



# Financial Management and Legislative Briefing

March 2016

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This Financial Management and Legislative Briefing provides basic information about the Minnesota Department of Transportation’s finances, including MnDOT’s 2016 capital and operating budget requests, and policy initiatives.

The briefing also provides an overview of Minnesota’s transportation systems, highway transportation funding and a history of significant revenue changes. The appendices give additional information about revenue trends, the February 2016 forecast and fund statements for the six transportation funds, as well as well as other financial data.

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# Transportation Systems in Minnesota

System	Size	Ownership	Funding Source	MnDOT Role	
<b>Streets, roads, highways</b>	State Trunk Highways	11,814 miles	<p>By share of centerline miles</p> <p>By share of vehicle miles traveled</p>	State fuel tax, motor vehicle sales tax, registration fees, federal funds	Construction, operation, maintenance, management
	County State Aid Highways	30,624 miles		<p>State fuel tax, motor vehicle sales tax, registration fees, federal funds, local funds</p> <p>Coordination of projects that impact state trunk highways, administration of state and federal funding (68% of county roads and 15% of city streets are eligible for state aid funds)</p>	
	Other County Roads	14,197 miles			
	Municipal State Aid Streets	3,505 miles			
	Other City Streets	18,911 miles			
	Township	58,686 miles			
	Other	5,177 miles			
	Total	142,914 miles			State and local funds
<b>Transit</b>	Twin Cities Area	213 bus routes, 1 bus rapid transit and 2 light rail routes, 1 commuter rail route, demand response systems	Metropolitan Council (including Metro Transit and contracted operators), Suburban Transit Providers, and University of Minnesota	Motor vehicle sales tax, Counties Transit Improvement Board sales tax (in five Metro counties only), state general funds, federal funds, local funds, fares	Construct and maintain transit infrastructure on state roads
	Greater Minnesota	51 public transit systems serving 79 counties	Local governments, joint powers organizations, non-profits, and tribal governments		Administration of funding
<b>Rail</b>	Freight	4,444 track miles	20 railroads operate and own track: <ul style="list-style-type: none"> <li>▸ 4 Class I (82% of network)</li> <li>▸ 1 Class II (1% of network)</li> <li>▸ 14 Class III (16% of network)</li> <li>▸ 2 Private</li> </ul>	Private funds for operations, state and private funds for track	Planning and policy, support for infrastructure improvements
	Passenger Rail	Amtrak Empire Builder (Chicago to Seattle)	Federally operated on privately owned track	Federal funds, fares	Planning, policy, research, federal and state program administration
<b>Air</b>	Passenger and cargo	135 airports, 9 with airline service	Airports are owned by the cities, counties and airport authorities. Metropolitan Airport Commission owns MSP and eight other airports	Aircraft registration tax, aircraft sales taxes, airline flight property tax, aviation fuel tax, federal funds, local funds	Collection of aviation taxes, administration of state and federal funds, planning, policy, licensure, inspection, navigationsystems, education and research
<b>Waterways</b>	Great Lakes	Four ports on Lake Superior	Local port authorities and private companies provide port operations.	Local port authority receipts, state general funds, federal funds	Planning and policy, support for infrastructure improvements
	Rivers	Five ports on 222 miles of the Mississippi River system	Channels (9 ft. draft on rivers, 29 ft. on Great Lakes) are maintained by the U.S. Army Corps of Engineers.		

# MnDOT 2016 Capital Project Requests

## **Governor's recommendations related to MnDOT requests for the 2016 legislative session**

The governor recommends the capital budget to the Legislature in even-numbered years. The budget includes requests for state bond funds and other non-bond funds for various infrastructure projects. State agencies and local governments submit requests to Minnesota Management and Budget, which advises the governor and assists with deciding which projects are to be included in the governor's recommendation. MnDOT submitted approximately \$390.1 million in requests to MMB. The paragraphs below describe the projects the governor recommended for MnDOT.

### **Rail grade separation on crude oil corridors**

\$69,624,000 – General obligation bonds

This request is to construct grade separations at highway-railroad grade crossings along corridors in which oil or other hazardous materials are transported. There are potential safety risks involved with the significant traffic increase and large volumes of hazardous material shipped by rail. The funds will provide grade separations at priority locations identified in the Crude by Rail Grade Crossing Study. Currently three locations — Moorhead, Coon Rapids and Prairie Island — have been identified as having plans in place and are eligible for funding.

### **Rail quiet zones**

\$10,000,000 – General obligation bonds

This request is to provide grants under Minn. Stat. 219.166 as a local match for the capital portion of implementing train whistle-free quiet zones as approved by the Federal Railroad Administration. Given increases in rail traffic statewide and the resulting increase in train whistles, cities are seeking to establish whistle-free quiet zones in their communities to reduce community impacts and improve quality of life.

### **Highway / railroad grade crossing – warning devices replacement**

\$5,000,000 – General obligation bonds

This request is to design, construct and equip replacement of active highway-railroad grade warning devices that have reached the end of their useful life. Reliability and credibility of grade crossing warning devices is important to the traveling public. When a device malfunctions, lights flash as if a train is coming until the problem is corrected. Drivers can confuse signals with long warning times as a malfunctioning signal and attempt to cross the tracks. At a cost of approximately \$300,000 per crossing location, these funds could upgrade an estimated 16 locations.

### **Facilities capital program**

\$40,000,000 – Trunk highway bonds

This request is to establish a MnDOT Facilities Capital Improvement Program that supports MnDOT's building infrastructure needs. The Facilities Capital Improvement Program funds extend the useful life of existing facilities through renovation and expansion to meet current operational needs. When renovation and expansion of existing facilities is not feasible, new buildings may be constructed under this program. Strategic investments reduce long-term operating costs, improve efficiency, and provide safe facilities.

## **Port development assistance program**

\$10,000,000 – General obligation bonds

This request is to fund the Minnesota Port Development Assistance Program, which supports infrastructure needs of Minnesota's public ports on the Great Lakes and Inland River Navigation Systems. The funds are also for partnership programs to improve freight handling efficiency on Minnesota's commercial waterway systems. Under Minn. Stat. 457A, a local share is required to move the project forward.

