. This proposal is to have this requirement also apply to intrastate drivers. It also proposes making the medical waiver program for intrastate drivers be consistent with

recent rulings of the Office of Administrative Hearings and be similar to federal requirements.

DATA PRACTICES – MILEAGE-BASED USER FEES; CONSTRUCTION MANAGER/GENERAL CONTRACTOR DATA

The proposal would restrict access to data about participants in a road test of use of mileage-based technology (classify the data as either nonpublic or private) and restrict access to data about construction manager/general contractors (classify data as either nonpublic or private) until proposals have been ranked and a construction manager/general contractor has been selected, after which the data become public. – **CHAPTER 82 (SF745)**

TRUNK HIGHWAY TURNBACKS AND LEGISLATIVE ROUTE CHANGES

MnDOT proposes two trunk highway turnbacks:

- Turnback of Otter Tail County Trunk Highway 235 between Parkers Prairie and Urbank (10.2 miles)
- Turnback of Trunk Highway 66 to Blue Earth County

In conjunction with these turnbacks, existing statute must be modified to remove these segments of trunk highways from the listing in Chapter 161 of all of the legally allowed segments of the trunk highway system.

In addition MnDOT is proposing a change to the following legislative route description:

- Add legislative route 339 (Trunk Highway 36), needed due to the relocation of this highway as part of the new St. Croix River Crossing

MnDOT is also proposing a change related to route number 298 in Faribault to clarify the route's description. This change is proposed in conjunction with a proposal to transfer a portion of the route to the Department of Corrections and the School for the Blind as a private road.

USE OF ABC PARKING RAMP REVENUES

This proposal would expand the uses of revenue collected from fees charged for the use of the ABC parking garages in downtown Minneapolis.

LESUEUR REST AREA RELOCATION

This proposal would provide for the relocation of the LeSueur Rest Area on Trunk Highway 169. The parcel of land on which the rest area is located would be allowed to be conveyed to a private party, provided that a similar parcel of land in the vicinity is transferred by the private party to MnDOT.

JOINT PROGRAM OFFICE FOR PUBLIC-PRIVATE PARTNERSHIPS

This proposal is to provide MnDOT with the authority to establish a joint program office that would be responsible for overseeing and coordinating the activities required to develop, evaluate, and implement public-private partnerships for public infrastructure investments. The proposal contemplates that the Department of Minnesota Management and Budget, the Department of Employment and Economic Development, and the Public facilities Authority would participate, as well as potentially other state agencies.

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 \$847 million in FY 2012 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 \$21 million in FY 2012, were termed "unrefunded" and were transferred from the HUTD Fund to DNR accounts.

Based on information supplied by the American Petroleum Institute (as of October 2012), 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 these additional taxes are taken into account, eighteen states have higher gas tax rates than Minnesota.

MOTOR VEHICLE REGISTRATION TAXES

In FY 2012, motor vehicle registration taxes, after refunds, but before collection costs, yielded \$580 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 constitutionally dedicated to transportation, with 40% allocated to transit and 60% allocated to highways by state

statute. In FY 2012, this amounted to \$335 million to the HUTD and \$224 million to transit.

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, \$501 million of federal aid agreements is forecast to be entered into in FY 2013; this is about 31% of total revenue. In addition, a substantial amount of federal highway revenue is made available for local government projects. \$224 million was received for local government use in FY 2012.

The prior transportation authorization bill, SAFETEA-LU, has now been replaced by MAP-21 (Moving Ahead for Progress in the 21st Century). The state trunk highway forecast includes additional revenue expected as a result of this law. Minnesota will receive close to the same amount of revenue under the new law, but more will be allocated to the state due to the increased investment in higher level systems.

The state trunk highway forecast has assumed that federal funding levels for federal FY2013 will be maintained at that level into the future. This will require Congressional action to achieve in the planning years, and there is a "need for Congress to do something to avert a major transportation funding crisis when MAP-21 expires in September 2014, less than two years away" (per *Washington Letter of Transportation, Vol.34, Issue 4*).

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, \$87 million in FY 2012, 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 – 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 FY 2012 through 2015. The amounts for the town road and town bridge accounts are based on percentages contained in statute. The allocations of the Flexible Highway Account are based on: FY2012 – actual transfers; FY2013 - current appropriation law; and FY2014 and 2015 - recommendations included in the biennial budget request.

