



# Transportation Funds Forecast February 2022

Released March 3, 2022

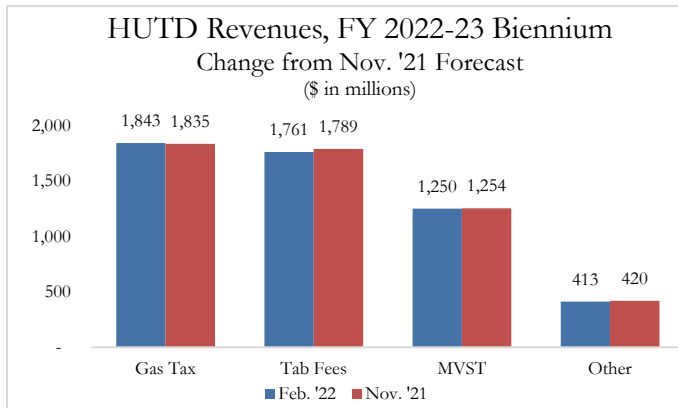
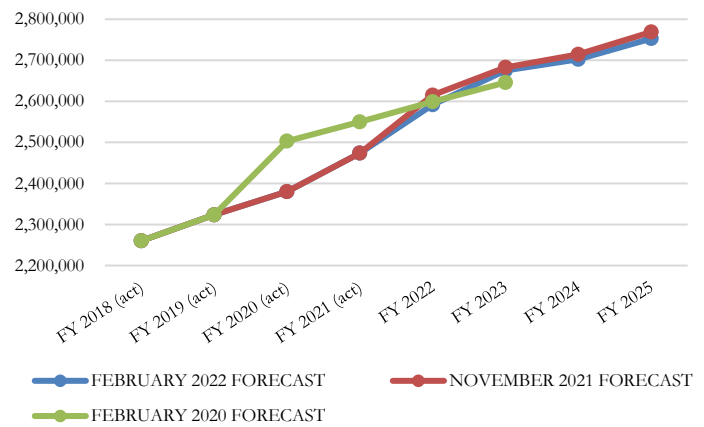
## Forecast Highlights

**Highway User Tax Distribution (HUTD) Fund revenues are anticipated to increase modestly each year through the forecast period.**

However, revenues are projected to be lower in the current FY 2022-23 biennium compared to the November 2021 forecast, decreasing -\$31 million (-0.6 percent). At this time, revenues have increased by nearly +\$22 million (+0.4 percent) in the current biennium compared to the February 2020 forecast prior to the COVID-19 pandemic (after declining by -\$199 million, -3.9 percent, in the FY 2020-21 biennium).

In the FY 2024-25 biennium, revenues are projected to continue to decrease (-\$28 million, -0.5 percent) compared to November 2021 estimates.

**HUTD Revenues**  
Feb '22 vs. Nov '21 vs. Feb '20 Forecast



### Change in HUTD revenues compared to the November 2021 forecast

Gas tax is up +\$7.8 million (+0.4 percent), registration tax is down -\$28.4 million (-1.6 percent), and motor vehicle sales tax is down -\$3.1 million (-0.3 percent) in the FY 2022-23 biennium.

### 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.

**HUTD Allocation by Fund, FY 2022-23 Biennium**  
(\$ in millions)

Fund	Feb. '22	Nov '21	\$ Change	% Change
Trunk Highway	3,078	3,096	(18)	-0.6%
CSAH	1,701	1,711	(10)	-0.6%
MSAS	447	449	(3)	-0.6%
Other (DNR, DPS, Revenue)	54	54	0	0.4%
<b>Total</b>	<b>5,279</b>	<b>5,310</b>	<b>(31)</b>	<b>-0.6%</b>

## Federal Funds

The Federal Government has invested in efforts to provide economic relief to various transportation modes affected by the COVID-19 pandemic. The following legislation has provided significant federal financial assistance:

- Coronavirus Aid, Relief, and Economic Security (CARES) Act, enacted on March 27, 2020
- Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, enacted on December 27, 2020
- American Rescue Plan (ARP) Act, enacted on March 11, 2021

As shown below, each of the three Acts provided eligible U.S. airports and transit providers funding to ensure they remain an attractive and viable transportation option for Minnesotans during the pandemic. In addition, the CRRSA Act provided \$162 million for state and local highways. A summary of this federal funding is provided below:

Source	CARES	CRSSA	ARP	Total
FTA*	\$59.0M	\$15.4M	\$11.9M	\$88.9M
FAA	\$158.0M	\$42.0M	\$148.0M	\$350.0M
FHWA	-	\$162.0M	-	\$162.0M

*\*Does not include funding for Twin Cities Metro Transit and urban areas w/ populations of 50,000+*

In addition, on November 15, 2021 the President signed the \$1.2 trillion Infrastructure Investment and Jobs Act (IIJA) into law. This includes a continuation of the current level of Federal formula funds as well as new areas of investment focused on carbon reduction, climate resiliency, restorative justice, broadband, and electric vehicle infrastructure as well as unprecedented amounts of competitive grant money largely aligned with these new investment areas.”

As a result of IIJA, Minnesota can expect to receive approximately \$4.8 billion over five years in Federal highway formula funding for highways and bridges. This represents an estimated 30 percent increase in the State’s highway formula funding under current law. Minnesota, along with local and tribal governments, are also eligible for new and expanded competitive grant programs as part of this law, including, but not limited to:

- Bridge Investment Program for nationally significant bridges
- Rebuilding American Infrastructure with Sustainability and Equity (RAISE) and Infrastructure for Rebuilding America (INFRA) grants
- Safe Streets for All program
- Federal Transit Administration (FTA) grants
- Federal Aviation Administration (FAA) grants
- Port/rail infrastructure

MnDOT is in the early phases of analyzing the impacts of IIJA on the MnDOT program and will work with our state, federal, local, and tribal partners to determine the implementation of the law.

**Note: this forecast does not include any estimated impacts related to the new federal bill.**

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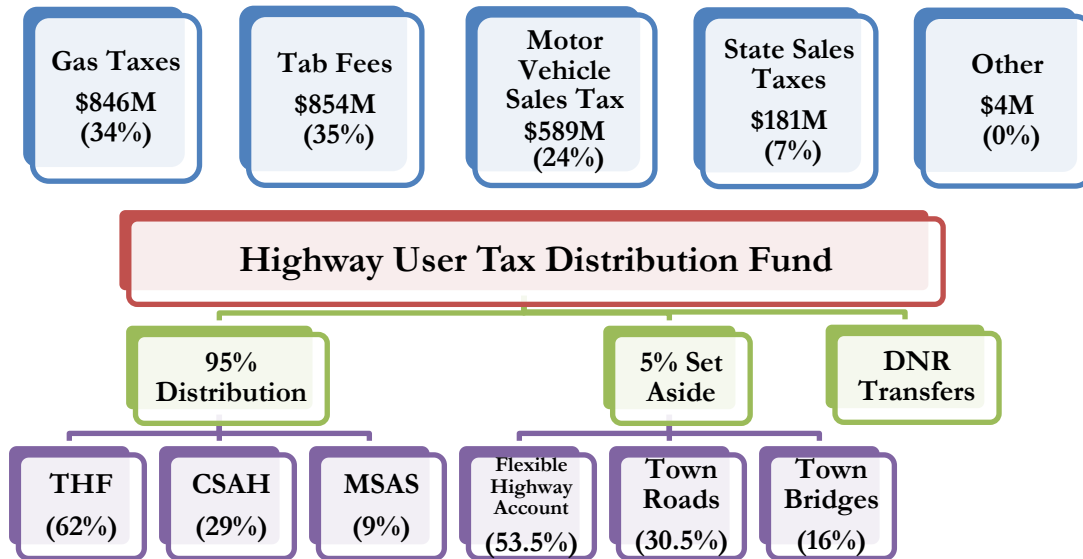
# Introduction to Transportation Funding

The Minnesota Department of Transportation (MnDOT) is a multimodal agency encompassing highway construction, maintenance, aeronautics, rail, and transit activities. In consultation with Minnesota Management and Budget (MMB) and Minnesota Department of Revenue (DOR), MnDOT prepares fund statements for six transportation funds. These fund statements are prepared in November and February of each fiscal year (FY). An additional update is prepared at the end of each legislative session (EOS) to incorporate law-change impacts to the transportation funds.

Comparisons made in this forecast to the prior forecast reflect the difference from the November 2021 fund statements. This forecast includes actuals for FY 2021 and updated estimates for the FY 2022-23 and FY 2024-25 biennia. 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 2021 Actuals**  
 (\$ in millions)



-Article XIV of the Minnesota Constitution

-State Sales Taxes include: fixed portion of sales tax on auto parts, 11 percent 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 percent of 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 1.285 percent (which increased from 1.25 percent in 2020) 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. As of January 1, 2018, there is also an additional \$75 surcharge for all-electric vehicles.

**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 according to 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:** Beginning in 2018, revenue from a portion of the general sales tax on motor vehicle repair or replacement parts has been transferred to the HUTD Fund on a monthly basis. 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. This revenue previously 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. This revenue previously remained in the General Fund.

**State Airports Fund:** The SAF receives revenue from four different dedicated revenue sources. 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 perform aviation functions detailed in Minn. Stat. 360.017.

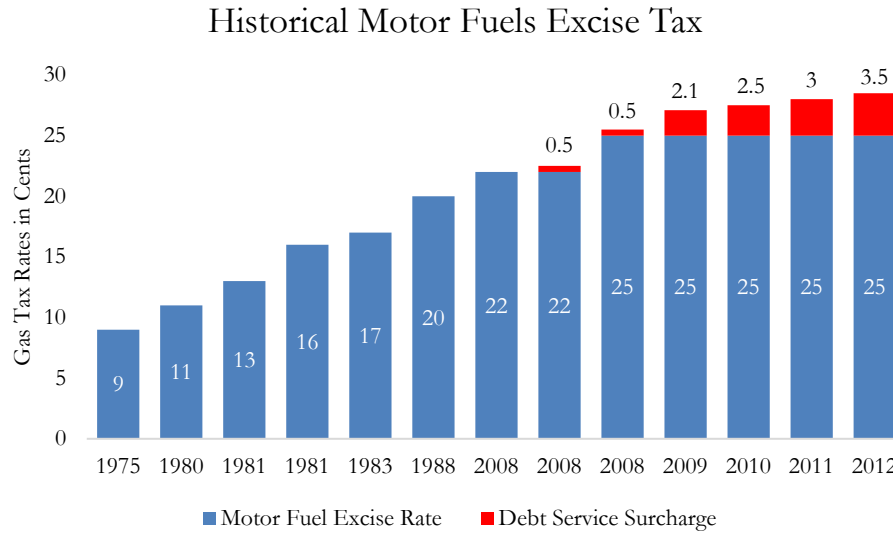
All the funds, except the TAF, receive investment income earned on the cash balances in the funds.

