

The trunk highway system is a network of interstates and state highways that connects communities throughout the state. The bulk of funding comes from transportation-related taxes and federal aid. With bonding, fiscal year (FY) 2024 sources totaled about \$2.58 billion.

Finance Framework

The Minnesota Constitution establishes a highway finance framework, which includes dedication of funds from transportation-related taxes and allocation of revenue via the Highway User Tax Distribution (HUTD) Fund. [Minn. Const. art. XIV](#). State statutes further specify fiscal policies such as taxation rates and allocation formulas.

Primary Funding Sources

The primary state sources of trunk highway revenue are three transportation-related taxes: a tax on motor fuels, a registration tax on motor vehicles, and a tax on the sale of motor vehicles. A portion of each, along with some revenue from various other state sales taxes, is allocated by formula from the HUTD Fund to trunk highways. Funding from the HUTD Fund totaled \$1.57 billion in FY 2024. Federal aid is another significant source of funding at \$640.4 million. Other sources include payments on locally shared construction projects, sales of equipment and services, fines, and fees.

Trunk Highway Bonds

Trunk highway bonds are a specialized form of general obligation bonding, issued by the state only for construction on the trunk highway system (following constitutional limits). [Minn. Const. arts. XI, § 5 \(e\); XIV, § 11](#). Since bonds carry an obligation of future repayment with interest, proceeds from bond issuances represent debt. Nevertheless, bond proceeds can be viewed as a form of funding.

In fiscal year 2024, funds from trunk highway bonding totaled \$250.5 million. This amount only represents funds expended that year for project costs. Legislative authorizations to issue bonds are distinct from expenditures and regularly occur in a year prior to the bond issuance.

Revenue

Funding for fiscal year 2024 is summarized below, treating bond proceeds as a source.

Funding Source	Amount (millions)
Transportation-related and sales taxes	\$1,570.3
Federal aid	640.4
Trunk highway bond proceeds	250.5
Other revenue sources:	
Shared construction projects	39.3
Permit charges & fees	7.6
Sale of land, equipment, & services	17.0

Funding Source	Amount (millions)
Fines	5.9
Investments	43.1
Miscellaneous	4.0
Total	\$2,578.2

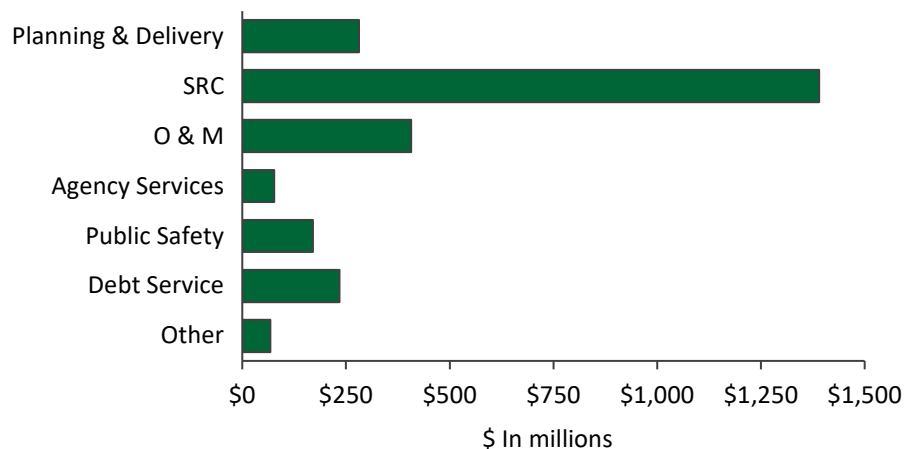
Expenditures

The following outlines trunk highway expenditures by budget activity. (Note that expenditures exceed funding due to use of prior year carryforward.)

- **Program planning and delivery** includes: (1) project development to prepare a project for construction through tasks like scoping, engineering, and environmental analysis; (2) construction management, which involves oversight of projects; and (3) statewide system planning and research.
- **State road construction (SRC)** funds specific construction projects. Its main components are: (1) contracts and consultant agreements for construction work (and some project development); (2) materials purchasing; and (3) right-of-way acquisition.
- **Operations and maintenance (O & M)** funds general maintenance of the highway system, including through: inspections, snow and ice management, repairs, traffic management and safety infrastructure upkeep (such as guard rails), and vehicle maintenance.
- **Agency services** covers various agency-wide activities including leadership, finance, and human resources.
- **Public safety** primarily reflects spending for the State Patrol.
- **Debt service** is payment of principal and interest on previously issued trunk highway bonds.
- **Other** category includes communications, building-related activities, and capital improvements.

Trunk Highway System Expenditures

FY 2024 (\$2.63 billion), incl. TH bonding



Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.