

## HOUSE RESEARCH

## Information Brief

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296-5045

MINNESOTA HIGHWAY FINANCING:  
CONSTITUTIONAL AND STATUTORY PROVISIONS

The front page of this information brief summarizes the sources of revenue and expenditures of the Highway User Tax Distribution Fund; on the back a flow chart illustrates the same information graphically.

Sources of Revenue: Sources of revenue for the fund are fuel taxes and motor vehicle license taxes.

Distribution Formula: The initial three-way distribution of money from the Fund is set by the Public Highway Article of the Minnesota Constitution. The Legislature may further divide the distribution by statutory formula. These constitutional and statutory divisions are as follows:

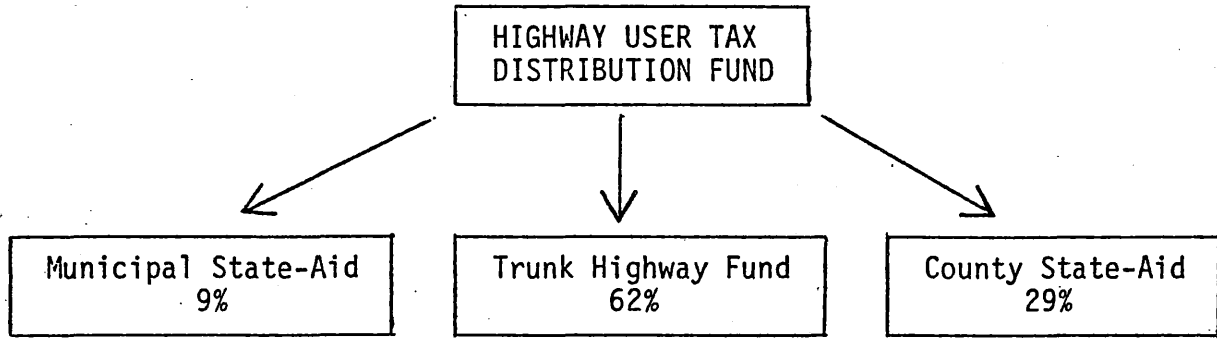
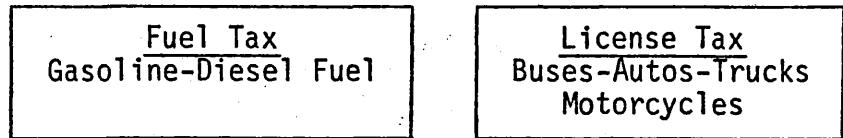
- o The Trunk Highway Fund 62%  
Not divided by statutory formula
- o The County State-Aid Highway Fund (CSAH) 29%  
Divided by statutory formula:
  - 10% divided equally among the 87 counties
  - 10% apportioned on the basis of each county's registered motor vehicle population
  - 30% apportioned on the basis of each county's total CSA mileage
  - 50% apportioned according to each county's approved money needs
- o The Municipal State Aid System (MSAS) 9%  
Divided by statutory formula:
  - 50% distributed according to population
  - 50% apportioned on the basis of approved money needs

Five Percent Set-Aside: Section 5 of the Public Highway Article allows the Legislature to set aside 5 percent of the net proceeds of the Highway User Tax Distribution Fund and apportion it among the three funds according to a formula other than the 62-29-9 schedule. The Constitution provides that the Legislature may reapportion the 5 percent set-aside not oftener than once every 6 years. The current distribution was enacted in 1975:

- o 60% to the Trunk Highway Fund
- o 31% to the County State-Aid Highway Fund (CSAH) for a separate county turnback account\* (partly used for town bridges)
- o 9% to the Municipal State-Aid Street Fund (MSAS) for a separate municipal turnback account\*

\* Turnback accounts provide funds for the reconstruction and improvement of former trunk highways turned back to county or municipal jurisdiction.

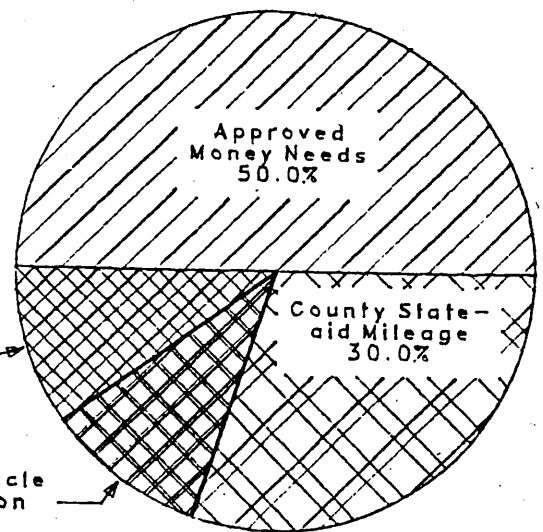
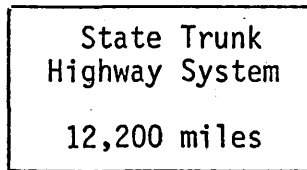
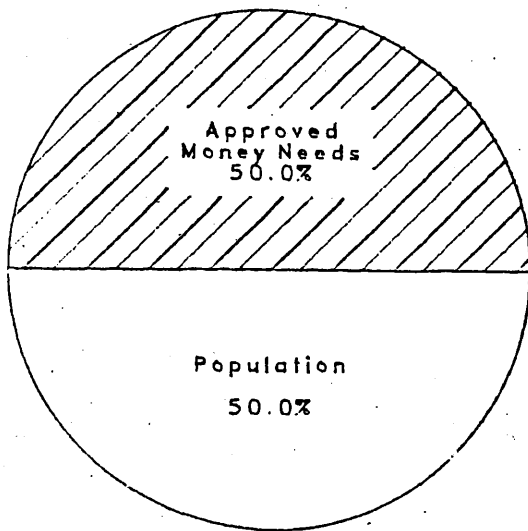
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