## **Passenger rail program**

\$1,000,000 – General obligation bonds

This request is to provide state match for implementation of passenger rail service, such as the second daily train between St Paul and Chicago, and the Twin Cities to Milwaukee high speed rail. Capital improvements include preliminary engineering, design, engineering, environmental analysis and mitigation, land acquisition, and construction. This request would also pay for agency staff costs directly attributable to capital projects.

## **Total MnDOT / governor's recommendations**

The total MnDOT amount for the projects described above is \$141,055,000. The total recommended budget would be funded from these sources:

- General obligation bonds      \$95,624,000
- Trunk highway bonds          \$40,000,000

## **Duluth and Rochester Airports**

The Governor included \$10.259 million in grants to the Duluth Airport Authority and the City of Rochester for airport improvements as part of his 2016 capital budget recommendation.

## **Increased Debt Service for Bonding Bill**

The Governor recommends funding for debt service costs necessary to support the Department of Transportation's Facilities Capital Program included in his 2016 capital budget recommendations. The proposal is for an appropriation of \$352 thousand in FY 2017, 1.807 million in FY 2018 and \$3.272 million in FY 2019.

## FY 2016 Capital Budget Project Summary

Project Title	Funding Source	Agency Request*	Governor's Rec*
Rail grade separations on crude oil rail lines program	GO	\$ 69.6	\$ 69.6
Highway/railroad grade crossing - warning devices replacement	GO	12.0	5.0
Rail quiet zones	GO	10.0	10.0
Local bridge replacement program	GO	100.0	-
Stone Arch Bridge	GF	2.5	-
Local road improvement fund grants	GO	100.0	-
Safe Routes to School infrastructure program	GO	3.0	-
Facilities Capital Program	THF	40.0	40.0
Minnesota Rail Service Improvement program	GO	2.0	-
Port Development Assistance program	GO	10.0	10.0
Passenger Rail program	GO	21.0	1.0
State airplane	GO	10.0	-
Historic Bridge program	GO	20.0	-
<b>Total Project Requests</b>		<b>\$ 400.1</b>	<b>\$ 135.6</b>

Funding Sources	Agency Request*	Governor's Rec*
GO = General Fund Obligation Bonds	\$ 347.6	\$ 95.6
THB = Trunk Highway Fund General Obligation Bonds	40.0	40.0
THF = Trunk Highway Fund Cash	-	-
GF = General Fund Cash	2.5	-
<b>Total Project Funding</b>	<b>\$ 390.1</b>	<b>\$ 135.6</b>

\* Funding requests are in millions

## 2016 Supplemental Operating Budget

### **NexTen for Transportation**

The Governor recommends a major investment plan for transportation to fund the estimated \$6 billion gap that exists between funding needs and revenues in the next ten years. The Governor proposes addressing the gap in road and bridge funding through a 6.5% gross receipts tax on gasoline, an increase in registration fees, an additional \$2 billion in trunk highways bonds over the next 10 years, and through MnDOT efficiencies. The tax on gasoline would provide a net increase in revenue of \$317 million in FY 2017, \$487 million in FY 2018 and \$484 million in FY 2019. The increase in registration fees would provide an increase in revenue of \$21.2 million in FY 2017, \$90 million in FY 2018 and \$117 million in FY 2019.

These sources will fund roads and bridges at the state, county and municipal level. In addition, the Governor recommends a general fund increase for Greater Minnesota Transit of \$10 million per year and a general fund increase for bike and pedestrian infrastructure, including Safe Routes to School, of \$2.5 million per year. The cost of this proposal also includes administrative funding for the Department of Revenue and recognizes the interacting costs of the gross receipts tax and the increase in registration fees.

### **Federal FAST Act State Road Construction**

The Governor recommends increasing the state road construction appropriation in the trunk highway fund to enable MnDOT to spend the increase in federal funding due to the Fixing America's Surface Transportation Act (FAST Act) enacted in December 2015. The proposal is for an increased appropriation of \$20 million in FY 2016, \$70 million in FY 2017, \$65 million in FY 2018 and \$80 million in FY 2019. The same amount of revenue is expected from the General Highway Administration, so there is no net cost to the Trunk Highway Fund.

### **Snow and Ice Contingency**

The Governor recommends establishing a snow and ice management appropriation in the trunk highway fund and establishing statutory language allowing MnDOT to access existing unappropriated trunk highway fund balance when costs exceed 110 percent of MnDOT's biennial appropriation for snow and ice management. The \$65 million appropriation would provide greater assurance in extreme winters that MnDOT could meet public performance expectations, while helping to ensure that other maintenance activities are not compromised.

### **Safety Improvements on Crude Oil Corridors**

The Governor recommends \$32.5 million annually for planning, engineering, administration and construction of highway-rail grade crossing improvement projects along rail corridors transporting crude oil and other hazardous materials. Funding would be provided through an annual assessment on Class I railroads.

### **Duluth and Rochester Airports**

The Governor included \$10.259 million in grants to the Duluth Airport Authority and the City of Rochester for airport improvements as part of his 2016 capital budget recommendation.

## **Grade Crossing Safety Account**

The Governor recommends an increase in funding for the grade crossing safety account from \$1 million to \$2.5 million per year. The increase in funding would be used to fund additional grade crossing improvements. In addition, new language would clarify that these funds can be used for the development, engineering and administration of grade crossing projects. The increase in grade crossing safety funding results in an equivalent decrease in trunk highway funds.

## **Rail Inspectors**

The Governor recommends hiring up to four additional rail inspectors, plus a program manager to allow for more comprehensive rail safety inspections to ensure compliance with federal and state safety regulations. The Governor also recommends changes to the program language to clarify costs that can be funded by the program and assessed to railroads and to better align inspector duties to federal definitions. The increased revenue reflects an increase in the assessment to the railroads for the additional inspectors. The estimated amounts are \$446 thousand in FY 2017, \$709 thousand in FY 2018, \$665 thousand in FY 2019.

## **Interagency Rail Director and Rail Activities**

The Governor recommends funding a new Interagency Rail Director to address rail safety, rail service and rail impacts on communities. The director will work with a newly established Interagency Rail Working Group of state agencies to set priorities and develop and implement strategies. The Governor also recommends funding in fiscal year 2017 for critical freight rail activities at MnDOT. The proposal is for a \$1.313 million appropriation in FY 2017, and \$185 thousand base in future years.

