

## Chris Steller

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**From:** Witt, Jennifer (DOT) <jennifer.witt@state.mn.us>  
**Sent:** Wednesday, March 21, 2018 9:17 AM  
**To:** Chris Steller  
**Subject:** FW: Mandated Report Request: Minn. Stat. 174.03 Subd. 9; 2003 Minn. Laws 1st Spl. Sess.Chap. 19 Art. 2 Sec. 41

Chris-

To fulfil the requirements for both the November and February, MnDOT holds a meeting inviting legislators and legislative staff to discuss the forecast of HUTD Fund and the Trunk Highway Fund revenues and expenditures. As the law requires, MnDOT holds the meeting after MMB releases its forecast data. The February forecast meeting was held on Monday, March 5, 2018. Below are links to the two documents provided, the 2018 Financial Snapshot and the February 2018 Transportation Funds Forecast:

1. [MnDOT 2018 Financial Snapshot](#)
2. [February 2018 Transportation Funds Forecast](#)

If you need anything further, just let me know.

Sincerely,

Jennifer Witt  
MnDOT Government Affairs  
395 John Ireland Blvd.  
St. Paul, MN 55155  
651 366-4824  
[jennifer.witt@state.mn.us](mailto:jennifer.witt@state.mn.us)



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**From:** reports@lrl.leg.mn [mailto:reports@lrl.leg.mn]  
**Sent:** Tuesday, March 20, 2018 1:53 PM  
**To:** Witt, Jennifer (DOT) <jennifer.witt@state.mn.us>  
**Subject:** Mandated Report Request: Minn. Stat. 174.03 Subd. 9; 2003 Minn. Laws 1st Spl. Sess.Chap. 19 Art. 2 Sec. 41

## FIRST REQUEST

**To:** Jennifer Witt  
Minn. Dept. of Transportation  
MnDOT Office of Government Affairs  
395 John Ireland Boulevard  
140  
St. Paul, MN 55155-1899

According to our records, the following legislation mandated your agency to produce a report:

**Cite:** [Minn. Stat. 174.03 Subd. 9](#); [2003 Minn. Laws 1st Spl. Sess. Chap. 19 Art. 2 Sec. 41](#)

**Topic:** Forecast of highway user tax distribution fund and trunk highway fund revenues and expenditures

**Due date:** March 01, 2018

**Date of last publication:** December 8, 2017

When the report is completed, you are required by statute to send two print copies and an electronic version to the Legislative Reference Library ([MS 3.195](#); [MS 3.302](#)). If the report is posted on the web, the electronic requirement is fulfilled. Please reply with the URL of the electronic version.

Legislative Reference Library

Attn: Acquisitions Dept.

645 State Office Building

St. Paul, MN 55155-1050

Electronic version to: [reports@lrl.leg.mn](mailto:reports@lrl.leg.mn)

If you believe that the report has already been submitted, please reply with the title of the document so that we can reconcile your information with our database.

Thank you for your help. If you have questions, please contact Chris Steller (651-296-0586), [chriss@lrl.leg.mn](mailto:chriss@lrl.leg.mn).

Sincerely,

Elizabeth Lincoln, Director

Minnesota Legislative Reference Library

## highway user tax distribution fund (HUTD)

\$ in rounded millions

### HUTD Fund Revenue

Revenue	Actual				Forecast				FY17 % of HUTD Total Revenue
	FY 14	FY 15	FY 16	FY 17	FY 18	FY 19	FY 20	FY 21	
Motor Fuel Tax	\$ 878	\$ 888	\$ 899	\$ 911	\$ 922	\$ 925	\$ 923	\$ 914	43%
Motor Vehicle Registration Tax (Tab Fees)	652	686	702	753	785	808	827	839	36%
Motor Vehicle Sales Tax (MVST)	384	417	429	453	464	477	493	507	21%
General Fund Transfers	0	0	0	0	88	90	207	209	0%
Other	3	5	5	4	4	4	5	5	0%
<b>Total Revenue</b>	<b>\$1,918</b>	<b>\$1,996</b>	<b>\$2,035</b>	<b>\$2,120</b>	<b>\$2,263</b>	<b>\$2,306</b>	<b>\$2,455</b>	<b>\$2,475</b>	<b>100%</b>

Per Article XIV of the State Constitution, these revenues (net of collection costs and transfers) are transferred: 58.9% to Trunk Highways, 27.55% to Counties, 8.55% to Municipalities, 5% to flexible highway account for county and municipal turnbacks, township roads and township bridges

### HUTD facts

#### Gasoline Tax Rate

July 1, 2012\* 28.0 cents to 28.5 cents (debt service surcharge)

\* Final Chapter 152 phase-in of 5 cent gas tax increase and 3.5 cent debt service surcharge

In FY 17, 1¢ of gas tax generated ~\$32.0 million in revenue to the HUTD

Minnesota's total state gasoline taxes are 28<sup>th</sup> highest out of 51 states including the District of Columbia (taxes include state excise taxes and other state taxes and fees) (Source: API, as of 1/2/2018)

#### Gas Consumed\*\*

	Millions of Gallons	% change vs previous year
FY14 (act)	3,081	1.9%
FY15 (act)	3,115	1.1%
FY16 (act)	3,155	1.3%
FY17 (act)	3,195	1.3%
FY18 (fcst)	3,235	1.3%
FY19 (fcst)	3,247	0.3%
FY20 (fcst)	3,240	-0.2%
FY21 (fcst)	3,206	-1.1%

\*\* Implied gallons based on actual revenue divided by tax rate

## trunk highway fund

\$ in rounded millions

### Policies

Financial Policies	Description	Policy Target	Score	Actual				Forecast				
				FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	
Debt Management	Debt service for the Trunk Highway Fund (THF) should not exceed 20% of annual state revenues to the THF	<20%	\$	13%	13%	15%	15%	16%	16%	16%	16%	
Fund Balance	Maintain a balance of 6% of annual state revenues + 2% of authorized but unissued debt	~90 million in FY 18	\$	Total	\$415	\$276	\$382	\$377	\$137	\$136	\$263	\$422
				Unreserved	\$325	\$184	\$297	\$292	\$47	\$45	\$164	\$321
Cash Balance	Maintain 15 days of cash flow needs	>15 days	\$	45	53	43	46	42	39	36	39	
Advance Construction (AC)	Should not exceed target amounts in policy statement	<\$805 million	\$	Maximizing use of AC as program allows								

\$ = in compliance with policy    \$ = out of compliance with policy (none for this forecast)

## trunk highway bonds

\$ in rounded millions

### Debt Service Amounts

	Actual				Forecast			
	FY 14	FY 15	FY 16	FY 17	FY 18*	FY 19	FY 20	FY 21
Debt Service Transfer	\$ 136	\$ 155	\$ 181	\$ 194	\$ 211	\$ 216	\$ 223	\$ 230
Local Government Advances	5	0	0	0	7	7	7	7
Transportation Revolving Loan Fund (TRLF)	2	2	2	2	3	3	3	3
<b>Total Debt Service</b>	<b>\$ 144</b>	<b>\$ 157</b>	<b>\$ 183</b>	<b>\$ 196</b>	<b>\$ 221</b>	<b>\$ 226</b>	<b>\$ 232</b>	<b>\$ 240</b>

\* FY 18 debt service transfer reflects actual

### Bond Overview

Bonds Authorized since 2000*	\$ 3,909
Bonds Sold**	\$ 2,733
Remaining to be Sold	\$ 1,176

\* Includes the \$940 million authorized during the 2017 Legislative Session

\*\* The most recent bond sale in September 2017 included \$114 million of TH bonds

## county state-aid highway (CSAH) / municipal state-aid street (MSAS) funds

\$ in rounded millions

### Commissioner's Order Distributions

	Actual					Forecast		
	2014	2015	2016	2017	2018	2019	2020	2021
Net Revenues Available	\$ 1,853	\$ 1,945	\$ 2,025	\$ 2,061	\$ 2,226	\$ 2,258	\$ 2,407	\$ 2,427
<b>Total Distributions to Local Governments</b>								
Counties	543	569	639	643	712	717	766	774
Municipalities	168	181	174	173	192	194	207	210
Town Roads and Bridges	43	46	48	48	54	52	56	56

The Commissioner's Order is issued in January based on November forecast information. Per the Commissioner's Order process defined in Minnesota Statutes Chapter 162.07, .08, .13 and .14, net HUDT revenue is allocated to counties and municipalities based on various percentages and calculations. 2019-21 distributions are based on forecast.

## other modes

\$ in rounded millions

### MnDOT Transit Funding

	Actual				Forecast			
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
General Fund	\$ 16	\$ 23	\$ 20	\$ 20	\$ 1	\$ 17	\$ 17	\$ 17
Transit Assistance Fund								
Motor Vehicle Sales Tax	26	28	29	30	31	32	33	34
Motor Vehicle Lease Tax	23	23	29	33	37	37	38	38
<b>Total Funding*</b>	<b>\$ 64</b>	<b>\$ 74</b>	<b>\$ 77</b>	<b>\$ 83</b>	<b>\$ 68</b>	<b>\$ 87</b>	<b>\$ 88</b>	<b>\$ 89</b>

\* Does not include federal transit funds or bond funds

### State Airports Fund Forecast

	Actual				Forecast			
	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21
Balance Forward	\$ 6	\$ 21	\$ 25	\$ 18	\$ 19	\$ 5	\$ 5	\$ 5
Revenue	20	27	21	25	23	21	21	21
General Fund Transfer	15							
Expenditures	20	25	29	24	37	22	21	21
Balance Before Reserves	21	24	18	19	5	5	5	5
Less Appropriations Carryover	2	3	3	3	3	3	3	3
<b>Fund Balance**</b>	<b>\$ 19</b>	<b>\$ 22</b>	<b>\$ 15</b>	<b>\$ 16</b>	<b>\$ 2</b>	<b>\$ 2</b>	<b>\$ 2</b>	<b>\$ 1</b>

\*\* Reflects activity in all 3 airport funds: State Airports, Hangar Loan Revolving and Air Transportation Revolving

Fund balance policy requires an undesignated, unreserved fund balance of no less than 5% of total appropriations but no more than 15% (maximum of \$3 million)

## other

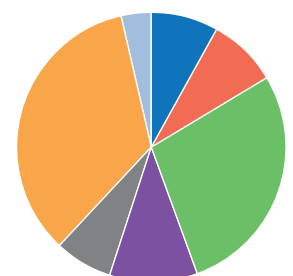
All dollars in thousands (\$1 = \$1,000)

### MnDOT All Appropriations\* - FY 2018-19

	FY 2018	FY 2019	Total
Total Direct Appropriations	2,959,907	2,878,405	5,838,312
Total Open Appropriations	8,812	8,812	17,625
Statutory Appropriations:			
Special Revenue	194,334	194,334	388,669
Federal (Non-Trunk Highway)	477,019	468,450	945,469
All Other Appropriations	104,847	105,130	209,976
Total Statutory Appropriations	776,200	767,914	1,544,114
<b>Grand Total Appropriations</b>	<b>\$3,744,919</b>	<b>\$3,655,131</b>	<b>\$7,400,051</b>

### Appropriation Allocation Plan

Multimodal Systems	8.2%
Program Planning & Delivery	8.2%
State Road Construction	30.7%
Operations and Maintenance	9.9%
Debt Service	6.3%
State Aid for Local Transportation	33.6%
Agency Management & Other	3.0%
<b>Grand Total All Appropriations</b>	<b>100%</b>

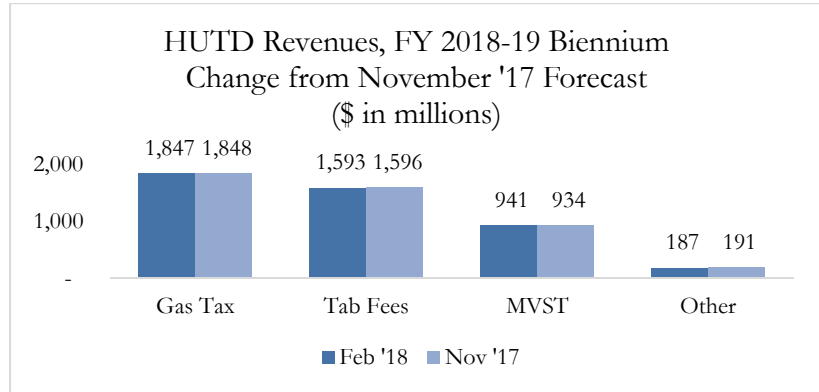


\* Does not include bond funds

## Forecast Highlights

### FY 2018-19 HUTD revenues are down \$0.9 million (0.0 percent) from November 2017 Forecast

Gas tax is down \$1.0 million (0.1 percent), registration tax is down \$3.0 million (0.2 percent) and motor vehicle sales tax is up \$7.1 million (0.8 percent) in the FY 2018-19 biennium compared to the November 2017 forecast.



### HUTD Allocations by Fund Biennial Totals and Change from November '17 Forecast (\$ in millions)

Revenue Source	FY 18-19	Change	FY 20-21	Change
Trunk Highway	2,648	(0.6)	2,861	20.8
CSAH	1,464	(0.3)	1,581	11.5
MSAS	384	(0.0)	415	3.0
Other (DNR, DPS, Revenue)	72	0.0	72	(0.4)
<b>Total</b>	<b>4,568</b>	<b>(0.9)</b>	<b>4,930</b>	<b>35.0</b>

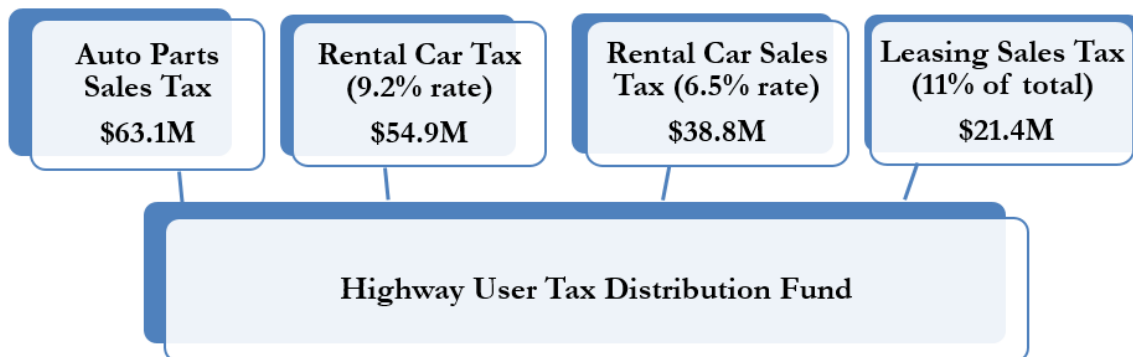
### HUTD Allocations by Fund

HUTD revenues are transferred to the Trunk Highway, County State Aid Highway (CSAH) and Municipal State Aid Street (MSAS) funds based on formulas established in the Minnesota Constitution and statute. Total HUTD revenues decreased slightly in the FY 2018-19 biennium and increased slightly in the FY 2020-21 biennium.

### New HUTD Revenues

In 2017, the Legislature statutorily dedicated several transportation related revenues, previously dedicated to the General Fund, to the HUTD Fund beginning in FY 2018. In the FY 2018-19 biennium, these new revenues total \$178.2 million (approximately four percent funding increase) and in FY 2020-21 revenues total \$416.5 (approximately nine percent funding increase).

