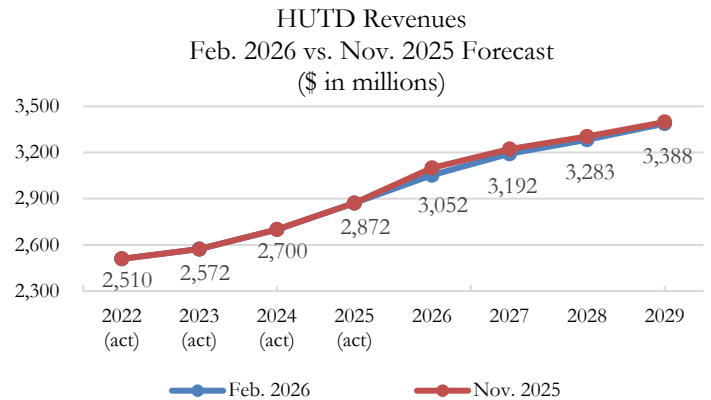


Forecast Highlights

Highway User Tax Distribution (HUTD) Fund revenues are anticipated to decrease in all years compared to the November 2025 forecast.

Overall, revenues for the FY 2026-27 biennium are projected to be -\$78.1M (-1.2 percent) less than the November 2025 forecast, largely due to registration tax and MVST revenues underperforming compared to forecast. However, total revenues are still anticipated to grow an average of four percent year-over-year throughout the forecast period.



FY 2026 HUTD Revenue Forecast
Feb. 2026 vs. Nov. 2025
(\$ in millions)

Revenue Source	Feb. '26	Nov. '25	\$ Change	% Change
Gas Tax	1,016	1,012	4	0.4%
Tab Fees ¹	1,133	1,167	(33)	-2.9%
MVST	660	678	(18)	-2.7%
Interest/Other	18	17	1	4.5%
State Sales Tax	216	216	(1)	-0.3%
MVLST	9	9	(0)	-2.2%
Total	3,052	3,100	(47)	-1.5%

¹ Tab Fees includes new EV surcharges

Change in FY 2026 HUTD Fund revenues compared to the November 2025 forecast

Gas tax is up +\$4M (+0.4 percent), registration tax is down -\$33M (-2.9 percent), and motor vehicle sales tax is down -\$18M (-2.7 percent) in FY 2026.

Summary of Significant Federal and State Funding

The Infrastructure Investment and Jobs Act (IIJA) is set to expire on September 30, 2026. Ahead of that date, Congress and the Administration would need to collaborate on reauthorization to establish future funding levels, policy direction, and programmatic requirements. Stable and predictable federal funding is essential to keep planned transportation investments on track. The IIJA has provided a significant share of MnDOT's expanded funding in recent years and is expected to have lasting financial impacts on planned projects.

If future funding is limited to existing dedicated revenues in the Federal Highway Trust Fund, without additional support from the General Fund or new/revised user fees, federal funding could be reduced by 30 percent or more compared to IIJA-level funding. This potential multi-year shortfall would affect both the Capital Highway Investment Plan (CHIP) and the State Transportation Improvement Program (STIP), both of which currently assume the continuation of IIJA-level funding.

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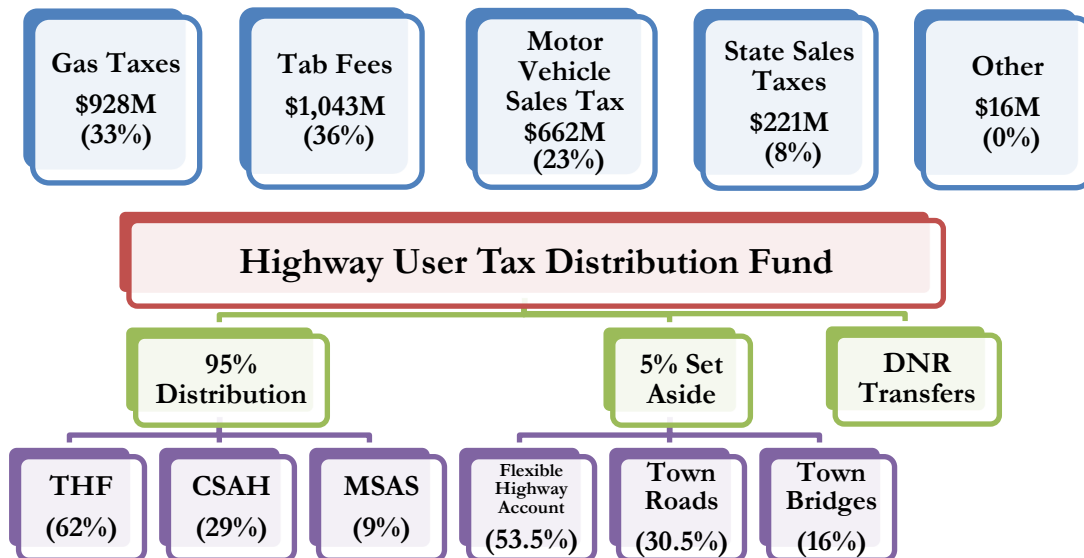
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Introduction to Transportation Funding

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 seven transportation funds. These fund statements are prepared in November and February of each fiscal year (FY). An additional update is traditionally prepared at the end of each legislative session (EOS) to incorporate law-change impacts to the transportation funds. **All comparisons made in this forecast reflect the difference from the November 2025 fund statements.** This forecast includes updated estimates for FY 2026-29. MnDOT prepares fund statements for the following funds:

- Highway User Tax Distribution (HUTD) Fund
- Trunk Highway (TH) Fund
- County State Aid Highway (CSAH) Fund
- Municipal State Aid Street (MSAS) Fund
- Transit Assistance Fund (TAF)
- State Airports Fund (SAF)
- Transportation Advancement Account (TAA) – new account in the Special Revenue Fund

HUTD Sources and Uses FY 2025 Actuals (\$ in millions)



-Article XIV of the Minnesota Constitution

-State Sales Taxes include: 43.5 percent 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 2.4 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 FYs, 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 Fund:

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 that use public streets and highways. The current passenger motor vehicle registration tax policy was instituted in 2008. 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 6.875 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:

- No more than 60 percent must be deposited in the HUTD Fund.
- No 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, MVLST revenue is allocated according to the following percentages, beginning in FY 2018: 38 percent to CSAH Fund, 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 Fund.

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. Effective in FY 2024, 43.5 percent of the revenue is directed to the HUTD Fund; and the remainder is phased into the TAA with increasing percentages over FYs 2024-33 (with corresponding reductions to the General Fund).

Rental Sales Tax: Revenue collected from the short-term motor vehicle rental tax under Minn. Stat. 297A.64 (9.2 percent) and from the general sales tax for 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 include 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 and TAA, receive investment income on the funds' cash balances.

Legal Citation – Quick Reference Guide

Motor Fuel Tax	<ul style="list-style-type: none"> • Article XIV of the Minnesota Constitution • Minn. Stat. 296A - Tax on petroleum and other fuels • Minn. Stat. 296A.083 - Debt service surcharge
Vehicle Registration Tax	<ul style="list-style-type: none"> • Article XIV of the Minnesota Constitution • Minn. Stat. 168.013 - Tax on passenger vehicles
Motor Vehicle Sales Tax	<ul style="list-style-type: none"> • Article XIV of the Minnesota Constitution • Minn. Stat. 297B.09 - Allocation of revenue
General Fund Transfers	<ul style="list-style-type: none"> • Minn. Stat. 297A.94 – Sales tax on auto parts and transfer of rental tax • Minn. Stat. 297A.64 – Tax on rental vehicles (9.2 percent) • Minn. Stat. 297A.62 subd. 1– Sales tax on rental vehicles (6.5 percent)
Motor Vehicle Lease Sales Tax	<ul style="list-style-type: none"> • Minn. Stat. 297A.815 - Allocation of revenue
Transit Assistance Fund	<ul style="list-style-type: none"> • Minn. Stat. 297B.09 - Allocation of motor vehicle sales tax revenue • Minn. Stat. 297A.815 - Allocation of motor vehicle lease sales tax revenue
State Airports Fund	<ul style="list-style-type: none"> • Minn. Stat. 360.017 – Creates State Airports Fund • Minn. Stat. 270.075 – Air flight property tax • Minn. Stat. 296A.09 – Aviation gasoline and special fuel taxes • Minn. Stat. 360.531 – Aircraft registration taxes • Minn. Stat. 297A.82 – Sales tax on aircraft
Transportation Fund	<ul style="list-style-type: none"> • Minn. Stat. 297A.815 - Allocation of motor vehicle lease sales tax revenue
Transportation Advancement Account	<ul style="list-style-type: none"> • Minn. Stat. 174.49 – Allocation of delivery tax and remaining portion of sales tax on auto parts.

Revenue Forecast

Motor Fuel Excise Tax (Gas Tax)

The outlook for fuel consumption is affected by vehicle miles traveled 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 standards)
- consumer trends toward more fuel-efficient vehicles, including hybrid and electric vehicles
- utilization of other transportation options

To forecast gas tax, MnDOT reviews regional consumption forecast information from the U.S. Energy Information Administration (EIA), the federal agency that collects and analyzes energy data. This information is traditionally released every year in the spring. MnDOT also consults the macroeconomic national forecast of U.S. gasoline consumption produced by S&P Global Market Intelligence (S&P Global). S&P Global provides economic information and analysis and is the same macroeconomic consultant that MMB uses to assist with forecasting the General Fund. MnDOT traditionally uses a blended average of the consumption forecasts by EIA and S&P Global, adjusted with actual fuel consumption history in Minnesota, to forecast future revenue.

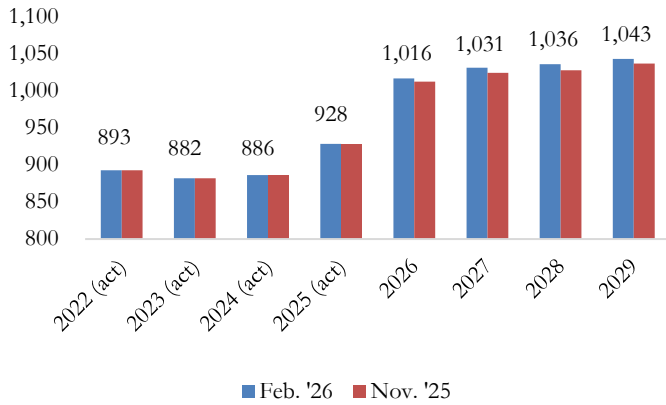
The most current S&P Global forecast, from February 2026, projects a slight increase in fuel consumption followed by a decline starting in FY 2027, with an average decrease of about -0.5 percent per year over the forecast period. The most current EIA forecast, from April 2025, projects similar consumption decreases of approximately -0.7 percent per year on average over the forecast period.

Neither of these forecasting sources, nor the analysis included here, take into consideration the potential impacts of federal actions in the Middle East in March of 2026, which could have major impacts to gas prices and potentially consumption.

Despite consumption trends decreasing, revenues are projected to increase slightly year-over-year compared to the November 2025 forecast due to the annual indexing factor increasing the tax rate.

The current forecast of revenues is shown below:

Gas Tax Revenues
Feb. 2026 vs. Nov. 2025 Forecast
(\$ in millions)



Gas Tax Revenues (\$ in millions)				
FY	Feb. '26	Nov. '25	\$ Change	% Change
2022 (act)	893	893	-	0.0%
2023 (act)	882	882	-	0.0%
2024 (act)	886	886	-	0.0%
2025 (act)	928	928	-	0.0%
2026	1,016	1,012	4.2	0.4%
2027	1,031	1,024	7.1	0.7%
2028	1,036	1,027	8.1	0.8%
2029	1,043	1,036	6.2	0.6%

Background and Methodology

Minnesota gas tax is collected on all fuel used to propel vehicles on public roads of the state and includes gasoline, diesel fuel, and other special fuels. The current gas tax rate in Minnesota is 32.6 cents per gallon, which includes the 3.5 cent debt service surcharge. This surcharge is intended to partially cover the debt obligations for capital projects on the trunk highway system¹.

An annual indexing factor, determined by August 1st each year, adjusts the rate starting the following January 1st based on the Minnesota Highway Construction Index (MnDOT's internal inflation index). Beginning on August 1, 2025, the percentage change in the calculation must not exceed three percent. The adjustment increased the motor fuel tax by approximately 3 cents in FY 2025 and will grow to approximately 5 cents in FY 2029.