## **Drone Regulation, Enforcement and Registration**

Modify Minn. Stat. Chapter 360 to explicitly allow MnDOT to regulate use of unmanned aircraft systems (drones) through aircraft registration and commercial operator licensing. Drones create potential for mid-air collisions, loss of life and other disasters. According to the Federal Aviation Administration, there have been two near-miss incidents in Minnesota. These changes will provide clear direction on the application of laws to unmanned aircraft systems, and will identify the state's regulatory role.

The Governor recommends a one-time \$313 thousand appropriation from the state airports fund for system updates needed to accommodate the regulation of unmanned aircraft systems (drones) through aircraft registration and commercial operator licensing. These regulations will help to ensure aviation safety.

# MnDOT Direct Appropriations FY 2016-17, Governor's Recommended Budget

All dollars on thousands (\$1 = \$1,000)

Program Name	Budget Activity Name	Appropriation/Change Item Name	Fund	SWIFT FUND	Fund Name	Chapter 75 FY 2016-17 Total Direct Appropriation Base		FY 2016-17 Gov. Recommendations		Proposed FY 2016-17 Total Direct Appropriations Base	
						2016	2017	2016	2017	2016	2017
Multimodal Systems	Aeronautics	Airport Dev. and Assistance - Base	220	2720	AIR	19,798	19,798	-	-	19,798	19,798
		Ci:Duluth & Rochester Airports	220	2720	AIR	-	-	-	10,259	-	10,259
	Aviation Support and Services	Aviation Support and Services Base	220	2720	AIR	5,231	5,231	-	-	5,231	5,231
		Civil Air Patrol	220	2720	AIR	80	80	-	-	80	80
		Ci: Drone Registration (OT)	220	2720	AIR	-	-	-	313	-	313
		Aviation Support and Service - Base	270	2700	TH	1,350	1,350	-	-	1,350	1,350
	<b>TOTAL AERONAUTICS</b>					<b>26,459</b>	<b>26,459</b>	-	<b>10,572</b>	<b>26,459</b>	<b>37,031</b>
	Transit	Transit - Base	100	1000	GF	19,745	19,745	-	10,000	19,745	29,745
		Transit - Base	270	2700	TH	798	822	-	-	798	822
	<b>TOTAL TRANSIT</b>					<b>20,543</b>	<b>20,567</b>	-	<b>10,000</b>	<b>20,543</b>	<b>30,567</b>
	Safe Routes to School	Safe Routes to School	100	1000	GF	500	500	-	2,500	500	3,000
	Freight	Freight - Base	100	1000	TH	256	256	-	-	256	256
		Ci:Rail Director & Rail Activities	100	1000	TH	-	-	-	1,313	-	1,313
		Freight: Chapter 75 One Time				8,145	-	-	-	8,145	-
		Freight - Base	270	2700	TH	5,044	5,196	-	-	5,044	5,196
Ci: Grade Crossing Safety Revenue Increase		270	2700	TH	-	-	-	1,500	-	1,500	
<b>TOTAL FREIGHT</b>					<b>13,445</b>	<b>5,452</b>	-	<b>2,813</b>	<b>13,445</b>	<b>6,765</b>	
Passenger Rail				GF	500	500	-	-	500	500	
<b>TOTAL MULTIMODAL</b>					<b>29,146</b>	<b>21,001</b>	-	<b>13,813</b>	<b>29,146</b>	<b>34,814</b>	
				AIR	25,109	25,109	-	10,572	25,109	35,681	
				TH	7,192	7,368	-	1,500	7,192	8,868	
					<b>61,447</b>	<b>53,478</b>	-	<b>25,885</b>	<b>61,447</b>	<b>79,363</b>	
State Roads	Program Planning and Delivery	Program Planning & Delivery - Base	270	2700	TH	220,063	221,448	-	-	220,063	221,448
		Prog. Plan. & Delivery - Chapter 75 One Time	270	2700	TH	17,466	9,804	-	-	17,466	9,804
		Ci: NexTen Program Planning	270	2700	TH	-	-	-	30,905	-	30,905
	<b>TOTAL PROGRAM AND DELIVERY</b>					<b>237,529</b>	<b>231,252</b>	-	<b>30,905</b>	<b>237,529</b>	<b>262,157</b>
	State Road Construction	State Road Construction - Base	270	2700	TH	693,500	695,800	-	-	693,500	695,800
		Ci: FAST Act Increase	270	2700	TH	-	-	20,000	70,000	20,000	70,000
		State Road Const.- Chapter 75 One Time	270	2700	TH	86,164	48,366	-	-	86,164	48,366
		Ci: NexTen Road Construction	270	2700	TH	-	-	-	140,890	0	140,890
		Ci: Grade Crossing Safety Account	270	2700	TH	-	-	-	(1,500)	-	(1,500)
	<b>TOTAL STATE ROAD CONSTRUCTION</b>					<b>779,664</b>	<b>744,166</b>	<b>20,000</b>	<b>209,390</b>	<b>799,664</b>	<b>953,556</b>
	Operations & Maintenance	Operations & Maintenance - Base	270	2700	TH	275,597	283,726	-	-	275,597	283,726
		Ops & Maintenance- Chapter 75 One Time	270	2700	TH	12,808	7,190	-	-	12,808	7,190
		Ci: NexTen Operations and Maintenance	270	2700	TH	-	-	-	9,717	-	9,717
	<b>TOTAL OPERATIONS AND MAINTENANCE</b>					<b>288,405</b>	<b>290,916</b>	-	<b>9,717</b>	<b>288,405</b>	<b>300,633</b>
	Debt Service	Debt Service	270	2700	TH	197,381	231,199	-	-	197,381	231,199
Ci: Capital Facilities Debt		270	2700	TH	-	-	-	352	-	352	
Ci: NexTen Debt Service		270	2700	TH	-	-	-	2,835	-	2,835	
<b>TOTAL DEBT SERVICE</b>					<b>197,381</b>	<b>231,199</b>	-	<b>3,187</b>	<b>197,381</b>	<b>234,386</b>	
Statewide Radio Communications	Statewide Radio Comm. - Base	100	1000	GF	3	3	-	-	3	3	
	Stwde. Radio Comm. - Chapter 75 One Time	100	1000	GF	32	-	-	-	32	-	
	Statewide Radio Comm. - Base	270	2700	TH	5,323	5,483	-	-	5,323	5,483	
					35	3	-	-	35	3	
<b>TOTAL STATEWIDE RADIO COMMUNICATIONS</b>					<b>5,323</b>	<b>5,483</b>	-	-	<b>5,323</b>	<b>5,483</b>	
					<b>5,358</b>	<b>5,486</b>	-	-	<b>5,358</b>	<b>5,486</b>	
<b>TOTAL STATE ROADS</b>					<b>1,508,302</b>	<b>1,503,016</b>	<b>20,000</b>	<b>253,199</b>	<b>1,528,302</b>	<b>1,756,215</b>	
					<b>35</b>	<b>3</b>	-	-	<b>35</b>	<b>3</b>	
					<b>1,508,337</b>	<b>1,503,019</b>	<b>20,000</b>	<b>253,199</b>	<b>1,528,337</b>	<b>1,756,218</b>	
Local Roads	Municipal State Aid Streets	Municipal State Aid Streets - Base	250	2500	MSAS	170,743	178,141	-	-	170,743	178,141
		Ci: NexTen - M.S.A.S.	250	2500	MSAS	-	-	-	28,212	-	28,212
	County State Aid Highway	County State Aid Highway - Base	260	2600	CSAH	670,768	698,495	-	-	670,768	698,495
		Ci: NexTen - C.S.A.S.	260	2600	CSAH	-	-	-	107,403	-	107,403
	Small City Assistance	Flood Appropriation Extension	100	1000	GF	2,380	-	-	-	2,380	-
		Small City Assistance - Base	100	1000	GF	12,500	-	-	-	12,500	-
	<b>TOTAL LOCAL ROADS</b>					<b>170,743</b>	<b>178,141</b>	-	<b>28,212</b>	<b>170,743</b>	<b>206,353</b>
					<b>670,768</b>	<b>698,495</b>	-	<b>107,403</b>	<b>670,768</b>	<b>805,898</b>	
					<b>14,880</b>	<b>-</b>	-	<b>-</b>	<b>14,880</b>	<b>-</b>	
					<b>856,391</b>	<b>876,636</b>	-	<b>135,615</b>	<b>856,391</b>	<b>1,012,251</b>	
Agency Mgmt.	Agency Services	Agency Services - Base	270	2700	TH	42,722	43,519	-	-	42,722	43,519
		Tort Claims	270	2700	TH	600	600	-	-	600	600
	<b>TOTAL AGENCY SERVICES</b>					<b>43,322</b>	<b>44,119</b>	-	<b>-</b>	<b>43,322</b>	<b>44,119</b>
	Building Services	Buildings - Base	100	1000	GF	54	54	-	-	54	54
		Buildings - Base	270	2700	TH	18,718	19,267	-	-	18,718	19,267
	<b>TOTAL BUILDING SERVICES</b>					<b>18,772</b>	<b>19,321</b>	-	<b>-</b>	<b>18,772</b>	<b>19,321</b>
					<b>62,040</b>	<b>63,386</b>	-	<b>-</b>	<b>62,040</b>	<b>63,386</b>	
<b>TOTAL AGENCY MANAGEMENT</b>					<b>54</b>	<b>54</b>	-	<b>-</b>	<b>54</b>	<b>54</b>	
					<b>62,094</b>	<b>63,440</b>	-	<b>-</b>	<b>62,094</b>	<b>63,440</b>	
<b>Total Direct Appropriations:</b>						<b>2,488,269</b>	<b>2,496,573</b>	<b>20,000</b>	<b>416,199</b>	<b>2,508,269</b>	<b>2,911,272</b>