<b>Legal Citation – Quick Reference Guide</b>	
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 of 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>
Transportation Fund	<ul style="list-style-type: none"> <li>• Minn. Stat. 297A.815 - Allocation of motor vehicle lease sales tax revenue</li> </ul>

# Revenue Forecast

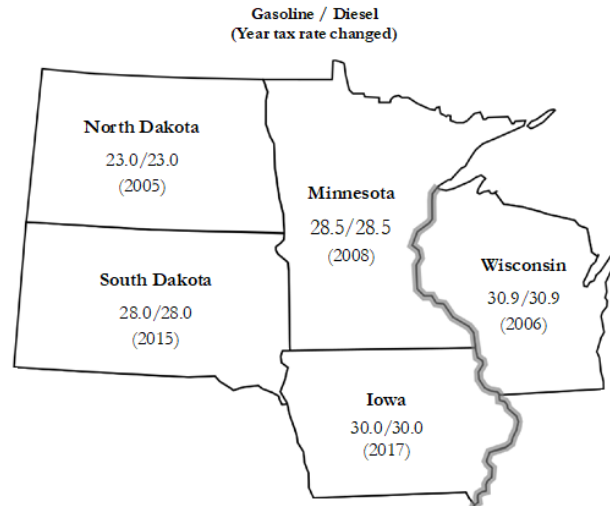
## Motor Fuel Excise Tax (Gas Tax)

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 highlights Minnesota’s gas tax rates and compares them with those in the surrounding states:

**Comparison of January 2022 Motor Fuel Tax Rates (per gallon)**  
American Petroleum Institute



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.

## Fuel Consumption Outlook

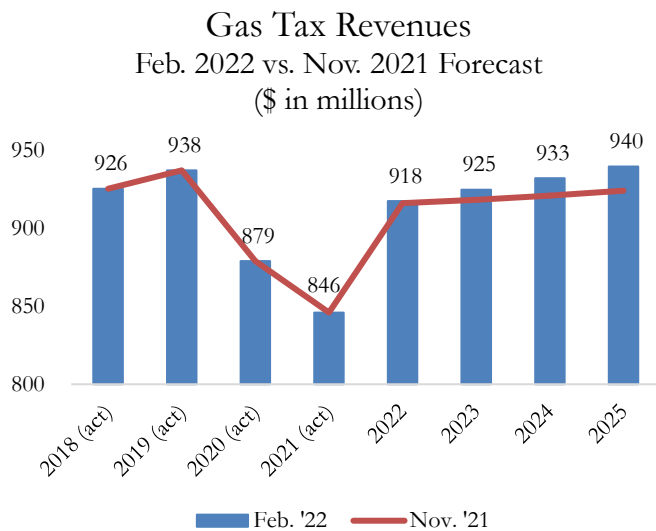
The outlook for fuel consumption is affected by vehicle miles traveled (VMT) and the fuel efficiency of vehicles, which are impacted by:

- 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 traditionally reviews regional forecast information from the U.S. Energy Information Administration (EIA), the federal agency that collects and analyzes energy information. In the past this information has been released annually in January. However, at the time of this forecast EIA projections were not available and not applied to projections for the gas tax.

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. MnDOT uses a blended average of the consumption forecasts by EIA and IHS, adjusted with actual fuel consumption history in Minnesota, to forecast future revenue. The most current IHS forecast projects a modest increase in fuel consumption in FY 2022, and slight increases in later years.

While travel patterns were down significantly during the spring of 2020, due to the COVID-19 pandemic, traffic has largely rebounded to historical averages and year-to-date actual revenue has remained largely steady. After two years of decreasing consumption, revenue is expected to increase significantly in FY 2022. Looking to the future, revenue is projected to increase by 0.8 percent per year.



Gas Tax Revenues (\$ in millions)				
FY	Feb. '22	Nov. '21	\$ Change	% Change
2018 (act)	926	926	-	0.0%
2019 (act)	938	938	-	0.0%
2020 (act)	879	879	-	0.0%
2021 (act)	846	846	-	0.0%
2022	918	917	1.3	0.1%
2023	925	919	6.5	0.7%
2024	933	921	11.2	1.2%
2025	940	925	15.5	1.7%

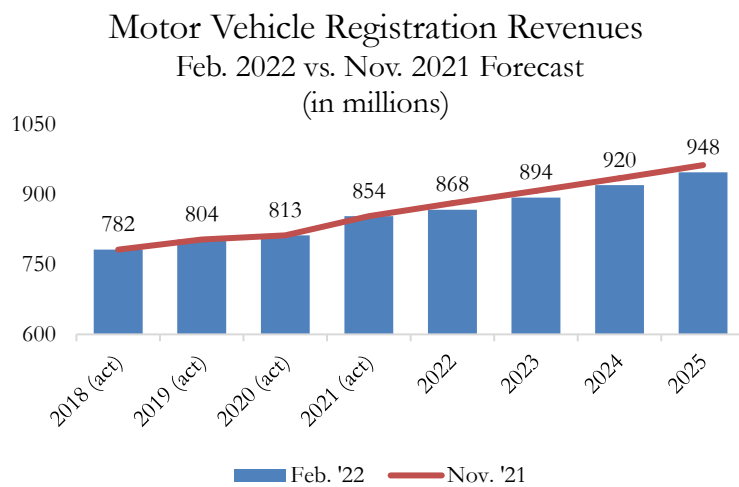


## Motor Vehicle Registration Tax (Tab Fees)

Revenue collected on passenger vehicles comprises about 80 percent of the total revenue from registration taxes. This revenue is 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, which is based on weight and age of the vehicle.

Overall, vehicle sales are expected to continue to grow in future years. This revenue growth is projected to be approximately 3 percent per year on average over the forecast period. However, a combination of below forecast actual revenues and the current mix of registered vehicles results in reduced revenue when compared to November 2021 fund statements.

The current forecast of revenues is shown below:

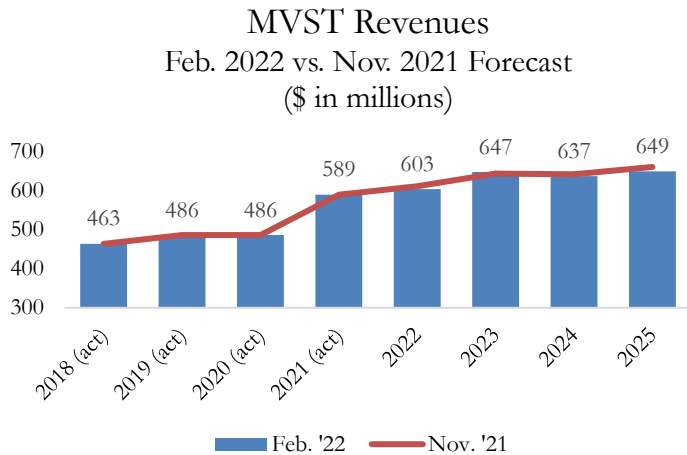


Motor Vehicle Registration Revenues (\$ in millions)				
FY	Feb. '22	Nov. '21	\$ Change	% Change
2018 (act)	782	782	-	0.0%
2019 (act)	804	804	-	0.0%
2020 (act)	813	813	-	0.0%
2021 (act)	854	854	-	0.0%
2022	868	882	(14.0)	-1.6%
2023	894	908	(14.4)	-1.6%
2024	920	935	(14.9)	-1.6%
2025	948	963	(15.3)	-1.6%

## 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 generally decrease between FY2022-25 compared to the November 2021 forecast. The current forecast of revenues is shown on the next page:

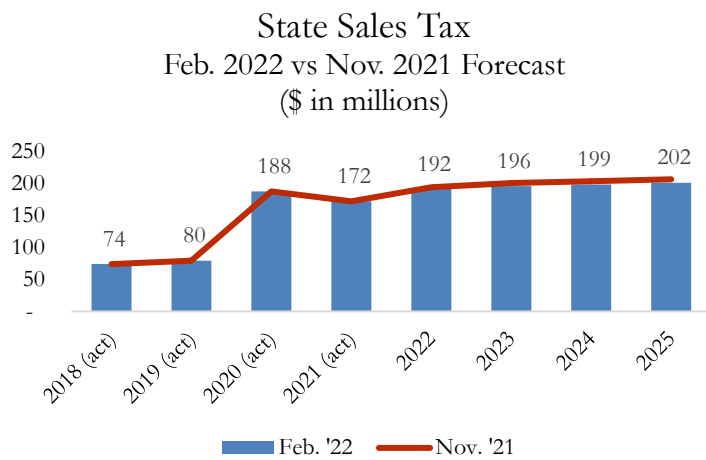


MVST Revenues (\$ in millions)				
FY	Feb. '22	Nov. '21	\$ Change	% Change
2018 (act)	463	463	-	0.0%
2019 (act)	486	486	-	0.0%
2020 (act)	486	486	-	0.0%
2021 (act)	589	589	-	0.0%
2022	603	611	(7.2)	-1.2%
2023	647	643	4.1	0.6%
2024	637	641	(4.6)	-0.7%
2025	649	660	(11.4)	-1.7%

### State Sales Taxes (previously deposited in General Fund)

Beginning in FY 2018, a portion of general sales tax revenues was allocated to the HUTD Fund as a transfer from the General Fund. This revenue includes a 9.2 percent tax collected on short-term motor vehicle rentals and a 6.5 percent general sales tax on short-term motor vehicle rentals. The revenue collected on both taxes is forecast by MMB. Each of these tax revenues are expected to decrease compared to the November 2021 fund statements.

A fixed portion of revenue from the general sales tax on motor vehicle repair or replacement parts is deposited into the HUTD Fund each month. This includes revenue collected on all motor vehicle parts, tires, and accessories. The fixed statutory amount totaled \$31.5 million annually in FY 2018-19. Beginning in FY 2020, the fixed statutory amount totals \$145.6 million annually. The current forecast for these three General Fund revenues is shown below:



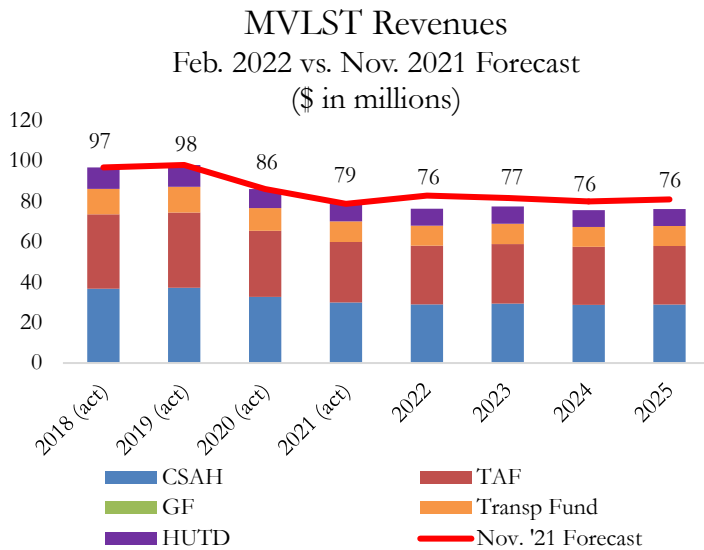
State Sales Taxes (\$ in millions)				
FY	Feb. '22	Nov. '21	\$ Change	% Change
2018 (act)	74	74	-	0.0%
2019 (act)	80	80	-	0.0%
2020 (act)	188	188	-	0.0%
2021 (act)	172	172	-	0.0%
2022	192	195	(2.9)	-1.5%
2023	196	201	(4.9)	-2.4%
2024	199	204	(5.1)	-2.5%
2025	202	207	(5.5)	-2.7%