#### New HUTD Revenues FY 2018-19



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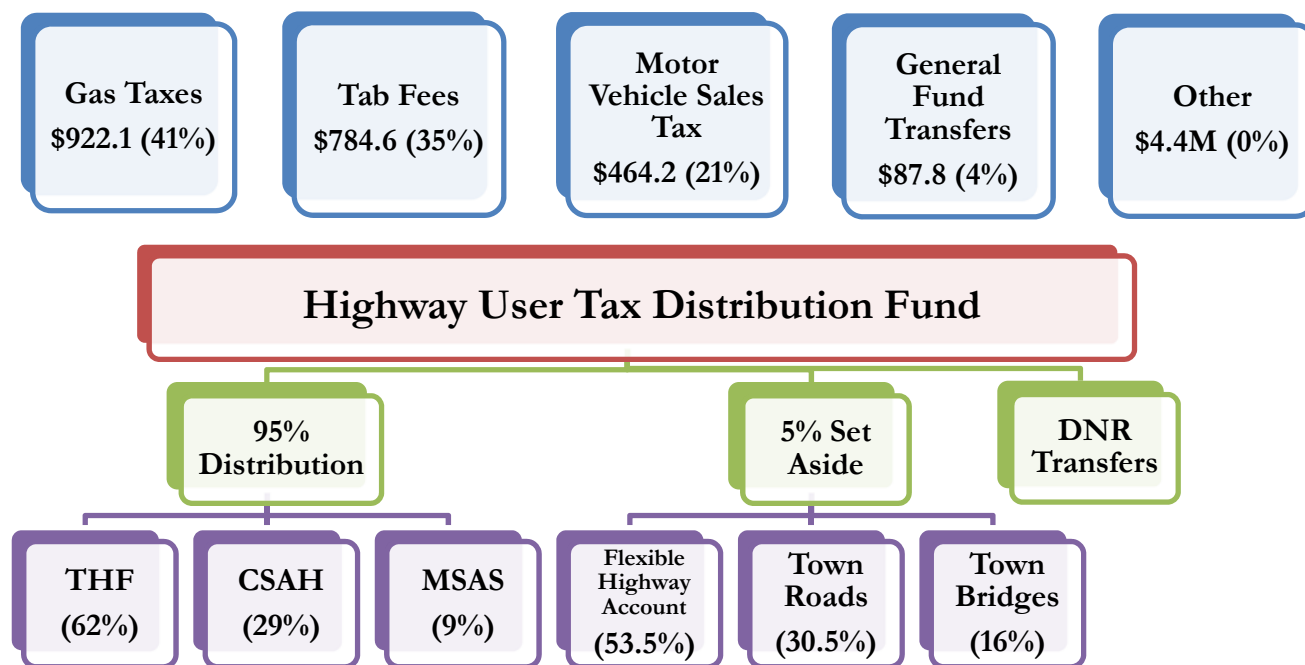
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## Introduction to Transportation Funding

MnDOT is a multimodal agency encompassing not only highway construction and maintenance but aeronautics, rail and transit activities. In consultation with the Department of Minnesota Management and Budget (MMB) and Minnesota Department of Revenue (DOR), we prepare fund statements for six transportation funds. These fund statements are prepared in November and February of each fiscal year. Additional updates are prepared at the end of each legislative session (EOS) to incorporate law changes impacting the transportation funds. Where comparisons are made in this document to the prior forecast, changes reflect the difference from the November 2017 fund statements. MnDOT prepares fund statements for the following funds:

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

**HUTD Sources and Uses**  
**FY 2018 Estimates**  
 (\$ in millions)



- Article XIV of the Minnesota Constitution
- General Fund Transfers include: fixed portion of sales tax on auto parts, 11% of total Motor Vehicle Lease Sales Tax (MVLST) and rental sales taxes (both 6.5 percent & 9.2 percent)
- DNR transfers for unrefunded gas taxes per Minn. Stat. 296A.18 (totals about 2.5% of total gas taxes)

Note: Numbers in the text and tables may not add to the totals due to rounding. Unless otherwise noted, years used to describe the budget outlook are state fiscal years, from July 1 to June 30.

## Legal Authority for Collection of Revenue

Article XIV of the Minnesota Constitution establishes three primary sources of revenue for transportation programs that are deposited into the HUTD:

**Motor Fuel Excise Tax (Gas Tax):** The Legislature may levy an excise tax on any means or substance used for propelling vehicles on the public highways of this state. This tax is levied on gasoline, diesel fuel, compressed natural gas and a variety of other special fuels.

**Motor Vehicle Registration Tax (Tab Fees):** A tax may be put in place, by law, on motor vehicles using public streets and highways. The current passenger motor vehicle registration tax policy was instituted in 2008, wherein vehicles are taxed based on \$10 plus 1.25 percent of the vehicle's value, depreciated over time through the 10th year of registration, after which the additional tax is \$25 (\$35 total). These rates are set according to Minn. Stat. 168.013, subdivision 1a. The tax for commercial vehicles is based on vehicle weight and age.

**Motor Vehicle Sales Tax (MVST):** There is a 6.5 percent tax on the sale of new and used motor vehicles. Revenue from a tax on the sale of a new or used motor vehicle must be allocated for the following transportation purposes:

- Not more than 60 percent must be deposited in the HUTD Fund
- Not less than 40 percent must be deposited in a fund dedicated solely to public transit

Current statute: 60 percent of this revenue is deposited in the HUTD Fund and 40 percent is deposited in the TAF.

### Other Revenue:

**MVLST:** MVLST is a 6.5 percent tax on leased motor vehicles. According to Minn. Stat. 297A.815, the MVLST revenue is allocated in the following percentages beginning in FY 2018: 38 percent to CSAH, 38 percent to the TAF (Greater Minnesota Transit account), 13 percent to the Minnesota State Transportation Fund (for local bridges) and 11 percent to the HUTD.

**Sales Tax on Auto Parts:** Revenue from a portion of the general sales tax on motor vehicle repair or replacement parts must be transferred to the HUTD Fund on a monthly basis beginning in FY 2018. According to Minn. Stat. 297A.94, in FY 2018-19 the monthly deposit amount is \$2,628,000 and subsequently the monthly amount is \$12,137,000. Previously this revenue remained in the General Fund.

**Rental Sales Tax:** Revenue collected for the short-term motor vehicle rental tax under Minn. Stat. 297A.64 (9.2 percent) and for the general sales tax from short-term motor vehicle rentals under Minn. Stat. 297A.62 (6.5 percent) is deposited in the HUTD Fund beginning in FY 2018 per Minn. Stat. 297A.94. Previously this revenue remained in the General Fund.

**State Airports Fund:** The SAF receives revenue from four different revenue sources that are not shared with any of the other five transportation funds. These revenues are: sales tax on aircraft, airline flight property tax, aircraft registration tax and aviation gasoline and special fuels tax. This fund was statutorily created to carry out aviation functions in Minn. Stat. 360.017.

All of the funds, except the TAF, receive investment income earned on the cash balances in the funds.

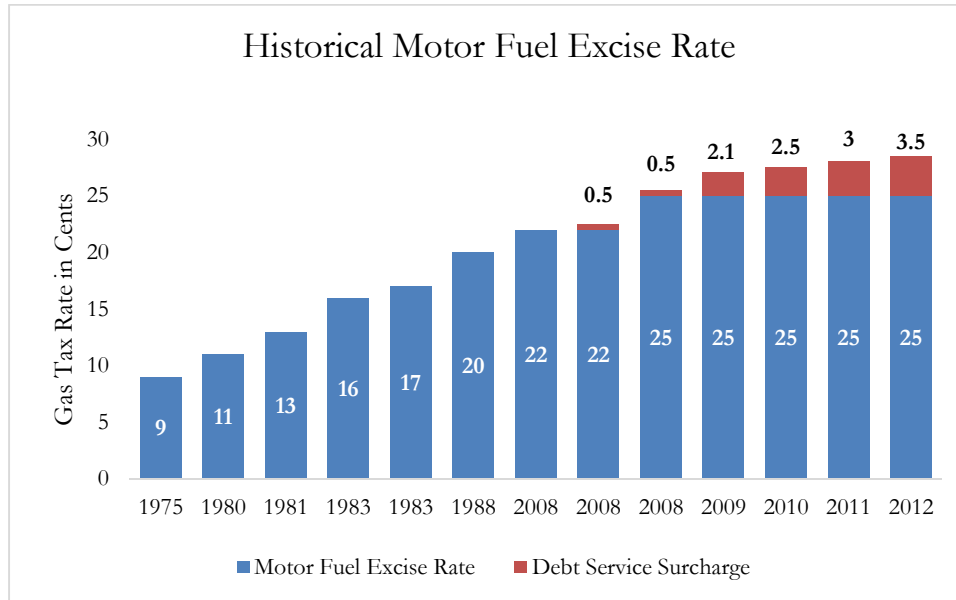


Legal Citation – Quick Reference Guide	
Motor Fuel Tax	<ul style="list-style-type: none"> <li>• Article XIV of the Minnesota Constitution</li> <li>• Minn. Stat. 296A - Tax on petroleum and other fuels</li> <li>• Minn. Stat. 296A.083 - Debt service surcharge</li> </ul>
Vehicle Registration Tax	<ul style="list-style-type: none"> <li>• Article XIV of the Minnesota Constitution</li> <li>• Minn. Stat. 168.013 - Tax on passenger vehicles</li> </ul>
Motor Vehicle Sales Tax	<ul style="list-style-type: none"> <li>• Article XIV of the Minnesota Constitution</li> <li>• Minn. Stat. 297B.09 - Allocation of revenue</li> </ul>
General Fund Transfers	<ul style="list-style-type: none"> <li>• Minn. Stat. 297A.94 – Sales tax on Auto Parts and Transfer of Rental Tax</li> <li>• Minn. Stat. 297A.64 – Tax on Rental Vehicles (9.2 percent)</li> <li>• Minn. Stat. 297A.62 subd. 1– Sales Tax on Rental Vehicles (6.5 percent)</li> </ul>
Motor Vehicle Lease Sales Tax	<ul style="list-style-type: none"> <li>• Minn. Stat. 297A.815 - Allocation of revenue</li> </ul>
Transit Assistance Fund	<ul style="list-style-type: none"> <li>• Minn. Stat. 297B.09 - Allocation of motor vehicle sales tax revenue</li> <li>• Minn. Stat. 297A.815 - Allocation motor vehicle lease sales tax revenue</li> </ul>
State Airport Fund	<ul style="list-style-type: none"> <li>• Minn. Stat. 360.017 – Creates State Airport Fund</li> <li>• Minn. Stat. 270.075 – Air Flight Property Tax</li> <li>• Minn. Stat. 296A.09 – Aviation Gasoline and Special Fuel Taxes</li> <li>• Minn. Stat. 360.531 – Aircraft Registration Taxes</li> <li>• Minn. Stat. 297A.82 – Sales Tax on Aircraft</li> </ul>

## Revenue Forecast

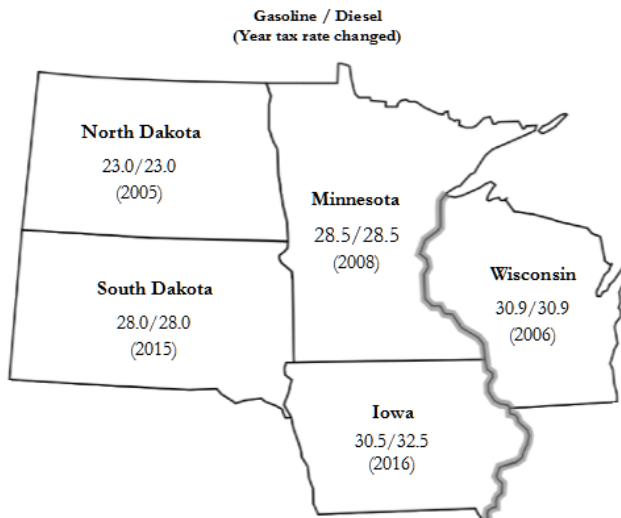
### Motor Fuel Excise Tax (Gas Tax)

The current gas tax rate in Minnesota is 28.5 cents per gallon: 25 cents plus a 3.5 cent debt service surcharge. This surcharge is intended to partially cover the debt obligations for capital projects on the trunk highway system<sup>1</sup>.



The map below provides information about how Minnesota’s gas tax rates compare with those in the surrounding states and with federal tax rates:

Comparison of February 2018 Motor Fuel Tax Rates (per gallon)

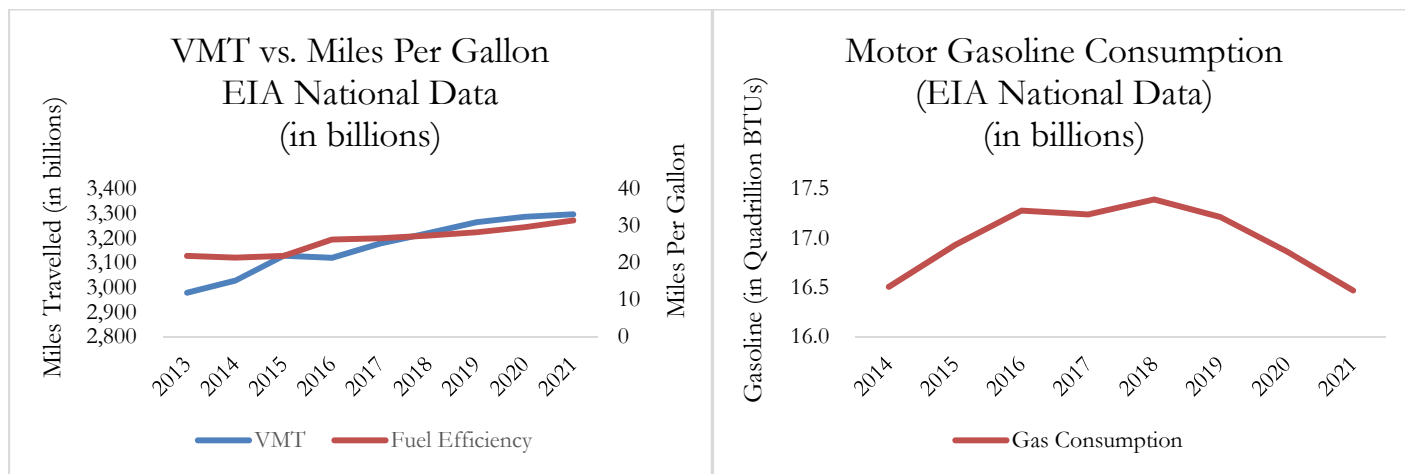


Note: Federal gas tax rate is 18.4 cents per gallon

<sup>1</sup> Authorized in the Laws of 2008, Chapter 152. The final debt service surcharge increase of a half cent was implemented on July 1, 2012.

The outlook for fuel consumption is affected by vehicle miles traveled (VMT) and the fuel efficiency of vehicles, which are impacted by:

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



To forecast the gas tax, MnDOT reviews regional forecast information from the U.S. Energy Information Administration (EIA), the federal agency that collects and analyzes energy information. MnDOT also consults the macroeconomic national forecast of U.S. gasoline consumption produced by IHS Markit (IHS). IHS provides economic information and analysis, and is the same macroeconomic consultant that MMB uses to assist with forecasting the General Fund. Finally, this information is compared with actual fuel consumption history in Minnesota.