Gas Tax Rate Changes

Base Rate: Twenty Cents/Gallon

Fiscal Year	Effective Date	Increase (Cents/Gallon)	New Effective Rate (Cents/Gallon)
2013	Jul-12	0.5	28.5
2025	Jan-25	3.3	31.8
2026	Jan-26	0.8	32.6
2027	Jan-27	0.2	32.8
2028	Jan-28	0.9	33.7*
2029	Jan-29	-	33.7*

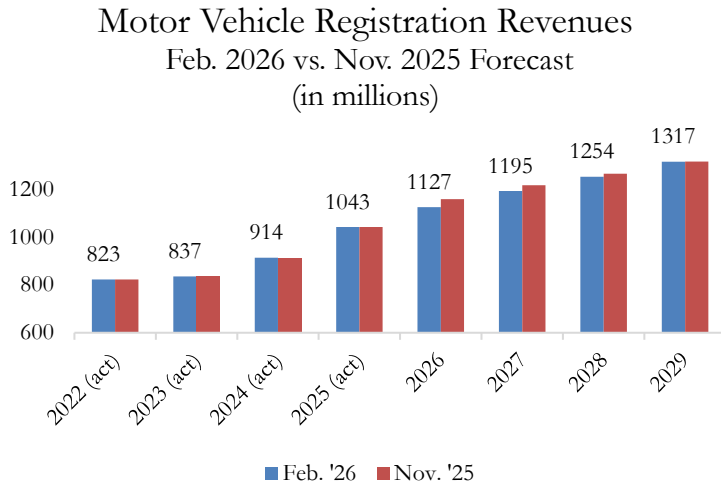
*Rate calculations are adjusted based on an indexing factor from the fiscal year two years prior to the year of the calculation.

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

Motor Vehicle Registration Tax (Tab Fees)

Revenues are expected to decrease throughout the forecast period compared to the November 2025 forecast. However, year-over-year growth of approximately seven percent on average is anticipated due to the amended registration tax.

The current forecast of revenues is shown below:



Motor Vehicle Registration Revenues (\$ in millions)				
FY	Feb. '26	Nov. '25	\$ Change	% Change
2022 (act)	823	823	-	0.0%
2023 (act)	837	837	-	0.0%
2024 (act)	914	914	-	0.0%
2025 (act)	1,043	1,043	-	0.0%
2026	1,127	1,160	(33.4)	-2.9%
2027	1,195	1,218	(23.8)	-2.0%
2028	1,254	1,267	(12.8)	-1.0%
2029	1,317	1,318	(0.7)	-0.1%

Background and Methodology

Registration taxes, or tab fees, are collected on all registered vehicles in the state. Revenue collected on passenger vehicles comprises nearly 90 percent of total revenue from registration taxes. This revenue is based on 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.

The passenger vehicle tax is \$10 plus 1.575 percent times a declining percentage of the vehicle's original value, with a minimum tax of \$30. The law that requires this tax model went into effect on January 1, 2024.

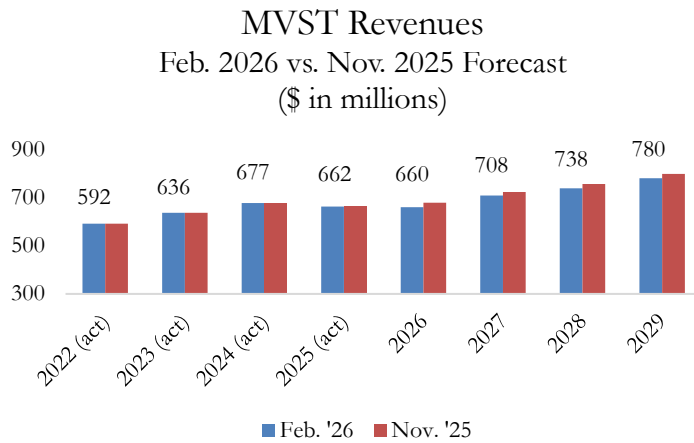
Below is a summary of registration taxes paid on a \$40,000 vehicle over 11 years under the amended motor vehicle registration tax statute:

Year	Rate	Base Tax \$	Depreciation %	Tax \$
1	1.575%	10	100%	640
2	1.575%	10	95%	609
3	1.575%	10	90%	577
4	1.575%	10	80%	514
5	1.575%	10	70%	451
6	1.575%	10	60%	388
7	1.575%	10	50%	325
8	1.575%	10	40%	262
9	1.575%	10	25%	168
10	1.575%	10	10%	61
11+	\$20	10	0%	30
Total				\$4,024

Motor Vehicle Sales Tax (MVST)

MVST revenue is projected to decrease throughout the forecast period compared to the November 2025 forecast. The decreased forecast reflects weaker revenues collected thus far in FY 2026. Despite this volatility, the average annual growth rate for the ten years including FY 2020-29 has been approximately seven percent.

The current forecast for the HUTD portion of revenues is shown below:



MVST Revenues (\$ in millions)				
FY	Feb. '26	Nov. '25	\$ Change	% Change
2022 (act)	592	592	-	0.0%
2023 (act)	636	636	-	0.0%
2024 (act)	677	677	-	0.0%
2025 (act)	662	662	-	0.0%
2026	660	678	(18.2)	-2.7%
2027	708	723	(14.7)	-2.0%
2028	738	756	(17.9)	-2.4%
2029	780	798	(17.6)	-2.2%

Background and Methodology

The MVST rate is 6.875 percent, which includes sales by car dealers and private individuals. Since 2012, MVST revenues have been distributed 60 percent to the HUTD Fund and 40 percent to the TAF. Of that 40 percent distribution, Greater Minnesota Transit receives 5.7 percent, and the Twin Cities metro area receives 34.3 percent.

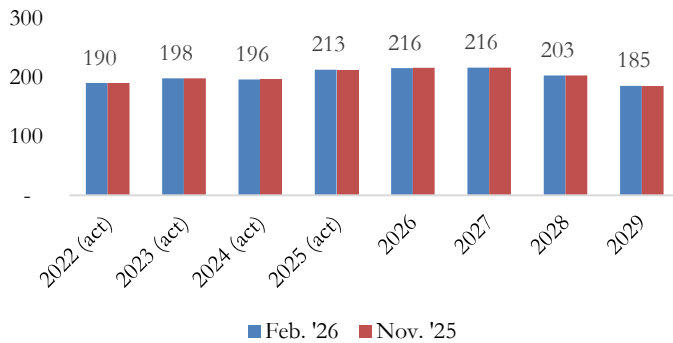
DOR prepares the official estimates of MVST revenue, which is based in part on data provided by S&P Global.

State Sales Taxes (previously deposited in General Fund)

Revenue sources are expected to decrease in FY 2026, before increasing slightly throughout the remaining forecast period compared to November 2025 fund statements.

The current forecast of these General Fund revenues is shown below:

State Sales Tax
Feb. 2026 vs Nov. 2025 Forecast
(\$ in millions)



State Sales Taxes (\$ in millions)				
FY	Feb. '26	Nov. '25	\$ Change	% Change
2022 (act)	190	190	-	0.0%
2023 (act)	198	198	-	0.0%
2024 (act)	196	196	-	0.0%
2025 (act)	213	213	-	0.0%
2026	216	216	(0.6)	-0.3%
2027	216	216	0.0	0.0%
2028	203	203	0.2	0.1%
2029	185	185	0.2	0.1%

Background and Methodology

Beginning in FY 2018, a portion of general sales tax revenue 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 those rentals. Additionally, a portion of the revenue from sales tax on auto parts, tires, and accessories is also deposited into the HUTD Fund.

Beginning in FY 2024, 43.5 percent of the revenue is dedicated to the HUTD Fund, while the remainder is deposited into the TAA. The share that is deposited into the TAA will increase incrementally over FY 2025-33 (with corresponding reductions to the General Fund).

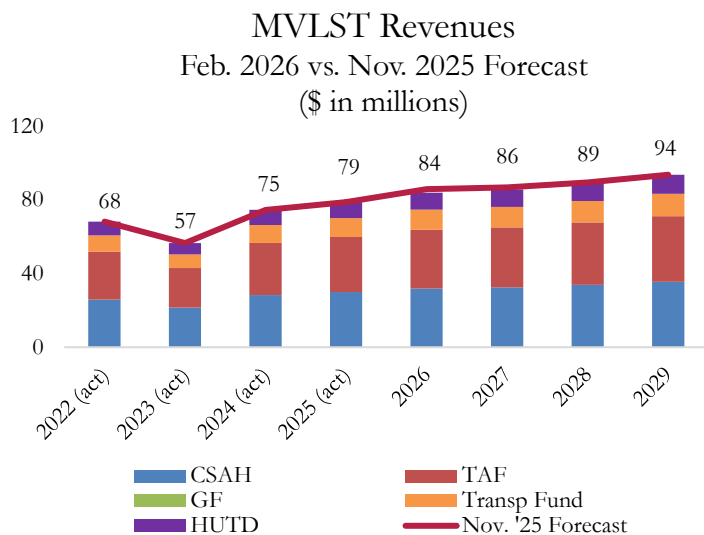
In 2025, the Legislature temporarily reduced the portion of auto parts sales tax transferred from the General Fund to the HUTD Fund by approximately \$11 million for the current biennium (FY 2026-2027) and about \$83 million for the next biennium (FY 2028-2029). The HUTD Fund share is scheduled to return to its prior levels over FY 2030-37.

Each of the revenues collected are forecasted by MMB.

Motor Vehicle Lease Sales Tax (MVLST)

Revenues are anticipated to decrease by approximately one percent on average throughout the forecast period compared to November 2025 estimates.

The current forecast of revenues is shown below:



MVLST Revenues (\$ in millions)				
FY	Feb. '26	Nov. '25	\$ Change	% Change
2022 (act)	68	68	-	0.0%
2023 (act)	57	57	-	0.0%
2024 (act)	75	75	-	0.0%
2025 (act)	79	79	-	0.0%
2026	84	86	(1.9)	-2.2%
2027	86	87	(1.2)	-1.4%
2028	89	90	(0.3)	-0.3%
2029	94	94	(0.1)	-0.1%

Background and Methodology

The MVLST is based on the total lease price of a vehicle and is collected when the lease begins. It is calculated using the state sales tax rate of 6.875 percent applied to the transaction price.

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 FY:

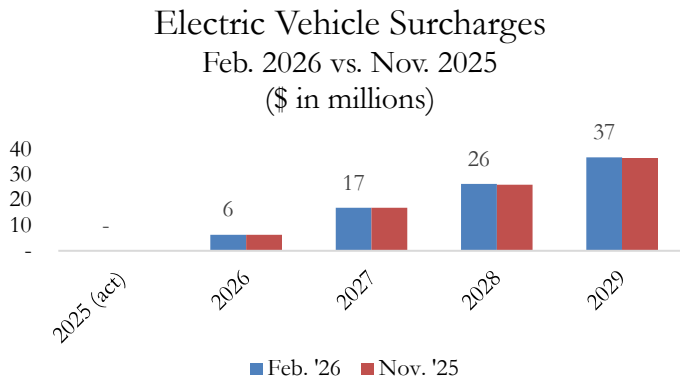
- 38 percent to CSAH
- 38 percent to Greater Minnesota Transit
- 13 percent to Minnesota Transportation Fund (for Local Bridge Program)
- 11 percent to the HUTD Fund (for TH, CSAH, and MSAS Funds)

The MVLST forecast is prepared by the DOR. The 6.875 percent sales tax is collected by the lessor and reported and paid directly to the DOR.

Electric Vehicle (EV) Surcharges

Based on the changes during the 2025 legislative session, surcharges on battery electric vehicles (BEVs) are expected to rise. Instead of a flat yearly surcharge, there will now be several different surcharges at the purchase of a BEV, as well as fees on charging stations that will continue to roll out in the near future. With additional surcharges and a growing BEV market, the forecast shows a sharp increase with little historical data.

The current forecast of revenues is shown below:



Electric Vehicle Revenues (\$ in millions)				
FY	Feb. '26	Nov. '25	\$ Change	% Change
2025 (act)	-	-	-	0.0%
2026	6	6	-	0.0%
2027	17	17	-	0.0%
2028	26	26	0.3	1.1%
2029	37	37	0.4	1.1%

Background and Methodology

In 2025, the Legislature changed the existing \$75 surcharge on BEVs with a more detailed structure that applies to both BEVs and plug-in hybrid electric vehicles (PHEVs). These surcharges will align with the registration tax schedule for all vehicles.