Totals by Fund:	FY 2016-17 Total Direct Appropriations Base		FY 2016-17 Gov. Recommendations		Enacted FY 2016-17 Total Direct	
Trunk Highway (TH)	1,577,534	1,573,770	20,000	254,699	1,597,534	1,828,469
General (GF)	44,115	21,058	-	13,813	44,115	34,871
State Airports (AIR)	25,109	25,109	-	10,572	25,109	35,681
County State Aid Highway (CSAH)	670,768	698,495	-	107,403	670,768	805,898
Municipal State Aid Highway (MSAH)	170,743	178,141	-	28,212	170,743	206,353
<b>Grand Total:</b>	<b>2,488,269</b>	<b>2,496,573</b>	<b>20,000</b>	<b>414,699</b>	<b>2,508,269</b>	<b>2,911,272</b>



## 2016 Legislative Policy Initiatives

### Bicycle laws and rules

Update Minnesota Statutes and repeal Minnesota Rules related to bicycles. Last updated in the 1970s, these statutes and rules have obsolete definitions and do not reflect current designs for safe bicycle facilities. Bikeway design, like highway design, is changing quickly. Instead of listing bikeway design standards in state rules, it would be more efficient to include them in a bicycle design manual.

### Corridors of Commerce

Add a project classification called “main streets” as an allowable use of Corridors of Commerce funds. This project classification identifies trunk highways that pass through a commercial area of a city, and would allow both interregional corridor and non-interregional corridor routes to be eligible for Corridors of Commerce funding.

### Omnibus policy bill

- **Dimler Modification** — Amend Minn. Stat. 171.12, Subd. 6(c) to include language regarding holders of a commercial driver’s learner permit. Federal regulations require that states show on the commercial driver’s record all convictions for any violation (except parking) in any type of motor vehicle. Noncompliance with federal regulations jeopardizes federal funding.
- **Truck Permits and Vehicle Registration** — Change the effective date for a provision linking overweight truck permits and vehicle registration. When this legislation was enacted in 2014, the Minnesota Licensing and Registration System was expected to be completed in 2016, but it will not be operational this year.
- **Highway 225 Turnback** — Turn jurisdiction of Highway 225 over to Becker County. The highway is approximately nine miles long. The roadway begins in the city of Ponsford and ends at Highway 34.
- **State Aid Funds** — Revise statutory language to match a change enacted in 2015 regarding the distribution of county state-aid highway funds. Last year, the law was amended to Specify that the “apportionment sum” is 68 percent of the CSAH distribution amount and the “excess sum” is 32 percent. Minn. Stat. 161.081, Subd. 3, provides further details on the excess sum calculation, and should be modified to reflect the change enacted last year.
- **Utility Relocation** — Specify that utility relocation costs on interstate projects are the expense of the utility, as is the case on all other highway projects. This would only apply to new utility installations. Existing utilities on interstates would continue to be relocated at state expense.
- **Legislative Reports**
  - *Life Cycle Cost Analysis* — Implement a recommendation from the Legislative Auditor to eliminate computation of equal design lives. MnDOT will continue to compare pavement alternatives over an equal number of years.
  - *Bridge Program Report* — Change from an annual report to a biennial report, with report due in each odd-numbered year.