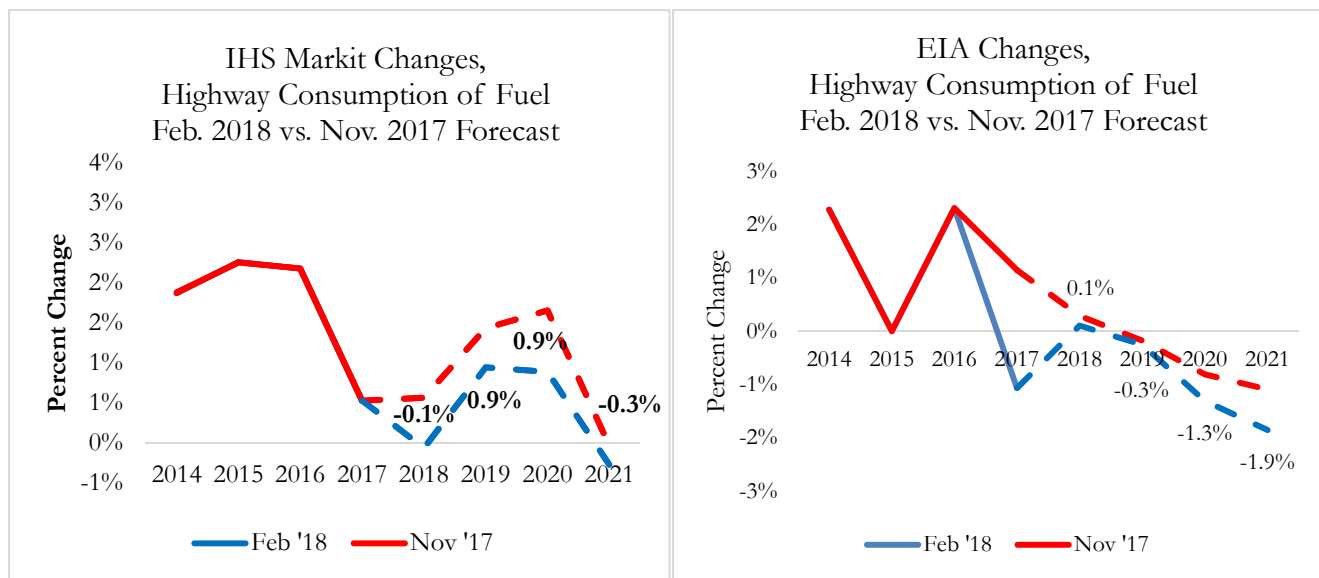
**IHS Forecast**

The most current IHS forecast, from February 2018, projects a decrease in consumption over the forecast period as compared to the prior forecast.

**EIA Forecast**

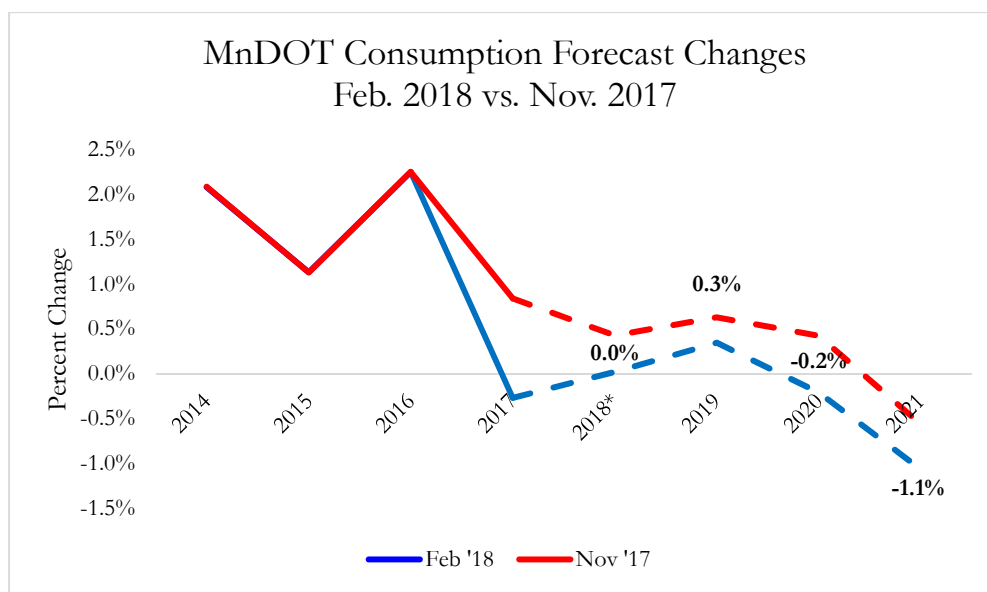
The most current forecast from EIA, the Annual Energy Outlook released once a year in January, projects declining consumption in the forecast years.

The specific forecasts are shown in the tables below:



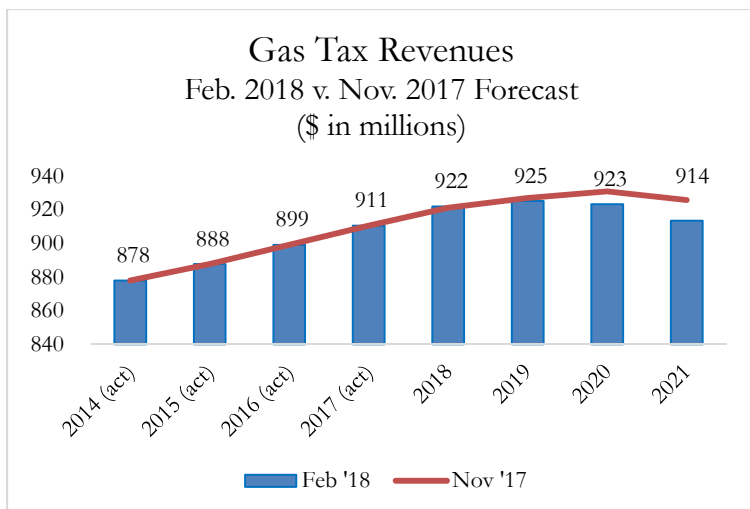
**MnDOT Blended Average**

MnDOT uses a blended average of the consumption forecasts by EIA and IHS for the forecast period. Although the two forecasts are somewhat divergent during the forecast years, the long-term projections from both agencies are for reduced fuel consumption as vehicle fuel efficiencies increase at a faster pace than vehicle miles traveled. When combined, the year-over-year consumption projections from EIA and IHS have decreased slightly. These amounts are then multiplied by the motor fuel tax rate, resulting in the estimated revenue.



\*EIA/IHS blended average of 0.0 percent adjusted to 1.3 percent in FY 2018 to account for actual year-to-date revenues.

For the current year, the EIA and IHS forecasts are adjusted for actual year-to-date revenues. Through January, year-to-date actual revenues are higher than the combined forecast from EIA/IHS would indicate, and slightly higher than the November 2017 forecast.



Gas Tax Revenues (\$ in millions)				
FY	Feb '18	Nov '17	\$ Change	% Change
2014 (act)	878	878	-	-
2015 (act)	888	888	-	-
2016 (act)	899	899	-	-
2017 (act)	911	911	-	-
2018	922	921	0.8	0.1%
2019	925	927	(1.8)	-0.2%
2020	923	931	(7.7)	-0.8%
2021	914	926	(12.3)	-1.3%

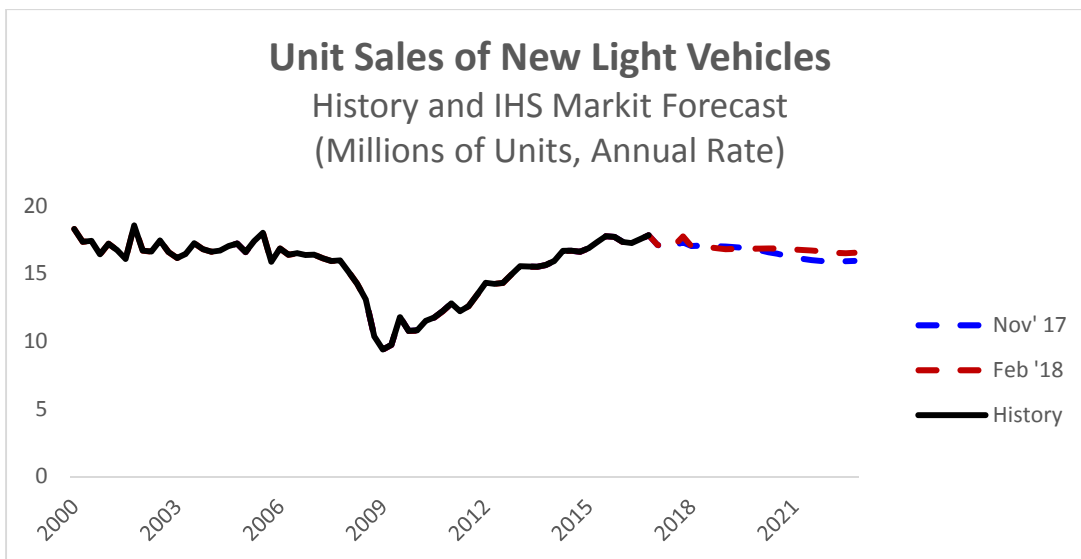
### Motor Vehicle Registration Tax (Tab Fees)

Revenue collected on passenger vehicles comprises about 80 percent of the total revenue from registration taxes, based on the value and age of the vehicle. The remaining revenue is provided primarily by taxes on commercial vehicles, such as trucks and buses.

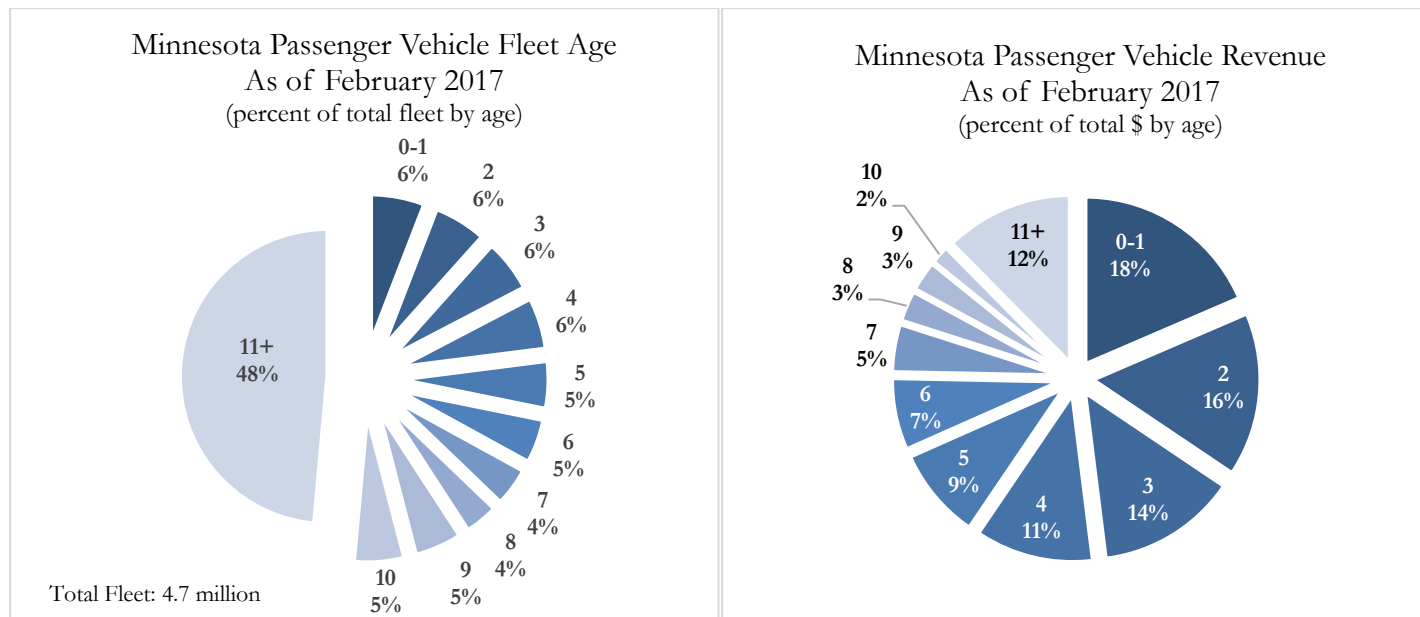
The forecast for the sale of new passenger vehicles is based on long term trends such as:

- households saving income and limiting big purchases
- increased length of vehicle ownership
- shrinking percentage of licensed drivers of legal driving age
- utilization of other transportation options

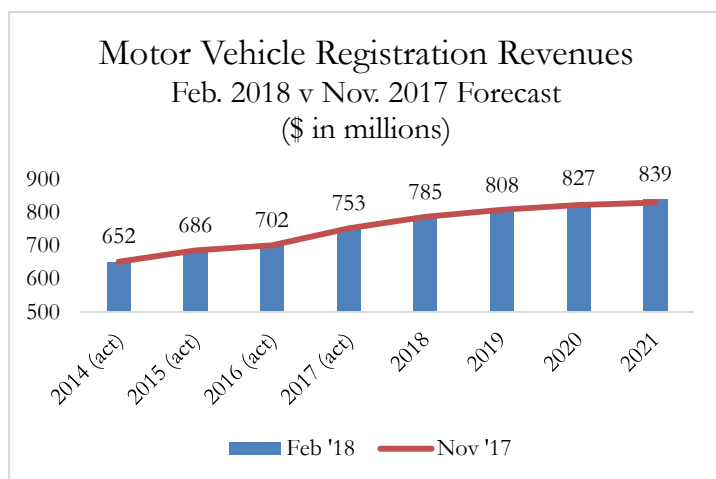
MnDOT has a model to forecast revenue from passenger vehicles that is largely based on the forecast of the purchase of new passenger vehicles. Forecasts of the sales of new vehicles are provided by IHS and reflect national levels. The chart suggests that new vehicle sales increased slightly from the prior forecast, in line with increased projected real GDP growth in 2018 to 2.7 percent from 2.5 percent in the November forecast, and in 2019 to 2.7 percent from 2.2 percent. This increase in GDP growth is in part driven by short term stimulus from recently enacted federal tax law changes.



In addition to IHS data, the forecast reflects detailed information on the state’s existing fleet of vehicles by base value and age. The data is supplied by the Department of Public Safety (DPS) annually in February. This is updated once a year for the February forecast. This February forecast is based on the DPS detail from February 2017. Year-to-date revenues in FY 2018 were below the November forecast, which combined with the slightly reduced new vehicle sales projections from IHS resulted in decreased revenue projections in FY 2018-19 but increases in FY 2020-21. MnDOT assumes that an additional \$147 million, on average, per year of registration tax revenue is received from taxes on various other types of vehicles, primarily on heavy trucks.



The current forecast of revenues is shown below:

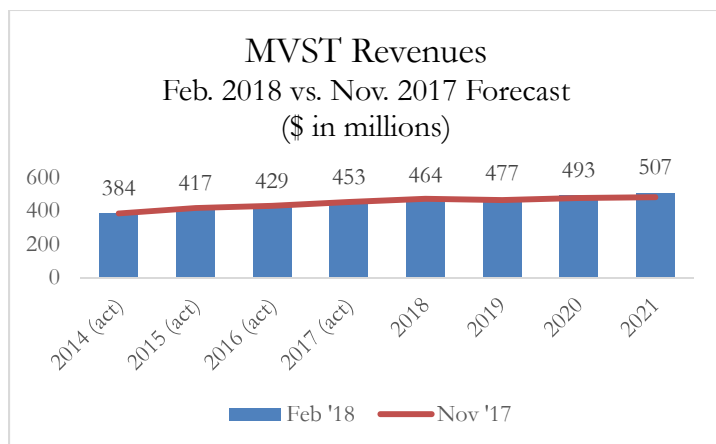


Motor Vehicle Registration Revenues (\$ in millions)				
FY	Feb '18	Nov '17	\$ Change	% Change
2014 (act)	652	652	-	-
2015 (act)	686	686	-	-
2016 (act)	702	702	-	-
2017 (act)	753	753	-	-
2018	785	787	(2.7)	-0.3%
2019	808	809	(0.3)	0.0%
2020	827	823	3.9	0.5%
2021	839	829	9.3	1.1%

### Motor Vehicle Sales Tax (MVST)

The sale of motor vehicles is exempt from the general sales tax. Instead, most vehicles are subject to a 6.5 percent motor vehicle sales tax. This includes sales by car dealers and private individuals.