- BEVs surcharge is calculated as 0.5 percent of the manufacturer’s suggested retail price (MSRP), and it follows a depreciation rate structure that aligns with the registration tax schedule. A minimum flat amount starting at \$150, which will adjust to \$100 on and after July 1, 2027, must be paid if the calculated rate is lower.
- PHEVs surcharge is calculated at 0.25 percent of the MSRP, also with a depreciation rate that matches the registration tax schedule. A minimum flat amount starting at \$75, which will decrease to \$50 on July 1, 2027, must be paid if the calculated rate is lower.

The anticipated combined revenues for FY 2026-27 are approximately \$23 million, and for FY 2028-29, around \$53 million. Both fees were phased in on January 1, 2026. For a \$50,000 BEV, the surcharge would be \$250 in year one and then decrease each year to the minimum tax. Over 11 years of ownership a BEV will pay an average of \$160 per year.

Beginning July 1, 2027, a tax will also be imposed on a public charging station operator for electricity sold as vehicle fuel at a public charging station. The rate is five cents per kilowatt hour of electricity sold. Chargers in operation before October 1, 2023, will be exempt for the first five years. Minnesota has a legislative coordinating commission examining the implementation of this new tax and expect revenues of a few million dollars to be deposited. Of the total EV revenue, \$4 million is anticipated to be collected in FY 2028 and just over \$6 million in FY 2029 from the tax on electricity sold at public stations.

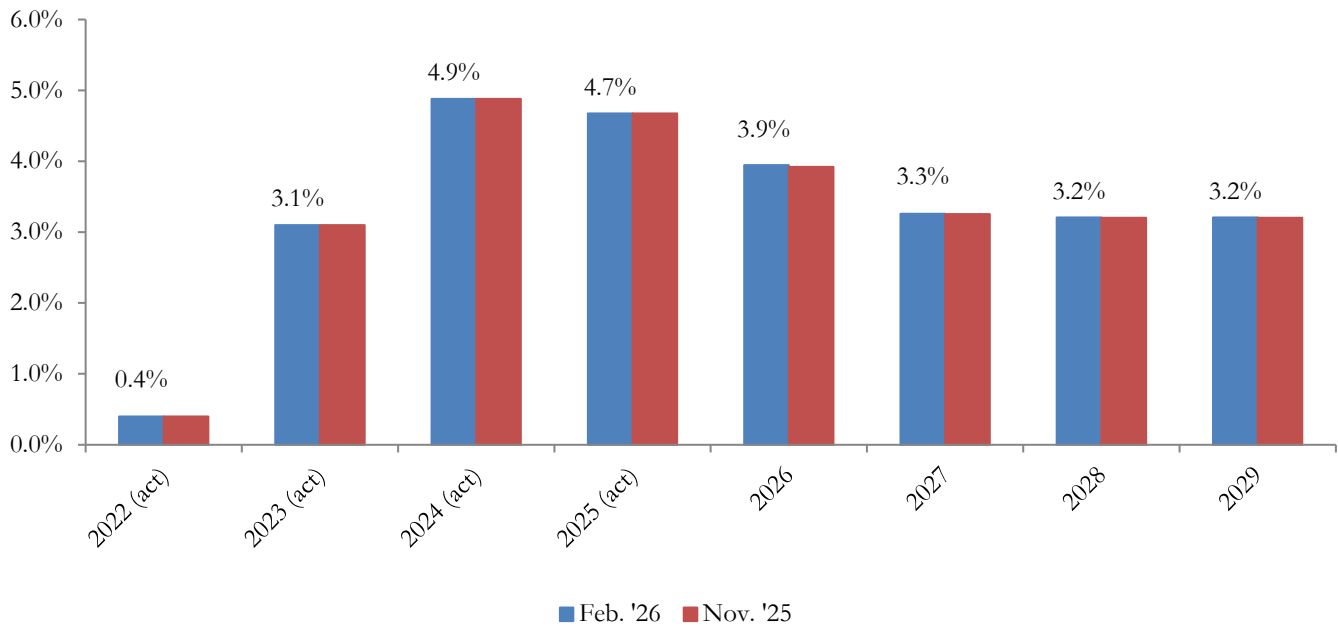
The current estimate of the number of EVs operating in Minnesota is roughly 85,000 (60,000 BEVs and 25,000 PHEVs). As the number of EVs grow due to both consumer preferences and the patchwork of government mandates on EV production that has shifted production of major automakers, the revenue outlook continues to improve.

Investment Income

All the transportation funds discussed in this document, except for the TAF and TAA, accrue investment income on cash balances in the fund. The invested funds then earn interest based on the prevailing interest rate. The amount of forecasted revenue is based on the amount of cash anticipated to be in the funds and the projected interest rates for the invested cash.

Interest rates are expected to fall to 3.2 percent near the end of the forecast period. Overall, interest rates adjusted minimally compared to the November 2025 forecast, leading to a slight increase in interest income throughout the forecast period.

Projected Interest Rates
Feb. '26 Forecast
Prepared by MMB

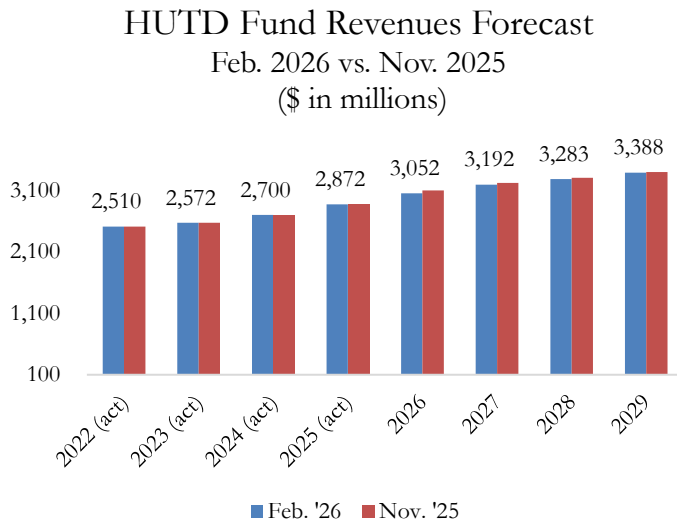


Fund Statements

Transfers from HUTD Fund

Projected HUTD Fund revenues decrease by less than one percent on average over the forecast period compared to the November 2025 forecast.

The current forecast of revenues is shown below:



HUTD Fund Revenues (\$ in millions)				
FY	Feb. '26	Nov. '25	\$ Change	% Change
2022 (act)	2,510	2,510	-	0.0%
2023 (act)	2,572	2,572	-	0.0%
2024 (act)	2,700	2,700	-	0.0%
2025 (act)	2,872	2,872	-	0.0%
2026	3,052	3,100	(47.4)	-1.5%
2027	3,192	3,222	(30.7)	-1.0%
2028	3,283	3,304	(21.3)	-0.6%
2029	3,388	3,399	(10.8)	-0.3%

Background and Methodology

The HUTD Fund receives revenues from the three sources constitutionally dedicated to highways and transit (gas tax, tab fees, and MVST), as well as several minor sources of revenue. Apart from the 40 percent of MVST dedicated to public transit (see the TAF revenue section for more information), revenues from these three taxes are deposited into the HUTD Fund. In addition, revenue sources are statutorily dedicated from the General Fund to the HUTD Fund. These include a portion of 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).

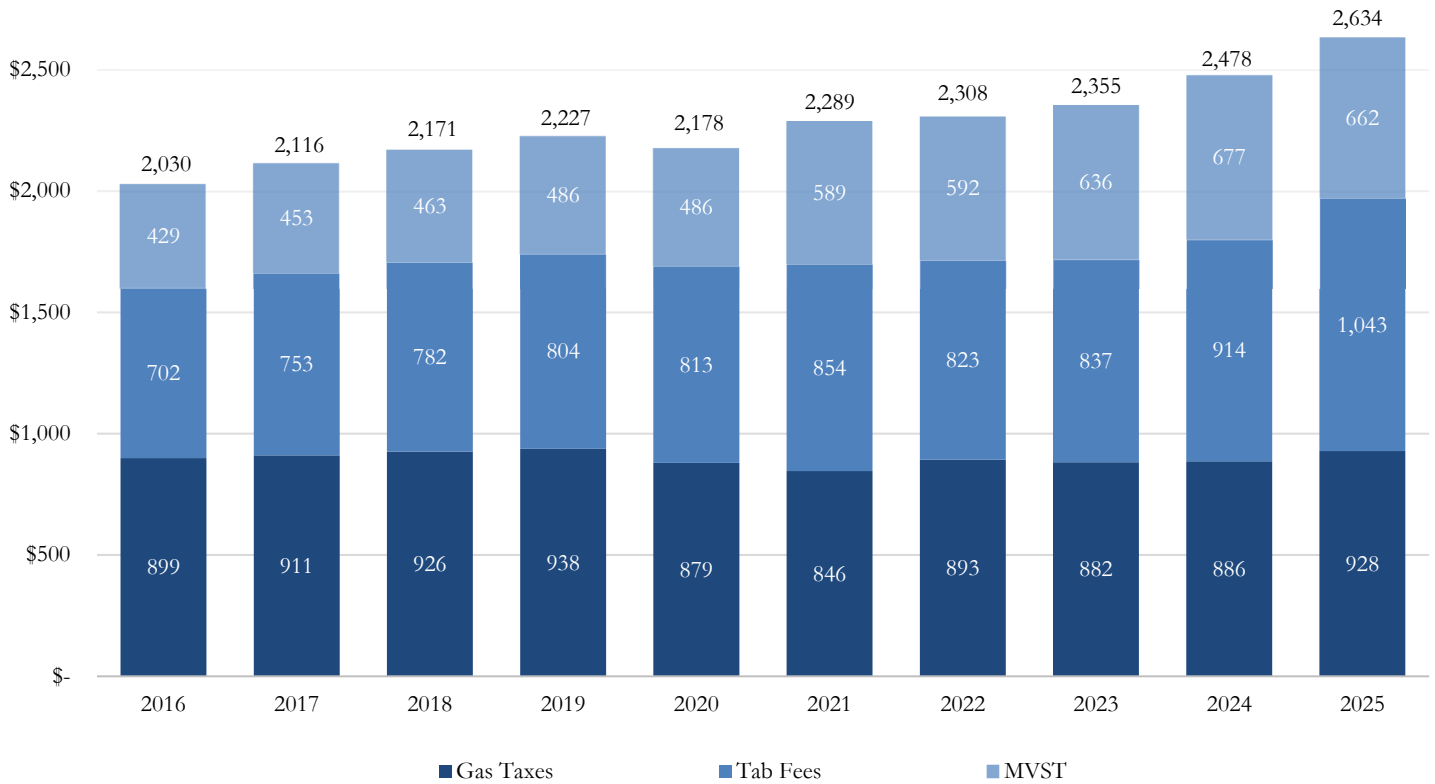
After distributions to the DNR, 95 percent of total revenue to the HUTD Fund is allocated by the following formula specified in the Minnesota Constitution (visual provided on page 3):

- 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.

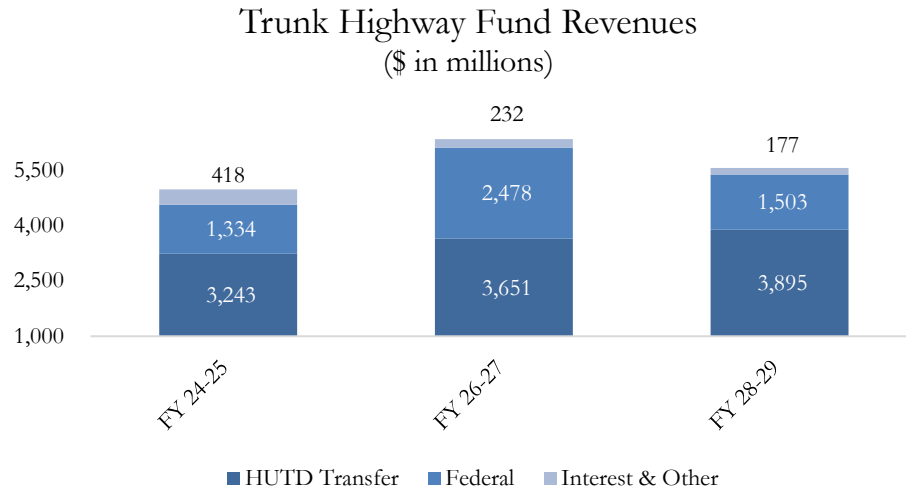
The bar chart below details history of actual revenues for the HUTD Fund (FY 2016-25). It includes the relative shares of revenue attributed to gas tax, tab fees, and MVST. During the last ten years, gas tax and MVST as a percentage of total revenue have decreased, while tab fees have increased and are the primary source of revenue deposited into the fund.