## Policy initiatives from 2015

- **Work zone safety** (HF 1801, Considine) — Allow flaggers to report work zone driving violations to law enforcement, who could issue a citation to the motorist within four hours. Similar law exists for school bus drivers in reporting motorists who ignore a school bus stop arm.
- **Construction project schedule data** (HF 1713, Kelly) — Allow contractors to develop project schedules within MnDOT's project management software, saving time and money.
- **Oberstar Bikeway** (HF 1715, Kelly) — Establish a state bikeway in memory of Congressman Jim Oberstar. The bikeway would run from St. Paul through Duluth, ending at the Canadian border north of Grand Marais.
- **Office of Administrative Hearings' role in eminent domain** (HF 1715, Kelly) — Establish a pilot program for five projects using an administrative law judge instead of commissioners for deciding eminent domain cases. Currently, three commissioners are appointed by the courts to determine compensation. Using the Office of Administrative Hearings should result in savings of time and money.

## History of MnDOT Revenue Changes

### Motor fuel tax rates per gallon: Minnesota

Year	Description
1975	Increased from 7 cents to 9 cents per gallon
1980	9 cents to 11 cents
1981	11 cents to 13 cents
1983	13 cents to 16 cents (for eight months) and then to 17 cents beginning Jan. 1, 1984
1988	17 cents to 20 cents
1994	Phased out 2-cent gasohol credit over four years
2008	Chapter 152 authorized a number of changes to the fuel tax rates from 2008 to 2012, including a general rate increase of 5 cents phased in by Oct. 1, 2008, and a debt service surcharge that increases to 3.5 cents by 2012
2008 April 1	20 cents to 22.0 cents (2-cent general increase)
2008 Aug 1	22.0 cents to 22.5 cents (debt service surcharge)
2008 Oct 1	22.5 cents to 25.5 cents (3-cent general increase)
2009 July 1	25.5 cents to 27.1 cents (debt service surcharge)
2010 July 1	27.1 cents to 27.5 cents (debt service surcharge)
2011 July 1	27.5 cents to 28 cents (debt service surcharge)
2012 July 1	28.0 cents to 28.5 cents (debt service surcharge)

### Motor fuel tax rates per gallon: Federal, Minnesota and neighboring states (January 2016)

Cents per gallon	Federal	MN	WI	SD*	IA*	ND
Gasoline	18.4	28.5	30.9	28.0	30.8	23.0
Diesel	24.4	28.5	30.9	28.0	32.5	23.0
Gasohol (10% blend)	18.4	28.5	30.9	28.0	29.3	23.0

\*South Dakota rates recently increased by 6 cents and Iowa increased by about 10 cents.

### Motor vehicle registration taxes

Year	Description
1981	Increased passenger vehicle registration taxes by phasing in an increased minimum tax
1986	Increased truck registration taxes for heavier trucks
1989	Adjusted schedule for reduction of taxes paid for passenger vehicles as they become older, such that citizens pay more over the life of the vehicle
2000	Retained the same policy for calculating the tax for passenger vehicles, but provided a maximum tax of \$189 for the first renewal and a maximum tax of \$99 for the second and subsequent renewals
2008	Modified registration tax policy for passenger vehicles to institute a process similar to what existed prior to 2000, by eliminating caps and changing the depreciation schedule; these provisions are phased-in by virtue of a provision that provides that for currently registered vehicles, no one's tax will be higher in a current year than it was in the previous year.

## Motor vehicle sales tax as a transportation revenue source

The motor vehicle sales tax (MVST) was previously known as the motor vehicle excise tax (MVET)

Year	Description
1981 - 1991	Numerous changes were made, which statutorily dedicated this revenue to transportation on a phased-in basis, began the phase-in, delayed the phase-in, and ultimately eliminated this as a transportation revenue source.
2001 - 2004	Allocation of this revenue for highways and transit began. For highways the allocation was intended to offset the reduced revenues from the change in tax policy for passenger motor vehicles made by the 2000 Legislature. For transit, the allocation was intended to offset a 2001 reduction in local government property taxes due to the law change prohibiting levying taxes for transit operations.
2005	A constitutional amendment was passed, providing that by FY 2012 all revenue would be dedicated to transportation as follows: (1) Not more than 60 percent to be deposited in the Highway User Tax Distribution Fund; and (2) Not less than 40 percent to be dedicated to transit. A five-year phase-in schedule is provided in the amendment.
2006	Voters approved the proposed constitutional amendment in the general election held in November 2006.
2007	The Legislature provided a statutory allocation of revenues, consistent with the constitutional amendment, see figures 1 and 2.
2009	The percentages were changed for FY 2010 and FY 2011 to address operating deficits in transit. For FY 2012 and beyond, the allocation percentages are the same as in the legislation passed in 2007.

Figure 1

### Statutory allocation of motor vehicle sales tax revenues

#### Enacted by the 2007 Legislature

#### Consistent with the constitutional amendment passed by the voters in November 2006

Fiscal Year	2008	2009	2010	2011	2012
Highway User Tax Distribution Fund	38.25%	44.25%	50.25%	56.25%	60%
Metropolitan Transit	24.00%	27.75%	30.00%	33.75%	36%
Greater Minnesota Transit	1.50%	1.75%	3.50%	3.75%	4%
Total Transportation	63.75%	73.75%	83.75%	93.75%	100%

Figure 2

### Statutory allocation of motor vehicle sales tax revenues

#### Fiscal Years 2010 and 2011 shift to transit

#### Enacted by the 2009 Legislature

Fiscal Year	2008	2009	2010	2011	2012
Highway User Tax Distribution Fund	38.25%	44.25%	47.50%	54.50%	60%
Metropolitan Transit	24.00%	27.75%	31.50%	35.25%	36%
Greater Minnesota Transit	1.50%	1.75%	4.75%	4%	4%
Total Transportation	63.75%	73.75%	83.75%	93.75%	100%