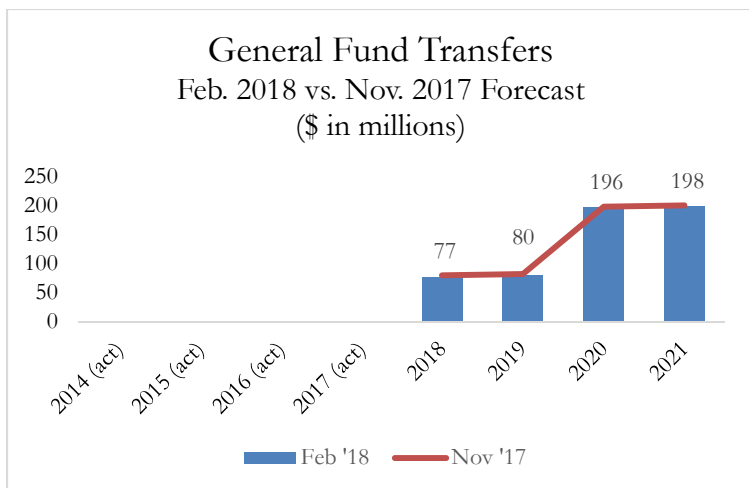
DOR prepares the official forecast of this revenue, which is based on data provided by IHS. Overall, MVST revenue is projected to decrease in FY 2018 but increase in future forecast years compared to the November 2017 forecast, in line with projected increases in GDP growth. The current forecast of revenues is shown below:



MVST Revenues (\$ in millions)				
FY	Feb '18	Nov '17	\$ Change	% Change
2014 (act)	384	384	-	-
2015 (act)	417	417	-	-
2016 (act)	429	429	-	-
2017 (act)	453	453	-	-
2018	464	471	(6.6)	-1.4%
2019	477	464	13.7	3.0%
2020	493	476	17.1	3.6%
2021	507	481	26.3	5.5%

### General Fund Revenue

Beginning in FY 2018, a portion of general sales tax revenues is reallocated to the HUTD Fund from the General Fund. This revenue includes the 9.2 percent tax collected on short-term motor vehicle rentals under Minn. Stat. 297A.64 and the 6.5 percent general sales tax on short-term motor vehicle rentals under Minn. Stat. 297A.62. The revenue collected on both taxes is forecast by MMB. In addition, a fixed portion of revenue from the general sales tax on motor vehicle repair or replacement parts is deposited in the HUTD Fund each month. This includes revenue collected on all motor vehicle parts, tires and accessories. The amount of revenue deposited each month is according to Minn. Stat. 297A.94. In FY 2018-19, \$2,628,000 is deposited monthly, and in subsequent months beginning in FY 2020, \$12,137,000 is deposited monthly. The current forecast for these three new General Fund revenues are shown below:



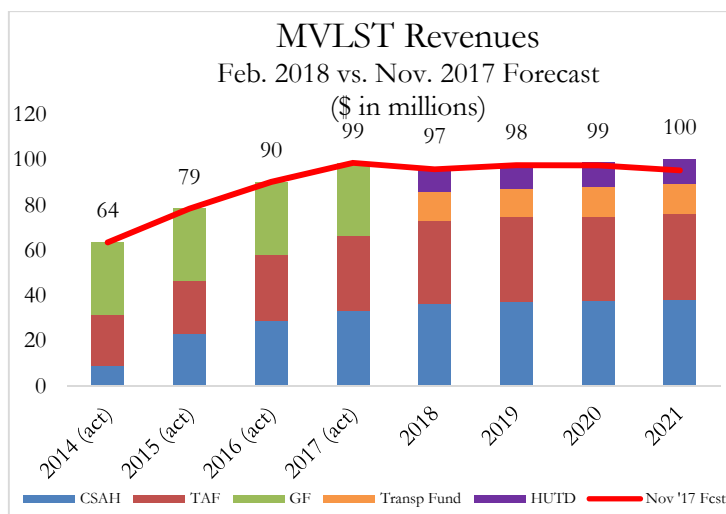
General Fund Transfers (\$ in millions)				
FY	Feb '18	Nov '17	\$ Change	% Change
2014 (act)	N/A	N/A	-	-
2015 (act)	N/A	N/A	-	-
2016 (act)	N/A	N/A	-	-
2017 (act)	N/A	N/A	-	-
2018	77	79	(2.3)	-2.9%
2019	80	82	(2.1)	-2.5%
2020	196	198	(1.5)	-0.8%
2021	198	200	(1.3)	-0.7%

### Motor Vehicle Lease Sales Tax (MVLST)

The MVLST forecast is prepared by the DOR. The sales tax is collected by the lessor and reported and paid directly to DOR. The forecast in all future years increased as compared to the November 2017 forecast. As of FY 2018, all revenue from MVLST is reallocated for transportation purposes. MVLST revenues are deposited in the General Fund and transferred as follows at the end of the fiscal year:

- 38 percent to CSAH
- 38 percent to Greater Minnesota Transit
- 13 percent to Minnesota Transportation Fund (to be used for Local Bridge Program)
- 11 percent to the HUTD Fund

The current forecast of revenues is shown below:



MVLST Revenues (\$ in millions)				
FY	Feb '18	Nov '17	\$ Change	% Change
2014 (act)*	64	64	-	-
2015 (act)	79	79	-	-
2016 (act)	90	90	-	-
2017 (act)	99	99	-	-
2018	97	96	0.6	0.6%
2019	98	98	0.6	0.6%
2020	99	98	1.3	1.3%
2021	100	95	4.9	5.1%

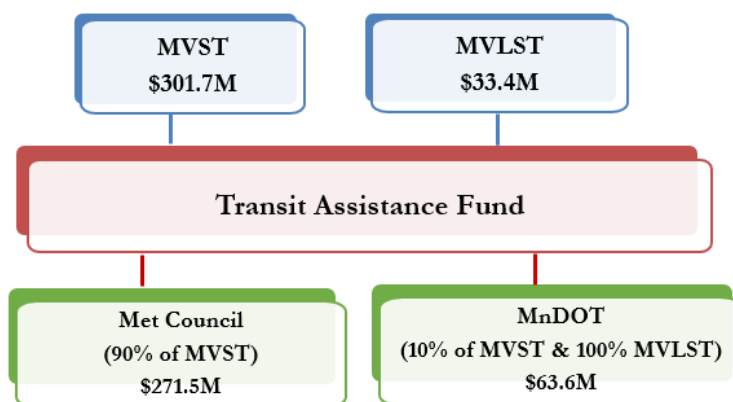
\*Capped at \$9 million in FY 2014 for CSAH



### Transit Assistance Fund Revenue

The TAF receives revenue from MVST and MVLST. The MVST appropriation must be at least 40 percent of the total revenue according to the Minnesota Constitution, and is currently set at 40 percent by statute (Minn. Stat. 297B.09). Of this revenue, 90 percent is allocated to metropolitan transit (36 percent of total MVST) and 10 percent is allocated to Greater Minnesota Transit (four percent of total MVST). As of FY 2018, 38 percent of all MVLST revenue will be allocated to the Transit Assistance Fund for Greater Minnesota Transit. Previously, the fund received 50 percent of the total MVLST revenues above the first \$32 million that was dedicated to the General Fund.

**Transit Assistance Fund Sources of Revenue  
FY 2017**



\*In future years 38 percent of MVLST will be allocated to TAF.

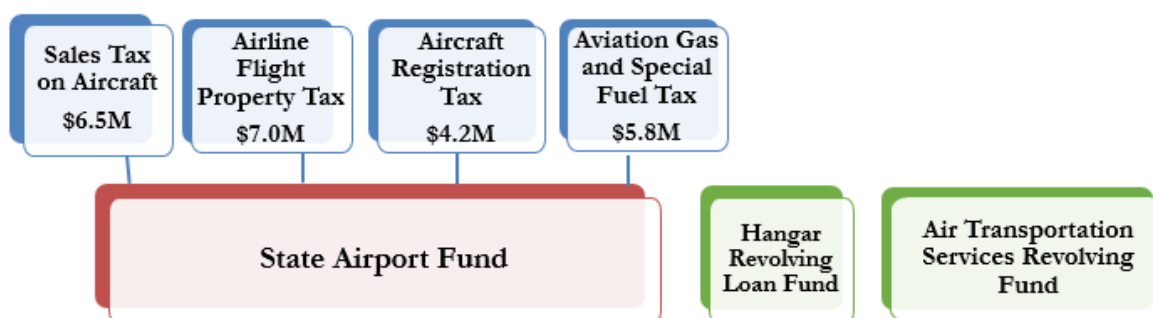
### State Airports Revenue

Three funds make up the total consolidated SAF:

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

The two revolving funds are not included in the consolidated fund statement ending balance because their receipts are dedicated to their specific functions.

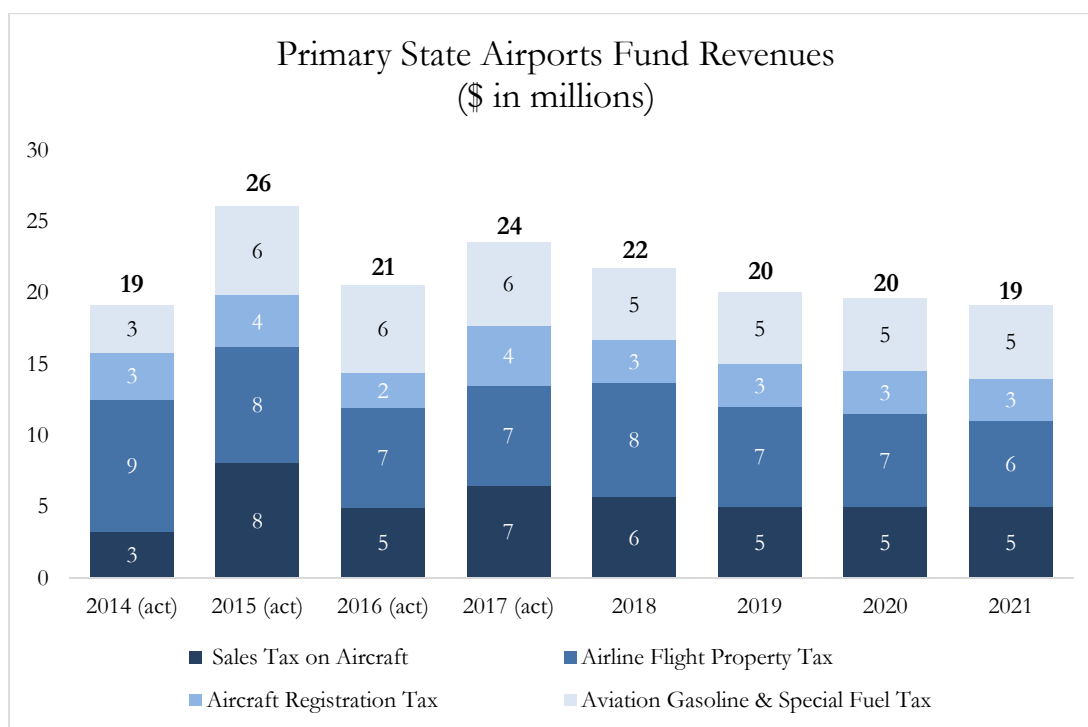
**State Airport Fund Sources of Revenue  
FY 2017**



The 2013 Legislature made significant changes to the revenues dedicated to the State Airports Fund. The [Aviation Tax Report](https://www.dot.state.mn.us/govrel/reports/2016/2016-aviation-tax-report.pdf) (https://www.dot.state.mn.us/govrel/reports/2016/2016-aviation-tax-report.pdf), required by Minn. Stat. 360.675 and first completed in 2016, summarizes these Legislative changes as well as historical tax revenues and expenditures. This is a recurring report that is prepared every four years.

The forecast for the SAF is focused on aviation gasoline and special fuel taxes, sales taxes on aircraft, aircraft registration taxes and investment income. The forecast for sales tax on aircraft and registration taxes are both based primarily on prior history, but have varied significantly by year. The aviation fuel tax forecast uses the regional jet fuel consumption forecast from the EIA. The airline flight property tax amount is a calculation specified in Minn. Stat. 270.075. This statute requires MnDOT to determine the amount as the difference between the “total fund appropriation and the estimated total fund revenues from other sources for the state fiscal year in which the tax is payable”.

The current forecast of revenues is shown below:

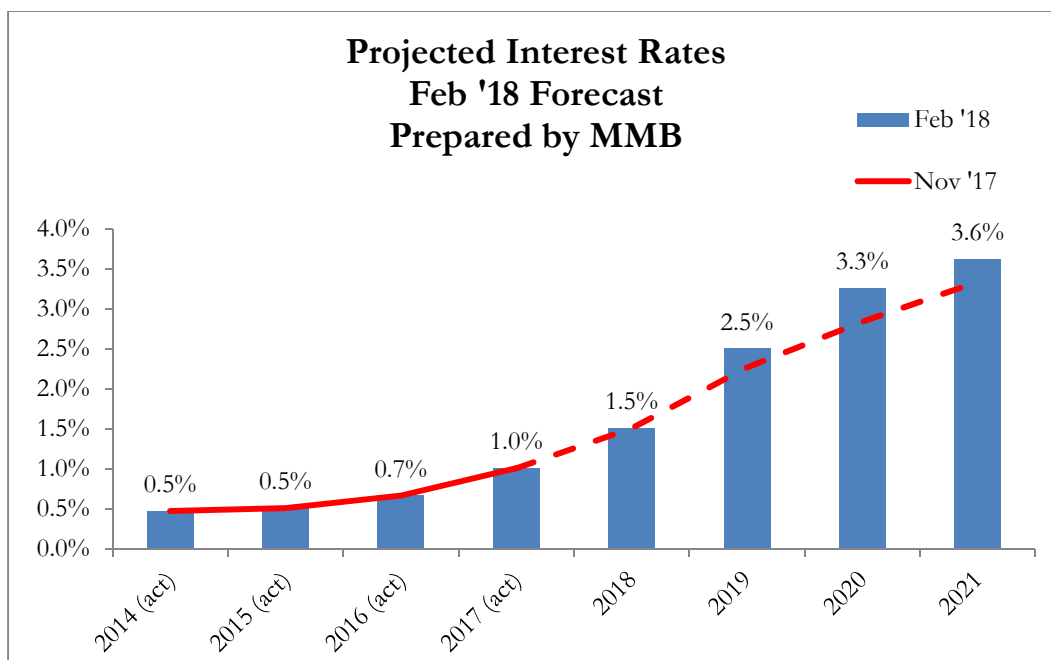


### Investment Income

All of the transportation funds discussed in this document, with the exception of the TAF, earn investment income on cash balances. The amount of revenue is based on the amount of cash anticipated to be in the funds and the forecast interest rates for the invested cash.

Interest rates are currently very low; they have averaged under one percent over the past few years. The February 2018 forecast, provided by MMB, assumes that interest rates will increase in the latter years of the forecast period, especially in FY 2021 where the rate is projected to exceed 3.5 percent.

Rates are expected to increase over the forecast period, and are slightly higher than November 2017 in all years. Cash balances in all funds are expected to be similar to the November 2017 forecast so the higher interest rates result in increased interest income in all funds in all years.



## Fund Statements

### Transfers from HUTD Fund

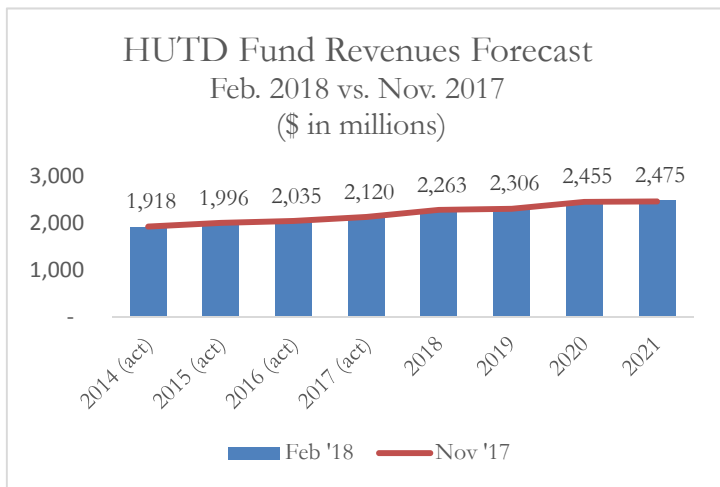
The HUTD Fund receives revenues from the three sources dedicated to highways and transit (gas tax, tab fees and MVST), as well as several minor sources of revenue. With the exception of the 40 percent of MVST dedicated to public transit, revenues from these three taxes are deposited into the HUTD Fund. In addition, beginning in FY 2018 four new revenues sources are statutorily dedicated from the General Fund to the HUTD Fund, including a fixed portion of the sales tax on auto parts, 11 percent of MVLST, and all of both the 6.5 percent and 9.2 percent tax on rental vehicles. These revenues are transferred to the TH, CSAH and MSAS Funds, with small distributions specified in statute to the Department of Natural Resources (DNR).