### Motor Vehicle Lease Sales Tax (MVLST)

The MVLST forecast is prepared by the DOR. The 6.5 percent sales tax is collected by the lessor, and reported and paid directly to DOR. The forecast is anticipated to decrease compared to the November 2021 forecast. As of FY 2018, all revenue from MVLST is reallocated for transportation purposes, deposited into 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 (to be used for TH Fund, CSAH, MSAS)

The current forecast of revenues is shown below:

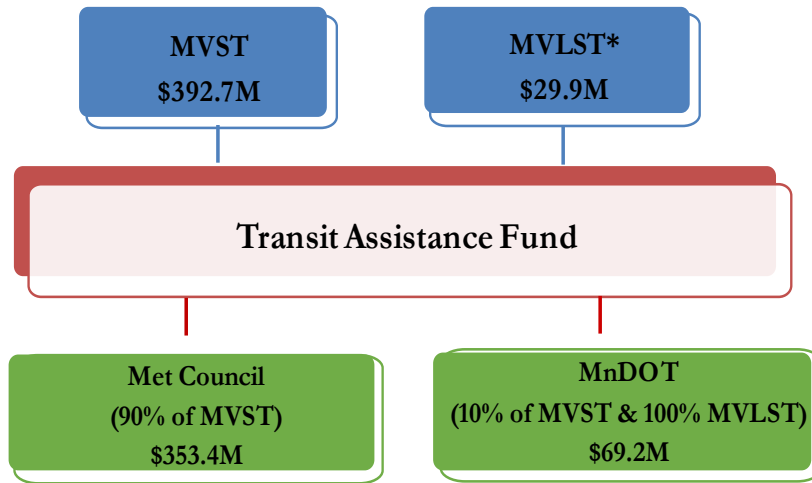


<b>MVLST Revenues</b> (\$ in millions)				
<b>FY</b>	<b>Feb. '22</b>	<b>Nov. '21</b>	<b>\$ Change</b>	<b>% Change</b>
2018 (act)	97	97	-	0.0%
2019 (act)	98	98	-	0.0%
2020 (act)	86	86	-	0.0%
2021 (act)	79	79	-	0.0%
2022	76	83	(6.5)	-7.9%
2023	77	82	(4.2)	-5.1%
2024	76	80	(4.3)	-5.4%
2025	76	81	(4.8)	-5.9%

### 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 is 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 2021**



\*38 percent of MVLST is allocated to TAF.

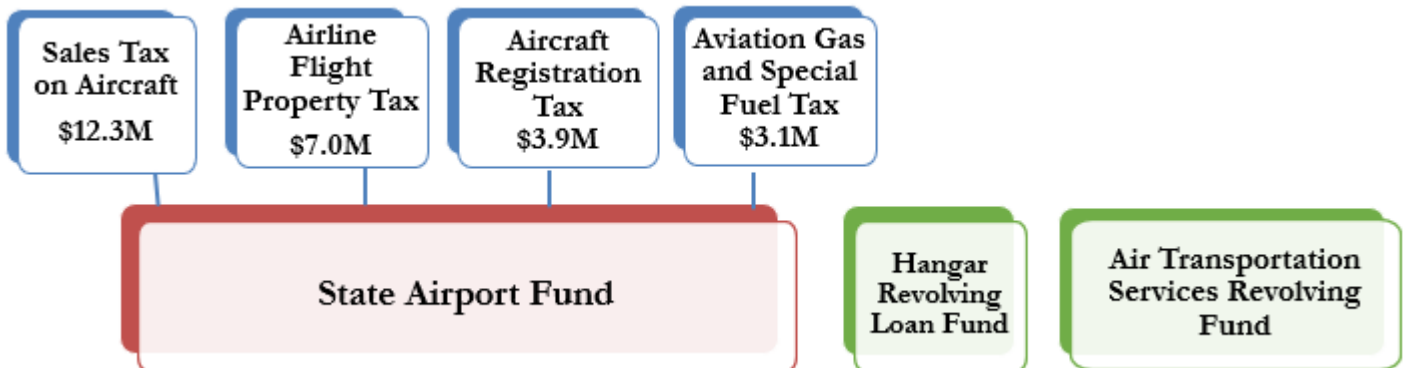
**State Airports Revenue**

Three funds make up the total consolidated SAF:

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

The two revolving funds (Hangar and Air Transportation Services) are not included in the consolidated fund statement ending balance because their receipts are dedicated to specific functions.

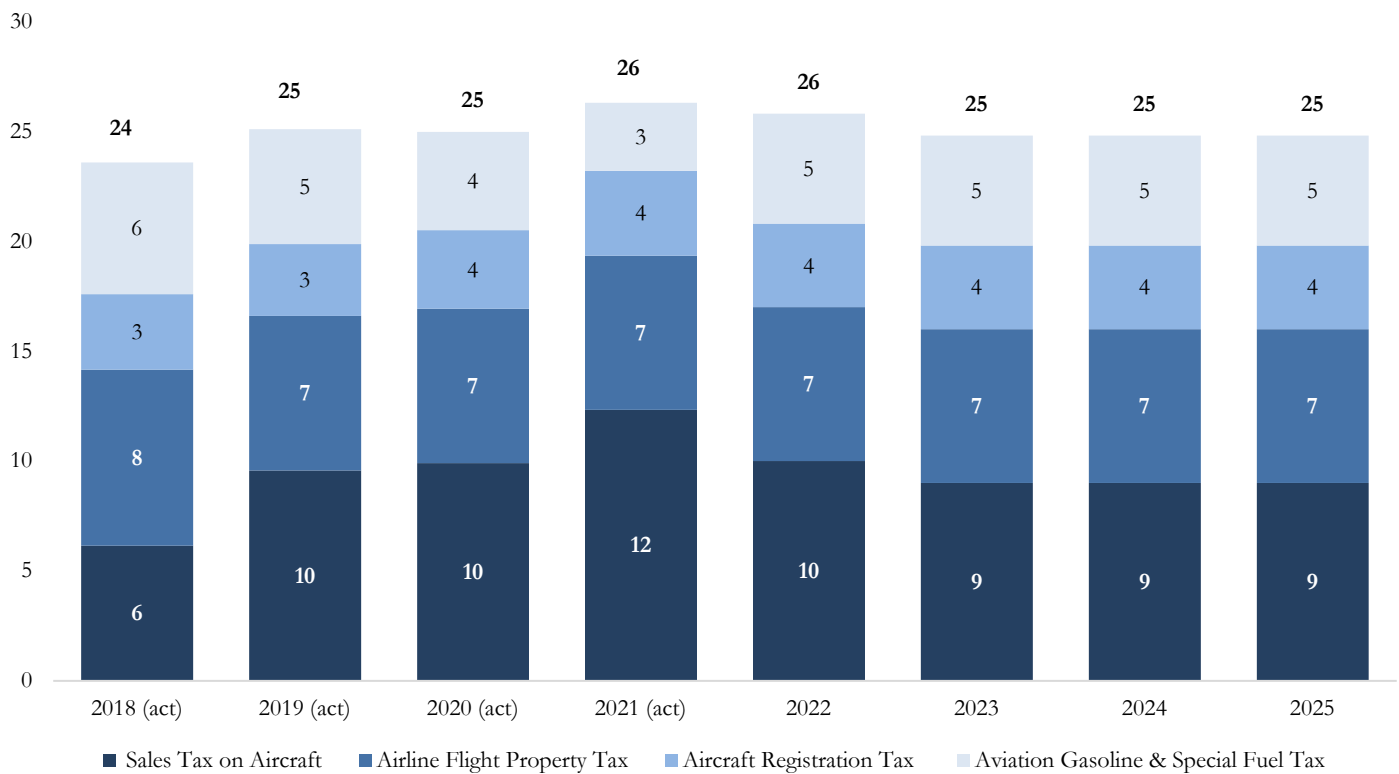
**State Airports Sources of Revenue  
FY 2021**



The forecast for the SAF is focused on aviation gasoline and special fuel taxes, sales tax 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 is anticipated to decrease slightly over the forecast period compared to the November 2021 forecast, largely due to reduced year-to-date revenues in FY 2022. 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:

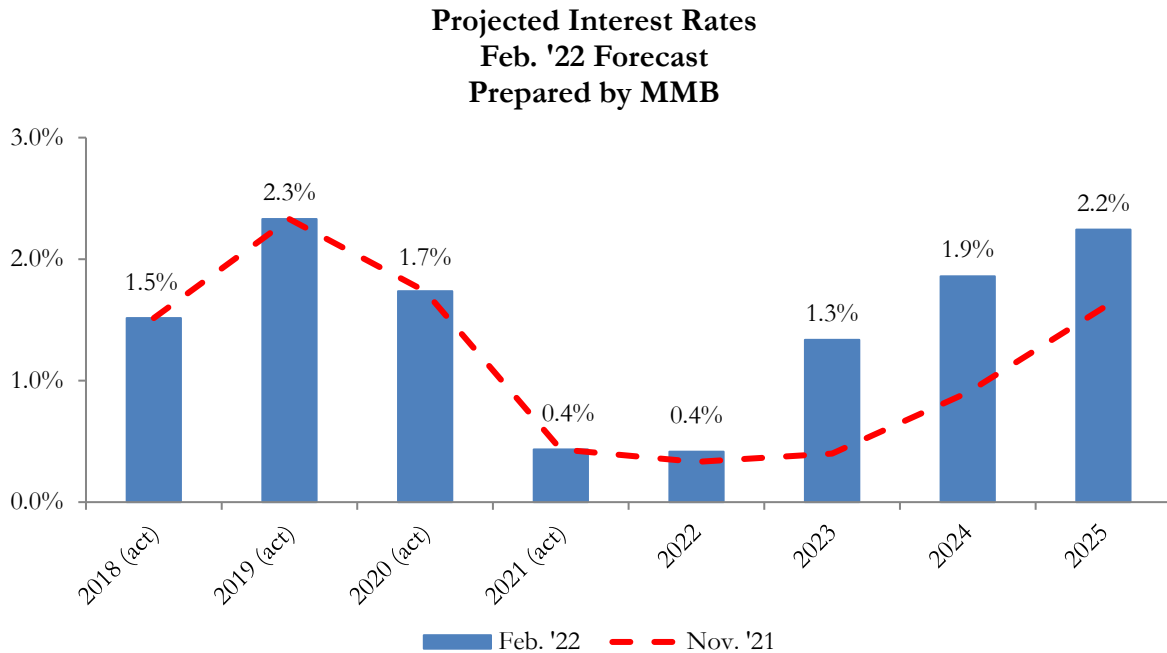
**Primary State Airports Fund Revenues**  
(\$ in millions)



## Investment Income

All the transportation funds discussed in this document, except for the TAF, earn investment income on cash balances in the fund. 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 approximately 0.4 percent and are projected to grow to 2.2 percent in the forecast period. The interest rates in future years have increased by nearly 1 percent compared to November 2021. Interest income in all funds is expected to increase compared to the November 2021 forecast.