MINNESOTA HIGHWAY USER TAX REVENUE (3 PRIMARY SOURCES) FY 2016-2025 ACTUALS



Trunk Highway Fund

The current forecast, by biennium and fund source, is shown below:



Background and Methodology

The TH Fund receives both 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 each year based on the projected mix of state and federal funds recognized on specific projects.

In addition to federal funds, the TH Fund receives revenues and transfers from several other sources. For FY 2024-29, 64 percent of resources are transfers from the HUTD Fund, 31 percent of resources are federal aid agreements, and 5 percent of resources come from other sources such as investment income.

Federal Impacts

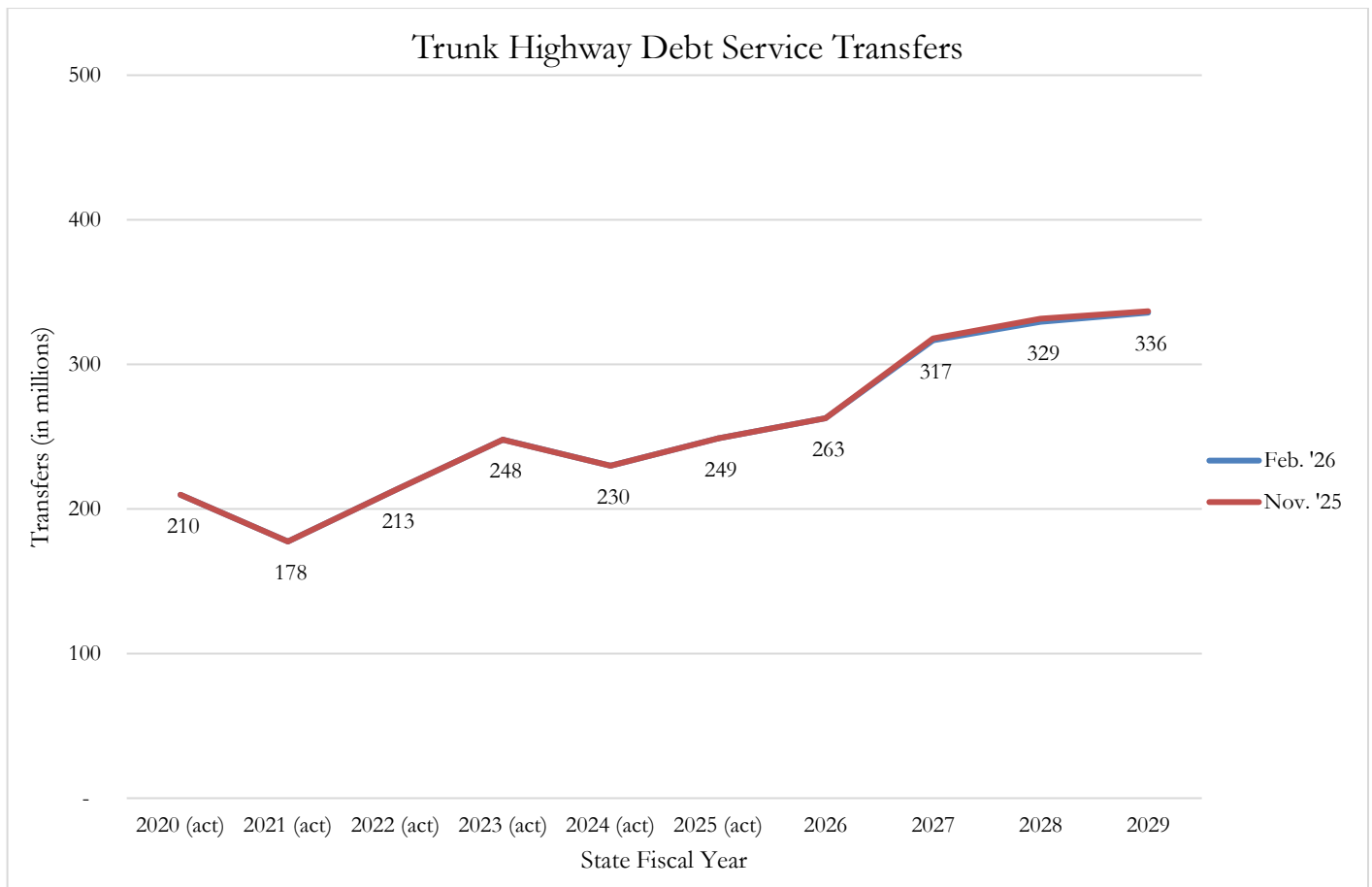
The current Infrastructure Investment and Jobs Act (IIJA) provides significantly increased federal transportation funding, approximately 30 percent more than the previous authorization, across five fiscal years (FY 2022–2026). The IIJA is set to expire on September 30, 2026. While major federal transportation programs have historically avoided funding reductions, there is a real risk that Minnesota could receive less federal funding in the future—particularly if no new revenue sources are identified beyond the existing Federal Highway Trust Fund.

As part of the current biennial budget, the Legislature has authorized \$650 million for the Infrastructure for Rebuilding America (INFRA) grant and other potential discretionary grants for the Blatnik Bridge replacement project. This bridge, which connects Duluth, Minnesota, and Superior, Wisconsin, is jointly owned and managed by MnDOT and WisDOT. In early 2024, MnDOT and WisDOT were awarded over \$1 billion in federal INFRA grant funding for the Blatnik Bridge replacement. MnDOT's share of the award is nearly \$500 million, with both states also contributing additional funding to support the project. The total project is currently estimated to cost \$1.815 billion, with construction spanning 2026 through 2031.

Debt Service – Trunk Highway Fund

The forecast for expenditures is generally based on the most recently 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. 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 TH Fund debt service.

Debt service projected interest rates are slightly down in most years compared to the November 2025 estimate. Alternatively, Invested Treasurer’s Cash (ITC) investment rates have minimally changed compared to the previous forecast. The combination of these two changes result in slightly lower projected debt service compared to the November 2025 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 Fund².

The table below shows the estimated debt service costs from the TH Fund, which range from just under 14 percent in FY 2026, to a peak of 16.6 percent in FY 2028.

Debt Management Policy

(\$ in millions)

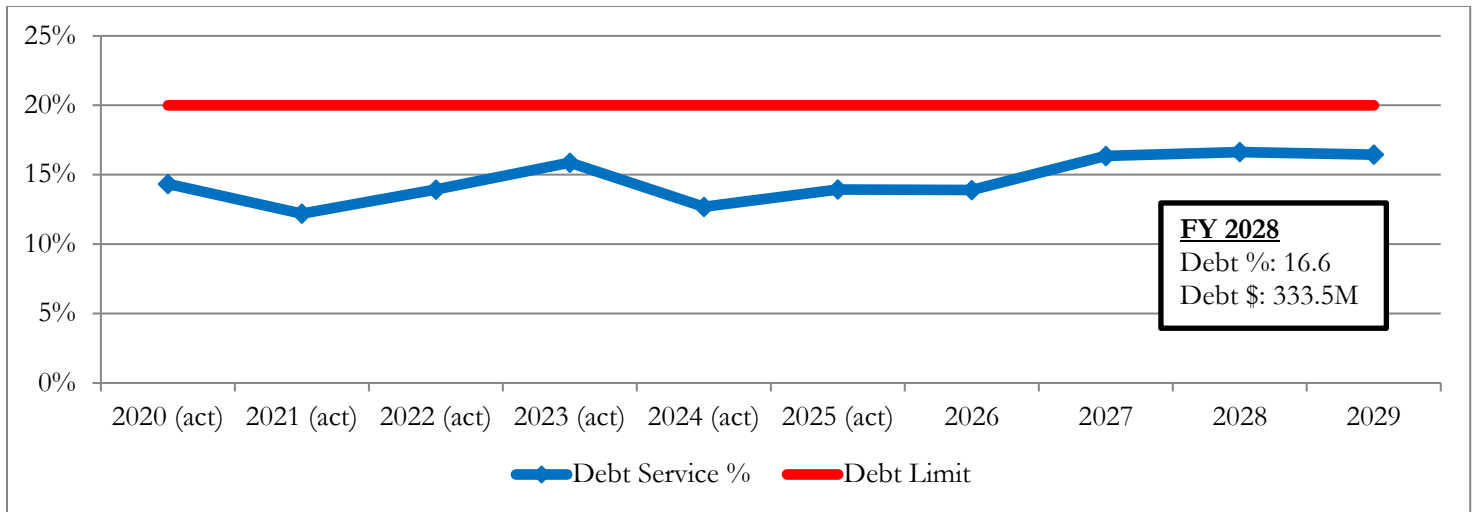
Year	Total Debt Service ⁽¹⁾	Estimated Current %	Variance from 20% Policy Limit ⁽²⁾
2020 (act)	210,224	14.3%	83,158
2021 (act)	181,771	12.2%	116,181
2022 (act)	217,987	13.9%	94,986
2023 (act)	251,994	15.9%	65,680
2024 (act)	234,044	12.7%	135,060
2025 (act)	252,929	13.9%	110,092
2026	266,883	13.9%	117,245
2027	320,724	16.3%	71,621
2028	333,547	16.6%	67,428
2029	339,909	16.4%	73,480

⁽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., \$67.4M × 10 = \$674M in additional bond capacity.

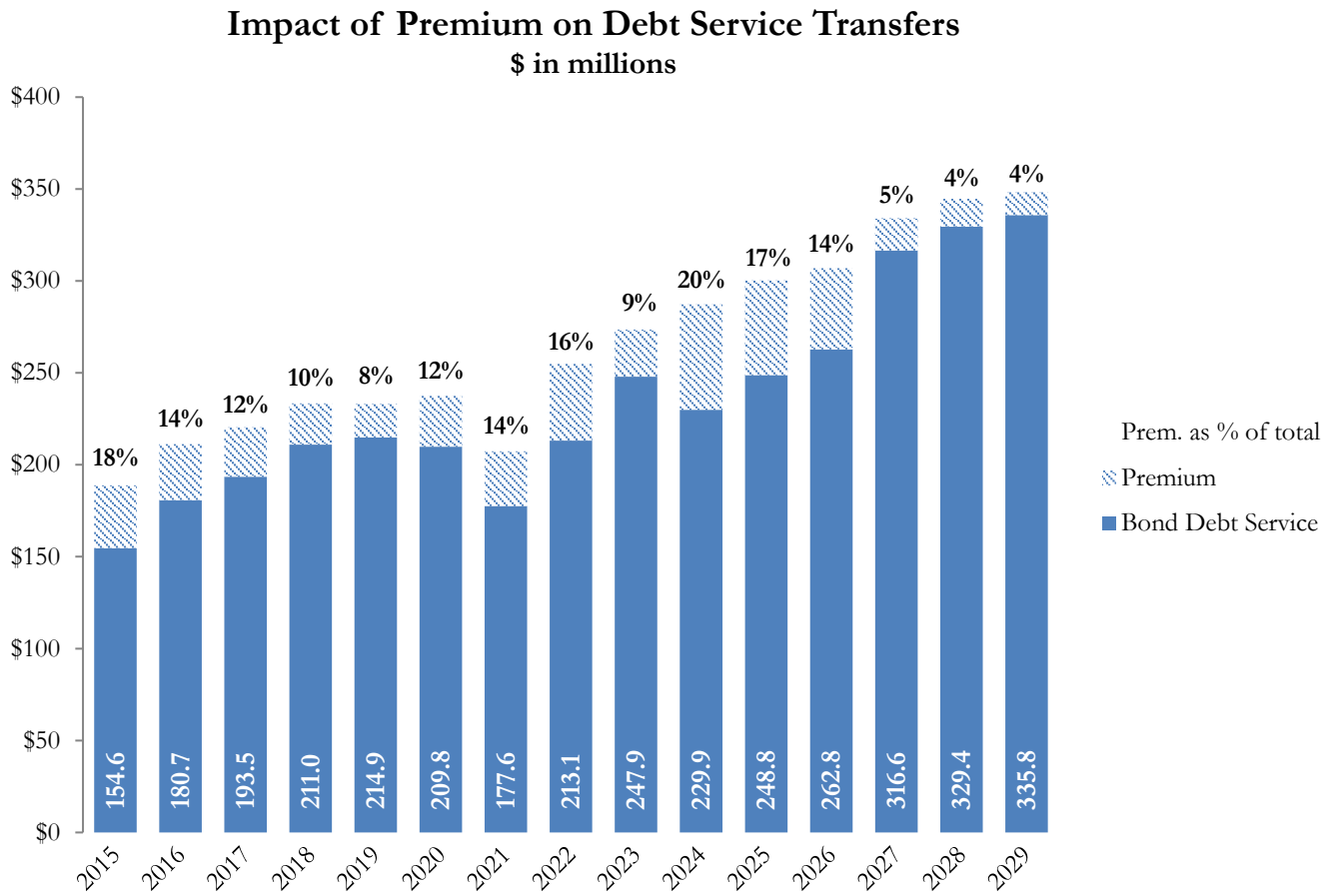
² Developed to comply with Minn. Stat. 167.60

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 of MnDOT’s control. One of the largest variables is interest rate fluctuation, which can lead to large debt service expenditure variations. 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. 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 2020, Fifth Special Session, Chapter 3, \$300 million), 2021 (Laws of 2021, First Special Session, Chapter 5, \$413 million), 2023 (Laws of Chapter 68, \$599 million), and 2024 (Laws of Chapter 127, \$30 million). Bond sales from the Chapter 152 program originally authorized in 2008 are now complete, and sales from all current authorized debt are anticipated to end in FY 2030.