Of the total revenue to the HUTD Fund, after distributions to the DNR, 95 percent is allocated by the following formula specified in the Minnesota Constitution:

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

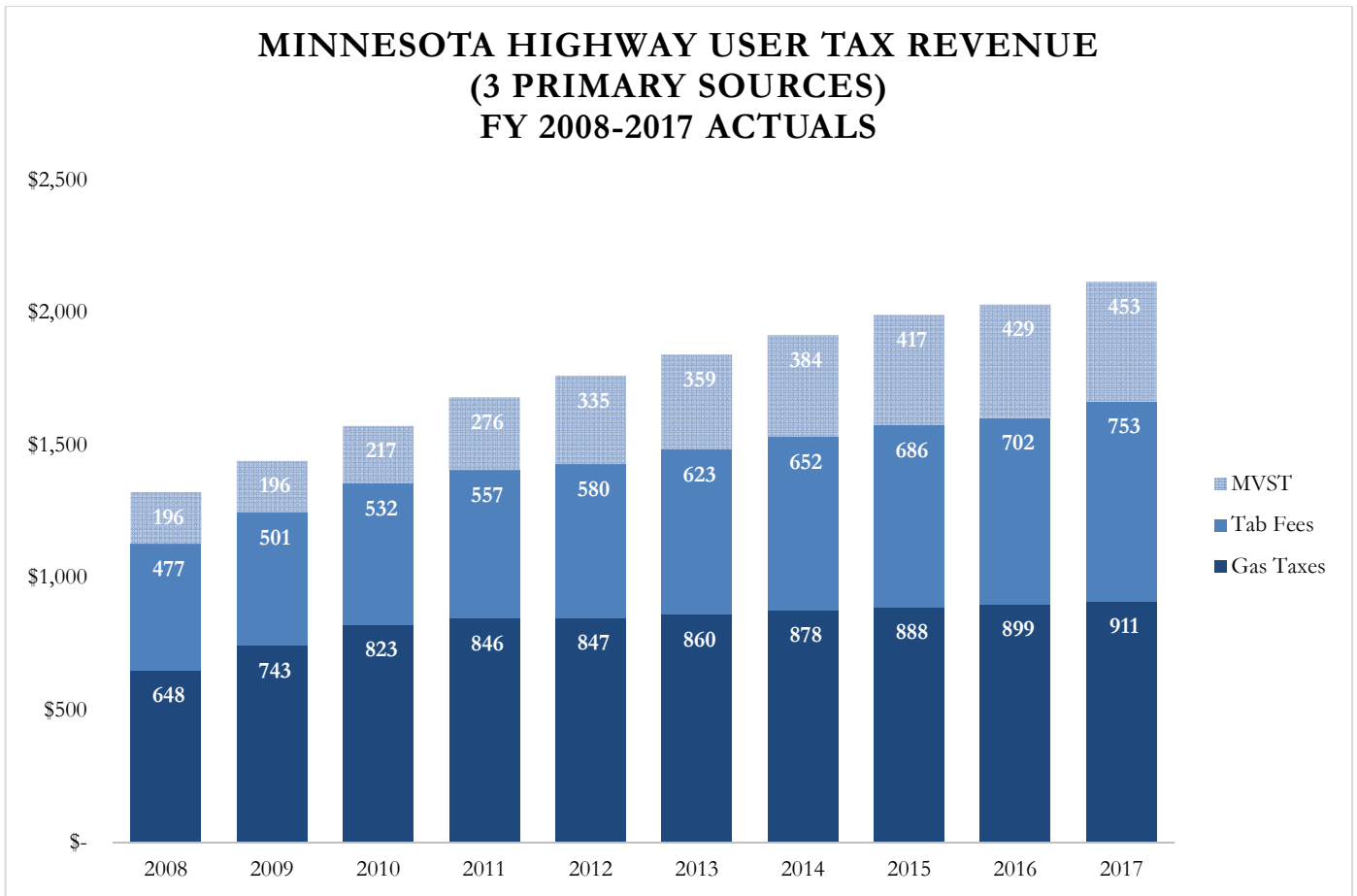
The remaining five percent, referred to as the five percent set-aside, is allocated to the CSAH Fund. This funding is further allocated to Township Roads, Township Bridges and the Flexible Highway Account.

The current forecast is shown below:



<b>HUTD Fund Revenues</b> (\$ in millions)				
<b>FY</b>	<b>Feb '18</b>	<b>Nov '17</b>	<b>\$ Change</b>	<b>% Change</b>
2014 (act)	1,918	1,918	-	-
2015 (act)	1,996	1,996	-	-
2016 (act)	2,035	2,035	-	-
2017 (act)	2,120	2,120	-	-
2018	2,263	2,274	(10.7)	-0.5%
2019	2,306	2,296	9.8	0.4%
2020	2,455	2,443	12.3	0.5%
2021	2,475	2,452	22.7	0.9%

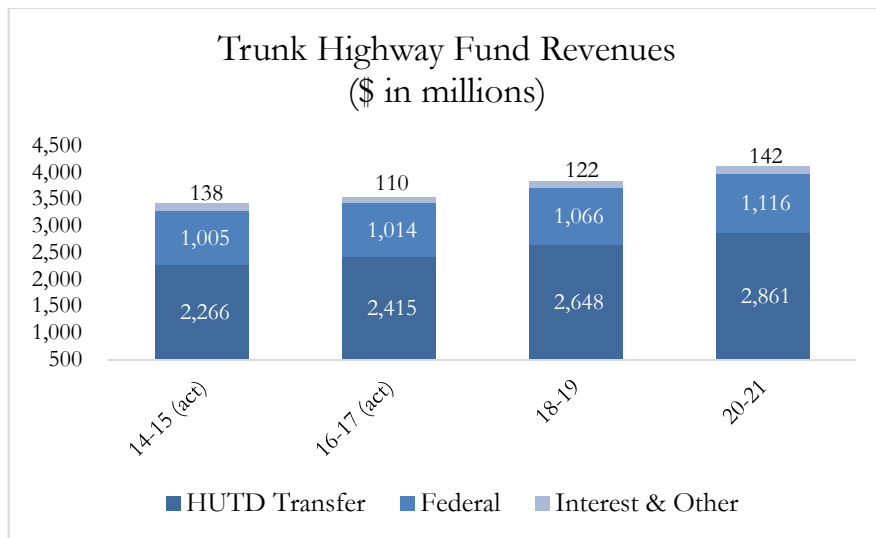
The bar chart below details a 10-year history of actual revenues for the HUTD Fund (2008-17), and the relative shares of revenue attributed to gas taxes, tab fees and MVST over that period. During the last ten years, gas taxes have decreased as a percentage of total revenue, while tab fees and MVST provide increased percentages of total revenue.



### Trunk Highway Fund

The TH Fund receives transfers from the HUTD Fund and revenue from investment income. One other substantial source of revenue is federal aid agreements with the Federal Highway Administration (FHWA), where reimbursements for the federal share of highway construction projects are received. In addition, the fund receives revenues and transfers from several other smaller sources. Across FY 2018-21, 69 percent of resources are transfers from the HUTD Fund, 27 percent of resources are federal aid agreements and three percent of resources are other sources such as investment income.

The current forecast, by biennium, is shown below:



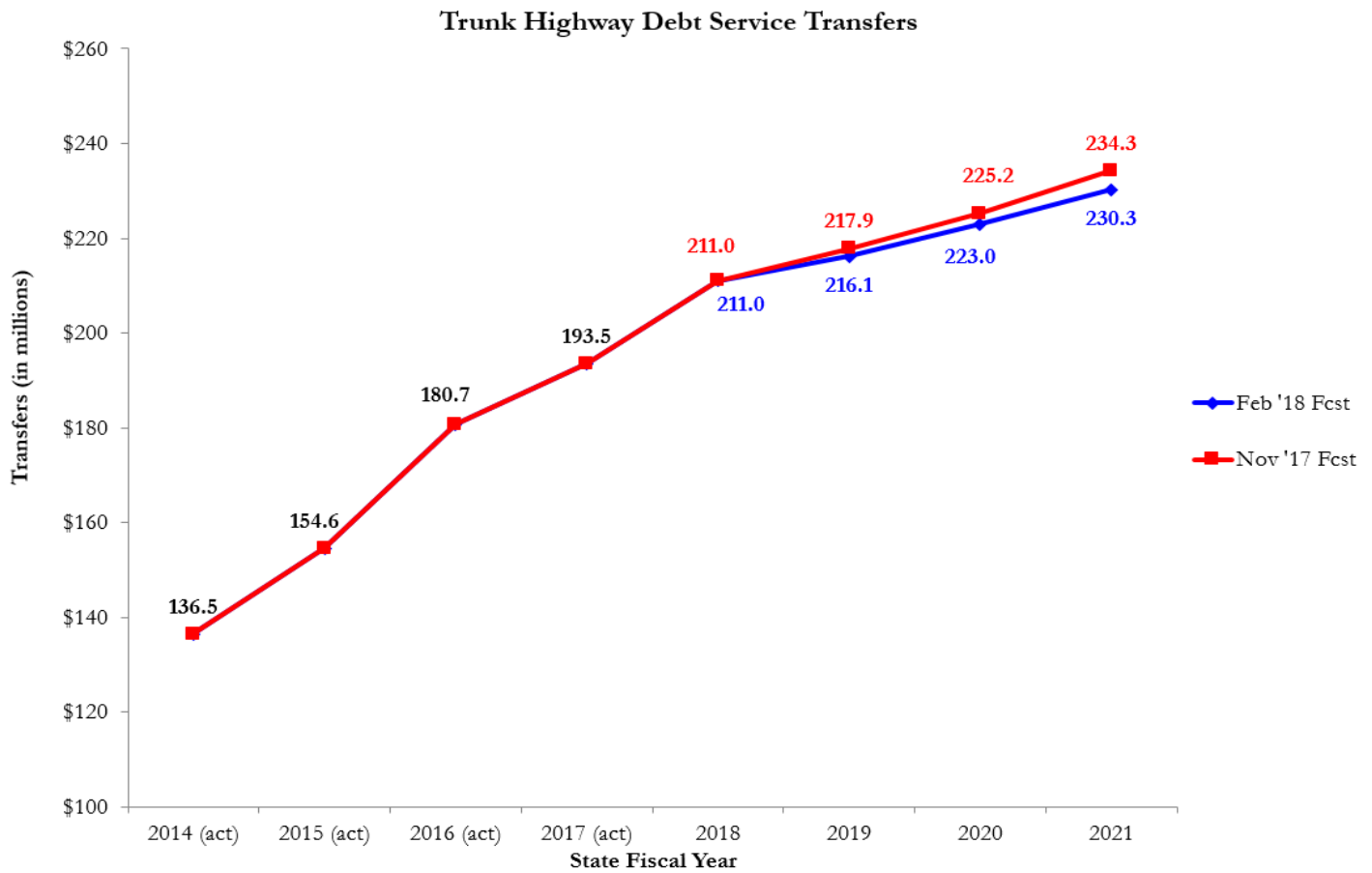
### Debt Service – Trunk Highway Fund

The forecast for expenditures is generally based on the previously enacted biennial budget, so there are typically no significant changes in forecasted spending. However, the TH Fund has unique constitutional authority to sell authorized Trunk Highway bonds<sup>2</sup>. The debt service on these bonds (payment of principal and interest) is specified as the first obligation of the fund. The biennial budget includes appropriation amounts for debt service, but the law also states that any increase in the amount of estimated debt service is to be transferred, because there is a statutory open appropriation for trunk highway debt service.

Since the November 2017 forecast, the debt service estimates for future years have decreased slightly. The primary change is an increase in the projected premiums received on future bond sales due to lower projected interest costs on the bonds. Cash flow estimates, used in forecasting future bond sales and debt service amounts, are revised for scheduled bond sales and also impact the estimated debt service payments.

<sup>2</sup> See Article XIV, section 11 of the Minnesota Constitution

The graph below depicts the debt service transfer amounts by year, compared to the November 2017 forecast:



MnDOT’s TH Fund is governed by four financial policies: Debt Management, Fund Balance, Cash Balance and Advance Construction (a link to all of the policies is included in the appendices index). The Debt Management Policy states that debt service should not exceed 20 percent of annual state revenues to the TH Fund<sup>3</sup>. This includes transfers to the state bond fund for debt service on Trunk Highway bonds, repayments of local government advances (LGA) in accordance with Minn. Stat. 161.361 and Transportation Revolving Loan Fund (TRLF) repayments in accordance with Minn. Stat. 161.04, subdivision 4.

Our debt management policy estimates include FY 2022-24 to be consistent with the approach MMB uses when publishing the Debt Capacity Forecast. The table below demonstrates that estimated debt service expenditures from the TH Fund range between 15 percent and nearly 18 percent through the end of FY 2024, increasing each year and peaking at 17.6 percent in FY 2024.

<sup>3</sup> Developed to comply with Minnesota Statute 167.60

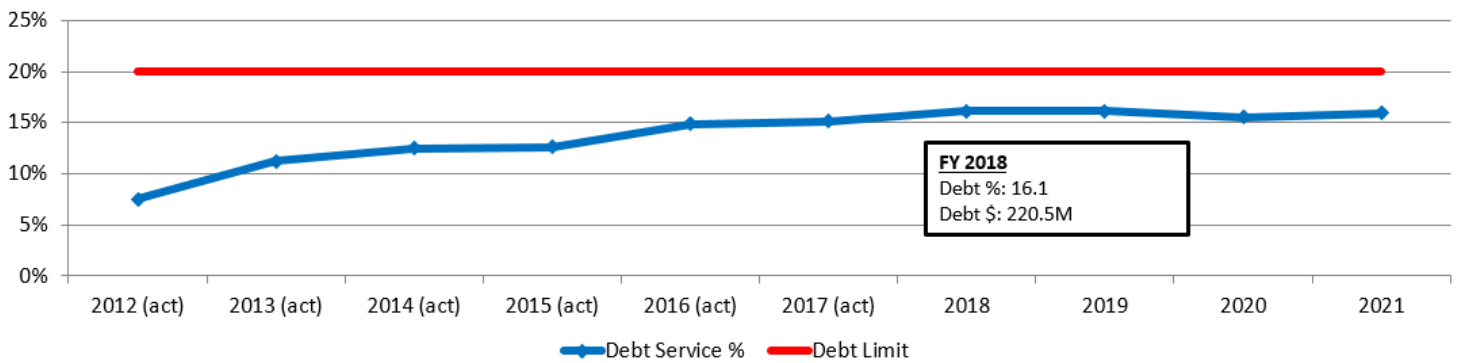
**Debt Management Policy**  
 (\$ in millions)

Year	Total Debt Service <sup>(1)</sup>	Estimated Current %	Variance from 20% Policy Limit <sup>(2)</sup>
2014 (act)	144.2	12.5%	87.4
2015 (act)	157.0	12.6%	92.2
2016 (act)	183.2	14.9%	62.9
2017 (act)	195.7	15.1%	63.2
2018	220.5	16.1%	53.3
2019	225.6	16.1%	54.6
2020	232.5	15.6%	66.5
2021	239.8	15.9%	61.9
2022	250.5	16.6%	51.2
2023	265.2	17.6%	36.5
2024	266.1	17.6%	35.7

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

(2) Represents amount of additional debt service to reach 20 percent limit – a general guideline is to multiply this amount by 10 for an estimate of the additional bond capacity e.g. \$35.7M x 10 = \$357M in additional bond capacity.