# Fund Statements

## Transfers from HUTD Fund

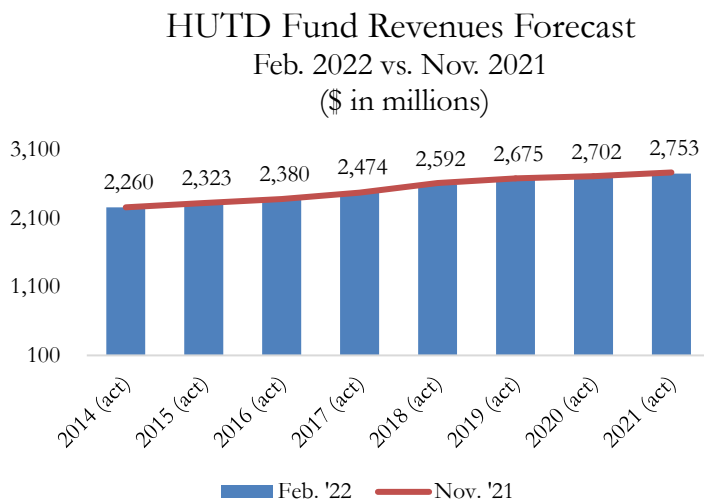
The HUTD Fund receives revenues from the three sources dedicated to highways and transit (gas tax, tab fees, and MVST), as well as several minor sources of revenue. Except for the 40 percent of MVST dedicated to public transit, revenues from these three taxes are deposited into the HUTD Fund. In addition, beginning in FY 2018 four new revenue sources are statutorily dedicated from the General Fund to the HUTD Fund. This includes a fixed portion of the sales tax on auto parts, 11 percent of MVLST, and the 6.5 percent and 9.2 percent tax on rental vehicles. The 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 (visual provided on page 3):

- 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.

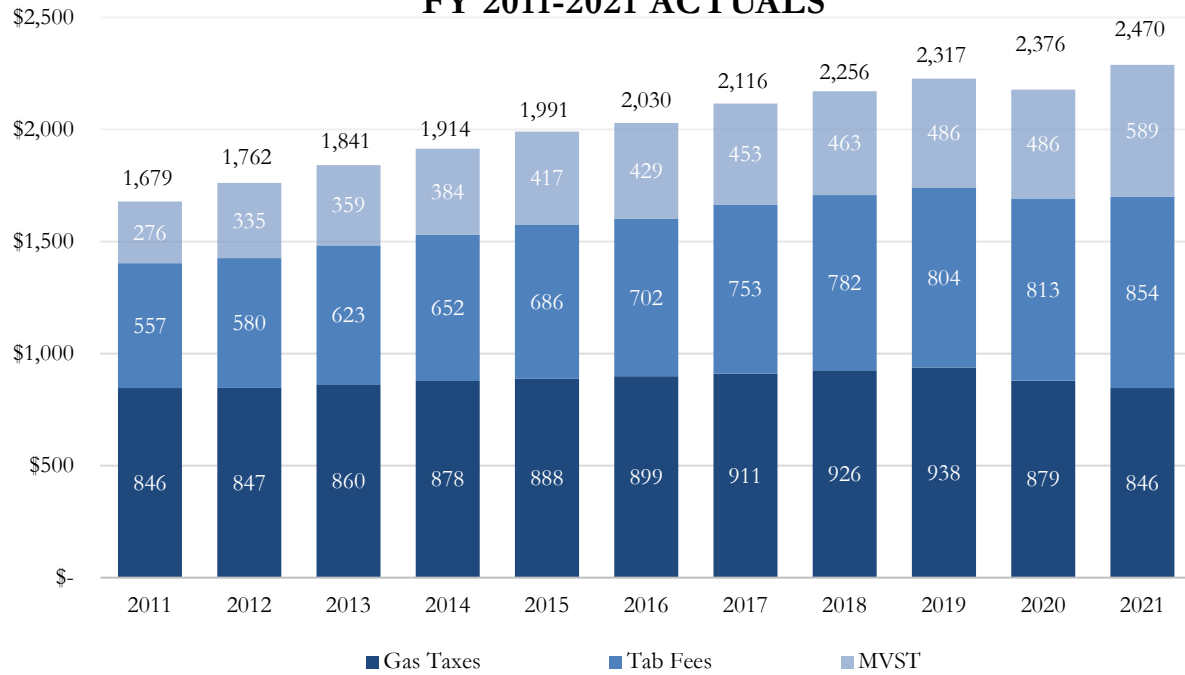
The current forecast is shown below:



HUTD Fund Revenues (\$ in millions)				
FY	Feb. '22	Nov. '21	\$ Change	% Change
2018 (act)	2,260	2,260	-	0.0%
2019 (act)	2,323	2,323	-	0.0%
2020 (act)	2,380	2,380	-	0.0%
2021 (act)	2,474	2,474	-	0.0%
2022	2,592	2,615	(23.4)	-0.9%
2023	2,675	2,683	(7.5)	-0.3%
2024	2,702	2,714	(12.1)	-0.4%
2025	2,753	2,769	(16.1)	-0.6%

The bar chart below details a 10-year history of actual revenues for the HUTD Fund (FY 2011-21). It includes the relative shares of revenue attributed to gas taxes, tab fees, and MVST. During the last ten years, gas taxes have decreased as a percentage of total revenue, while tab fees and MVST have increased as a percentage of total revenue.

**MINNESOTA HIGHWAY USER TAX REVENUE  
(3 PRIMARY SOURCES)  
FY 2011-2021 ACTUALS**





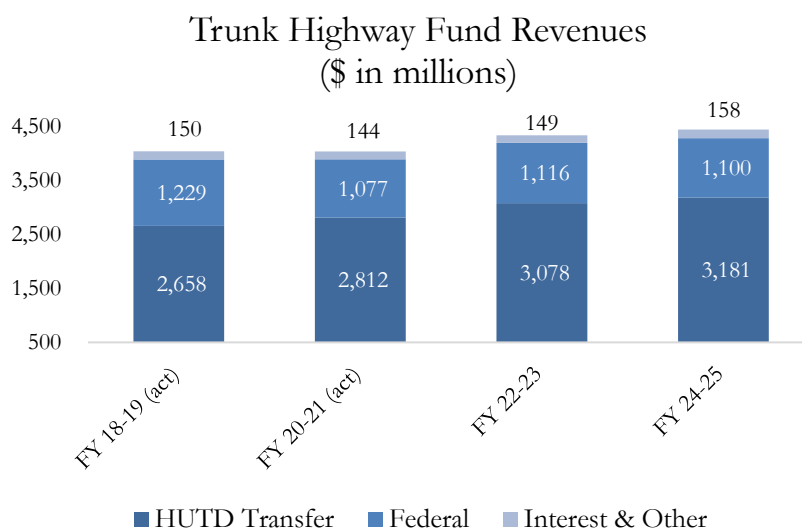
## Trunk Highway Fund

The TH Fund receives transfers from the HUTD Fund and revenue from investment income. Another 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. Over the forecast period, the estimated reimbursements vary greatly each year based on the projected mix of state and federal funds recognized on specific projects. The current Federal Authorization Act (FAST Act) was scheduled to end on September 30, 2020, but has been extended multiple times, essentially at the prior year funding level. The recently enacted IIJA authorization includes increased funding for the next five years (FY 2022-26). The federal process also requires an annual appropriation of spending authority to use the IIJA contracting authority. The appropriation bill was recently extended through March 11, 2022.

**Note: this forecast does not include any estimated impacts related to the new federal bill.**

In addition, the fund receives revenues and transfers from several other smaller sources. For FY 2022-25, 72 percent of resources are transfers from the HUTD Fund, 25 percent of resources are federal aid agreements, and 3 percent of resources are other sources such as investment income.

The current forecast, by biennium, is shown below:



## Debt Service – Trunk Highway Fund

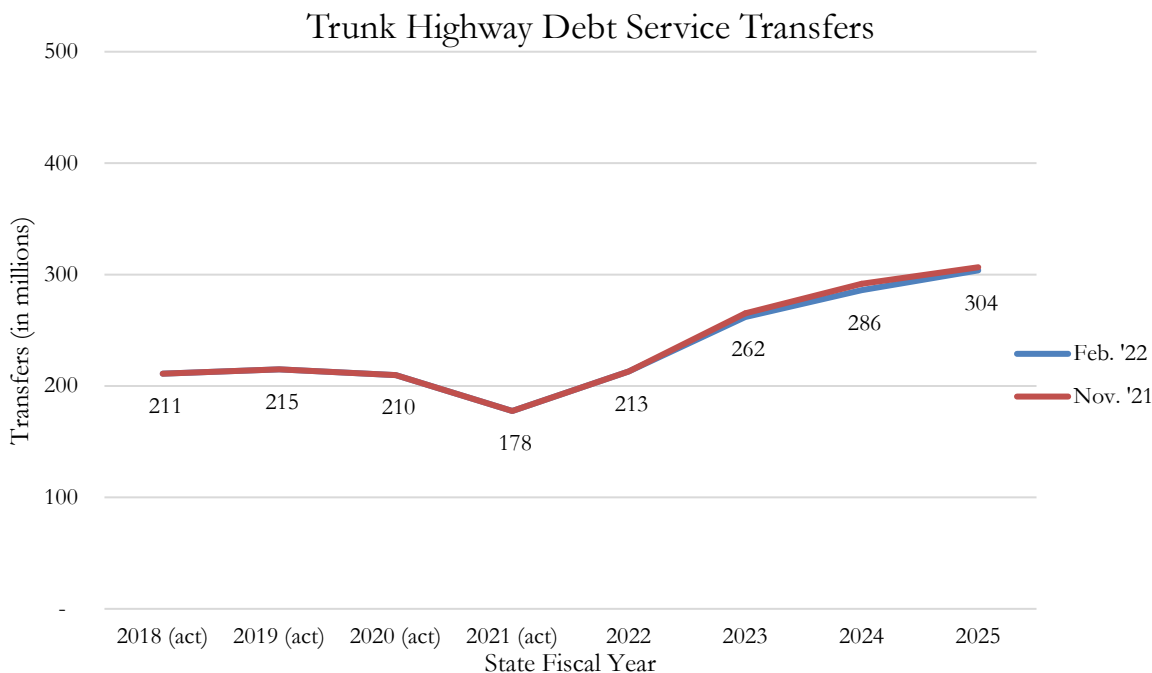
The forecast for expenditures is generally based on the previously enacted biennial budget. There are typically no significant changes in estimated spending. However, the TH Fund has unique constitutional authority to sell authorized Trunk Highway bonds<sup>2</sup>. The debt service on these bonds (payment of principal and interest) is specified as the first obligation of the fund. The biennial budget includes appropriation amounts for debt service. However, 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 Fund debt service.

Forecast debt service estimates have slightly decreased each year compared to the November 2021 forecast. Bond sale interest rates were largely unchanged from the prior forecast. The primary change in the February 2022 forecast is the

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

short-term ITC rates as they apply to both the bond proceeds fund and debt service fund balances. This forecast is assuming larger amounts of investment earnings across all years, which in turn, lowers the required transfer from the TH Fund. 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.

The graph below depicts actual and forecast debt service transfer amounts by year, compared to the November 2021 forecast:



The TH Fund is governed by four financial policies: Debt Management, Fund Balance, Cash Balance, and Advance Construction (policy link 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. The projected annual spending for TRLF and LGA combined is \$3 million.

The debt management policy estimates include FY 2026-27 to be consistent with the approach MMB uses when publishing the Debt Capacity Forecast. The table below demonstrates that estimated debt service costs from the TH Fund range from nearly 14 percent to just over 18 percent through the end of FY 2027, peaking at 18.2 percent in FY 2025.