Fiscal Year	5% Set-aside Distributions (\$ in millions)			
	Actual 2012	2013	2014	2015
Town Road Account @ 30.5%	26.4	27.3	27.7	28.2
Town Bridge Account @ 16%	13.8	14.3	14.5	14.8
Subtotal Township Funding	40.2	41.5	42.3	43.1
Flexible Highway Account				
County Turn Back Account	43.4	47.8	35.9	39.5
Municipal Turn Back Account	1.0	-	12.7	10.0
Trunk Highway Fund	1.9	-	-	-
Subtotal Flexible Highway (53.5%)	46.3	47.8	48.6	49.5
Total Distributions of the Five Percent Set-Aside	86.5	89.4	90.9	92.6

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 by the 2008 legislature; 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. Of the 147 cities that qualify for funding, 5 are below 5,000 in

population, but will remain eligible for funding through 2015 due to legislation passed in 2012.

Total number of municipalities qualifying for MSAS funds

	2007	2008	2009	2010	2011	2012
Number of cities:	142	143	144	147	142	147

BONDING

As of August 2012, the principal amount of outstanding trunk highway bonds totaled approximately \$1,080 million, of which \$884 million was authorized by Chapter 152 and the remainder by other laws. Approximately \$418 million of interest must be paid on these bonds, for a total of approximately \$1,498 million of outstanding debt service.

The total amount of trunk highway bond authorizations provided by the Legislature since 2003 is \$2.5 billion. From these authorizations, \$1.5 billion of bonds have been issued. The most recent bond authorizations occurred when the 2012 Legislature approved \$16.12 million of trunk highway bonds for the Rochester maintenance facility in its regular session, and approved \$35 million of trunk highway bonds for flood disaster relief in a special session in August 2012.

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)				
	FY2014	FY2015	FY2016	FY2017
Principal	70,825	70,555	70,455	69,990
Interest	46,767	43,622	40,348	37,051
Total	117,592	114,177	110,803	107,041

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 February 2013 forecast:

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

	FY2014	FY2015	FY2016	FY2017
Est. Amount:	148,917	180,321	191,952	200,535

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 authorizations provided by the 2008 - 2012 Legislatures. As estimates of cash flow expenditures from the additional bonding authorizations are refined, these estimates of debt service will change. 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 federal revenues in the current year that are 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, JANUARY 2013

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

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	2008	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

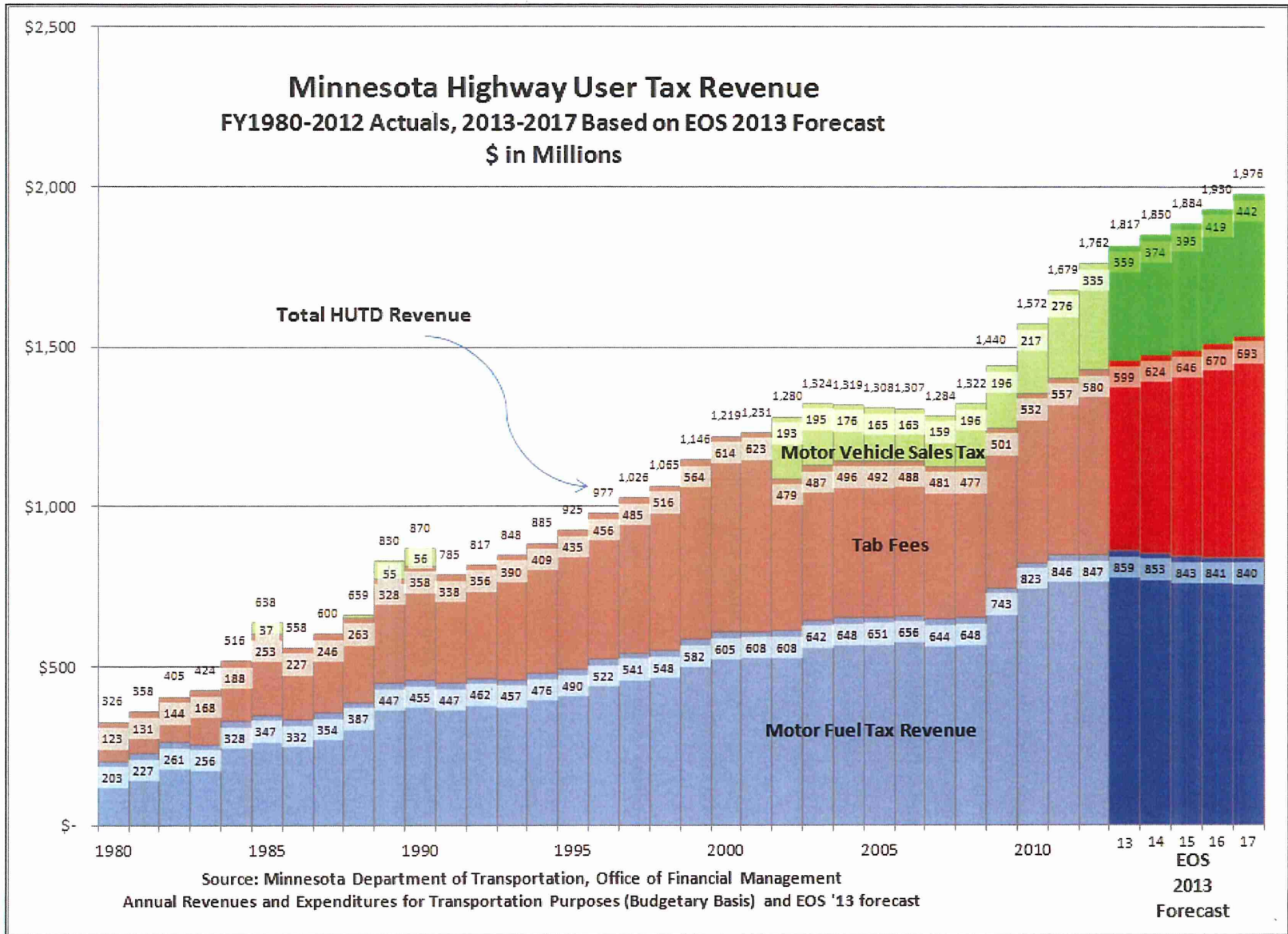
Fiscal Years 2010 and 2011 shift to transit