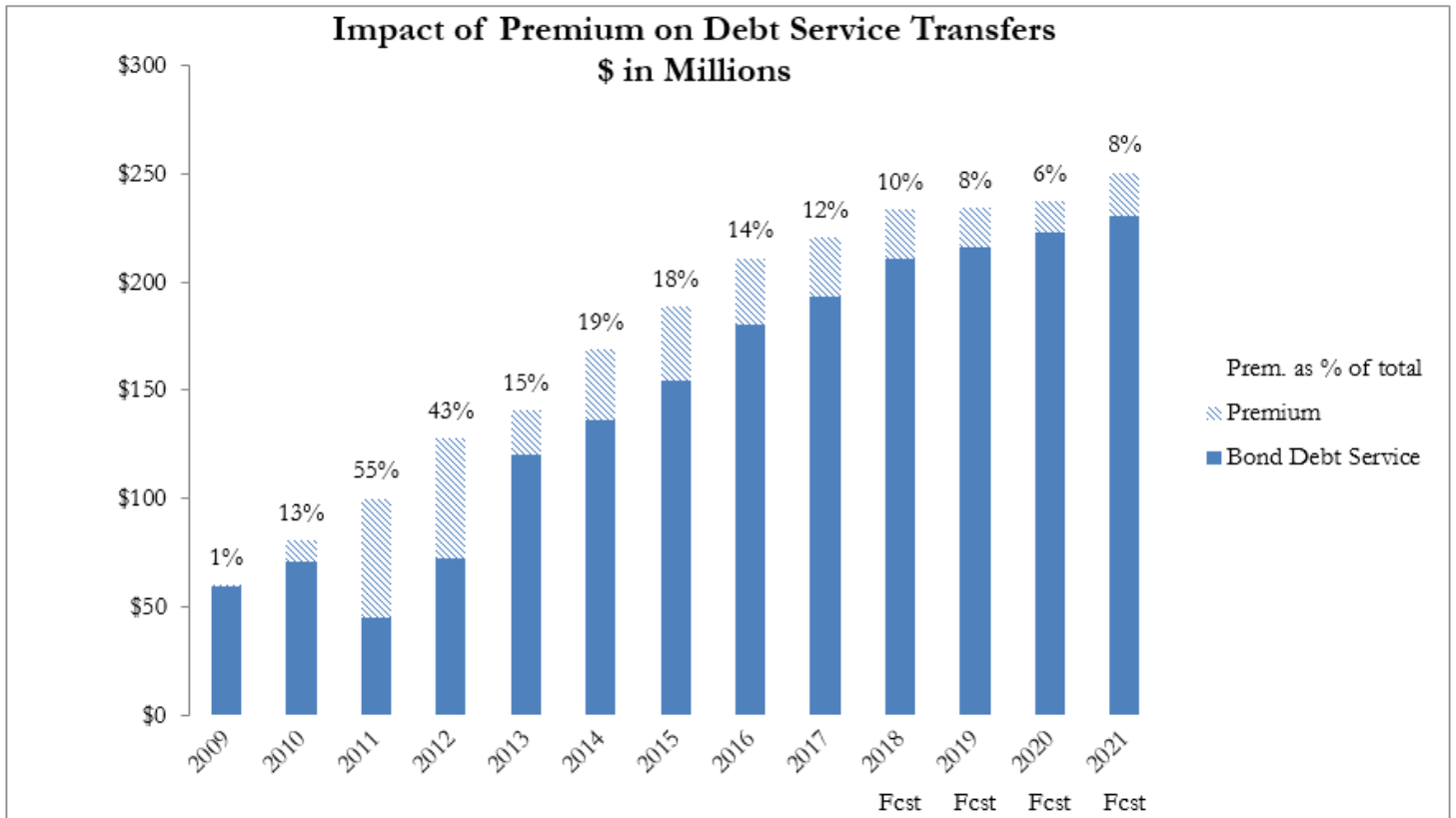
The graph below depicts the debt service estimates compared with the policy limit for the forecast period:



As MnDOT manages to this policy, there are variables to the debt management calculation outside of the agency’s control. One of the largest variables is interest rate fluctuation, which can lead to large debt service expenditure fluctuations. Due to low interest rates, the fund balance has benefited the past several years. When bond interest rates drop below 5 percent, Trunk Highway General Obligation bonds command a premium which is accounted for in the year of sale. Therefore, debt service is lower the year the bonds are sold, but this decrease is then offset over the 20 year life of the bonds. In recent years, MnDOT’s debt has increased primarily as a result of large bonding programs in 2008 (Laws of 2008, Chapter 152 - \$1.8 billion) as well as bonding from subsequent years, including 2017 (Laws of 2017, First Special Session, Chapter 3 - \$940 million). MnDOT anticipates bond sales from the 2008 program to end in FY 2021 and sales from all current authorized debt to end in FY 2024.



The bar chart below illustrates the reduction to debt service as the result of bond sale premiums:



**Fund Balance Impacts**

The table below summarizes the impacts on the TH Fund balance for the revenue and expenditure forecasts previously discussed (amounts in millions).

	<b>FY18-19</b>	<b>FY20-21</b>
Transfers from HUTD	(0.6)	20.8
Federal Aid Agreements	-	-
Interest	1.1	3.8
Other Revenues and Transfers	-	-
<b>Total Revenue and Transfer Impact</b>	0.5	24.7
Transportation Expenditures	-	-
Other Agencies	-	-
Debt Service Transfer	(1.7)	(6.2)
<b>Total Expenditure and Transfer Impact</b>	(1.7)	(6.2)
<b>Fund Balance Change</b>	2.3	30.9
<b>Total Cumulative Change</b>	2.3	33.2
Nov '17 Forecast	133.9	389.2
Feb '18 Forecast	136.2	422.4
Change	2.3	33.2
<i>Reserved Fund Balance (Feb '18)</i>	91.0	101.8
<i>Unreserved Fund Balance (Feb '18)</i>	45.1	320.6

## County State Aid Highway (CSAH) Fund

The CSAH Fund receives transfers from the HUTD Fund and revenues from investment income and MVLST. Minnesota Statutes, Chapter 162 provides the criteria by which funds are allocated to statutory accounts within the CSAH fund and Minnesota's 87 counties. Beginning in 2016, estimated revenues for counties will be split between "apportionment sum" and "excess sum" based on fixed percentages. 68 percent is allocated to apportionment sum and 32 percent is allocated to excess sum. These two amounts are then allotted to counties using different formulas specified in statute. These allotments are calculated each year based primarily on revenue estimates for the CSAH Fund.

The portion of revenue received from MVLST is allocated to five of the seven metropolitan counties, excluding Hennepin and Ramsey counties. These funds are added to the regular allocation for these counties.

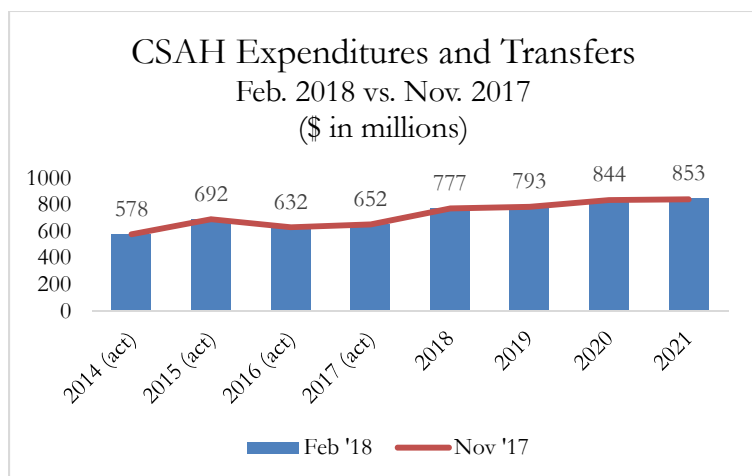
These allocations also include the five percent set-aside portion of the total revenues from the HUTD Fund. The Constitution allows the legislature to allocate this five percent in a manner different from the constitutional formula (62 percent to the TH Fund, 29 percent to the CSAH Fund and nine percent to the MSAS Fund). The current allocation is 100 percent to the CSAH Fund (Minn. Stat. 161.081). This funding is further allocated to Township Roads (30.5 percent), Township Bridges (16.0 percent) and the Flexible Highway Account (53.5 percent). The portion allocated to the Flexible Highway Account is also available for transfer to the TH and MSAS Funds, if so designated in the appropriation law. Any transfers authorized by the current appropriation law are included in the totals shown below.

The CSAH Fund is directly appropriated based on the most current revenue forecast at the time the biennial budget is prepared. The [Commissioner's Order](http://www.dot.state.mn.us/safinance/appmt/commorder2018.pdf) (http://www.dot.state.mn.us/safinance/appmt/commorder2018.pdf) is on a calendar year basis and allocates the funds based on revenue estimates in the preceding November forecast each year. The result is an increase or decrease to the direct appropriation amount each year after the Commissioner's Order is executed in January.

### CSAH Expenditure Forecast

Once allocations are made to the counties the funds are considered committed. Actual spending is at the discretion of the counties, with guidance from MnDOT's State Aid Division.

The current forecast is shown below:



CSAH Expenditures and Transfers (\$ in millions)				
FY	Feb '18	Nov '17	\$ Change	% Change
2014 (act)	578	578	-	-
2015 (act)	692	692	-	-
2016 (act)	632	632	-	-
2017 (act)	652	652	-	-
2018	777	773	3.4	0.4%
2019	793	785	7.2	0.9%
2020	844	836	7.5	0.9%
2021	853	841	11.6	1.4%

### Municipal State Aid Street (MSAS) Fund

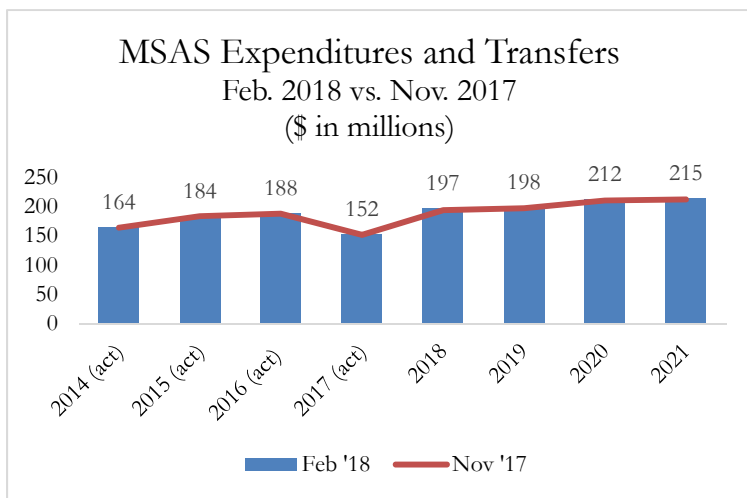
The MSAS Fund receives transfers from the HUTD Fund, authorized transfers from the CSAH Fund and revenues from investment income. Minnesota Statutes, Chapter 162 provides the criteria by which funds are allocated to statutory accounts within the MSAS fund and to each of the Minnesota State Aid cities defined as having a population of 5,000 or greater. The allocations are calculated based primarily on revenue estimates for the MSAS Fund, not including transfers from the CSAH Fund.

The MSAS Fund is also directly appropriated based on the most current revenue forecast at the time the biennial budget is prepared. The [Commissioner’s Order](http://www.dot.state.mn.us/safinance/appmt/commorder2018.pdf) (http://www.dot.state.mn.us/safinance/appmt/commorder2018.pdf) is on a calendar year basis and allocates the funds based on revenue estimates in the preceding November forecast each year. The result is an increase or decrease to the direct appropriation amount each year after the Commissioner’s Order is executed in January.

### MSAS Expenditure Forecast

Once allocations are made to the municipalities, the funds are considered committed. Actual spending is at the discretion of the municipalities, with guidance from MnDOT’s State Aid Division.

The current forecast is shown below:

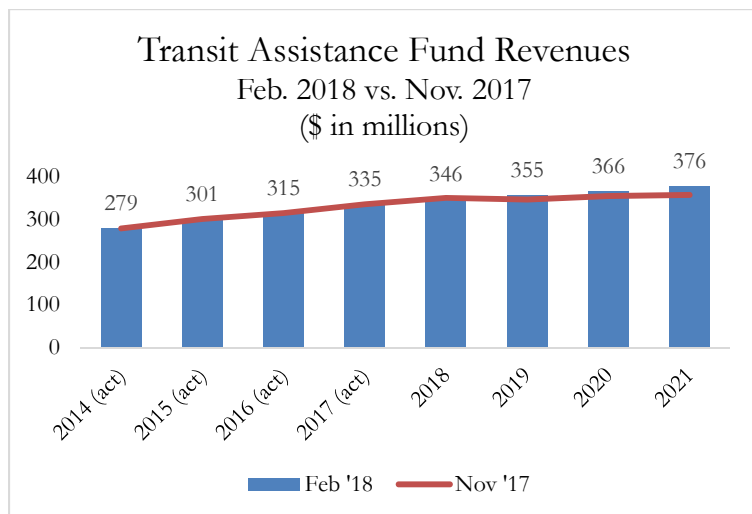


MSAS Expenditures and Transfers (\$ in millions)				
FY	Feb '18	Nov '17	\$ Change	% Change
2014 (act)	164	164	-	-
2015 (act)	184	184	-	-
2016 (act)	188	188	-	-
2017 (act)	152	152	-	-
2018	197	194	3.1	1.6%
2019	198	197	1.3	0.7%
2020	212	211	1.8	0.9%
2021	215	212	2.5	1.2%

## Transit Assistance Fund (TAF)

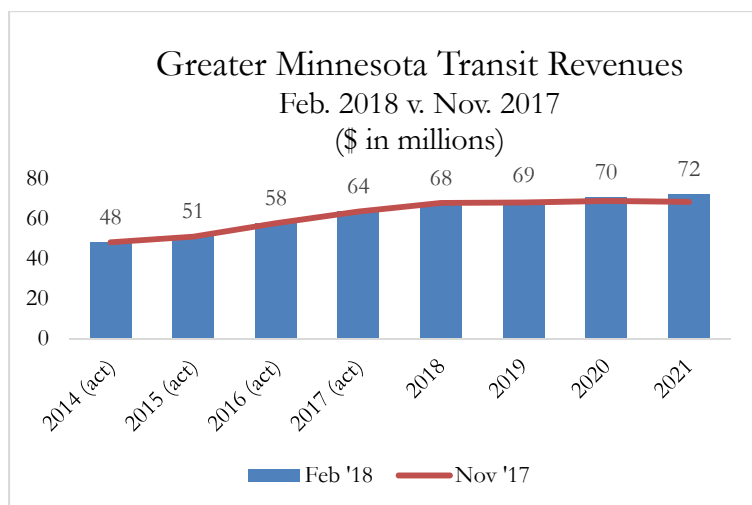
Beginning in FY 2018, 38 percent of MVLST revenue is allocated to the TAF – Greater Minnesota Transit account. In previous years, half of the MVLST revenues (net of \$32 million that remained in the General Fund) were allocated to this fund. The fund also receives 40 percent of MVST revenues.