<sup>3</sup> Developed to comply with Minn. Stat. 167.60

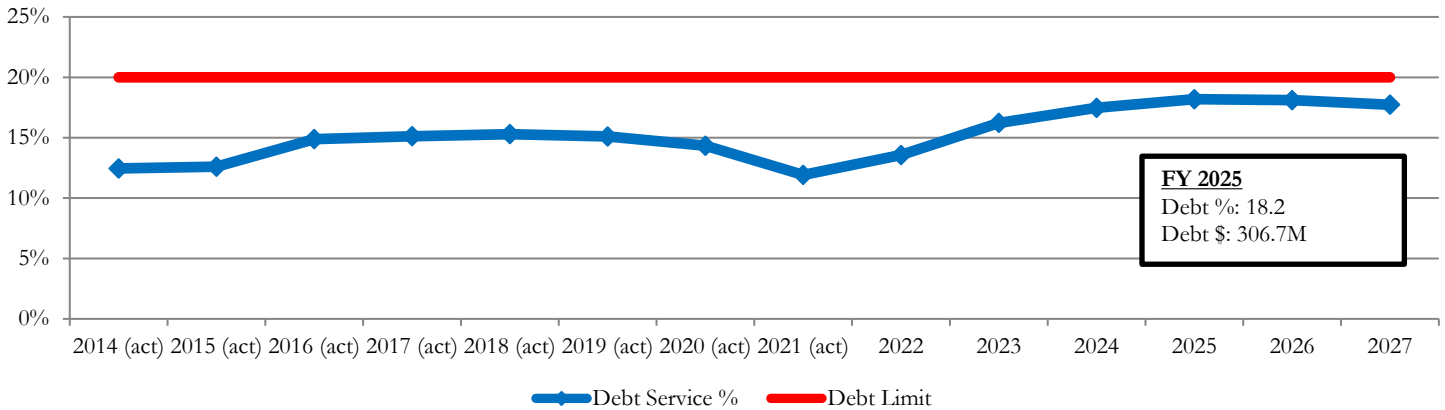
### Debt Management Policy (\$ in millions)

Year	Total Debt Service <sup>(1)</sup>	Estimated Current %	Variance from 20% Policy Limit <sup>(2)</sup>
2018 (act)	211.4	15.3%	65.0
2019 (act)	215.3	15.1%	69.9
2020 (act)	210.2	14.3%	83.2
2021	177.5	11.9%	120.4
2022	216.1	13.6%	102.5
2023	264.9	16.2%	61.7
2024	289.0	17.5%	41.7
2025	306.7	18.2%	30.5
2026	310.9	18.1%	32.5
2027	309.9	17.7%	39.7

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

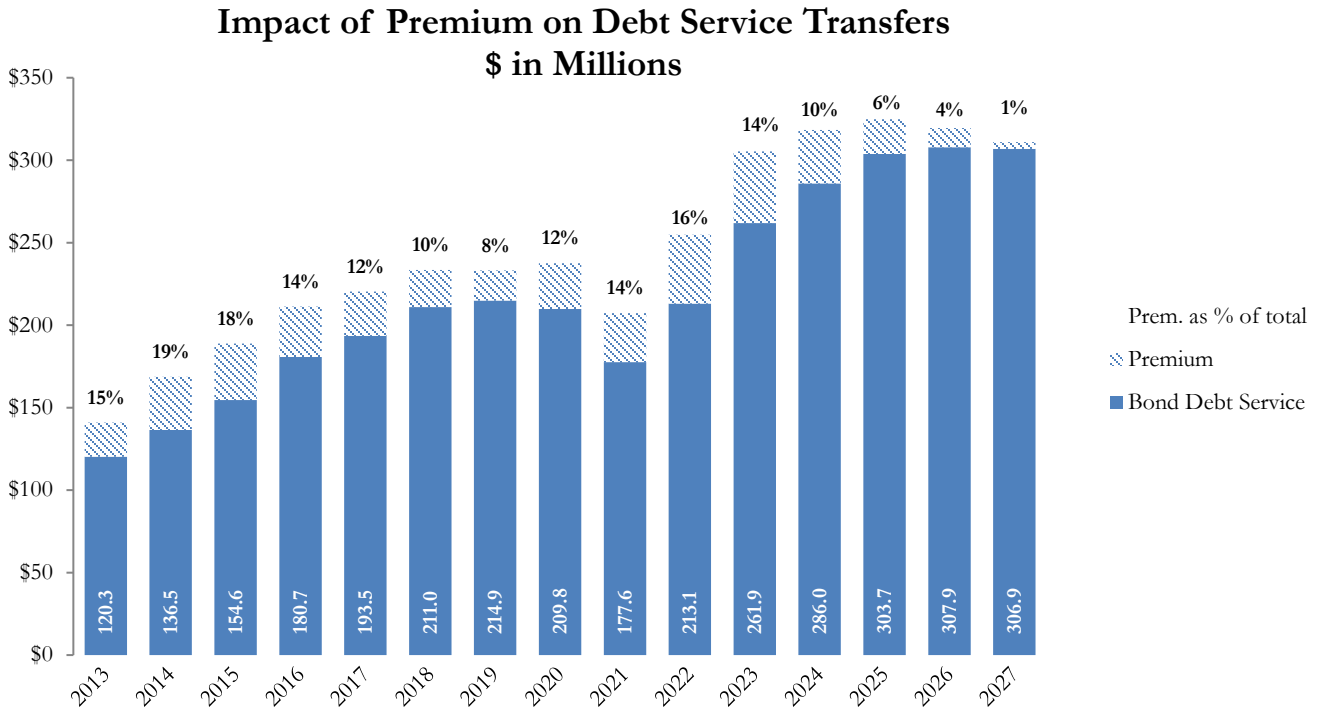
(2) Represents amount of additional debt service to reach 20 percent limit – a general guideline is to multiply this amount by 10 for an estimate of the additional bond capacity e.g. \$30.5 million  $\times$  10 = \$305 million in additional bond capacity.

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



As MnDOT manages this policy, there are variables to the debt management calculation outside the control of the agency. 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 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), 2018 (Laws of 2018, Chapter 214 - \$416 million), 2020 (Laws of 2020, Fifth Special Session, Chapter 3 - \$300 million), and 2021 (Laws of 2021, First Special Session, Chapter 5 - \$413 million). MnDOT anticipates bond sales from the 2008 program to end in FY 2023 and sales from all current authorized debt to end in FY 2028.

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.

	<b>FY22-23</b>	<b>FY24-25</b>
Transfers from HUTD	(18.3)	(17.0)
Federal Aid Agreements	-	-
Interest	8.4	12.9
Other Revenues and Transfers	10.0	-
Prior Year Adjustments	-	-
<b>Total Revenue and Transfer Impact</b>	<b>0.1</b>	<b>(4.1)</b>
Transportation Expenditures	10.0	-
Other Agencies	(0.1)	-
Transfers Out	-	-
Debt Service Transfer	(3.3)	(8.6)
<b>Total Expenditure and Transfer Impact</b>	<b>6.6</b>	<b>(8.6)</b>
<b>Fund Balance Change</b>	<b>(6.5)</b>	<b>4.5</b>
<b>Total Cumulative Change</b>	<b>(6.5)</b>	<b>(2.0)</b>
Feb. '22 Forecast	267.7	291.5
Nov '21 Forecast	274.2	293.5
Change	<b>(6.5)</b>	<b>(2.0)</b>
<i>Reserved Fund Balance (Feb '22)</i>	<i>110.9</i>	<i>105.9</i>
<i>Unreserved Fund Balance (Feb '22)</i>	<i>156.8</i>	<i>185.6</i>

## 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 87 counties in Minnesota. Beginning in 2016, estimated revenues for counties are split between “apportionment sum” and “excess sum” based on fixed percentages. 68 percent is allocated to apportionment sum and 32 percent is allocated to excess sum. These two amounts are then 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.

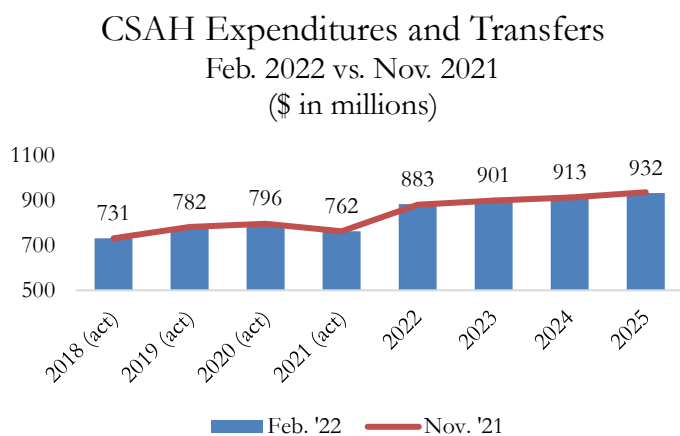
These allocations include the five percent set-aside portion of the total revenues from the HUTD Fund. The Constitution allows the Legislature to allocate this five percent in a manner different from the constitutional formula (62 percent to the TH Fund, 29 percent to the CSAH Fund, and nine percent 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 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](https://www.dot.state.mn.us/safinance/appmt/commorder2022.pdf) (https://www.dot.state.mn.us/safinance/appmt/commorder2022.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. '22	Nov. '21	\$ Change	% Change
2018 (act)	731	731	-	0.0%
2019 (act)	782	782	-	0.0%
2020 (act)	796	796	-	0.0%
2021 (act)	762	762	-	0.0%
2022	883	881	2.5	0.3%
2023	901	899	2.4	0.3%
2024	913	913	0.6	0.1%
2025	932	936	(3.4)	-0.4%

## Municipal State Aid Street (MSAS) Fund

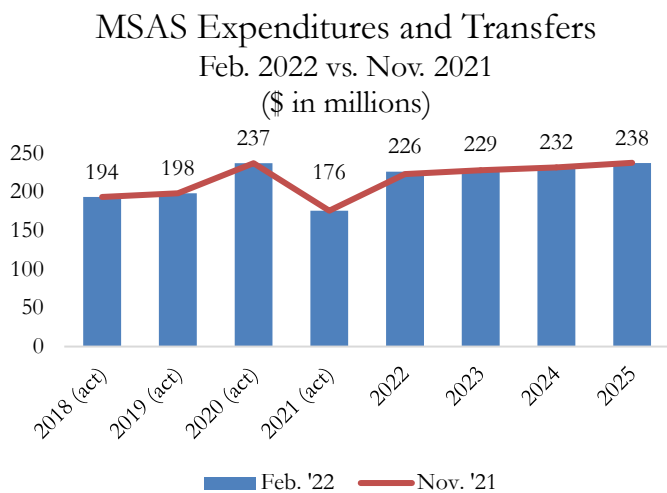
The MSAS Fund receives transfers from the HUTD Fund, authorized transfers from the CSAH Fund and revenues from investment income. Minnesota Statutes, Chapter 162 provides the criteria by which funds are allocated to statutory accounts within the MSAS Fund and to each of the Minnesota State Aid cities 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 (<https://www.dot.state.mn.us/safinance/appmt/commorder2022.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:

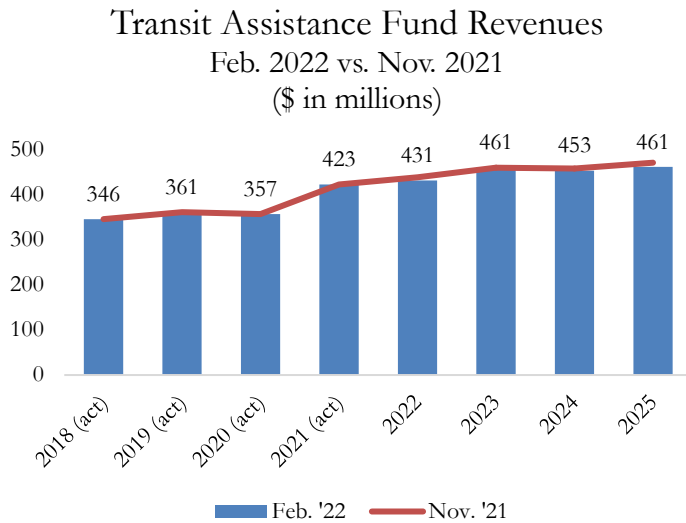


MSAS Expenditures and Transfers (\$ in millions)				
FY	Feb. '22	Nov. '21	\$ Change	% Change
2018 (act)	194	194	-	0.0%
2019 (act)	198	198	-	0.0%
2020 (act)	237	237	-	0.0%
2021 (act)	176	176	-	0.0%
2022	226	223	3.0	1.4%
2023	229	228	1.1	0.5%
2024	232	232	0.7	0.3%
2025	238	238	(0.2)	-0.1%

## Transit Assistance Fund (TAF)

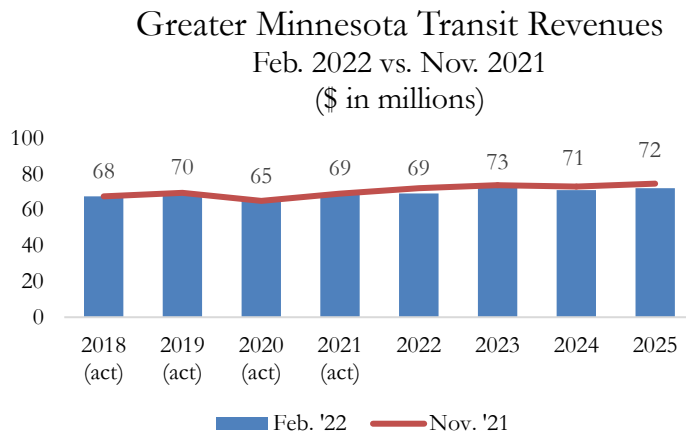
Beginning in FY 2018, 38 percent of MVLST revenue is allocated to the TAF – Greater Minnesota Transit account. In previous years, half of the MVLST revenues (net of \$32 million that remained in the General Fund) were allocated to this fund. The fund also receives 40 percent of MVST revenues.

The total estimated revenue for the TAF is shown below:



Transit Assistance Fund Revenues (\$ in millions)				
FY	Feb. '22	Nov. '21	\$ Change	% Change
2018 (act)	346	346	-	0.0%
2019 (act)	361	361	-	0.0%
2020 (act)	357	357	-	0.0%
2021 (act)	423	423	-	0.0%
2022	431	438	(7.3)	-1.7%
2023	461	460	1.1	0.2%
2024	453	458	(4.7)	-1.0%
2025	461	471	(9.4)	-2.0%

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. '22	Nov. '21	\$ Change	% Change
2018 (act)	68	68	-	0.0%
2019 (act)	70	70	-	0.0%
2020 (act)	65	65	-	0.0%
2021 (act)	69	69	-	0.0%
2022	69	72	(2.9)	-4.1%
2023	73	74	(1.3)	-1.8%
2024	71	73	(1.9)	-2.7%
2025	72	75	(2.6)	-3.5%

## 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 typically the same as forecast expenditures in the fund statement. 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.



## **Federal Stimulus Funds**

As part of the CARES Act, the Federal Transit Administration (FTA) received funding to allow transit systems to operate their adjusted public service (in response to the COVID-19 pandemic), or to purchase eligible capital items, with the federal government reimbursing 100% of the net costs (transit expenses minus transit revenues). Below is a summary of the funding Minnesota is receiving:

- \$750,000 for COVID-19 positive client transportation;
- \$54 million for Greater Minnesota Transit (administered by MnDOT);
- \$27 million for transit systems in urban areas with populations of 50,000+ (administered directly by transit systems);
- \$227 million for Twin Cities metro transit (administered by Met Council);
- \$4.4 million to replace 47 buses for 20 transit agencies in rural areas across the state.

The CRSSA Act included \$15.4 million for transit from the FTA. Of this total, \$14.7 million is for the Section 5311 Rural Transit Program serving populations under 50,000, and \$727,000 is for the Section 5310 Contact Enhanced Mobility of Seniors and Individuals with Disabilities Program.

The ARP Act included \$11.9 million for transit from the FTA. Similar to CRSSA Act funding, \$11.1 million is for the Section 5311 Rural Transit Program serving populations under 50,000, and \$800,000 is for the Section 5310 Contact Enhanced Mobility of Seniors and Individuals with Disabilities Program.

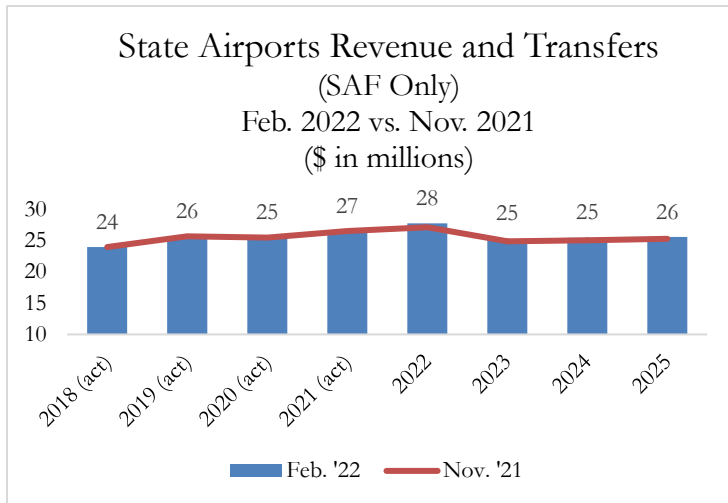
## **Account Balance Policy**

A Greater Minnesota Transit Account policy was developed in 2018 to provide an appropriate amount of reserves in the fund to protect against significant shifts in revenue or spending. The policy specifies the fund maintain a minimum of 10 percent of the total balance forward from the previous year. At this time, the fund is in compliance with this policy.

## 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. '22	Nov. '21	\$ Change	% Change
2018 (act)	24	24	-	0.0%
2019 (act)	26	26	-	0.0%
2020 (act)	25	25	-	0.0%
2021 (act)	27	27	-	0.0%
2022	28	27	0.6	2.3%
2023	25	25	0.4	1.6%
2024	25	25	0.4	1.6%
2025	26	25	0.3	1.1%

## Federal Stimulus Funds

As part of the CARES Act, signed into law in March 2020, the Federal Aviation Administration (FAA) received funding for two primary categories. Below is a summary of the funding Minnesota is receiving:

- \$158 million for operations grants to 97 airports (flows through MnDOT, specific amounts by airport):
  - \$125 million for Minneapolis-St. Paul (MSP)
  - \$30 million for other 8 commercial service airports
  - \$3 million for 88 general aviation airports

The CRSSA and ARP Acts included \$42 million and \$148 million from the FAA, respectively. The funds are to provide economic relief to eligible airports throughout Minnesota.

## 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. The policy requires that the SAF (not including the revolving funds) maintain a minimum of 5 percent of the total appropriations in each fiscal year and a maximum of 15 percent or \$3 million (whichever is lower, currently \$3 million). Currently, the fund is in compliance with this policy.

## 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 – Percentage of Total Revenues
Appendix 8:	HUTD Revenues Year-over-Year Growth Percentage Trend
Appendix 9:	Revenue and Expenditures for Transportation Purposes Flow Chart
Policy Links:	<a href="#"><u>Policy Links</u></a>

## Contacts

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Appendix 1

Highway User Tax Distribution Fund

February 2022 Forecast

Comparison to Nov. 2021 Forecast

(\$ in thousands)	February 2022 Forecast								Change from Nov. 2021			
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est	Budget	Budget	Planning Est	Planning Est
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2022	FY 2023	FY2024	FY2025
Balance Forward from Prior Year	11,403	12,050	11,932	10,674	24,338	12,000	12,000	12,000	-	-	-	-
Prior Year Adjustments	177	1,763	87	91	-	-	-	-	-	-	-	-
Adjusted Balance Forward	11,581	13,812	12,019	10,765	24,338	12,000	12,000	12,000	-	-	-	-
<b>Net Revenue and Transfers-In</b>												
Motor Fuel Excise Tax	925,737	937,561	879,237	846,125	917,800	925,142	932,544	940,004	1,300	6,542	11,244	15,504
Motor Vehicle Registration Tax	781,867	803,733	812,605	853,657	867,500	893,525	920,331	947,941	(14,000)	(14,420)	(14,853)	(15,298)
Motor Vehicle Sales Tax	463,435	485,904	486,031	589,043	603,367	647,095	636,657	648,670	(7,181)	4,087	(4,641)	(11,408)
Sales Tax on Auto Parts	31,536	31,536	145,644	145,644	145,644	145,644	145,644	145,644	-	-	-	-
Motor Vehicle Rental Tax (9.2%)	25,927	28,108	24,952	15,735	27,062	29,743	31,221	32,803	(1,677)	(2,856)	(3,000)	(3,217)
Motor Vehicle Rental Tax (6.5%)	16,706	19,859	17,629	11,117	19,120	21,014	22,058	23,176	(1,184)	(2,018)	(2,120)	(2,273)
Leased Vehicle Sales Tax	10,641	10,772	9,467	8,658	8,393	8,514	8,316	8,371	(715)	(462)	(473)	(528)
Other Income	4,471	6,024	4,452	3,763	2,883	4,582	5,528	6,241	77	1,641	1,700	1,164
Total Net Revenue and Transfers-In	2,260,320	2,323,498	2,380,017	2,473,743	2,591,769	2,675,259	2,702,298	2,752,850	(23,380)	(7,486)	(12,143)	(16,056)
<b>Expenditures and Transfers-Out</b>												
Appropriations to MnDOT, Revenue, DPS	11,746	13,977	11,607	11,662	4,161	3,455	3,455	3,455	(6)	-	-	-
Transfers--DNR	23,028	23,274	23,066	20,317	22,945	23,128	23,314	23,500	32	163	281	388
Transfers--5% Set-Aside	111,254	114,406	117,335	121,410	128,850	132,434	133,776	136,295	(1,170)	(382)	(622)	(822)
Transfers--County State-Aid Highway	613,009	630,379	646,513	668,967	709,964	729,710	737,108	750,984	(6,448)	(2,108)	(3,423)	(4,530)
Transfers--Municipal State-Aid Highway	190,244	195,635	200,642	207,610	220,334	226,462	228,758	233,064	(2,001)	(654)	(1,062)	(1,406)
Transfers--Trunk Highway	1,310,570	1,347,707	1,382,200	1,430,204	1,517,853	1,560,070	1,575,887	1,605,552	(13,787)	(4,505)	(7,318)	(9,686)
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures and Transfers-Out	2,259,851	2,325,378	2,381,363	2,460,170	2,604,107	2,675,259	2,702,298	2,752,850	(23,380)	(7,486)	(12,144)	(16,056)
<b>Ending Balance</b>	<b>12,050</b>	<b>11,932</b>	<b>10,674</b>	<b>24,338</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	<b>12,000</b>	-	-	-	-