Enacted by the 2009 Legislature

Fiscal Year	2008	2009	2010	2011	2012
Highway user tax distribution fund	38.25%	44.25%	47.50%	54.50%	60%
Metropolitan transit	24.00%	27.75%	31.50%	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, 1980 TO 2012 AND FORECAST TO 2017

The following page shows the history of the major state highway revenue sources in Minnesota and the forecast for the period of FY2013 to FY2017, using the February 2013 forecast. Please note that this chart shows the three major funding sources of gas tax, tab fees and motor vehicle sales tax. Small additional amounts of revenue are also deposited in the Highway User Tax Distribution fund (HUTD), and are shown in the fund statement in the appendix.



Appendix

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

- 2013 End of Session (EOS) forecast fund statements for the major state transportation funds:
 - Highway User Tax Distribution fund statement;
 - Trunk Highway fund statement;
 - State Airports fund statement;
 - Transit Assistance fund statement;
 - County State Aid fund statement;
 - Municipal State Aid Streets fund statement,;

- 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 2012 - where it comes from and where it goes;

- Revenue and expenditures for transportation purposes, all sources of funds, FY 2012 final (budgetary basis), on the last page.

Note: MnDOT's updated budget submission is available on the MMB web site at <http://www.mmb.state.mn.us/transportation-march13>

Appendix 1

(\$ in thousands)

End of Session 2013 Forecast-Transportation

Highway User Tax Distribution Fund
 End of Session 2013 Forecast
 Comparison to February 2013 Forecast

	End of Session 2013 Forecast						Change from February 2013			
	Close	Budget	Budget	Budget	Planning Est	Planning Est	Budget	Budget	Planning Est	Planning Est
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2014	FY 2015	FY 2016	FY 2017
Balance Forward from prior year	\$1,850	\$2,025	\$0	\$0	\$0	\$0	\$0	\$0	0	0
REVENUE										
Gasoline and Special Fuel Taxes	846,741	859,258	852,932	843,183	840,597	840,410	0	0	0	0
Motor Vehicle License Tax	579,619	598,844	623,513	645,919	670,006	693,421	0	0	0	0
Motor Vehicle Sales Tax	335,351	358,925	373,713	395,005	419,071	442,148	660	660	660	660
Other	\$2,690	\$3,351	\$3,324	\$3,324	\$3,624	\$4,844	\$0	\$0	0	0
Total Revenue	1,764,401	1,820,378	1,853,483	1,887,431	1,933,299	1,980,823	660	660	660	660
ACTUAL & ESTIMATED USES										
Appropriations to MnDOT, Revenue, DPS	\$10,866	\$11,971	\$11,533	\$11,466	\$11,466	\$11,474	\$75	\$8	\$8	\$16
Transfers--DNR	21,196	22,057	22,094	21,866	21,791	21,677	0	0	0	0
Transfers--5% Set-Aside	86,542	89,352	90,926	92,639	94,936	97,317	29	33	33	32
Transfers--County State-Aid Highway	476,846	492,331	501,005	510,439	523,096	536,218	161	180	180	177
Transfers--Municipal State-Aid Highway	147,987	152,792	155,484	158,412	162,340	166,413	50	56	56	55
Transfers--Trunk Highway	1,019,463	1,052,570	1,071,114	1,091,283	1,118,343	1,146,398	345	384	384	379
Other	1,326	1,330	1,326	1,326	1,326	1,326	0	0	0	0
Total Uses	1,764,225	1,822,404	1,853,483	1,887,431	1,933,299	1,980,823	660	660	660	660
Ending Balance	\$2,025	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Appendix 2