The total estimated revenue for the TAF is shown below:



Transit Assistance Funds Revenues (\$ in millions)				
FY	Feb '18	Nov '17	\$ Change	% Change
2014 (act)	279	279	-	-
2015 (act)	301	301	-	-
2016 (act)	315	315	-	-
2017 (act)	335	335	-	-
2018	346	350	(4.2)	-1.2%
2019	355	346	9.3	2.7%
2020	366	354	11.9	3.4%
2021	376	357	19.4	5.4%

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



Greater Minnesota Transit Revenues (\$ in millions)				
FY	Feb '18	Nov '17	\$ Change	% Change
2014 (act)	48	48	-	-
2015 (act)	51	51	-	-
2016 (act)	58	58	-	-
2017 (act)	64	64	-	-
2018	68	68	(0.2)	-0.3%
2019	69	68	1.1	1.7%
2020	70	69	1.6	2.4%
2021	72	68	3.6	5.3%

## Transit Assistance Fund Expenditure Forecast

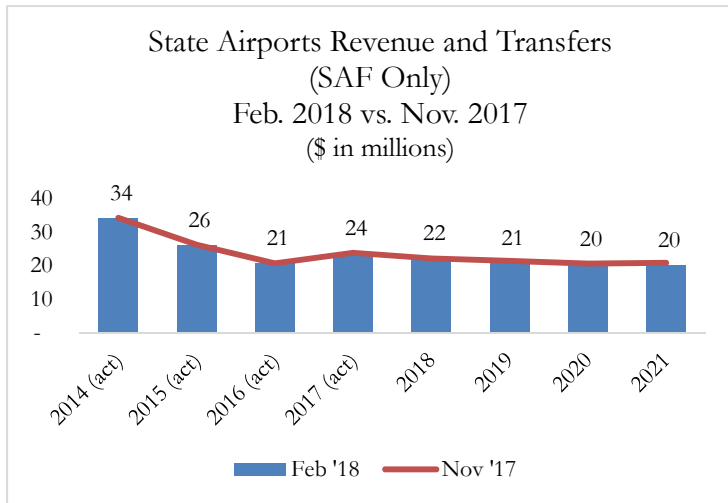
MVST revenues are statutorily appropriated. The share allocated to metropolitan transit is appropriated to the Metropolitan Council, and the share allocated to Greater Minnesota transit is appropriated to MnDOT. For the Metropolitan Council allocation, this means that forecast revenues are the same as forecast expenditures in the fund statement. For the MnDOT allocation, a spending plan was developed by the Transit Office to spend down the available resources over the next four years. For MVLST, because revenue is not transferred until the following fiscal year, the amount estimated for the current year is shown as an appropriation carry forward into the next year.

Currently, a Greater Minnesota Transit Account policy is being finalized to provide an appropriate amount of reserves in the fund to protect against significant shifts in revenue or spending.

**State Airports Fund (SAF)**

The SAF receives revenues from aviation gasoline and special fuel taxes, aircraft registration taxes, sales taxes on aircraft and other small sources such as investment income. These revenues must be sufficient to support the direct appropriations from the Legislature, which are used to carry out aviation functions such as airport development and assistance grants, aeronautic planning, administration and operations.

The total estimated revenues and transfers for the SAF are shown below (note these amounts reflect only the State Airports Fund, and do not include the activity in the two revolving funds):



State Airports Fund Revenues and Transfers (\$ in millions)				
FY	Feb '18	Nov '17	\$ Change	% Change
2014 (act)*	34	34	-	-
2015 (act)	26	26	-	-
2016 (act)	21	21	-	-
2017 (act)	24	24	-	-
2018	22	22	(0.1)	-0.5%
2019	21	21	(0.8)	-3.6%
2020	20	21	(0.2)	-0.9%
2021	20	21	(0.7)	-3.5%

\*2014 includes \$15 million General Fund repayment

**Fund Balance Policy**

A State Airports Fund Balance policy exists to provide an appropriate level of reserve in the SAF to protect against major fluctuations in revenue.

## Appendices

Appendix 1:	Highway User Tax Distribution Fund Statement
Appendix 2:	Trunk Highway Fund Statement
Appendix 3:	County State Aid Highway Fund Statement
Appendix 4:	Municipal State Aid Street Fund Statement
Appendix 5:	Transit Assistance Fund Statement
Appendix 6:	State Airports Fund Statement
Appendix 7:	Minnesota Highway User Tax Revenue – 10-Year History 2008-17
Appendix 8:	Minnesota Highway User Tax Revenue – Percentage of Total Revenues
Appendix 9:	HUTD Revenues Year-over-Year Growth Percentage Trend
Policy Links:	<a href="#">Policy Links</a>

## Contacts

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**Highway User Tax Distribution Fund**  
 February 2018 Forecast  
 Comparison to Nov 2017 Forecast

(5 in thousands)

	February 2018 Forecast							
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Balance Forward from Prior Year	\$8,691	\$11,948	\$11,617	\$11,042	\$11,403	\$12,000	\$12,000	\$12,000
Prior Year Adjustments	443	5,211	(2,341)	(28)	-	-	-	-
<b>Adjusted Balance Forward</b>	<b>9,134</b>	<b>17,159</b>	<b>9,276</b>	<b>11,014</b>	<b>11,403</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>
<b>Net Revenue and Transfers-In</b>								
Motor Fuel Excise Tax	878,022	887,818	899,251	910,640	922,100	925,300	923,400	913,600
Motor Vehicle Registration Tax	652,281	686,433	701,635	752,676	784,600	808,300	827,000	838,700
Motor Vehicle Sales Tax	384,163	416,565	428,831	452,578	464,220	477,180	492,720	507,480
Sales Tax on Auto Parts	-	-	-	-	31,536	31,536	145,644	145,644
Motor Vehicle Rental Tax (9.2%)	-	-	-	-	26,740	28,160	29,580	30,940
Motor Vehicle Rental Tax (6.5%)	-	-	-	-	18,890	19,890	20,900	21,860
Leased Vehicle Sales Tax	-	-	-	-	10,615	10,813	10,879	11,033
Other Income	3,088	4,797	5,035	3,630	4,378	4,474	5,076	5,366
<b>Total Net Revenue and Transfers-In</b>	<b>1,917,555</b>	<b>1,995,613</b>	<b>2,034,751</b>	<b>2,119,524</b>	<b>2,263,079</b>	<b>2,305,653</b>	<b>2,455,199</b>	<b>2,474,623</b>
<b>Expenditures and Transfers-Out</b>								
Appropriations to MnDOT, Revenue, DPS	11,014	11,741	2,962	3,366	12,795	12,807	12,807	12,807
Transfers--DNR	21,727	21,994	22,514	22,800	23,079	23,158	23,172	23,021
Transfers--5% Set-Aside	94,034	98,305	100,375	104,648	111,330	113,484	120,961	121,940
Transfers--County State-Aid Highway	518,126	541,659	553,069	576,613	613,431	625,299	666,495	671,888
Transfers--Municipal State-Aid Highway	160,798	168,101	171,642	178,949	190,375	194,058	206,843	208,517
Transfers--Trunk Highway	1,107,717	1,158,029	1,182,423	1,232,758	1,311,473	1,336,846	1,424,921	1,436,450
Other	1,326	1,326	-	-	-	-	-	-
<b>Total Expenditures and Transfers-Out</b>	<b>1,914,741</b>	<b>2,001,155</b>	<b>2,032,986</b>	<b>2,119,135</b>	<b>2,262,482</b>	<b>2,305,653</b>	<b>2,455,199</b>	<b>2,474,623</b>
<b>Ending Balance</b>	<b>\$11,948</b>	<b>\$11,617</b>	<b>\$11,042</b>	<b>\$11,403</b>	<b>\$12,000</b>	<b>\$12,000</b>	<b>\$12,000</b>	<b>\$12,000</b>

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

**2018 February -Transportation**

	Change from Nov 2017				
	Close	Budget	Budget	Planning Est	Planning Est
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Balance Forward from Prior Year	-	-	-	-	-
Prior Year Adjustments	-	-	-	-	-
<b>Adjusted Balance Forward</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Motor Fuel Excise Tax	-	800	(1,800)	(7,700)	(12,300)
Motor Vehicle Registration Tax	-	(2,700)	(300)	3,900	9,300
Motor Vehicle Sales Tax	-	(6,600)	13,680	17,100	26,280
Sales Tax on Auto Parts	-	-	-	-	-
Motor Vehicle Rental Tax (9.2%)	-	(1,960)	(1,840)	(1,520)	(1,360)
Motor Vehicle Rental Tax (6.5%)	-	(310)	(210)	-	60
Leased Vehicle Sales Tax	-	66	66	143	539
Other Income	-	8	188	333	225
<b>Total Net Revenue and Transfers-In</b>	<b>-</b>	<b>(10,696)</b>	<b>9,784</b>	<b>12,256</b>	<b>22,744</b>
Appropriations to MnDOT, Revenue, DPS	-	-	-	-	-
Transfers--DNR	-	109	(17)	(124)	(255)
Transfers--5% Set-Aside	-	(540)	490	619	1,150
Transfers--County State-Aid Highway	-	(2,977)	2,700	3,411	6,336
Transfers--Municipal State-Aid Highway	-	(924)	838	1,058	1,966
Transfers--Trunk Highway	-	(6,364)	5,773	7,292	13,546
Other	-	-	-	-	-
<b>Total Expenditures and Transfers-Out</b>	<b>-</b>	<b>(10,696)</b>	<b>9,784</b>	<b>12,256</b>	<b>22,744</b>
<b>Ending Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Trunk Highway Fund**  
February 2018 Forecast  
Comparison to Nov 2017 Forecast

*2018 February -Transportation*

(\$ in thousands)

	February 2018 Forecast								Change from Nov 2017				
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est	Close	Budget	Budget	Planning Est	Planning Est
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Balance Forward from Prior Year	\$316,756	\$415,353	\$275,790	\$381,830	\$376,507	\$136,772	\$136,154	\$263,380	-	-	(6,539)	2,272	14,235
Prior Year Adjustments	34,774	30,961	30,857	41,612	-	-	-	-	-	-	-	-	-
<b>Adjusted Balance Forward</b>	<b>351,530</b>	<b>446,314</b>	<b>306,647</b>	<b>423,441</b>	<b>376,507</b>	<b>136,772</b>	<b>136,154</b>	<b>263,380</b>	<b>-</b>	<b>-</b>	<b>(6,539)</b>	<b>2,272</b>	<b>14,235</b>
<b>Net Revenue and Transfers-In</b>													
Transfer from HUTD	1,107,717	1,158,029	1,182,423	1,232,758	1,311,473	1,336,846	1,424,921	1,436,450	-	(6,364)	5,773	7,292	13,546
Federal Aid Agreements	506,527	498,560	426,391	587,537	507,600	558,175	558,175	558,175	-	-	-	-	-
Other Income and Transfers-In	50,358	88,104	48,008	61,569	57,574	64,480	69,693	72,190	-	(175)	1,311	2,446	1,398
<b>Total Net Revenue and Transfers-In</b>	<b>1,664,602</b>	<b>1,744,694</b>	<b>1,656,822</b>	<b>1,881,864</b>	<b>1,876,646</b>	<b>1,959,501</b>	<b>2,052,788</b>	<b>2,066,815</b>	<b>-</b>	<b>(6,539)</b>	<b>7,084</b>	<b>9,738</b>	<b>14,944</b>
<b>Expenditures and Transfers-Out</b>													
Transportation Department	1,374,357	1,659,158	1,307,532	1,624,366	1,797,549	1,632,122	1,590,733	1,565,599	-	-	-	-	-
Public Safety and Other Depts.	86,933	98,268	93,382	110,895	107,822	111,872	111,872	111,872	-	-	-	-	-
Transfers-Out and Other	3,000	3,198	-	-	-	-	-	-	-	-	-	-	-
Debt Service	136,488	154,593	180,725	193,539	211,009	216,125	222,957	230,318	-	-	(1,728)	(2,225)	(4,007)
<b>Total Expenditures and Transfers-Out</b>	<b>1,600,778</b>	<b>1,915,217</b>	<b>1,581,640</b>	<b>1,928,799</b>	<b>2,116,380</b>	<b>1,960,119</b>	<b>1,925,562</b>	<b>1,907,789</b>	<b>-</b>	<b>-</b>	<b>(1,728)</b>	<b>(2,225)</b>	<b>(4,007)</b>
Balance Before Reserves	415,353	275,790	381,830	376,507	136,772	136,154	263,380	422,405	-	(6,539)	2,272	14,235	33,186
<b>Ending Balance</b>	<b>\$415,353</b>	<b>\$275,790</b>	<b>\$381,830</b>	<b>\$376,507</b>	<b>\$136,772</b>	<b>\$136,154</b>	<b>\$263,380</b>	<b>\$422,405</b>	<b>-</b>	<b>(6,539)</b>	<b>2,272</b>	<b>14,235</b>	<b>33,186</b>
Reserved Fund Balance per Policy	89,983	92,284	85,142	84,616	89,848	91,031	98,936	101,843	-	(392)	425	584	897
Unreserved Fund Balance per Policy	325,369	183,506	296,687	291,891	46,924	45,123	164,443	320,563	-	(6,147)	1,847	13,651	32,289
Debt Service Percentage Compared to State Revenue	12.5%	12.6%	14.9%	15.1%	16.1%	16.1%	15.6%	15.9%	0.0%	0.1%	-0.2%	-0.3%	-0.4%

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

**County State Aid Fund**  
February 2018 Forecast  
Comparison to Nov 2017 Forecast

(5 in thousands)

	February 2018 Forecast							
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Balance Forward from Prior Year	\$488,869	\$534,626	\$508,749	\$563,509	\$631,865	\$627,543	\$627,543	\$627,543
Prior Year Adjustments	569	256	139	246	-	-	-	-
Adjusted Balance Forward	489,438	534,882	508,889	563,754	631,865	627,543	627,543	627,543
<b>Net Revenue and Transfers-In</b>								
Leased Vehicle Sales Tax	9,000	23,266	29,171	33,388	36,670	37,354	37,582	38,114
Other Income	2,483	2,636	3,583	5,917	8,852	14,492	18,732	20,787
Transfer from HUTD	612,159	639,964	653,444	681,261	724,761	738,783	787,456	793,828
Transfer from General	-	-	-	-	2,000	2,000	-	-
Total Net Revenue and Transfers-In	623,643	665,866	686,199	720,565	772,283	792,629	843,770	852,729
<b>Expenditures and Transfers-Out</b>								
Grants to Local Governments	549,524	651,767	621,664	641,945	761,153	776,027	825,928	834,499
MnDOT Administrative and Research	10,230	9,231	9,880	10,479	15,423	16,572	17,812	18,200
Transfers to MSAS Fund	13,000	10,000	-	-	-	-	-	-
Transfers to Special Revenue	-	-	35	30	30	30	30	30
Transfers to Trunk Highway Fund	5,700	21,000	-	-	-	-	-	-
Total Expenditures and Transfers-Out	578,455	691,999	631,579	652,454	776,606	792,629	843,770	852,729
Balance Before Reserves	534,626	508,749	563,509	631,865	627,543	627,543	627,543	627,543
Less Appropriation Carryforward	534,626	508,749	563,509	631,865	627,543	627,543	627,543	627,543
Ending Balance	-	-	-	-	-	-	-	-

**2018 February -Transportation**

	Change from Nov 2017				
	Close	Budget	Budget	Planning Est	Planning Est
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Balance Forward from Prior Year	-	-	(4,323)	(4,323)	(4,323)
Prior Year Adjustments	-	-	-	-	-
Adjusted Balance Forward	-	-	(4,323)	(4,323)	(4,323)
Leased Vehicle Sales Tax	-	228	228	494	1,862
Other Income	-	323	1,810	2,932	2,261
Transfer from HUTD	-	(3,517)	3,190	4,030	7,486
Transfer from General	-	2,000	2,000	-	-
Total Net Revenue and Transfers-In	-	(966)	7,228	7,456	11,609
Grants to Local Governments	-	3,909	7,381	7,295	11,366
MnDOT Administrative and Research	-	(552)	(153)	160	243
Transfers to MSAS Fund	-	-	-	-	-
Transfers to Special Revenue	-	-	-	-	-
Transfers to Trunk Highway Fund	-	-	-	-	-
Total Expenditures and Transfers-Out	-	3,357	7,228	7,456	11,609
Balance Before Reserves	-	(4,323)	(4,323)	(4,323)	(4,323)
Less Appropriation Carryforward	-	(4,323)	(4,323)	(4,323)	(4,323)
Ending Balance	-	-	-	-	-

