

November 2025

Minnesota counties receive formula-based state assistance for construction and maintenance of county highways in the state-aid system. Funding in calendar year 2025 totals \$951.5 million.

System Overview

The county state-aid highway system is a collection of key highways under each county's jurisdiction. It covers roughly 30,700 total centerline miles, composing over two-thirds of county highway miles.

Program Administration

The Minnesota Department of Transportation (MnDOT) administers assistance to counties. Aid distribution is on a calendar-year basis, with county apportionments released each January using a combination of tax receipts and future estimates. MnDOT also adopts administrative rules that govern the program (covering topics such as design standards). Road project prioritization, selection, and construction management are under the purview of each county.

Among the aid requirements, counties must typically expend 60 percent on construction projects and 40 percent on maintenance. [Minn. Rules, part 8820.1400](#). Counties must also expend a share of aid on stretches of state-aid highways located within "small cities" having a population under 5,000, generally in amounts proportional to the share of construction needs for county state-aid highway segments located in the small cities. [Minn. Stat. § 162.08](#), subd. 1.

Funding Sources

Aid is provided primarily through the County State-Aid Highway (CSAH) Fund, which is established by the Minnesota Constitution. The bulk of CSAH Fund revenue comes from a formula-based share of taxes on motor fuels, vehicle registration, and vehicle sales. A portion of state general sales tax revenue, known as the motor vehicle lease sales tax (MVLST), is directed to some Twin Cities metropolitan area counties. The 2023 Legislature established a formula that allocates funds in the transportation advancement account (TAA) to the CSAH system. The TAA receives funds from (1) state general sales tax revenue attributed to automotive parts, and (2) the retail delivery fee.

Allocation of Funds

State funding totals \$951.5 million in calendar year 2025 (excluding state bonding), as follows.

- A total of \$801.7 million in core aid is distributed to counties. It is divided into two parts: the **apportionment sum** and the **excess sum**. Each is allocated among the counties under distinct formulas specified in state statute (as outlined below). [Minn. Stat. § 162.07](#).
- \$37.3 million from **MVLST revenue** goes to counties in the Twin Cities metropolitan area, other than Hennepin and Ramsey. Allocation is based on population. [Minn. Stat. § 297A.815](#).
- \$64.6 million from a set-aside in the **flexible highway account** is provided for county road turnbacks (generally, trunk highway segments that are improved and turned over to become part of the state-aid system). [Minn. Stat. § 161.081](#).

- \$5.1 million from the **TAA** is allocated in the same proportion as other CSAH funds. [Minn. Stat. § 174.49](#).
- \$42.8 million in **deductions** are made for county highway purposes, based on requirements in state statutes. The deductions are for: (1) MnDOT administrative costs, (2) a disaster account, (3) a research account, and (4) a state park roads account. [Minn. Stat. § 162.06](#).

Apportionment Formulas

Core aid is distributed 68 percent as the “apportionment sum” and 32 percent as the “excess sum.” The formula to distribute the **apportionment sum** among counties is as follows:

- 10 percent of the apportionment sum is divided equally
- 10 percent is proportional based on the number of motor vehicles registered in each county (compared to the total for all counties)
- 30 percent is proportional based on a county’s state aid lane-miles
- 50 percent is proportional based on construction needs for each county, with the calculation structured to enable comparison across the counties (so that it does not identify total costs to bring county state-aid highways up to state standards). Counties submit needs amounts for review by a screening board composed of county engineers. [Minn. Stat. § 162.07](#).

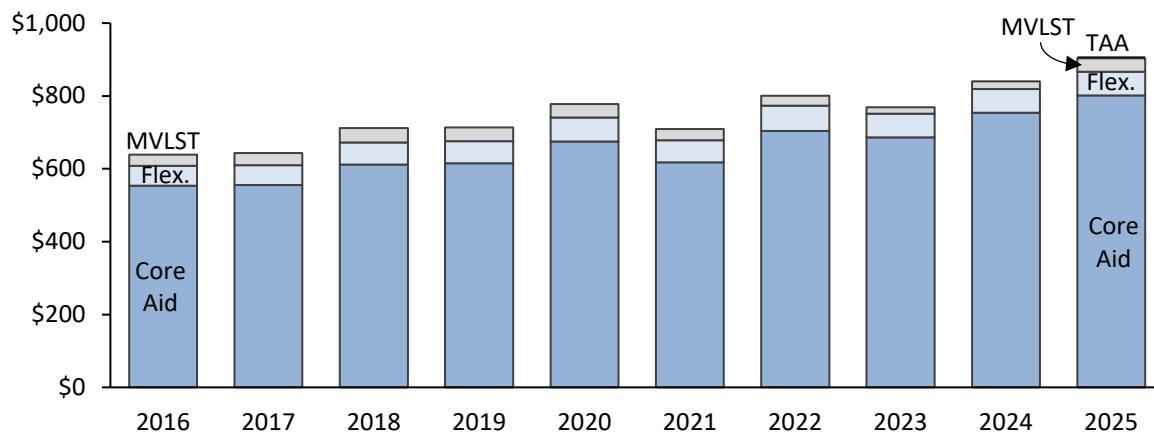
The **excess sum** is distributed under a separate formula (which the 2008 Legislature established largely to address highway funding changes made in that period):

- 60 percent of the excess sum is in proportion to each county’s share of construction needs
- 40 percent is allocated in proportion to each county’s share of the total number of motor vehicles registered. [Minn. Stat. § 162.07](#).

Historical Aid

The chart below outlines state aid funding components over a ten-year period. (Of note, TAA funding is not readily visible due to the comparatively small amounts.)

County State-Aid History, CY 2016-25 (\$ in Millions)



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