(\$ in thousands)

End of Session 2013 Forecast-Transportation

Trunk Highway Fund
 End of Session 2013 Forecast
 Comparison to February 2013 Forecast

(\$ in thousands)	End of Session 2013 Forecast						Change from February 2013			
	Close	Budget	Budget	Budget	Planning Est	Planning Est	Budget	Budget	Planning Est	Planning Est
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2014	FY 2015	FY 2016	FY 2017
Balance Forward from prior year	\$199,967	\$397,785	\$226,112	\$134,276	\$118,266	\$110,744	\$0	-\$105,630	-\$122,467	-\$142,897
Prior year adjustments	15,106	0	0	0	0	0	0	0	0	0
Adjusted Balance Forward	215,073	397,785	226,112	134,276	118,266	110,744	0	-105,630	-122,467	-142,897
REVENUE AND TRANSFERS										
Transfer from HUTD	1,019,463	1,052,570	1,071,114	1,091,283	1,118,343	1,146,398	345	384	384	379
Federal aid agreements	393,993	500,607	518,880	512,080	362,980	361,980	126,400	138,600	1,000	0
Other income	51,041	58,323	64,166	58,649	62,224	75,650	5,700	0	0	0
Total Revenue and Transfers	1,464,497	1,611,500	1,654,160	1,662,012	1,543,547	1,584,028	132,445	138,984	1,384	379
ACTUAL & ESTIMATED USES										
Transportation Department	1,124,582	1,571,005	1,507,109	1,407,212	1,265,010	1,262,912	236,650	153,850	16,250	15,250
Public Safety and Other Depts.	84,603	91,863	89,969	90,490	90,515	91,037	1,425	1,971	1,971	2,518
Debt service	72,601	120,305	148,917	180,321	195,544	208,245	0	0	3,593	7,710
Total Uses	1,281,785	1,783,173	1,745,995	1,678,023	1,551,069	1,562,194	238,075	155,821	21,814	25,478
Balance before reserves	397,785	226,112	134,276	118,266	110,744	132,578	-105,630	-122,467	-142,897	-167,996
Less Appropriation Carryforward	0	0	0	0	0	0	0	0	0	0
Ending Balance	\$397,785	\$226,112	\$134,276	\$118,266	\$110,744	\$132,578	-\$105,630	-\$122,467	-\$142,897	-\$167,996

Appendix 4

End of Session 2013 Forecast-Transportation

State Airports Fund
End of Session 2013 Forecast
Comparison to February 2013 Forecast

(S in thousands)	End of Session 2013 Forecast						Change from February 2013			
	Close	Budget	Budget	Budget	Planning Est	Planning Est	Budget	Budget	Planning Est	Planning Est
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2014	FY 2015	FY 2016	FY 2017
Balance Forward from prior year	\$2,902	\$2,605	\$3,632	\$5,637	\$5,812	\$5,661	\$0	\$3,550	5,200	6,400
Prior Year Adjustments	479	0	0	0	0	0	0	0	0	0
Adjusted Balance Forward	3,381	2,605	3,632	5,637	5,812	5,661	0	3,550	5,200	6,400
REVENUE										
Sales Tax on Aircraft	\$0	\$0	\$2,900	\$2,900	\$2,900	\$2,900	\$2,900	\$2,900	2,900	2,900
Airline Flight Property Tax	7,287	12,233	8,000	8,000	8,000	8,000	0	0	0	0
Aircraft Registration Tax	6,496	6,600	6,300	2,500	2,500	2,500	0	-3,800	-3,800	-3,800
Gasoline & Special Fuel Tax	3,470	3,470	3,539	5,510	5,782	5,956	0	1,900	2,100	2,200
Departmental Earnings	648	710	710	710	710	710	0	0	0	0
Investment Income	56	55	55	55	107	304	0	0	0	0
Other Income	493	753	753	753	753	753	0	0	0	0
Total Revenue	18,450	23,821	22,257	20,428	20,752	21,123	2,900	1,000	1,200	1,300
ACTUAL & ESTIMATED USES										
Transportation Department	19,227	22,793	20,252	20,252	20,902	20,902	-650	-650	0	0
Revenue Department	\$0	\$1	\$1	\$1	\$1	\$1	\$0	\$0	0	0
Total Uses	19,227	22,794	20,253	20,253	20,903	20,903	-650	-650	0	0
Balance before reserves	2,605	3,632	5,637	5,812	5,661	5,881	3,550	5,200	6,400	7,700
Less Appropriation Carryforward	1,521	1,521	1,685	1,849	2,013	2,177	0	0	0	0
Ending Balance	\$1,083	\$2,111	\$3,951	\$3,963	\$3,648	\$3,703	\$3,550	\$5,200	\$6,400	\$7,700

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.