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



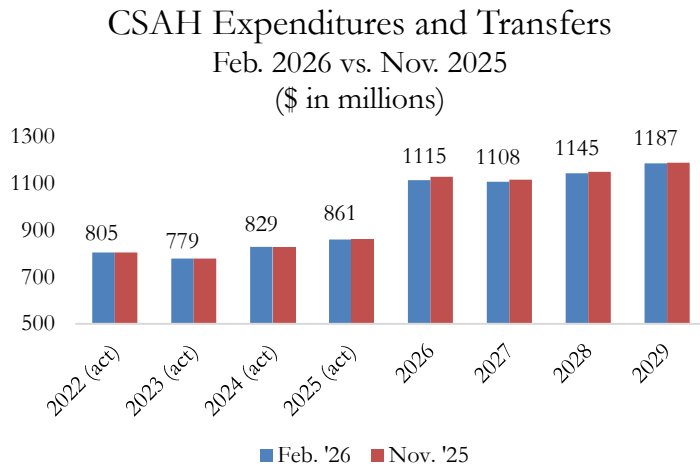
The table below summarizes the impacts on the TH Fund balance for the revenue and expenditure forecasts:

	FY26-27	FY28-29
Transfers from HUTD	(46.0)	(19.0)
Federal Aid Agreements	-	-
Interest	3.3	3.2
Other Revenues and Transfers	(7.8)	(20.0)
Prior Year Adjustments	-	-
Total Revenue and Transfer Impact	(50.5)	(35.9)
Transportation Expenditures	(22.4)	(31.0)
Other Agencies	-	-
Transfers Out	-	-
Debt Service Transfer	(1.3)	(3.1)
Total Expenditure and Transfer Impact	(23.7)	(34.1)
Fund Balance Change	(26.9)	(1.7)
Total Cumulative Change	(26.9)	(28.6)
Feb. '26 Forecast	139.4	198.6
Nov. '25 Forecast	166.3	227.2
Change	(26.9)	(28.6)
<i>Reserved Fund Balance (Feb. '26)</i>	<i>128.7</i>	<i>126.2</i>
<i>Unreserved Fund Balance (Feb. '26)</i>	<i>10.7</i>	<i>72.4</i>

County State Aid Highway (CSAH) Fund

CSAH expenditures and transfers decrease slightly throughout the forecast period compared to the November 2025 forecast.

The current forecast is shown below:



CSAH Expenditures and Transfers (\$ in millions)				
FY	Feb. '26	Nov. '25	\$ Change	% Change
2022 (act)	805	805	-	0.0%
2023 (act)	779	779	-	0.0%
2024 (act)	829	829	-	0.0%
2025 (act)	861	861	-	0.0%
2026	1,115	1,129	(14.6)	-1.3%
2027	1,108	1,117	(8.8)	-0.8%
2028	1,145	1,150	(5.7)	-0.5%
2029	1,187	1,190	(3.0)	-0.3%

Background and Methodology

The CSAH Fund receives transfers from the HUTD Fund as well as revenues from investment income, MVLST, and the TAA. Minnesota Statutes, Chapter 162 provides the criteria by which funds are allocated to statutory accounts in 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 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. The totals shown below include any transfers authorized by the current appropriation law.

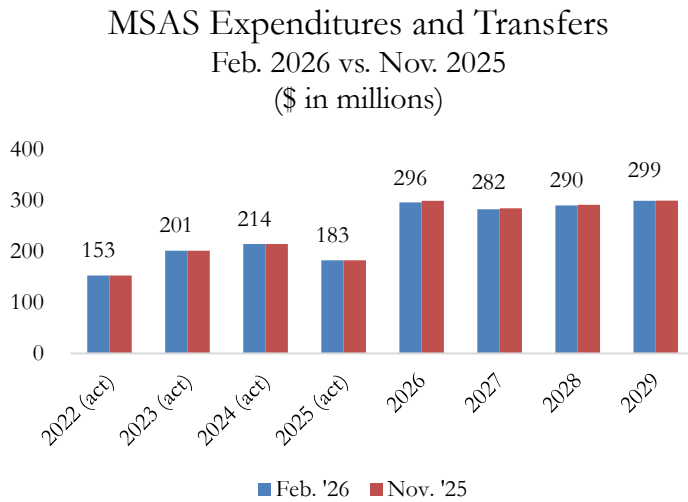
The CSAH Fund is directly appropriated based on the most current revenue forecast at the time the biennial budget is prepared. [The Commissioner’s Order](#), issued on a calendar year basis, allocates the funds each year based on revenue estimates in the preceding November forecast. The result is an increase or decrease to the direct appropriation amount each year after the Commissioner’s Order is executed in January.

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.

Municipal State Aid Street (MSAS) Fund

MSAS expenditures and transfers decrease slightly throughout the forecast period compared to the November 2025 forecast.

The current forecast is shown below:



MSAS Expenditures and Transfers (\$ in millions)				
FY	Feb. '26	Nov. '25	\$ Change	% Change
2022 (act)	153	153	-	0.0%
2023 (act)	201	201	-	0.0%
2024 (act)	214	214	-	0.0%
2025 (act)	183	183	-	0.0%
2026	296	299	(3.4)	-1.1%
2027	282	284	(2.0)	-0.7%
2028	290	291	(1.2)	-0.4%
2029	299	299	(0.3)	-0.1%

Background and Methodology

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, which exclude transfers from the CSAH Fund.

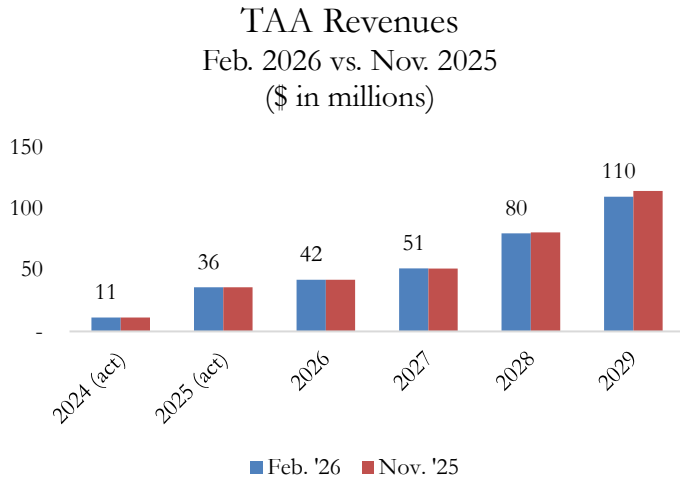
The MSAS Fund is also directly appropriated based on the most current revenue forecast at the time the biennial budget is prepared. [The Commissioner's Order](#) allocates the funds based on revenue estimates in the preceding November forecast each year. The result is an increase or decrease to the direct appropriation amount each year after the Commissioner's Order is executed in January.

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.

Transportation Advancement Account (TAA)

TAA revenues increase slightly in FY 2027 before decreasing in each subsequent year compared to the November 2025 forecast.

The current forecast is shown below:



TAA Revenues (\$ in millions)				
FY	Feb. '26	Nov. '25	\$ Change	% Change
2022 (act)	-	-	-	0.0%
2023 (act)	-	-	-	0.0%
2024 (act)	11	11	-	0.0%
2025 (act)	36	36	-	0.0%
2026	42	42	-	0.0%
2027	51	51	0.1	0.2%
2028	80	81	(0.8)	-1.0%
2029	110	114	(4.6)	-4.1%

Background and Methodology

The Legislature established a Transportation Advancement Account (TAA) in the Special Revenue Fund to be allocated to metro counties (36%), the CSAH Fund (10%), larger cities (15%), small cities (27%), town roads (11%), and food delivery support grants (1%). Revenues deposited into the account include a new 50-cent retail delivery tax and a portion of the sales tax on auto parts, previously deposited into the General Fund. Revenue available in this account is anticipated to grow to approximately \$110 million by FY 2029 and surpass \$270 million by FY 2033 once the full phase-in of sales tax on auto parts is complete.

Allocation methodology is discussed in further detail on MnDOT's website:

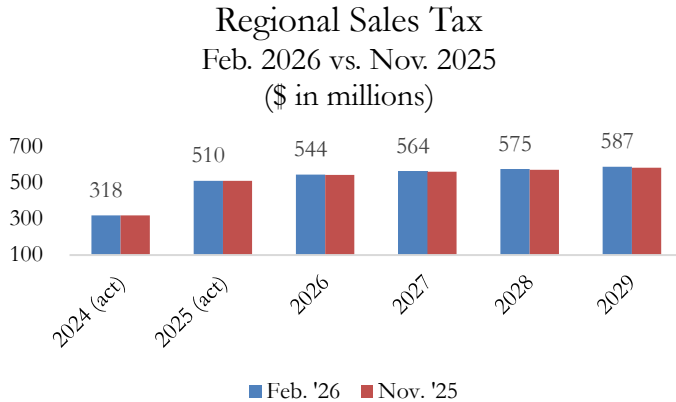
[TAA - State Aid - MnDOT](#)

Once allocations are made, actual spending is at the discretion of the local entities, with guidance from MnDOT's State Aid division.

Regional Sales Tax

Regional Sales Tax revenues increase slightly throughout the forecast period compared to the November 2025 forecast.

The current forecast is shown below:



Regional Sales Tax Revenues (\$ in millions)				
FY	Feb. '26	Nov. '25	\$ Change	% Change
2024 (act)	318	318	-	-
2025 (act)	510	510	-	0.0%
2026	544	542	2.5	0.5%
2027	564	560	3.6	0.6%
2028	575	570	5.1	0.9%
2029	587	582	4.5	0.8%

Background and Methodology

A Regional Sales Tax was enacted in 2023 to provide funding to the Metropolitan Council and the metropolitan counties, consisting of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington County. Minnesota Statute 297A.9915 provides details on the sales tax imposition rate; administration, collection and enforcement; and deposit of the funds.