# Historical Trends - Highway Revenue to HUTD

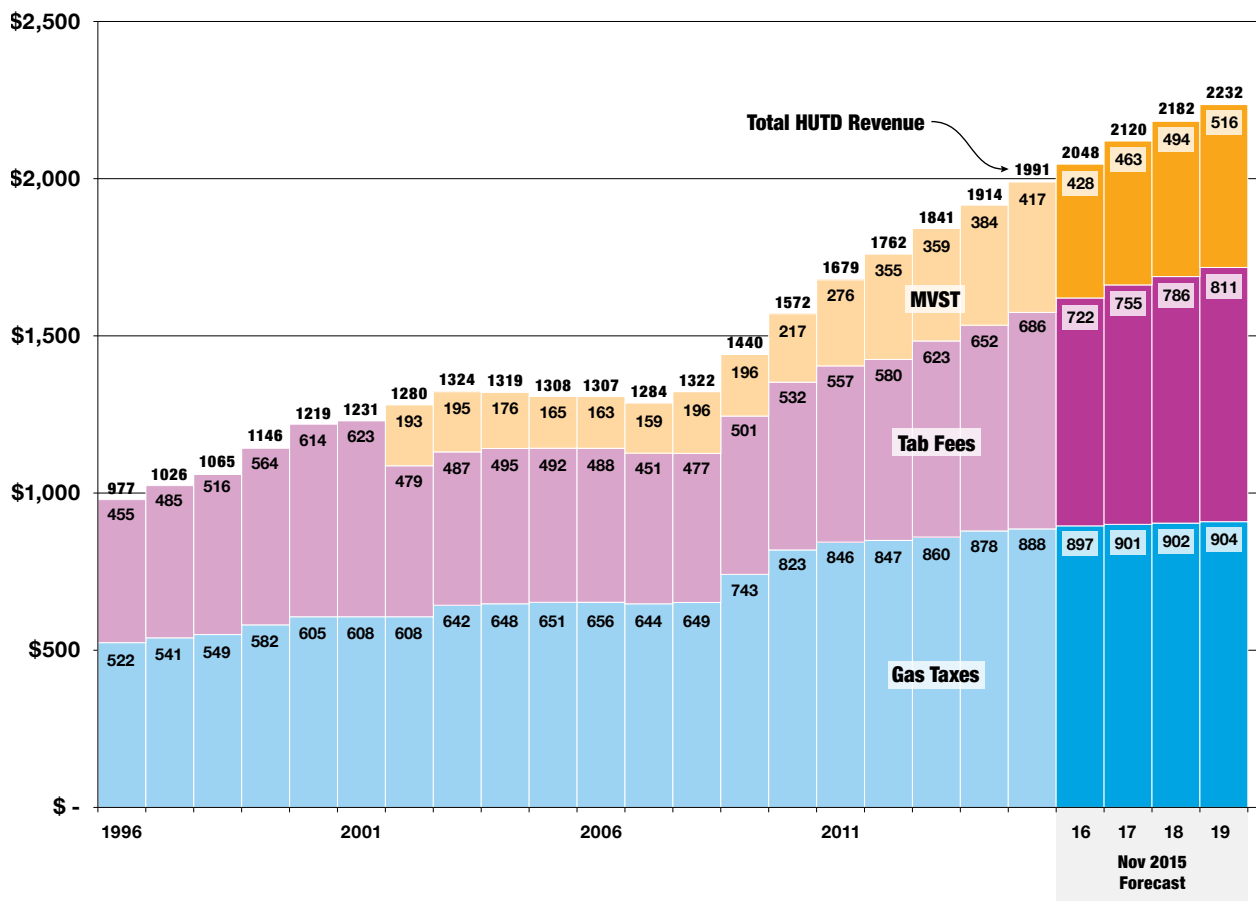
1996 to 2015 and forecast to 2019

The chart below shows the history of the major state highway revenue sources in Minnesota and the forecast for the period of FY 2016 to FY 2019, using the November 2015 forecast. This chart shows the three major transportation funding sources: gas tax, tab fees and motor vehicle sales tax. Small amounts of additional revenue are also deposited in the Highway User Tax Distribution fund, and are shown in the fund statement in Appendix A.

## Minnesota Highway User Tax Revenue

FY 1996-2015 Actuals, 2016-2019 based on February 2016 Forecast

(\$ in millions)



## Appendix A: February 2016 Forecast Fund Statements

### Highway User Tax Distribution Fund

(\$ in thousands)	February 2016 Forecast								Change from November 2015				
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est	Close	Budget	Budget	Planning Est	Planning Est
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Balance Forward from Prior Year	\$1,848	\$2,025	\$8,691	\$11,948	\$11,617	\$12,000	\$12,000	\$12,000	-	11,617	12,000	12,000	12,000
Prior Year Adjustments	1	4,595	443	5,211	-	-	-	-	5,211	-	-	-	-
Adjusted Balance Forward	1,850	6,620	9,134	17,159	11,617	12,000	12,000	12,000	5,211	11,617	12,000	12,000	12,000
<b>Net Revenue and Transfers In</b>													
Motor Fuel Excise Tax	846,741	860,007	878,022	887,818	897,200	901,200	901,500	904,100	-	(1,900)	(900)	4,500	3,700
Motor Vehicle Registration Tax	579,619	622,586	652,281	686,433	722,300	755,200	786,100	811,300	-	(1,900)	(5,100)	(7,900)	(10,100)
Motor Vehicle Sales Tax	335,351	358,671	384,163	416,565	428,446	463,226	494,150	516,245	-	(7,342)	(6,467)	(9,260)	(7,988)
Other Income	2,690	2,280	3,088	4,797	5,208	5,930	6,857	7,773	-	224	(54)	(97)	11
Net Revenue and Transfers In	1,764,401	1,843,544	1,917,555	1,995,613	2,053,154	2,125,556	2,188,607	2,239,418	-	(10,918)	(12,521)	(12,757)	(14,377)
<b>Expenditures and Transfers Out</b>													
Appropriations to MnDOT, Revenue, DPS	10,866	11,126	11,014	11,741	4,537	4,558	12,794	12,794	-	10	10	10	10
Transfers--DNR	21,196	21,866	21,727	21,994	22,737	22,821	22,875	22,912	-	(131)	(36)	49	103
Transfers--5% Set-Aside	86,542	90,358	94,034	98,305	101,275	104,909	107,647	110,186	-	(540)	(625)	(641)	(725)
Transfers--County State-Aid Highway	476,846	497,870	518,126	541,659	558,025	578,048	593,134	607,123	-	(2,975)	(3,442)	(3,531)	(3,992)
Transfers--Municipal State-Aid Highway	147,987	154,511	160,798	168,101	173,180	179,394	184,076	188,417	-	(923)	(1,068)	(1,096)	(1,239)
Transfers--Trunk Highway	1,019,463	1,064,412	1,107,717	1,158,029	1,193,018	1,235,827	1,268,081	1,297,986	-	(6,360)	(7,360)	(7,549)	(8,535)
Other	1,326	1,330	1,326	1,326	-	-	-	-	-	-	-	-	-
Total Expenditures and Transfers Out	1,764,225	1,841,473	1,914,741	2,001,155	2,052,771	2,125,556	2,188,607	2,239,418	-	(10,918)	(12,521)	(12,757)	(14,377)
<b>Ending Balance</b>	<b>\$2,025</b>	<b>\$8,691</b>	<b>\$11,948</b>	<b>\$11,617</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