Appendix 3

End of Session 2013 Forecast-Transportation

Transit Assistance Fund
 End of Session 2013 Forecast
 Comparison to February 2013 Forecast

(\$ in thousands)	End of Session 2013 Forecast						Change from February 2013					
	Close	Budget	Budget	Budget	Planning Est	Planning Est	Prelim Close	Budget	Budget	Budget	Planning Est	Planning Est
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Balance Forward from prior year	\$6,010	\$15,622	\$11,330	\$18,015	\$21,590	\$17,520	\$0	\$0	\$0	\$4,500	\$6,300	\$0
REVENUE												
Metropolitan area transit account	201,210	215,355	224,228	237,003	251,443	265,289	0	0	396	396	396	396
Greater Minnesota transit account	22,357	23,928	24,914	26,334	27,938	29,477	0	0	44	44	44	44
Total Motor Vehicle Sales Tax	223,567	239,284	249,142	263,337	279,381	294,765	0	0	440	440	440	440
Leased Vehicle Sales Tax	9,299	11,330	18,015	21,590	17,520	18,405	0	0	4,500	6,300	0	0
Total Revenue	232,866	250,614	267,157	284,927	296,901	313,170	0	0	4,940	6,740	440	440
ACTUAL & ESTIMATED USES												
Metropolitan Council	201,210	215,355	224,228	237,003	251,443	265,289	0	0	396	396	396	396
Transportation Department	22,043	39,551	36,244	44,349	49,528	46,997	0	0	44	4,544	6,344	44
Total Uses	223,254	254,906	260,472	281,352	300,971	312,285	0	0	440	4,940	6,740	440
Balance before reserves	15,622	11,330	18,015	21,590	17,520	18,405	0	0	4,500	6,300	0	0
Less Appropriation Carryforward	0	11,330	18,015	21,590	17,520	18,405	0	0	4,500	6,300	0	0
Ending Balance	\$15,622	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Appendix 5

End of Session 2013 Forecast-Transportation

County State Aid Fund
End of Session 2013 Forecast
Comparison to February 2013 Forecast

(S in thousands)	End of Session 2013 Forecast						Change from February 2013					
	Close	Budget	Budget	Budget	Planning Est	Planning Est	Prelim Close	Budget	Budget	Budget	Planning Est	Planning Est
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Balance Forward from prior year	\$314,720	\$453,538	\$438,540	\$434,433	\$428,489	\$428,489	\$0	\$0	\$0	-\$4,107	-\$10,050	-\$10,050
Prior Year Adjustments	485	0	0	0	0	0	0	0	0	0	0	0
Adjusted Balance Forward	315,205	453,538	438,540	434,433	428,489	428,489	0	0	0	-4,107	-10,050	-10,050
REVENUE AND TRANSFERS												
Leased Vehicle Sales Tax	9,299	11,330	9,015	8,990	17,520	18,405	0	0	-4,500	-6,300	0	0
Investment and other receipts	2,372	2,503	2,495	2,495	4,541	12,521	0	0	0	0	0	0
Transfer from HUTD	563,388	581,683	591,931	603,077	618,032	633,536	0	0	190	212	212	210
Transfer from MSAS	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenue and Transfers	\$575,059	\$595,516	\$603,442	\$614,563	\$640,093	\$664,462	\$0	\$0	-\$4,310	-\$6,088	\$212	\$210
ACTUAL & ESTIMATED USES												
Grants to local governments	425,372	596,834	576,183	597,505	623,580	650,393	0	0	-6,000	0	239	205
MnDOT Administrative and Research	7,236	13,681	12,666	13,001	13,513	14,069	0	0	-202	-144	-27	4
Transfers to MSAS	2,218	0	13,000	10,000	3,000	0	0	0	300	0	0	0
Transfers to Trunk Highway Fund	1,900	0	5,700	0	0	0	0	0	5,700	0	0	0
Total Uses	436,726	610,515	607,549	620,506	640,093	664,462	0	0	-203	-144	212	210
Balance before reserves	453,538	438,540	434,433	428,489	428,489	428,489	0	0	-4,107	-10,050	-10,050	-10,050
Less Appropriation Carryforward	453,538	438,540	434,433	428,489	428,489	428,489	0	0	-4,107	-10,050	-10,050	-10,050
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