Regional Sales Tax						
Recipient	Rate	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Met council (transit)	83.0%	423,182	451,800	467,800	477,400	487,100
Metro counties	17.0%	86,676	92,500	95,800	97,800	99,800
Total	100%	509,858	544,300	563,600	575,200	586,900

Allocation methodology is discussed in further detail on MnDOT’s website:

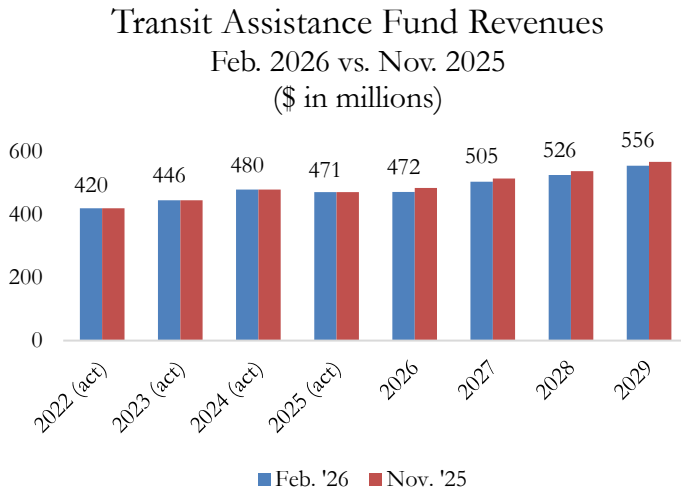
[Regional Sales Tax - State Aid - MnDOT](#)

Distribution of funding to the metropolitan counties is the responsibility of MnDOT. MnDOT does not have any administrative oversight on the use of these funds. Each metropolitan county is required to follow appropriate accounting practices to clearly show that the funds they receive have been used according to the statutory requirements.

Transit Assistance Fund (TAF)

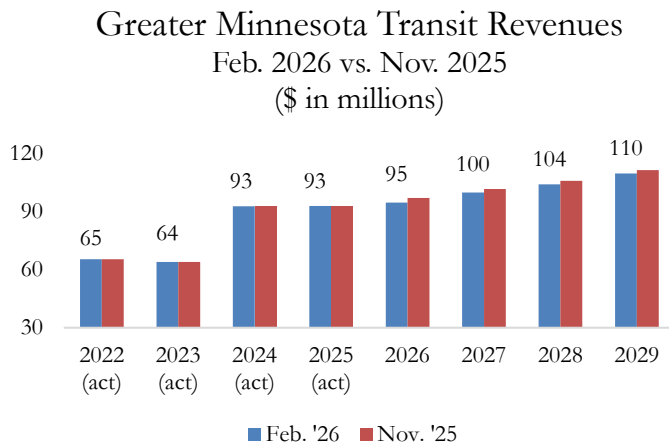
TAF revenues decrease throughout the forecast period compared to the November 2025 forecast. This lower projection reflects weaker revenues collected thus far in FY 2026.

The total estimated revenues for the TAF are shown below:



Transit Assistance Fund Revenues (\$ in millions)				
FY	Feb. '26	Nov. '25	\$ Change	% Change
2022 (act)	420	420	-	0.0%
2023 (act)	446	446	-	0.0%
2024 (act)	480	480	-	0.0%
2025 (act)	471	471	-	0.0%
2026	472	485	(12.9)	-2.7%
2027	505	515	(10.2)	-2.0%
2028	526	538	(12.0)	-2.2%
2029	556	567	(11.8)	-2.1%

Of total revenues, the estimated revenues for the Greater Minnesota portion of the TAF are shown below:



Greater Minnesota Transit Revenues (\$ in millions)				
FY	Feb. '26	Nov. '25	\$ Change	% Change
2022 (act)	65	65	-	0.0%
2023 (act)	64	64	-	0.0%
2024 (act)	93	93	-	0.0%
2025 (act)	93	93	-	0.0%
2026	95	97	(2.5)	-2.5%
2027	100	102	(1.8)	-1.8%
2028	104	106	(1.8)	-1.7%
2029	110	111	(1.7)	-1.5%

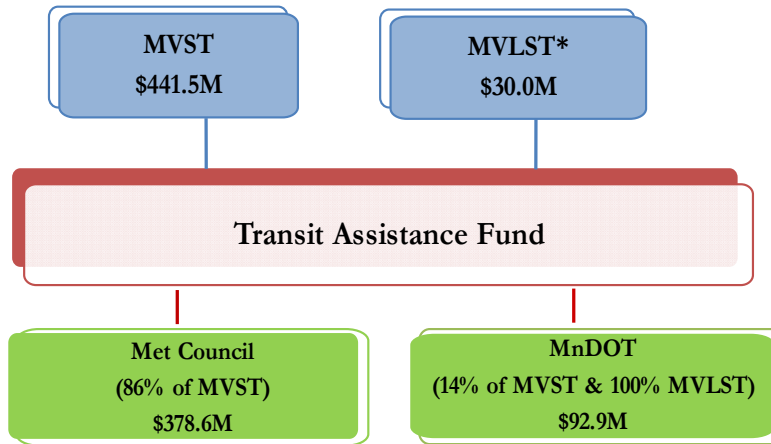
Background and Methodology

The TAF receives revenue from MVST and MVLST. The MVST appropriation must constitute at least 40 percent of the total revenue according to the Minnesota Constitution. The appropriation is currently set at 40 percent by statute (Minn. Stat. 297B.09). Previously, 90 percent of this revenue was allocated to metropolitan transit (36 percent of total MVST) and 10 percent was allocated to Greater Minnesota Transit (4 percent of total MVST).

In 2023, the Legislature changed the distribution of the 40% portion of MVST so that Greater Minnesota Transit receives 5.7% (increasing from 4%) and the Twin Cities metro area receives 34.3% (decreasing from 36%). In 2023, the Legislature also increased MVST from 6.5 percent to 6.875 percent.

As of FY 2018, 38 percent of all MVLST revenue is allocated to the TAF for Greater Minnesota Transit.

**Transit Assistance Fund Sources of Revenue
FY 2025**



*38 percent of MVLST is allocated to TAF

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. Because revenue is not transferred until the following FY, the amount estimated for MVLST for the current year is shown as an appropriation carryforward into the next year.

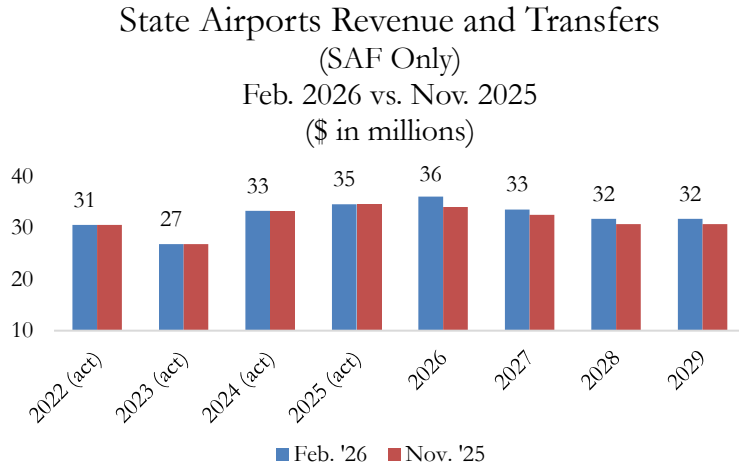
Account Balance Policy

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. In 2025, the Legislature established a reserve balance maximum of no more than five percent of the total annual transit assistance fund balance forward from the previous fiscal year. Currently, the Fund is in compliance with this statute.

State Airports Fund (SAF)

SAF revenues and transfers increase throughout the forecast period compared to the November 2025 forecast.

The total estimated revenues and transfers are shown below (note: these amounts only reflect the State Airports Fund and exclude activity in the two revolving funds):



State Airports Fund Revenues and Transfers (\$ in millions)				
FY	Feb. '26	Nov. '25	\$ Change	% Change
2022 (act)	31	31	-	0.0%
2023 (act)	27	27	-	0.0%
2024 (act)	33	33	-	0.0%
2025 (act)	35	35	-	0.0%
2026	36	34	2.0	5.9%
2027	33	32	1.0	3.2%
2028	32	31	1.0	3.3%
2029	32	31	1.0	3.3%

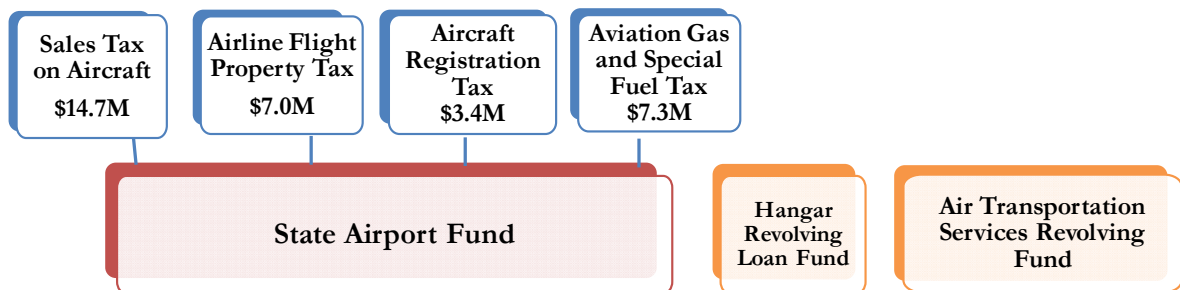
Background and Methodology

Three funds make up the total consolidated SAF*:

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

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

State Airports Sources of Revenue FY 2025

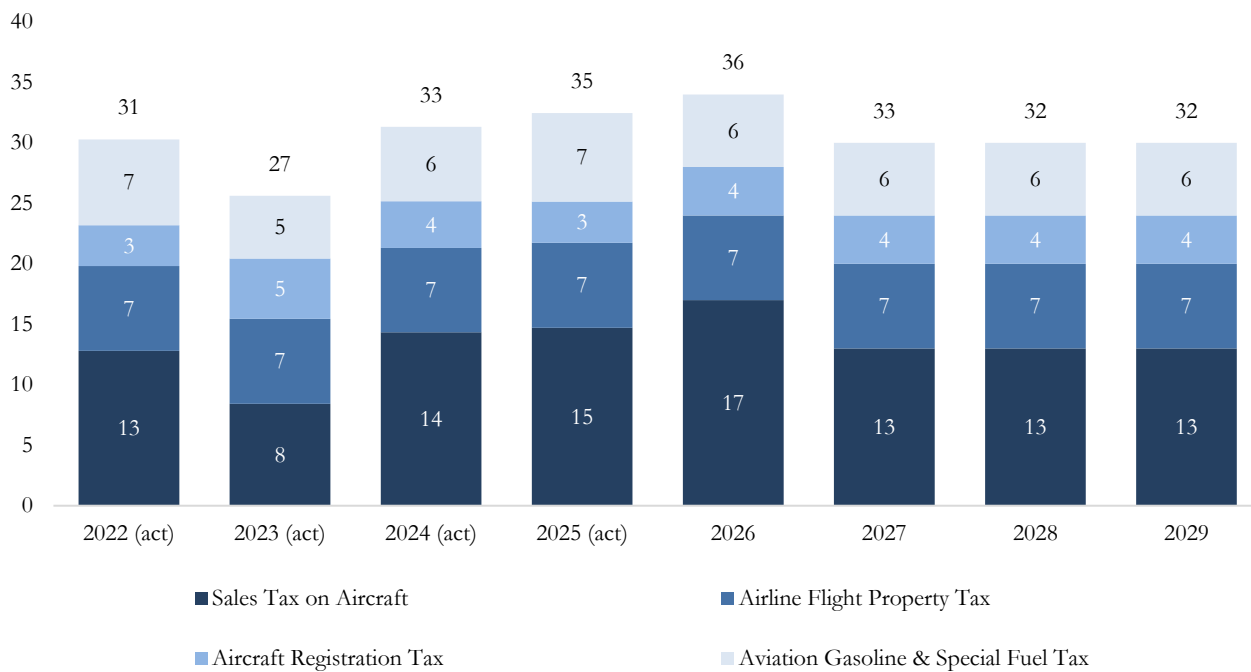


The forecast for SAF is based on aviation gasoline and special fuel taxes, sales taxes on aircraft, aircraft registration taxes, and investment income. The forecasts for both sales tax on aircraft and registration tax are based primarily on

prior history and have varied significantly by year. 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 and may include a portion of the balance in the state airports fund as determined to be available by the commissioner of transportation”.

These revenues must be sufficient to support the direct appropriations from the Legislature, which are used to carry out aviation functions such as administration, operations, airport development and assistance grants, and aeronautic planning.

Primary State Airports Fund Revenues
(\$ in millions)



Fund Balance Policy

The 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 (excluding the revolving funds) maintain a minimum of five percent of the total appropriations in each FY and a maximum of 15 percent, or \$3 million (whichever is lower, currently \$3 million). Currently, the Fund complies with this policy and projects an available balance of approximately \$10 million by FY 2029.