**Municipal State Aid Fund**  
February 2018 Forecast  
Comparison to Nov 2017 Forecast

(\$ in thousands)

	February 2018 Forecast							
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Balance Forward From Prior Year	\$161,492	\$172,486	\$167,954	\$152,926	\$181,968	\$177,968	\$177,968	\$177,968
Prior Year Adjustments	281	110	42	81	-	-	-	-
Adjusted Balance Forward	161,772	172,596	167,996	153,008	181,968	177,968	177,968	177,968
<b>Net Revenue and Transfers-In :</b>								
Other Income	1,006	1,122	1,286	1,876	2,715	4,331	5,554	6,147
Transfer From HUTD	160,798	168,101	171,642	178,949	190,375	194,058	206,843	208,517
Transfer From CSAH	13,000	10,000	-	-	-	-	-	-
Net Revenue and Transfers In	174,804	179,223	172,928	180,824	193,090	198,389	212,397	214,664
<b>Expenditures and Transfers-Out</b>								
Grants to Local Governments	160,638	180,696	184,751	148,677	192,287	193,460	207,157	209,309
MnDOT Administrative and Research	3,453	3,169	3,237	3,177	4,794	4,920	5,231	5,346
Transfers to Special Revenue	-	-	10	9	9	9	9	9
Total Expenditures and Transfers-Out	164,091	183,865	187,998	151,864	197,090	198,389	212,397	214,664
<b>Balance before Reserves</b>	172,486	167,954	152,926	181,968	177,968	177,968	177,968	177,968
Less Appropriation Carryforward	172,486	167,954	152,926	181,968	177,968	177,968	177,968	177,968
Ending Balance	-	-	-	-	-	-	-	-

**2018 February -Transportation**

	Change from Nov 2017				
	Close	Budget	Budget	Planning Est	Planning Est
	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
	-	-	(4,000)	(4,000)	(4,000)
	-	-	-	-	-
	-	-	(4,000)	(4,000)	(4,000)
	-	50	456	766	565
	-	(924)	838	1,058	1,966
	-	-	-	-	-
	-	(874)	1,294	1,824	2,531
	-	3,068	1,276	1,782	2,472
	-	58	17	43	60
	-	-	-	-	-
	-	3,126	1,294	1,824	2,531
	-	(4,000)	(4,000)	(4,000)	(4,000)
	-	(4,000)	(4,000)	(4,000)	(4,000)
	-	-	-	-	-

**Transit Assistance Fund**  
February 2018 Forecast  
Comparison to Nov 2017 Forecast

**2018 February - Transportation**

(\$ in thousands)	February 2018 Forecast								Change from Nov 2017				
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est	Close	Budget	Budget	Planning Est	Planning Est
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Balance Forward from Prior Year	\$34,816	\$32,170	\$56,246	\$69,634	\$71,445	\$54,416	\$51,582	\$48,012	-	-	(1,036)	7,927	6,558
Prior Year Adjustments	160	5,862	672	2,766	-	-	-	-	-	-	-	-	-
Adjusted Balance Forward	34,976	38,032	56,917	72,399	71,445	54,416	51,582	48,012	-	-	(1,036)	7,927	6,558
<b>Net Revenue and Transfers-In</b>													
Metropolitan Area Transit Account	230,498	249,930	257,099	271,535	278,532	286,308	295,632	304,488	-	(3,960)	8,208	10,260	15,768
Greater Minnesota Transit Account	25,611	27,770	28,567	30,171	30,948	31,812	32,848	33,832	-	(440)	912	1,140	1,752
Total Motor Vehicle Sales Tax	256,109	277,700	285,665	301,706	309,480	318,120	328,480	338,320	-	(4,400)	9,120	11,400	17,520
Leased Vehicle Sales Tax	22,612	23,266	29,171	33,388	36,670	37,354	37,582	38,114	-	228	228	494	1,862
Total Net Revenue and Transfers-In	278,721	300,967	314,836	335,094	346,150	355,474	366,062	376,434	-	(4,172)	9,348	11,894	19,382
<b>Expenditures and Transfers-Out</b>													
Metropolitan Council	234,915	252,931	257,172	271,535	278,532	286,308	295,632	304,488	-	(3,960)	8,208	10,260	15,768
Transportation Department	46,612	29,821	44,948	64,513	84,647	72,000	74,000	76,000	-	824	(7,823)	3,003	6,612
Total Expenditures and Transfers-Out	281,527	282,752	302,120	336,048	363,179	358,308	369,632	380,488	-	(3,136)	385	13,263	22,380
Balance Before Reserves	32,170	56,246	69,634	71,445	54,416	51,582	48,012	43,958	-	(1,036)	7,927	6,558	3,560
Less Appropriation Carryforward	32,170	56,246	69,634	33,388	36,670	37,354	37,582	38,114	-	228	228	494	1,862
Less Met Council Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	-	-	-	\$38,057	\$17,746	\$14,228	\$10,430	\$5,844	-	(1,264)	7,699	6,064	1,698

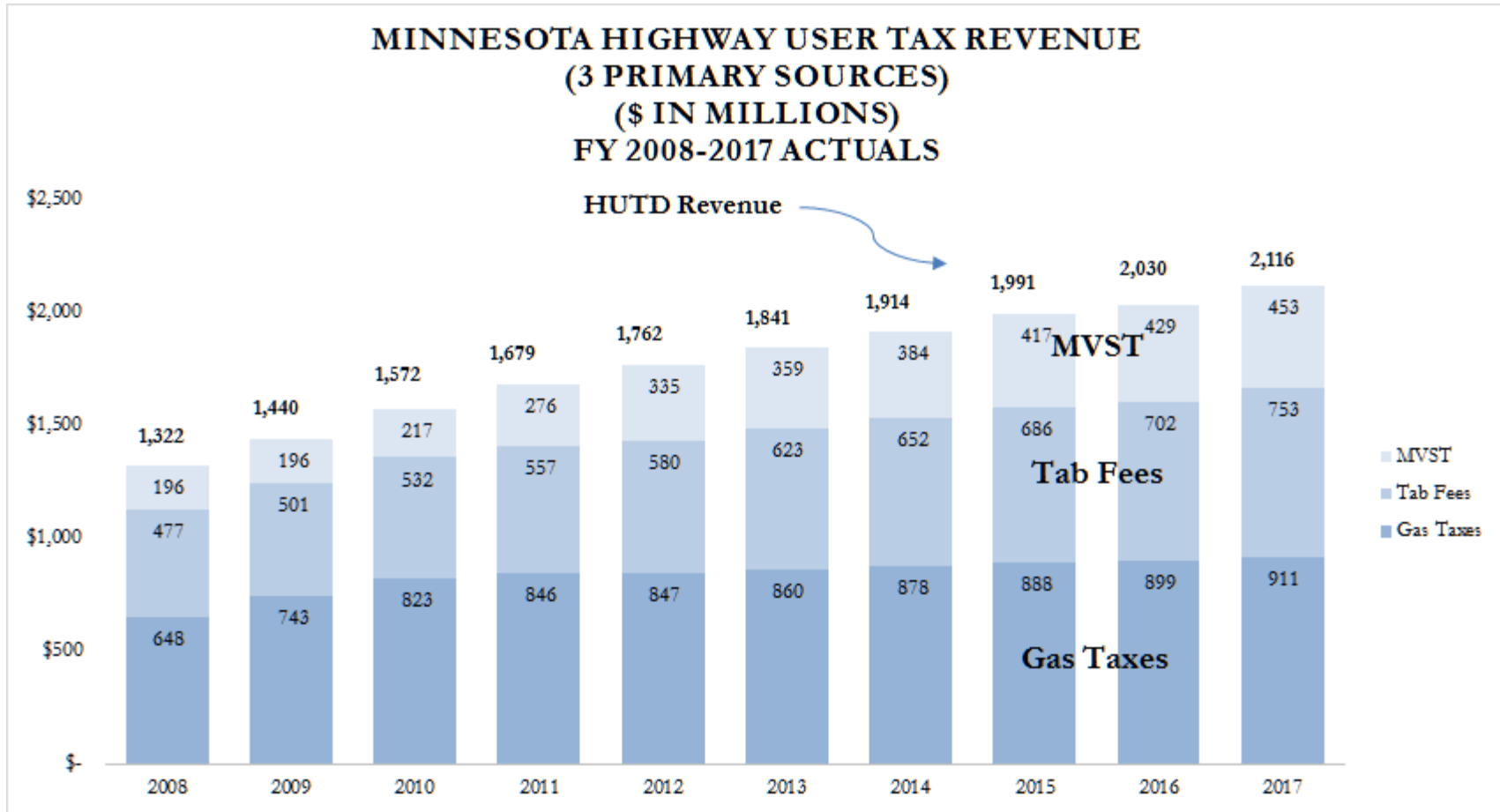
State Airports Fund  
February 2018 Forecast  
Comparison to Nov 2017 Forecast

*2018 February -Transportation*

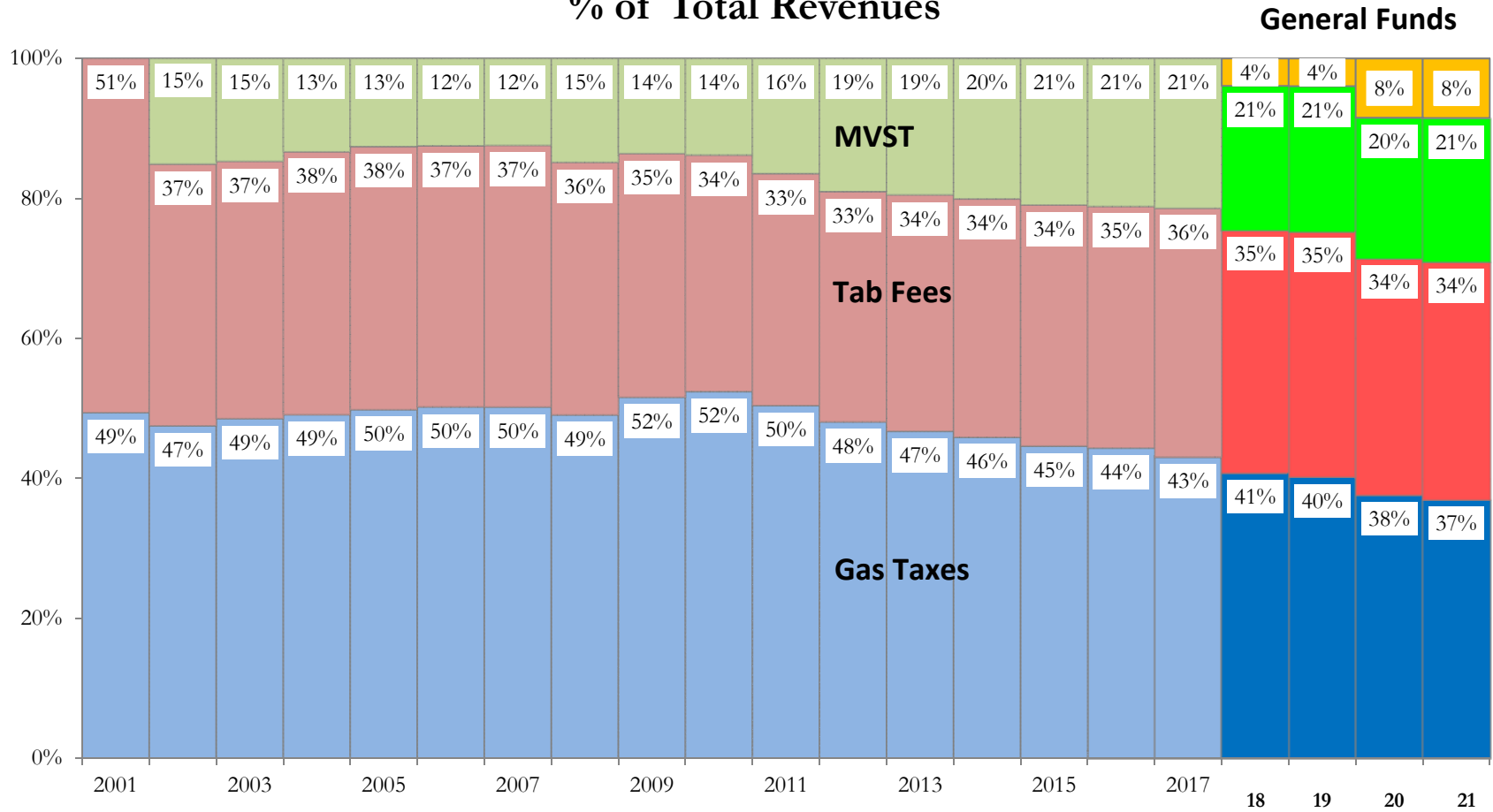
(5 in thousands)	February 2018 Forecast								Change from Nov 2017				
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est	Close	Budget	Budget	Budget	Budget
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Balance Forward from Prior Year	\$4,113	\$20,826	\$24,346	\$17,629	\$19,222	\$5,400	\$5,195	\$4,980	-	-	(111)	(879)	(1,068)
Prior Year Adjustments	1,532	553	642	593	-	-	-	-	-	-	-	-	-
Adjusted Balance Forward	5,645	21,379	24,988	18,222	19,222	5,400	5,195	4,980	-	-	(111)	(879)	(1,068)
<b>Net Revenue and Transfers-In</b>													
Transfer from General Fund	15,000	-	-	-	-	-	-	-	-	-	-	-	-
Sales Tax on Aircraft	3,272	8,104	4,941	6,501	5,700	5,000	5,000	5,000	-	700	-	-	-
Airline Flight Property Tax	9,208	8,081	7,000	7,006	8,000	7,000	6,500	6,000	-	-	-	500	-
Aircraft Registration Tax	3,358	3,648	2,455	4,202	3,000	3,000	3,000	3,000	-	-	-	-	-
Gasoline & Special Fuel Tax	3,317	6,230	6,118	5,843	5,000	5,015	5,100	5,174	-	(800)	(808)	(770)	(766)
Other Income	835	964	955	950	1,133	1,385	1,577	1,669	-	(11)	40	81	41
Total Net Revenue and Transfers-In	34,991	27,028	21,469	24,503	22,833	21,400	21,177	20,843	-	(111)	(768)	(189)	(725)
<b>Expenditures and Transfers-Out</b>													
Transportation Department	20,313	24,526	29,074	23,907	36,610	21,647	21,347	21,347	-	-	-	-	-
Total Expenditures and Transfers-Out	20,313	24,526	29,074	23,907	36,610	21,647	21,347	21,347	-	-	-	-	-
<b>Net Change in Loan Fund</b>	503	465	246	405	(45)	42	(45)	42	-	-	-	-	-
Balance Before Reserves	20,826	24,346	17,629	19,222	5,400	5,195	4,980	4,518	-	(111)	(879)	(1,068)	(1,793)
Less Appropriation Carryforward	2,043	2,615	2,817	3,264	3,159	3,201	3,156	3,198	-	-	-	-	-
<b>Ending Balance</b>	<b>\$18,783</b>	<b>\$21,731</b>	<b>\$14,812</b>	<b>\$15,957</b>	<b>\$2,240</b>	<b>\$1,993</b>	<b>\$1,823</b>	<b>\$1,319</b>	<b>-</b>	<b>(111)</b>	<b>(879)</b>	<b>(1,068)</b>	<b>(1,793)</b>

This fund statement consists of three funds: State Airports Fund, Hangar Revolving Loan Fund, and Air Transportation Services Fund.

Ending balances in the two revolving funds are not included in the consolidated fund statement ending balance since their receipts are dedicated to their specific functions.



## Minnesota Highway User Tax Revenue FY 2001-2017 Actuals, 2018-2021 Based on Feb. 2018 Forecast % of Total Revenues



Source: Minnesota Department of Transportation, Office of Financial Management  
Annual Revenues and Expenditures for Transportation Purposes (Budgetary Basis) and Feb. '18 Forecast

Feb. 2018  
Forecast