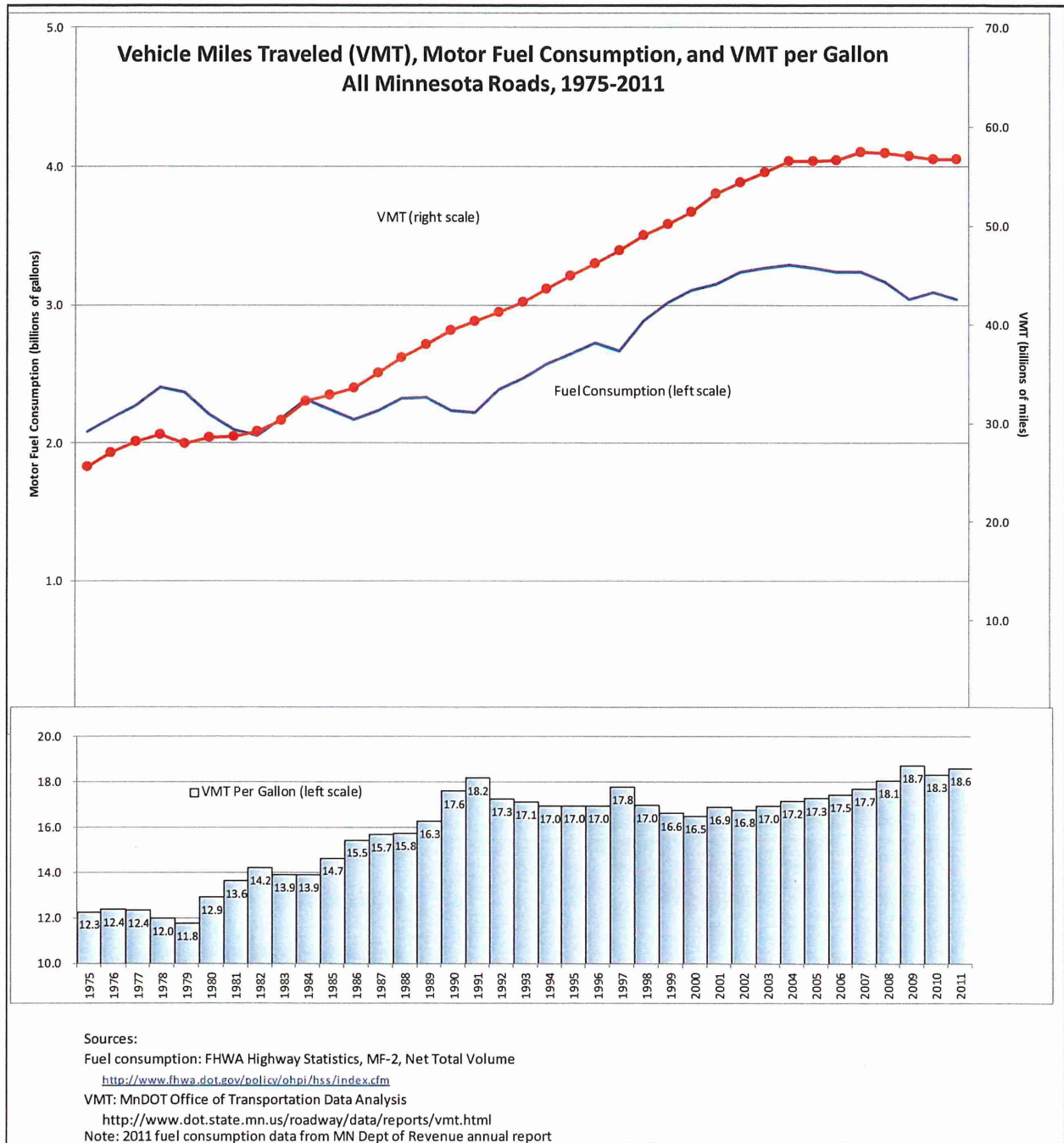
Appendix 6

End of Session 2013 Forecast-Transportation

Municipal State Aid Fund
End of Session 2013 Forecast
Comparison to February 2013 Forecast

(\$ in thousands)