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:	Transportation Advancement Account Fund Statement
Appendix 8:	Minnesota Highway User Tax Revenue – Percentage of Total Revenues
Appendix 9:	HUTD Revenues Year-over-Year Growth Percentage Trend
Policy Links:	Policy Links

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Highway User Tax Distribution Fund
February 2026 Forecast
Comparison to Nov. 2025 Forecast

(\$ in thousands)	February 2026 Forecast								Change from Nov. 2025				
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est	Close	Budget	Budget	Planning Est	Planning Est
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Balance Forward from Prior Year	24,338	15,897	7,578	16,167	22,809	12,000	12,000	12,000	-	-	2	1	1
Prior Year Adjustments	255	(50)	(61)	255	544	-	-	-	-	-	-	-	-
Adjusted Balance Forward	24,593	15,848	7,517	16,422	23,353	12,000	12,000	12,000	-	-	2	1	1
Net Revenue and Transfers-In													
Motor Fuel Excise Tax	892,597	881,971	886,111	928,162	1,016,370	1,030,950	1,035,550	1,042,700	-	4,170	7,050	8,060	6,210
Motor Vehicle Registration Tax	823,287	836,522	914,474	1,043,335	1,127,060	1,194,680	1,254,420	1,317,140	-	(33,360)	(23,760)	(12,760)	(720)
Motor Vehicle Sales Tax	591,627	636,327	677,184	662,277	660,000	708,000	738,000	780,000	-	(18,210)	(14,664)	(17,886)	(17,646)
Sales Tax on Auto Parts	145,644	145,644	139,897	155,041	156,738	154,551	138,650	118,198	-	(0)	506	482	355
Electric Vehicle Surcharges	-	-	-	-	6,325	16,976	26,387	36,900	-	-	-	300	400
Motor Vehicle Rental Tax (9.2%)	26,244	30,797	32,962	33,826	34,488	36,237	37,809	39,381	-	(343)	(274)	(153)	(86)
Motor Vehicle Rental Tax (6.5%)	18,542	21,759	23,288	23,899	24,367	25,602	26,713	27,824	-	(242)	(194)	(108)	(61)
Leased Vehicle Sales Tax	7,513	6,231	8,212	8,677	9,240	9,427	9,823	10,307	-	(209)	(132)	(33)	(11)
Other Income	4,463	13,162	17,600	16,407	17,784	15,357	15,207	15,317	-	772	755	754	759
Total Net Revenue and Transfers-In	2,509,917	2,572,414	2,699,728	2,871,624	3,052,372	3,191,780	3,282,559	3,387,767	-	(47,422)	(30,713)	(21,344)	(10,800)
Expenditures and Transfers-Out													
Appropriations to MnDOT, Revenue, DPS	4,004	3,607	3,440	3,946	4,102	3,850	3,850	3,850	-	(212)	(76)	(76)	(76)
Transfers--DNR	21,397	21,520	21,614	21,777	24,444	24,794	24,905	25,077	-	100	169	193	149
Transfers--5% Set-Aside	124,661	127,778	133,301	141,976	151,759	158,157	162,690	167,942	-	(2,366)	(1,540)	(1,073)	(544)
Transfers--County State-Aid Highway	686,880	704,056	734,490	782,286	836,192	871,444	896,423	925,360	-	(13,034)	(8,487)	(5,913)	(2,996)
Transfers--Municipal State-Aid Highway	213,170	218,500	227,945	242,779	259,508	270,448	278,200	287,181	-	(4,045)	(2,634)	(1,835)	(929)
Transfers--Trunk Highway	1,468,502	1,505,222	1,570,289	1,672,474	1,787,720	1,863,087	1,916,491	1,978,357	-	(27,867)	(18,144)	(12,640)	(6,404)
Other	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures and Transfers-Out	2,518,613	2,580,683	2,691,079	2,865,237	3,063,725	3,191,780	3,282,559	3,387,767	-	(47,424)	(30,712)	(21,344)	(10,800)
Ending Balance	15,897	7,578	16,167	22,809	12,000	12,000	12,000	12,000	-	2	1	1	1

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 2026 Forecast
Comparison to Nov. 2025 Forecast

(\$ in thousands)	February 2026 Forecast								Change from Nov. 2025				
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est	Close	Budget	Budget	Planning Est	Planning Est
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Balance Forward from Prior Year	335,408	327,279	241,552	462,581	538,843	198,301	139,448	141,255	-	-	(17,350)	(26,863)	(30,219)
Prior Year Adjustments	102,909	105,882	47,527	62,785	40,000	40,000	40,000	40,000	-	-	-	-	-
Adjusted Balance Forward	438,317	433,161	289,079	525,366	578,843	238,301	179,448	181,255	-	-	(17,350)	(26,863)	(30,219)
Net Revenue and Transfers-In													
Transfer from HUTD	1,468,502	1,505,222	1,570,289	1,672,474	1,787,720	1,863,087	1,916,491	1,978,357	-	(27,867)	(18,144)	(12,640)	(6,404)
Federal Aid Agreements	489,069	855,140	705,776	627,961	1,730,742	747,342	751,731	751,731	-	-	-	-	-
Other Income and Transfers-In	96,362	83,148	275,231	142,630	132,918	98,637	88,383	88,590	-	(1,120)	(3,414)	(8,413)	(8,413)
Total Net Revenue and Transfers-In	2,053,933	2,443,510	2,551,296	2,443,065	3,651,380	2,709,066	2,756,605	2,818,678	-	(28,987)	(21,558)	(21,053)	(14,817)
Expenditures and Transfers-Out													
Transportation Department	1,808,212	2,230,041	1,973,274	1,976,047	3,516,482	2,256,336	2,269,585	2,269,732	-	(11,637)	(10,719)	(15,586)	(15,442)
Public Safety and Other Depts.	139,696	153,084	170,476	186,666	190,139	182,346	191,666	191,666	-	-	-	-	-
Transfers-Out and Other	3,925	4,086	4,138	18,057	62,518	52,613	4,100	4,100	-	-	-	-	-
Debt Service	213,138	247,908	229,906	248,817	262,783	316,624	329,447	335,809	-	-	(1,326)	(2,111)	(988)
Total Expenditures and Transfers-Out	2,164,971	2,635,119	2,377,794	2,429,588	4,031,922	2,807,919	2,794,798	2,801,307	-	(11,637)	(12,045)	(17,697)	(16,430)
Balance Before Reserves	327,279	241,552	462,581	538,843	198,301	139,448	141,255	198,626	-	(17,350)	(26,863)	(30,219)	(28,606)
Less Appropriation Carryforward	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	327,279	241,552	462,581	538,843	198,301	139,448	141,255	198,626	-	(17,350)	(26,863)	(30,219)	(28,606)
Reserved Fund Balance per Policy	122,779	126,435	142,175	133,828	133,962	128,749	126,016	126,187	-	(7,937)	(7,491)	(7,461)	(7,087)
Unreserved Fund Balance per Policy	204,500	115,118	320,406	405,015	64,339	10,699	15,239	72,439	-	(9,413)	(19,372)	(22,758)	(21,519)
Debt Service Percentage Compared to State Revenue	13.9%	15.9%	12.7%	13.9%	13.9%	16.3%	16.6%	16.4%	-	0.1%	0.0%	-0.1%	-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 2026 Forecast
Comparison to Nov. 2025 Forecast

(\$ in thousands)	February 2026 Forecast								Change from Nov. 2025				
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est	Close	Budget	Budget	Planning Est	Planning Est
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Balance Forward from Prior Year	763,678	811,391	911,259	1,024,268	1,171,875	1,129,726	1,129,726	1,129,726	-	-	-	(100)	(100)
Prior Year Adjustments	219	674	754	536	1,881	-	-	-	-	-	-	-	-
Adjusted Balance Forward	763,898	812,065	912,013	1,024,804	1,173,756	1,129,726	1,129,726	1,129,726	-	-	-	(100)	(100)
Net Revenue and Transfers-In													
Leased Vehicle Sales Tax	25,955	21,526	28,369	29,975	31,920	32,566	33,934	35,606	-	(722)	(456)	(114)	(38)
Other Income	3,357	24,960	43,045	46,418	41,760	35,460	34,970	34,970	-	1,530	1,570	1,571	1,571
Transfer from HUDT	811,541	831,834	867,791	924,262	987,951	1,029,601	1,059,113	1,093,302	-	(15,400)	(10,027)	(6,986)	(3,540)
Transfer from TAA	-	-	2,364	7,196	9,190	10,770	16,770	23,060	-	1	22	(167)	(975)
Transfer from General	12,000	-	-	-	-	-	-	-	-	-	-	-	-
Total Net Revenue and Transfers-In	852,853	878,320	941,569	1,007,851	1,070,821	1,108,397	1,144,787	1,186,938	-	(14,591)	(8,890)	(5,695)	(2,982)
Expenditures and Transfers-Out													
Grants to Local Governments	777,927	765,694	808,088	843,272	1,049,265	1,086,526	1,122,112	1,163,404	-	(15,032)	(8,555)	(5,532)	(2,872)
MnDOT Administrative and Research	12,310	13,364	14,375	17,508	21,556	21,871	22,675	23,534	-	441	(235)	(163)	(110)
Transfers to MSAS Fund	5,000	-	5,000	-	22,230	-	-	-	-	-	-	-	-
Transfers to Special Revenue	122	68	-	-	-	-	-	-	-	-	-	-	-
Transfers to Trunk Highway Fund	10,000	-	1,850	-	21,800	-	-	-	-	-	-	-	-
Total Expenditures and Transfers-Out	805,359	779,126	829,314	860,780	1,114,851	1,108,397	1,144,787	1,186,938	-	(14,591)	(8,790)	(5,695)	(2,982)
Balance Before Reserves	811,391	911,259	1,024,268	1,171,875	1,129,726	1,129,726	1,129,726	1,129,726	-	(0)	(100)	(100)	(100)
Less Appropriation Carryforward	811,391	911,259	1,024,268	1,171,875	1,129,726	1,129,726	1,129,726	1,129,726	-	-	(100)	(100)	(100)
Ending Balance	-	-	-	-	-	-	-	-	-	(0)	0	(0)	(0)

Municipal State Aid Fund
February 2026 Forecast
Comparison to Nov. 2025 Forecast

(\$ in thousands)	February 2026 Forecast								Change from Nov. 2025				
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est	Close	Budget	Budget	Planning Est	Planning Est
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Balance Forward From Prior Year	182,132	248,945	274,342	306,163	381,755	381,755	381,755	381,755	-	-	-	-	-
Prior Year Adjustments	59	194	206	231	-	-	-	-	-	-	-	-	-
Adjusted Balance Forward	182,192	249,140	274,548	306,394	381,755	381,755	381,755	381,755	-	-	-	-	-
Net Revenue and Transfers-In :													
Other Income	1,188	7,849	13,015	15,141	14,100	11,980	11,810	11,810	-	624	623	626	626
Transfer From HUDT	213,170	218,500	227,945	242,779	259,508	270,448	278,200	287,181	-	(4,045)	(2,634)	(1,835)	(929)
Transfer From CSAH	5,000	-	5,000	-	22,230	-	-	-	-	-	-	-	-
Net Revenue and Transfers In	219,358	226,349	245,960	257,920	295,838	282,428	290,010	298,991	-	(3,421)	(2,011)	(1,209)	(303)
Expenditures and Transfers-Out													
Grants to Local Governments	148,845	197,311	210,244	177,757	289,076	275,300	282,798	291,561	-	(2,909)	(1,954)	(1,175)	(291)
MnDOT Administrative and Research	3,722	3,815	4,100	4,802	6,762	7,128	7,212	7,430	-	(513)	(57)	(34)	(12)
Transfers to Special Revenue	38	21	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures and Transfers-Out	152,604	201,147	214,345	182,559	295,838	282,428	290,010	298,991	-	(3,421)	(2,011)	(1,209)	(303)
Balance before Reserves	248,945	274,342	306,163	381,755	381,755	381,755	381,755	381,755	-	0	0	0	0
Less Appropriation Carryforward	248,945	274,342	306,163	381,755	381,755	381,755	381,755	381,755	-	-	-	-	-
Ending Balance	-	-	-	-	-	-	-	-	-	0	0	0	0