(\$ in thousands)	February 2016 Forecast								Change from November 2015				
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est	Close	Budget	Budget	Planning Est	Planning Est
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Balance Forward from Prior Year	\$199,967	\$397,785	\$316,756	\$415,353	\$275,790	\$122,579	\$128,923	\$206,877	-	-	(7,435)	(17,774)	(32,443)
Prior Year Adjustments	15,106	25,299	34,774	30,961	-	-	-	-	-	-	-	-	-
Adjusted Balance Forward	215,073	423,084	351,530	446,314	275,790	122,579	128,923	206,877	-	-	(7,435)	(17,774)	(32,443)
<b>Net Revenue and Transfers In</b>													
Transfer from HUTD	1,019,463	1,064,412	1,107,717	1,158,029	1,193,018	1,235,827	1,268,081	1,297,986	-	(6,360)	(7,360)	(7,549)	(8,535)
Federal Aid Agreements	393,993	550,712	506,527	498,560	359,975	412,275	412,275	412,275	-	-	-	-	-
Other Income and Transfers-In	51,041	63,154	50,358	88,104	53,865	58,391	64,783	71,085	-	(1,076)	(3,964)	(4,872)	(4,327)
Total Net Revenue and Transfers-In	1,464,497	1,678,278	1,664,602	1,744,694	1,606,858	1,706,493	1,745,138	1,781,346	-	(7,435)	(11,324)	(12,421)	(12,862)
<b>Expenditures and Transfers Out</b>													
Transportation Department	1,124,582	1,573,451	1,374,357	1,659,158	1,480,875	1,393,903	1,343,737	1,362,723	-	-	-	-	-
Public Safety and Other Depts.	84,485	90,175	86,933	98,268	98,469	100,561	100,561	100,561	-	-	-	-	-
Transfers-Out and Other	118	675	3,000	3,198	-	-	-	-	-	-	-	-	-
Debt Service	72,601	120,305	136,488	154,593	180,725	205,685	222,886	226,310	-	-	(985)	2,248	399
Total Expenditures and Transfers Out	1,281,785	1,784,606	1,600,778	1,915,217	1,760,069	1,700,149	1,667,184	1,689,594	-	-	(985)	2,248	399
Balance Before Reserves	397,785	316,756	415,353	275,790	122,579	128,923	206,877	298,629	-	(7,435)	(17,774)	(32,443)	(45,704)
Less Appropriation Carryforward	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Ending Balance</b>	<b>\$397,785</b>	<b>\$316,756</b>	<b>\$415,353</b>	<b>\$275,790</b>	<b>\$122,579</b>	<b>\$128,923</b>	<b>\$206,877</b>	<b>\$298,629</b>	<b>-</b>	<b>(7,435)</b>	<b>(17,774)</b>	<b>(32,443)</b>	<b>(45,704)</b>
Reserved Fund Balance per Policy	88,637	88,398	89,983	92,284	86,129	82,567	81,714	82,515	-	(446)	(679)	(745)	(772)
Unreserved Fund Balance per Policy	309,148	228,358	325,369	183,506	36,449	46,356	125,162	216,114	-	(6,989)	(17,095)	(31,698)	(44,933)
Debt Service Percentage Compared to State Revenue	7.5%	11.2%	12.5%	12.6%	15.3%	16.6%	17.4%	17.2%	0.0%	0.1%	0.1%	0.3%	0.2%

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

## Transit Assistance Fund

(\$ in thousands)	February 2016 Forecast								Change from November 2015				
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est	Close	Budget	Budget	Planning Est	Planning Est
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Balance Forward from Prior Year	\$6,010	\$15,622	\$34,816	\$32,170	\$56,246	\$24,750	\$27,070	\$29,430	-	-	(1,300)	(2,210)	(1,585)
Prior Year Adjustments	-	212	160	5,862	-	-	-	-	-	-	-	-	-
Adjusted Balance Forward	6,010	15,834	34,976	38,032	56,246	24,750	27,070	29,430	-	-	(1,300)	(2,210)	(1,585)
<b>Net Revenue and Transfers In</b>													
Metropolitan Area Transit Account	201,210	215,202	230,498	249,930	257,068	277,936	296,490	309,747	-	(4,405)	(3,880)	(5,556)	(4,793)
Greater Minnesota Transit Account	22,357	23,911	25,611	27,770	28,563	30,882	32,943	34,416	-	(489)	(431)	(617)	(533)
Total Motor Vehicle Sales Tax	223,567	239,114	256,109	277,700	285,631	308,818	329,433	344,163	-	(4,895)	(4,312)	(6,174)	(5,326)
Leased Vehicle Sales Tax	9,299	14,438	22,612	23,266	24,750	27,070	29,430	30,910	-	(1,300)	(2,210)	(1,585)	(1,590)
Net Revenue and Transfers In	232,866	253,552	278,721	300,967	310,381	335,888	358,863	375,073	-	(6,195)	(6,522)	(7,759)	(6,916)
<b>Expenditures and Transfers Out</b>													
Metropolitan Council	201,210	210,929	234,915	252,931	257,068	277,936	296,490	309,747	-	(4,405)	(3,880)	(5,556)	(4,793)
Transportation Department	22,043	23,641	46,612	29,821	84,809	55,632	60,013	63,846	-	(489)	(1,731)	(2,827)	(2,118)
Total Expenditures and Transfers Out	223,254	234,570	281,527	282,752	341,876	333,568	356,503	373,593	-	(4,895)	(5,612)	(8,384)	(6,911)
Balance Before Reserves	15,622	34,816	32,170	56,246	24,750	27,070	29,430	30,910	-	(1,300)	(2,210)	(1,585)	(1,590)
Less Appropriation Carryforward	-	-	32,170	56,246	24,750	27,070	29,430	30,910	-	(1,300)	(2,210)	(1,585)	(1,590)
Less Met Council Balance	-	4,273	-	-	-	-	-	-	-	-	-	-	-
<b>Ending Balance</b>	<b>\$15,622</b>	<b>\$30,543</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	-	-	-	-	-