	End of Session 2013 Forecast						Change from February 2013					
	Close	Budget	Budget	Budget	Planning Est	Planning Est	Prelim Close	Budget	Budget	Budget	Planning Est	Planning Est
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
Balance Forward from prior year	\$129,016	\$139,869	\$136,883	\$136,948	\$137,001	\$137,001	\$0	\$0	\$0	\$65	\$118	\$118
Prior Year Adjustments	163	0	0	0	0	0	0	0	0	0	0	0
Adjusted Balance Forward	129,180	139,869	136,883	136,948	137,001	137,001	0	0	0	65	118	118
REVENUE AND TRANSFERS												
Investment and other receipts	1,009	936	935	935	1,570	4,047	0	0	0	0	0	0
Transfer from HUTD	147,987	152,792	155,484	158,412	162,340	166,413	0	0	50	56	56	55
Transfer from CSAH	2,218	0	13,000	10,000	3,000	0	0	0	300	0	0	0
Total Revenue and Transfers	\$151,214	\$153,729	\$169,419	\$169,347	\$166,910	\$170,459	\$0	\$0	\$350	\$56	\$56	\$55
ACTUAL & ESTIMATED USES												
Grants to local governments	137,881	152,434	165,219	165,060	162,725	166,215	0	0	300	0	54	54
MnDOT Administrative and Research	2,644	4,281	4,135	4,234	4,185	4,244	0	0	-15	3	1	1
Transfers to CSAH	0	0	0	0	0	0	0	0	0	0	0	0
Total Uses	140,524	156,715	169,354	169,294	166,910	170,459	0	0	285	3	56	55
Balance before reserves	139,869	136,883	136,948	137,001	137,001	137,001	0	0	65	118	118	118
Less Appropriation Carryforward	139,869	136,883	136,948	137,001	137,001	137,001	0	0	65	118	118	118
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

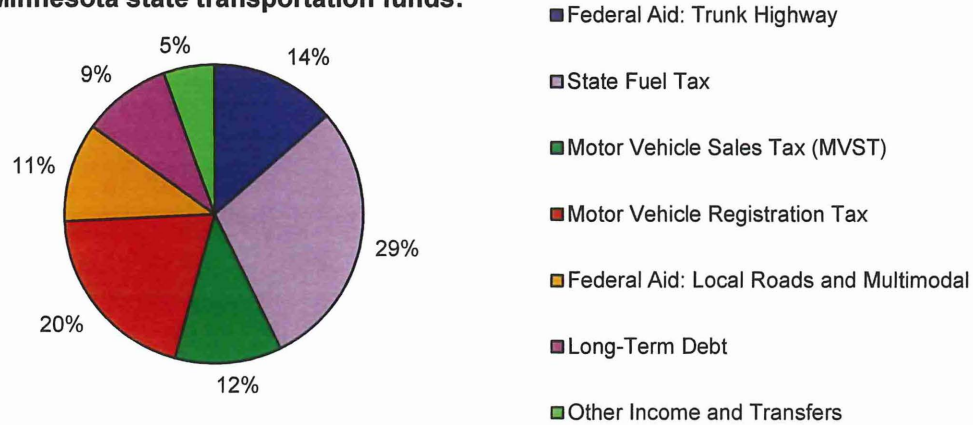


Transportation Sources and Uses

Fiscal Year 2012

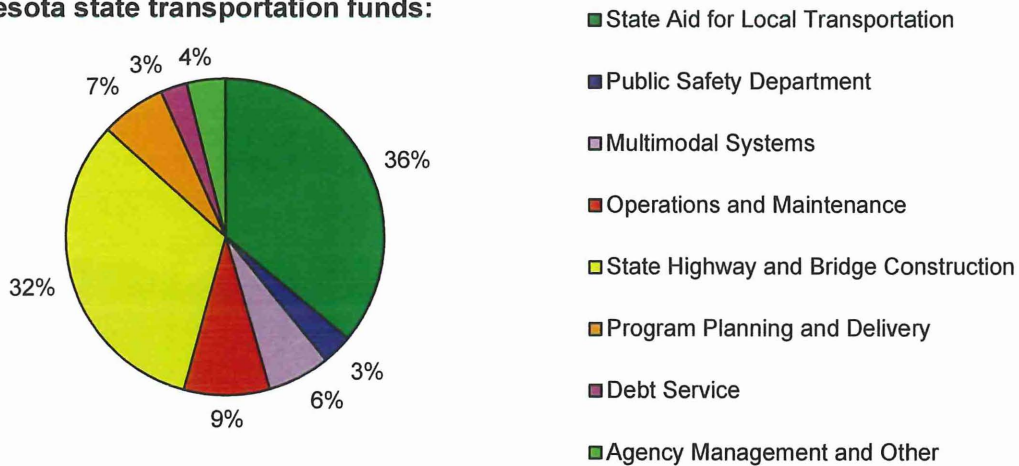
\$2.72 billion

Sources of Minnesota state transportation funds:



About 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.