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

**Trunk Highway Fund**  
**February 2022 Forecast**  
**Comparison to Nov. 2021 Forecast**

(\$ in thousands)	February 2022 Forecast								Change from Nov. 2021			
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est	Budget	Budget	Planning Est	Planning Est
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2022	FY 2023	FY 2024	FY 2025
Balance Forward from Prior Year	376,507	436,605	424,314	491,015	335,301	178,214	267,697	272,050	-	(12,997)	(6,505)	(227)
Prior Year Adjustments	33,366	61,699	27,739	46,061	99,340	35,000	35,000	35,000	-	-	-	-
Adjusted Balance Forward	409,872	498,304	452,052	537,076	434,640	213,214	302,697	307,050	-	(12,997)	(6,505)	(227)
<b>Net Revenue and Transfers-In</b>												
Transfer from HUDT	1,310,570	1,347,707	1,382,200	1,430,204	1,517,853	1,560,070	1,575,887	1,605,552	(13,787)	(4,505)	(7,318)	(9,686)
Federal Aid Agreements	601,332	627,708	547,643	528,939	482,859	633,507	549,995	549,995	-	-	-	-
Other Income and Transfers-In	71,558	78,228	84,713	59,553	75,508	73,198	77,557	80,750	10,650	7,720	7,817	5,104
Total Net Revenue and Transfers-In	1,983,461	2,053,643	2,014,556	2,018,697	2,076,220	2,266,775	2,203,439	2,236,297	(3,137)	3,215	499	(4,582)
<b>Expenditures and Transfers-Out</b>												
Transportation Department	1,640,971	1,796,050	1,652,140	1,841,885	1,965,642	1,800,588	1,798,358	1,798,358	10,000	-	-	-
Public Safety and Other Depts.	104,748	116,680	113,632	132,427	149,567	145,474	145,474	145,474	(141)	-	-	-
Transfers-Out and Other	-	-	-	68,589	4,300	4,300	4,300	4,300	-	-	-	-
Debt Service	211,009	214,903	209,821	177,571	213,138	261,929	285,955	303,747	-	(3,276)	(5,779)	(2,816)
Total Expenditures and Transfers-Out	1,956,728	2,127,633	1,975,594	2,220,472	2,332,647	2,212,291	2,234,087	2,251,879	9,860	(3,276)	(5,779)	(2,816)
Balance Before Reserves	436,605	424,314	491,015	335,301	178,214	267,697	272,050	291,467	(12,997)	(6,505)	(227)	(1,993)
Less Appropriation Carryforward	-	-	-	-	-	-	-	-	-	-	-	-
<b>Ending Balance</b>	<b>436,605</b>	<b>424,314</b>	<b>491,015</b>	<b>335,301</b>	<b>178,214</b>	<b>267,697</b>	<b>272,050</b>	<b>291,467</b>	<b>(12,997)</b>	<b>(6,505)</b>	<b>(227)</b>	<b>(1,993)</b>
Reserved Fund Balance per Policy	90,633	92,467	105,141	101,417	115,479	110,930	107,401	105,864	(188)	(1,152)	(5,455)	(7,958)
Unreserved Fund Balance per Policy	345,972	331,847	385,874	233,883	62,734	156,768	164,649	185,603	(12,808)	(5,353)	5,228	5,964
Debt Service Percentage Compared to State Revenue	15.3%	15.1%	14.3%	11.9%	13.6%	16.2%	17.5%	18.2%	0.0%	-0.2%	-0.4%	-0.1%

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 2022 Forecast  
Comparison to Nov. 2021 Forecast

(\$ in thousands)	February 2022 Forecast								Change from Nov. 2021			
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est	Budget	Budget	Planning Est	Planning Est
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2022	FY 2023	FY 2024	FY 2025
Balance Forward from Prior Year	631,865	673,186	690,463	702,465	763,678	736,436	736,360	736,284	-	(27,166)	(27,166)	(27,166)
Prior Year Adjustments	165	320	286	385	-	-	-	-	-	-	-	-
Adjusted Balance Forward	632,030	673,506	690,749	702,850	763,678	736,436	736,360	736,284	-	(27,166)	(27,166)	(27,166)
<b>Net Revenue and Transfers-In</b>												
Leased Vehicle Sales Tax	36,761	37,212	32,704	29,909	28,994	29,412	28,728	28,918	(2,470)	(1,596)	(1,634)	(1,824)
Other Income	9,270	14,549	11,128	2,957	3,128	9,749	13,460	16,157	399	6,474	6,303	3,765
Transfer from HUDT	724,263	744,786	763,848	790,376	838,814	862,144	870,884	887,279	(7,618)	(2,490)	(4,045)	(5,352)
Transfer from General	2,000	2,000	-	-	-	-	-	-	-	-	-	-
Total Net Revenue and Transfers-In	772,294	798,547	807,679	823,243	870,936	901,305	913,072	932,354	(9,689)	2,388	624	(3,411)
<b>Expenditures and Transfers-Out</b>												
Grants to Local Governments	720,530	770,121	784,739	751,053	865,523	883,145	894,757	913,724	2,239	2,370	703	(3,304)
MnDOT Administrative and Research	10,558	11,393	11,163	11,286	17,579	18,160	18,315	18,630	238	18	(79)	(107)
Transfers to MSAS Fund	-	-	-	-	5,000	-	-	-	5,000	-	-	-
Transfers to Special Revenue	51	76	61	76	76	76	76	76	-	-	-	-
Transfers to Trunk Highway Fund	-	-	-	-	10,000	-	-	-	10,000	-	-	-
Total Expenditures and Transfers-Out	731,138	781,590	795,963	762,415	898,178	901,381	913,148	932,430	17,477	2,388	624	(3,411)
Balance Before Reserves	673,186	690,463	702,465	763,678	736,436	736,360	736,284	736,208	(27,166)	(27,166)	(27,166)	(27,166)
Less Appropriation Carryforward	673,186	690,463	702,465	763,678	736,436	736,360	736,284	736,208	(27,166)	(27,166)	(27,166)	(27,166)
<b>Ending Balance</b>	-	-	-	-	-	-	-	-	-	-	-	-

Appendix 4

Municipal State Aid Fund  
February 2022 Forecast  
Comparison to Nov. 2021 Forecast

(\$ in thousands)	February 2022 Forecast								Change from Nov. 2021			
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est	Budget	Budget	Planning Est	Planning Est
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2022	FY 2023	FY 2024	FY 2025
Balance Forward From Prior Year	181,968	181,431	183,006	149,365	182,132	182,255	182,255	182,255	-	122	122	122
Prior Year Adjustments	53	78	88	128	-	-	-	-	-	-	-	-
Adjusted Balance Forward	182,021	181,509	183,095	149,493	182,132	182,255	182,255	182,255	-	122	122	122
<b>Net Revenue and Transfers-In :</b>												
Other Income	2,804	4,269	2,917	823	1,026	2,764	3,740	4,445	160	1,762	1,774	1,178
Transfer From HUTD	190,244	195,635	200,642	207,610	220,334	226,462	228,758	233,064	(2,001)	(654)	(1,062)	(1,406)
Transfer From CSAH	-	-	-	-	5,000	-	-	-	5,000	-	-	-
Net Revenue and Transfers In	193,048	199,904	203,559	208,433	226,360	229,226	232,498	237,509	3,159	1,108	712	(228)
<b>Expenditures and Transfers-Out</b>												
Grants to Local Governments	190,378	194,879	233,976	172,406	220,748	223,537	226,702	231,597	2,976	1,097	692	(227)
MnDOT Administrative and Research	3,245	3,504	3,293	3,363	5,466	5,665	5,772	5,888	61	11	20	(1)
Transfers to Special Revenue	16	24	19	24	24	24	24	24	-	-	-	-
Total Expenditures and Transfers-Out	193,639	198,407	237,289	175,793	226,238	229,226	232,498	237,509	3,037	1,108	712	(228)
<b>Balance before Reserves</b>	181,431	183,006	149,365	182,132	182,255	182,255	182,255	182,255	122	122	122	122
Less Appropriation Carryforward	181,431	183,006	149,365	182,132	182,255	182,255	182,255	182,255	122	122	122	122
<b>Ending Balance</b>	-	-	-	-	-	-	-	-	-	-	-	-

Transit Assistance Fund  
February 2022 Forecast  
Comparison to Nov. 2021 Forecast

(\$ in thousands)	February 2022 Forecast								Change from Nov. 2021			
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est	Budget	Budget	Planning Est	Planning Est
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2022	FY 2023	FY 2024	FY 2025
Balance Forward from Prior Year	71,445	53,073	47,064	46,313	54,009	35,227	34,779	32,950	-	(1,949)	(1,272)	(1,216)
Prior Year Adjustments	2,406	2,163	5,365	2,813	-	-	-	-	-	-	-	-
Adjusted Balance Forward	73,851	55,236	52,429	49,126	54,009	35,227	34,779	32,950	-	(1,949)	(1,272)	(1,216)
<b>Net Revenue and Transfers-In</b>												
Metropolitan Area Transit Account	278,035	291,554	291,607	353,426	362,020	388,257	381,994	389,202	(4,309)	2,452	(2,785)	(6,845)
Greater Minnesota Transit Account	30,888	32,393	32,402	39,270	40,224	43,140	42,444	43,245	(479)	272	(309)	(761)
Total Motor Vehicle Sales Tax	308,923	323,948	324,009	392,696	402,244	431,396	424,438	432,447	(4,788)	2,724	(3,094)	(7,605)
Leased Vehicle Sales Tax	36,761	37,212	32,704	29,909	28,994	29,412	28,728	28,918	(2,470)	(1,596)	(1,634)	(1,824)
Other Income	-	-	-	-	-	-	-	-	-	-	-	-
Total Net Revenue and Transfers-In	345,684	361,160	356,712	422,605	431,238	460,808	453,166	461,365	(7,258)	1,128	(4,728)	(9,429)
<b>Expenditures and Transfers-Out</b>												
Metropolitan Council	278,040	291,617	291,630	353,449	362,020	388,257	381,994	389,202	(4,309)	2,452	(2,785)	(6,845)
Transportation Department	88,422	77,719	71,198	64,273	88,000	73,000	73,000	72,899	(1,000)	(2,000)	(2,000)	(1,855)
Total Expenditures and Transfers-Out	366,462	369,337	362,828	417,722	450,020	461,257	454,994	462,101	(5,309)	452	(4,785)	(8,700)
Balance Before Reserves	53,073	47,064	46,313	54,009	35,227	34,779	32,950	32,214	(1,949)	(1,272)	(1,216)	(1,945)
Less Appropriation Carryforward	36,761	37,212	32,704	29,909	28,994	29,412	28,728	28,918	(2,470)	(1,596)	(1,634)	(1,824)
Less Met Council Balance	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	16,311	9,852	13,609	24,099	6,233	5,367	4,222	3,296	521	324	418	(121)
Reserved Balance	7,144	5,307	4,706	4,631	5,401	3,523	3,478	3,295	-	(195)	(127)	(122)
Unreserved Fund Balance	9,167	4,544	8,903	19,468	832	1,844	745	1	521	519	546	-