Transit Assistance Fund
February 2026 Forecast
Comparison to Nov. 2025 Forecast

(\$ in thousands)	February 2026 Forecast								Change from Nov. 2025				
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est	Close	Budget	Budget	Planning Est	Planning Est
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Balance Forward from Prior Year	54,009	42,903	35,023	79,553	106,346	61,223	49,549	41,093	-	-	(2,452)	(2,774)	(2,425)
Prior Year Adjustments	7,162	4,790	35,235	4,130	3,881	2,000	2,000	2,000	-	-	-	-	-
Adjusted Balance Forward	61,171	47,693	70,258	83,683	110,227	63,223	51,549	43,093	-	-	(2,452)	(2,774)	(2,425)
Net Revenue and Transfers-In													
Metropolitan Area Transit Account	354,976	381,796	387,124	378,602	377,300	404,740	421,890	445,900	-	(10,410)	(8,383)	(10,225)	(10,088)
Greater Minnesota Transit Account	39,442	42,422	64,332	62,916	62,700	67,260	70,110	74,100	-	(1,730)	(1,393)	(1,699)	(1,676)
Total Motor Vehicle Sales Tax	394,418	424,218	451,456	441,518	440,000	472,000	492,000	520,000	-	(12,140)	(9,776)	(11,924)	(11,764)
Leased Vehicle Sales Tax	25,955	21,526	28,369	29,975	31,920	32,566	33,934	35,606	-	(722)	(456)	(114)	(38)
Total Net Revenue and Transfers-In	420,373	445,743	479,825	471,493	471,920	504,566	525,934	555,606	-	(12,862)	(10,232)	(12,038)	(11,802)
Expenditures and Transfers-Out													
Metropolitan Council	355,077	381,900	387,189	374,978	380,924	404,740	421,890	445,900	-	(10,410)	(8,383)	(10,225)	(10,088)
Transportation Department	83,564	76,514	83,340	73,853	140,000	113,500	114,500	115,138	-	-	(1,527)	(2,162)	(3,980)
Total Expenditures and Transfers-Out	438,641	458,414	470,530	448,830	520,924	518,240	536,390	561,038	-	(10,410)	(9,910)	(12,387)	(14,068)
Balance Before Reserves	42,903	35,023	79,553	106,346	61,223	49,549	41,093	37,661	-	(2,452)	(2,774)	(2,425)	(160)
Less Appropriation Carryforward	25,955	21,526	28,369	29,975	31,920	32,566	33,934	35,606	-	(722)	(456)	(114)	(38)
Less Met Council Balance	-	-	-	-	-	-	-	-	-	-	-	-	-
Ending Balance	16,948	13,497	51,185	76,371	29,303	16,983	7,159	2,055	-	(1,730)	(2,318)	(2,311)	(122)
Reserved Balance	5,401	4,290	3,502	7,955	5,317	3,061	2,477	2,055	-	-	(123)	(139)	(121)
Unreserved Fund Balance	11,547	9,207	47,682	68,416	23,986	13,922	4,681	0	-	(1,730)	(2,195)	(2,172)	(0)

State Airports Fund
February 2026 Forecast
Comparison to Nov. 2025 Forecast

(\$ in thousands)	February 2026 Forecast								Change from Nov. 2025				
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est	Close	Budget	Budget	Planning Est	Planning Est
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
Balance Forward from Prior Year	\$18,101	\$19,200	\$22,700	\$30,146	\$36,980	\$14,365	\$13,349	\$15,478	-	-	(5,487)	(4,460)	(3,438)
Prior Year Adjustments	3,340	3,954	3,583	1,500	1,000	1,000	1,000	1,000	-	-	-	-	-
Adjusted Balance Forward	21,441	23,153	26,283	31,646	37,980	15,365	14,349	16,478	-	-	(5,487)	(4,460)	(3,438)
Net Revenue and Transfers-In													
Transfer from General Fund	-	-	-	-	-	-	-	-	-	-	-	-	-
Sales Tax on Aircraft	12,806	8,420	14,339	14,712	17,000	13,000	13,000	13,000	-	2,000	1,000	1,000	1,000
Airline Flight Property Tax	7,004	7,031	6,978	7,021	7,000	7,000	7,000	7,000	-	-	-	-	-
Aircraft Registration Tax	3,382	4,980	3,863	3,414	4,000	4,000	4,000	4,000	-	-	-	-	-
Gasoline & Special Fuel Tax	7,092	5,196	6,144	7,309	6,000	6,000	6,000	6,000	-	-	-	-	-
Other Income	1,330	2,149	3,344	3,870	3,022	4,497	2,692	2,692	-	13	27	22	22
Total Net Revenue and Transfers-In	31,613	27,776	34,667	36,326	37,022	34,497	32,692	32,692	-	2,013	1,027	1,022	1,022
Expenditures and Transfers-Out													
Transportation Department	34,127	27,723	30,260	31,043	60,378	36,254	31,304	31,304	-	7,500	-	-	-
Transfer Out (General Fund)	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures and Transfers-Out	34,127	27,723	30,260	31,043	60,378	36,254	31,304	31,304	-	7,500	-	-	-
Net Change in Loan Fund	272	(506)	(544)	51	(259)	(259)	(259)	(259)	-	-	-	-	-
Balance Before Reserves	19,200	22,700	30,146	36,980	14,365	13,349	15,478	17,607	-	(5,487)	(4,460)	(3,438)	(2,416)
Less Appropriation Carryforward	2,259	4,010	3,049	3,975	3,716	3,457	3,198	2,939	-	-	-	-	-
Ending Balance	\$15,464	\$16,564	\$24,465	\$29,830	\$7,474	\$6,717	\$9,105	\$11,493	-	(5,487)	(4,460)	(3,438)	(2,416)
Reserved Balance	1,586	1,366	1,420	1,506	2,969	1,763	1,515	1,515	-	375	-	-	-
Unreserved Fund Balance	13,878	15,198	23,046	28,324	4,505	4,954	7,589	9,977	-	(5,862)	(4,460)	(3,438)	(2,416)

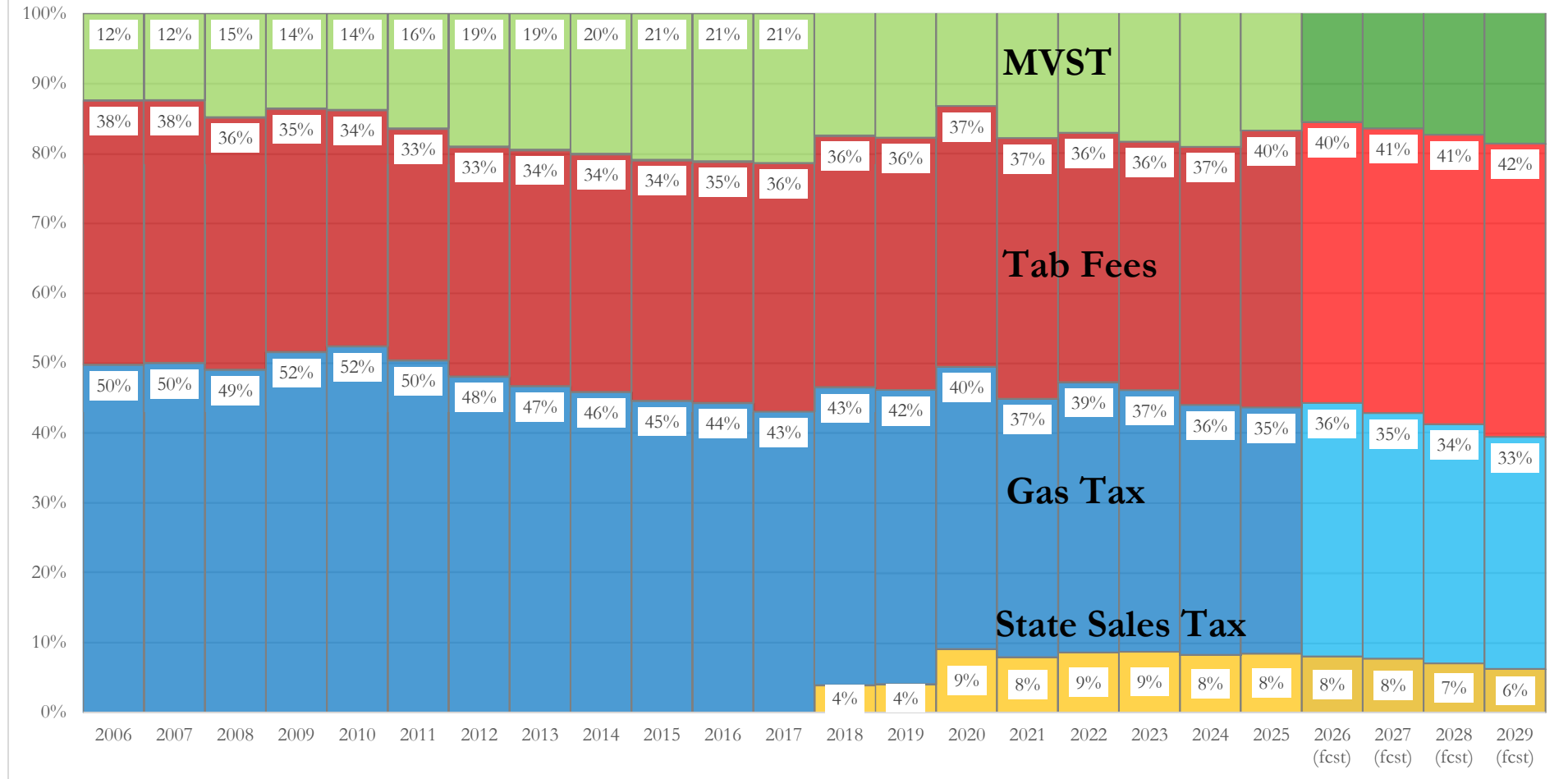
This fund statement consists of three funds: State Airports Fund, Hangar Revolving Loan Fund, and Air Transportation Services Fund. Ending balances in the two revolving funds are not included in the consolidated fund statement ending balance since their receipts are dedicated to their specific functions.

Transportation Advancement Account
 February 2026 Forecast
 Comparison to Nov. 2025 Forecast

(\$ in thousands)	February 2026 Forecast								Change from Nov. 2025				
	Close FY 2022	Close FY 2023	Close FY 2024	Close FY 2025	Budget FY 2026	Budget FY 2027	Planning Est FY 2028	Planning Est FY 2029	Close FY 2025	Budget FY 2026	Budget FY 2027	Planning Est FY 2028	Planning Est FY 2029
Net Revenue and Transfers-In													
Delivery Fee	-	-	-	19,940	22,000	23,000	24,000	25,100	-	-	-	(1,000)	(4,900)
Sales Tax on Auto Parts	-	-	11,256	16,039	20,048	28,271	55,845	84,709	-	-	92	194	255
Total Receipts	-	-	11,256	35,979	42,048	51,271	79,845	109,809	-	-	92	(806)	(4,645)
Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Receipts	-	-	11,256	35,979	42,048	51,271	79,845	109,809	-	-	92	(806)	(4,645)
Total Net Revenue and Transfers-In	-	-	11,256	35,979	42,048	51,271	79,845	109,809	-	-	92	(806)	(4,645)
Expenditures and Transfers-Out													
Metro Counties (36%)	-	-	4,052	12,952	15,137	18,458	28,744	39,531	-	-	33	(290)	(1,672)
County State Aid Highway (CSAH) (10%)*	-	-	1,126	3,598	4,205	5,127	7,985	10,981	-	-	9	(81)	(465)
Larger Cities (15%)	-	-	1,688	5,397	6,307	7,691	11,977	16,471	-	-	14	(121)	(697)
Small Cities (27%)	-	-	3,039	9,714	11,353	13,843	21,558	29,648	-	-	25	(218)	(1,254)
Town Road (11%)*	-	-	1,238	3,958	4,625	5,640	8,783	12,079	-	-	10	(89)	(511)
Food Delivery Support (1%)	-	-	113	360	420	513	798	1,098	-	-	1	(8)	(46)
Total Expenditures and Transfers-Out	-	-	11,256	35,979	42,048	51,271	79,845	109,809	-	-	92	(806)	(4,645)
Total Uses	-	-	11,256	35,979	42,048	51,271	79,845	109,809	-	-	92	(806)	(4,645)
Ending Balance	-	-	-	-	-	-	-	-	-	-	-	-	-

*CSAH and Town Road transfers are also itemized in the CSAH fund statement

Minnesota Highway User Tax Revenue FY 2006-2025 Actuals, 2026-2029 Based on Feb. 2026 Forecast % of Total Revenues



Year-over-Year Growth Rates HUTD Revenues Feb. 2026 vs Nov. 2025 Forecast