Uses of Minnesota state transportation funds:



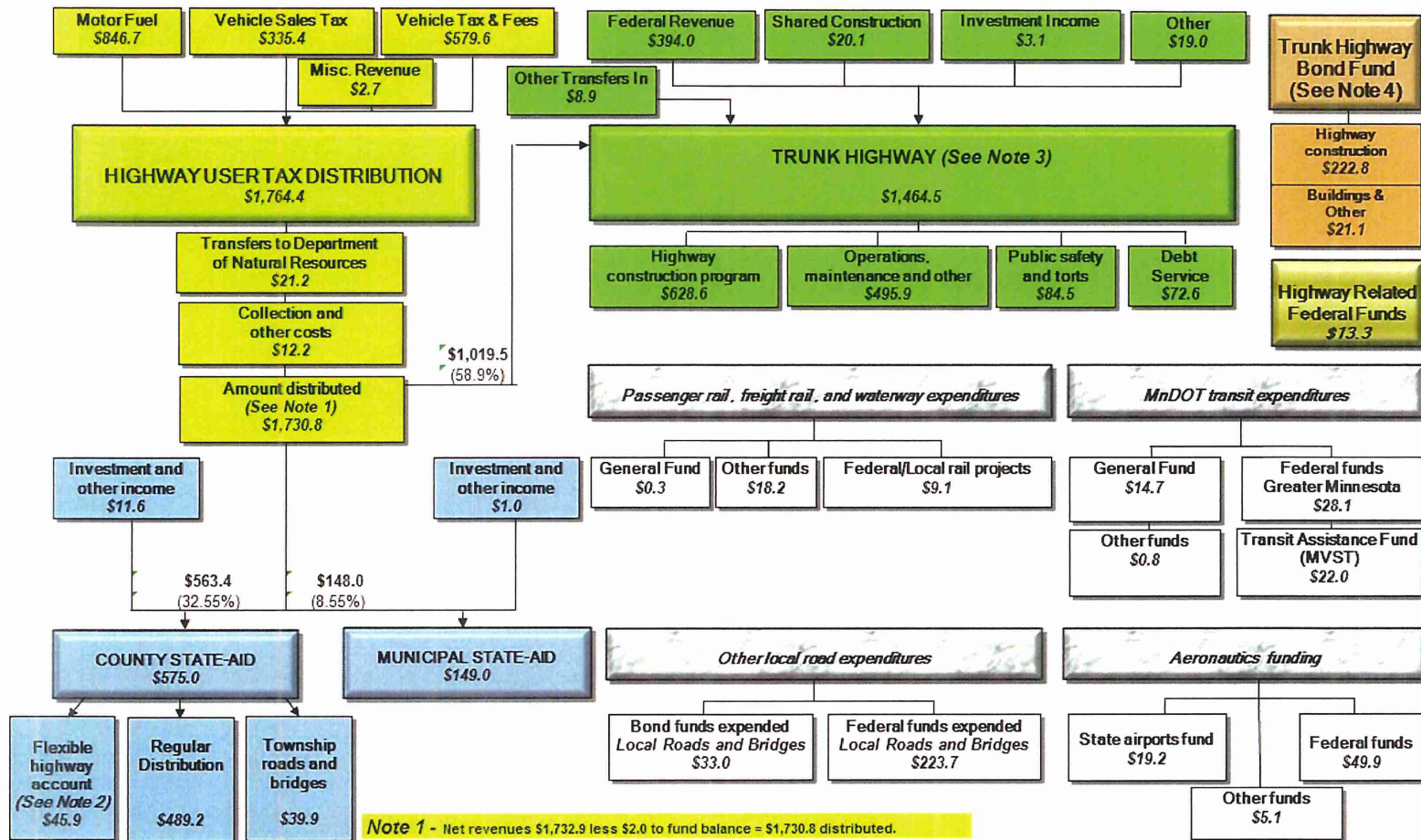
MnDOT is a multi-modal agency. Its activities include transit, aeronautics, freight and commercial vehicles, construction, maintenance, and operation of 12,000 miles of state highways. Approximately 35% of MnDOT’s appropriations are state aid to local governments for road and bridge projects and other activities.

Note 1: Revenues and expenditures of the Metropolitan Airports Commission (MAC) and Metro Transit are not included.

Note 2: Data from the State of Minnesota Revenue and Expenditures for Transportation Purposes flowchart (budgetary basis). Includes bond expenditures.

Note 3: \$2.72B equals the total of FY 12 Uses. This differs from the total of Sources somewhat due to the timing of expenditures.

STATE OF MINNESOTA
REVENUE AND EXPENDITURES FOR TRANSPORTATION PURPOSES
ALL SOURCES OF FUNDS (\$ MILLIONS)
 FY 2012 (BUDGETARY BASIS)



Note 1 - Net revenues \$1,732.9 less \$2.0 to fund balance = \$1,730.8 distributed.

Note 2 - County turnback = \$43.0, municipal turnback = \$1.0, TH turnback = \$1.9

Note 3 - Net revenues \$1,464.5 less \$182.8 to fund balance = \$1,281.7 expends & transfers out.

Note 4 - Bond funds reflect actual cash expenditures

Prepared by MnDOT Office of Financial Management
 Budget and Forecasts Unit
 January 7, 2013