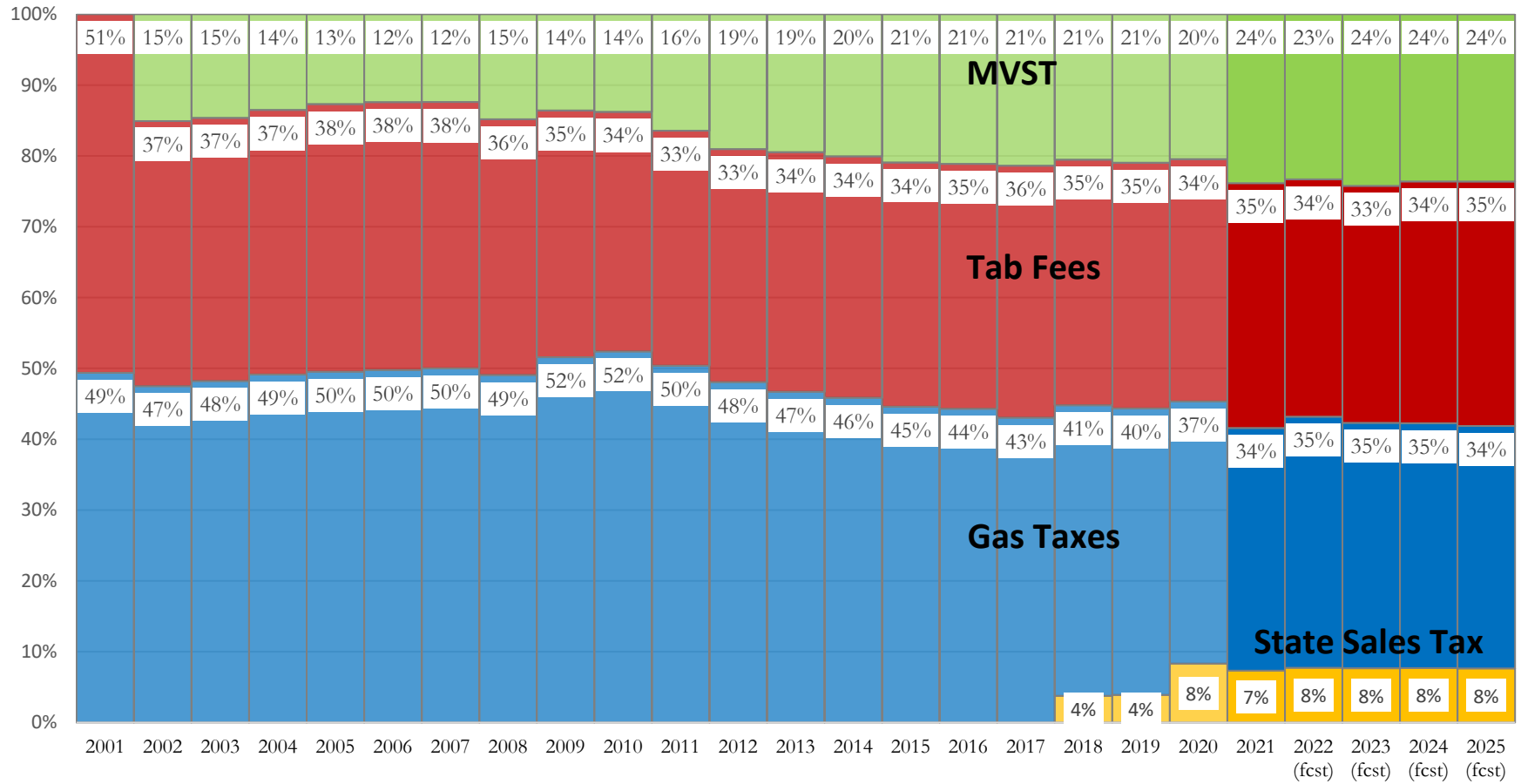
State Airports Fund  
February 2022 Forecast  
Comparison to Nov. 2021 Forecast

(\$ in thousands)	February 2022 Forecast								Change from Nov. 2021			
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est	Budget	Budget	Planning Est	Planning Est
	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2022	FY 2023	FY 2024	FY 2025
Balance Forward from Prior Year	\$19,222	\$14,881	\$15,566	\$21,880	\$18,488	\$12,934	\$12,330	\$13,466	387	1,009	1,406	1,804
Prior Year Adjustments	2,200	1,601	3,633	4,139	500	500	500	500	-	-	-	-
Adjusted Balance Forward	21,422	16,482	19,199	26,019	18,988	13,434	12,830	13,966	387	1,009	1,406	1,804
<b>Net Revenue and Transfers-In</b>												
Transfer from General Fund	-	-	-	-	-	-	-	-	-	-	-	-
Sales Tax on Aircraft	6,153	9,572	9,906	12,330	10,000	9,000	9,000	9,000	-	-	-	-
Airline Flight Property Tax	8,000	7,026	7,025	7,008	7,000	7,000	7,000	7,000	-	-	-	-
Aircraft Registration Tax	3,440	3,273	3,573	3,866	3,800	3,800	3,800	3,800	100	100	100	100
Gasoline & Special Fuel Tax	5,987	5,223	4,467	3,090	5,000	5,000	5,000	5,000	500	-	-	-
Other Income	1,303	1,529	1,253	1,279	3,156	1,681	1,850	1,975	22	297	298	189
Total Net Revenue and Transfers-In	24,883	26,623	26,224	27,573	28,956	26,481	26,650	26,775	622	397	398	289
<b>Expenditures and Transfers-Out</b>												
Transportation Department	31,767	26,778	23,929	35,400	35,311	27,885	26,314	26,314	-	-	-	-
Transfer Out (General Fund)	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures and Transfers-Out	31,767	26,778	23,929	35,400	35,311	27,885	26,314	26,314	-	-	-	-
<b>Net Change in Loan Fund</b>	344	(761)	387	296	300	300	300	300	-	-	-	-
Balance Before Reserves	14,881	15,566	21,880	18,488	12,934	12,330	13,466	14,727	1,009	1,406	1,804	2,093
Less Appropriation Carryforward	2,833	2,239	2,217	2,169	2,567	3,126	3,726	4,326	-	-	-	-
<b>Ending Balance</b>	<b>\$12,048</b>	<b>\$13,327</b>	<b>\$19,663</b>	<b>\$16,320</b>	<b>\$10,367</b>	<b>\$9,204</b>	<b>\$9,740</b>	<b>\$10,401</b>	<b>1,009</b>	<b>1,406</b>	<b>1,804</b>	<b>2,093</b>
Reserved Balance	1,504	1,254	1,080	1,697	1,710	1,347	1,271	1,271	-	-	-	-
Unreserved Fund Balance	8,801	10,675	16,424	12,463	6,497	5,697	6,310	6,971	622	1,019	1,417	1,706

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.

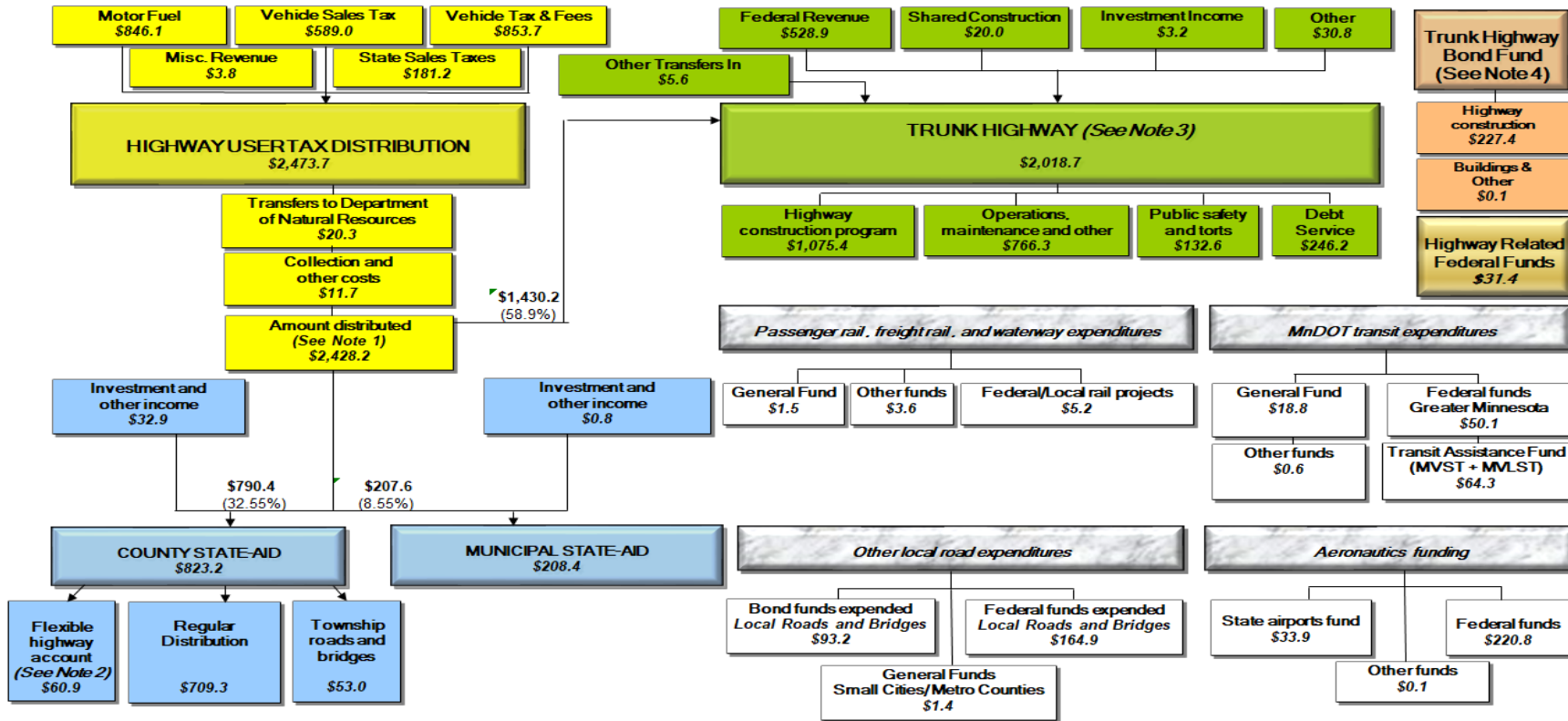
## Minnesota Highway User Tax Revenue FY 2001-2021 Actuals, 2022-2025 Based on Feb. 2022 Forecast % of Total Revenues



### Year-over-Year Growth Rates HUDT Revenues Feb '22 vs. Nov '21 Forecast



**STATE OF MINNESOTA  
REVENUE AND EXPENDITURES FOR TRANSPORTATION PURPOSES  
ALL SOURCES OF FUNDS THAT FLOW THROUGH MnDOT (\$ MILLIONS)\*  
FY 2021 (BUDGETARY BASIS)**



**Note 1 - Net revenues \$2,440.4 plus \$12.0 balance forward less \$24.3 to fund balance = \$2,428.2 distributed**

**Note 2 - County turnback = \$62.8, municipal turnback = \$0, TH turnback = \$0**

**Note 3 - Net Revenues \$2,018.7 plus 201.8 to fund balance = \$2,220.5 expends and transfers out**

**Note 4 - Bond funds reflect actual cash expenditures**

Prepared by MnDOT Office of Financial Management  
Budget and Forecasts Unit  
February 26, 2022

\*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.