## State Airports Fund

(\$ in thousands)	February 2016 Forecast								Change from November 2015				
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est	Close	Budget	Budget	Planning Est	Planning Est
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Balance Forward from Prior Year	\$2,902	\$2,605	\$4,113	\$20,826	\$24,346	\$19,469	\$14,438	\$15,471	-	-	3,977	4,191	4,409
Prior Year Adjustments	479	144	1,532	553	-	-	-	-	-	-	-	-	-
Adjusted Balance Forward	3,381	2,749	5,645	21,379	24,346	19,469	14,438	15,471	-	-	3,977	4,191	4,409
<b>Net Revenue and Transfers In</b>													
Transfer from General Fund	-	-	15,000	-	-	-	-	-	-	-	-	-	-
Sales Tax on Aircraft	-	-	3,272	8,104	3,500	4,000	4,000	4,000	-	(500)	-	-	-
Airline Flight Property Tax	7,287	12,017	9,208	8,081	7,000	6,000	6,000	6,000	-	4,182	-	-	-
Aircraft Registration Tax	6,496	8,704	3,358	3,648	3,100	3,100	3,100	3,100	-	(400)	(400)	(400)	(400)
Gasoline & Special Fuel Tax	3,470	2,522	3,317	6,230	6,700	6,827	6,957	7,089	-	700	713	727	741
Other Income	743	797	835	964	969	1,169	1,452	1,732	-	(5)	(100)	(109)	(63)
Net Revenue and Transfers In	17,996	24,039	34,991	27,028	21,269	21,096	21,509	21,921	-	3,977	213	218	278
<b>Expenditures and Transfers Out</b>													
Transportation Department	18,967	21,888	20,313	24,526	25,941	26,007	20,431	20,375	-	-	-	-	-
Revenue Department	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures and Transfers-Out	18,967	21,888	20,313	24,526	25,941	26,007	20,431	20,375	-	-	-	-	-
<b>Net Change in Loan Fund</b>	194	(788)	503	465	(205)	(120)	(45)	42	-	-	-	-	-
Balance Before Reserves	2,605	4,112	20,826	24,346	19,469	14,438	15,471	17,060	-	3,977	4,191	4,409	4,686
Less Appropriation Carryforward	1,521	1,487	2,043	2,615	2,312	2,028	1,895	1,905	-	-	-	-	-
<b>Ending Balance</b>	<b>\$1,083</b>	<b>\$2,625</b>	<b>\$18,783</b>	<b>\$21,731</b>	<b>\$17,157</b>	<b>\$12,410</b>	<b>\$13,576</b>	<b>\$15,154</b>	-	<b>3,977</b>	<b>4,191</b>	<b>4,409</b>	<b>4,686</b>

## County State Aid Fund

(\$ in thousands)	February 2016 Forecast								Change from November 2015				
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est	Close	Budget	Budget	Planning Est	Planning Est
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Balance Forward from Prior Year	\$314,720	\$453,538	\$488,869	\$534,626	\$508,749	\$490,812	\$493,851	\$493,851	-	-	(17,937)	(14,898)	(14,898)
Prior Year Adjustments	485	188	569	256	-	-	-	-	-	-	-	-	-
Adjusted Balance Forward	315,205	453,726	489,438	534,882	508,749	490,812	493,851	493,851	-	-	(17,937)	(14,898)	(14,898)
<b>Total Net Revenue and Transfers-In</b>													
Leased Vehicle Sales Tax	9,299	14,438	9,000	23,266	24,750	27,070	29,430	30,910	-	(1,300)	(2,210)	(1,585)	(1,590)
Other Income	2,372	2,431	2,483	2,636	3,463	6,507	10,836	15,078	-	(317)	(1,800)	(1,900)	(1,188)
Transfer from HUTD	563,388	588,227	612,159	639,964	659,299	682,957	700,781	717,308	-	(3,514)	(4,067)	(4,172)	(4,717)
Transfer from MSAS	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Net Revenue and Transfers-In	575,059	605,096	623,643	665,866	687,512	716,534	741,047	763,296	-	(5,131)	(8,077)	(7,657)	(7,495)
<b>Expenditures and Transfers-Out</b>													
Grants to Local Governments	425,372	560,979	549,524	651,767	690,392	698,495	725,321	747,067	-	13,167	(10,780)	(7,479)	(7,324)
MnDOT Administrative and Research	7,236	8,975	10,230	9,231	15,057	15,000	15,726	16,229	-	(361)	(336)	(178)	(170)
Transfers to MSAS Fund	2,218	-	13,000	10,000	-	-	-	-	-	-	-	-	-
Transfers to Trunk Highway Fund	1,900	-	5,700	21,000	-	-	-	-	-	-	-	-	-
Total Expenditures and Transfers-Out	436,726	569,954	578,455	691,999	705,450	713,495	741,047	763,296	-	12,806	(11,116)	(7,657)	(7,495)
Balance before Reserves	453,538	488,869	534,626	508,749	490,812	493,851	493,851	493,851	-	(17,937)	(14,898)	(14,898)	(14,898)
Less Appropriation Carryforward	453,538	488,869	534,626	508,749	490,812	493,851	493,851	493,851	-	(17,937)	(14,898)	(14,898)	(14,898)
<b>Ending Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Municipal State Aid Fund

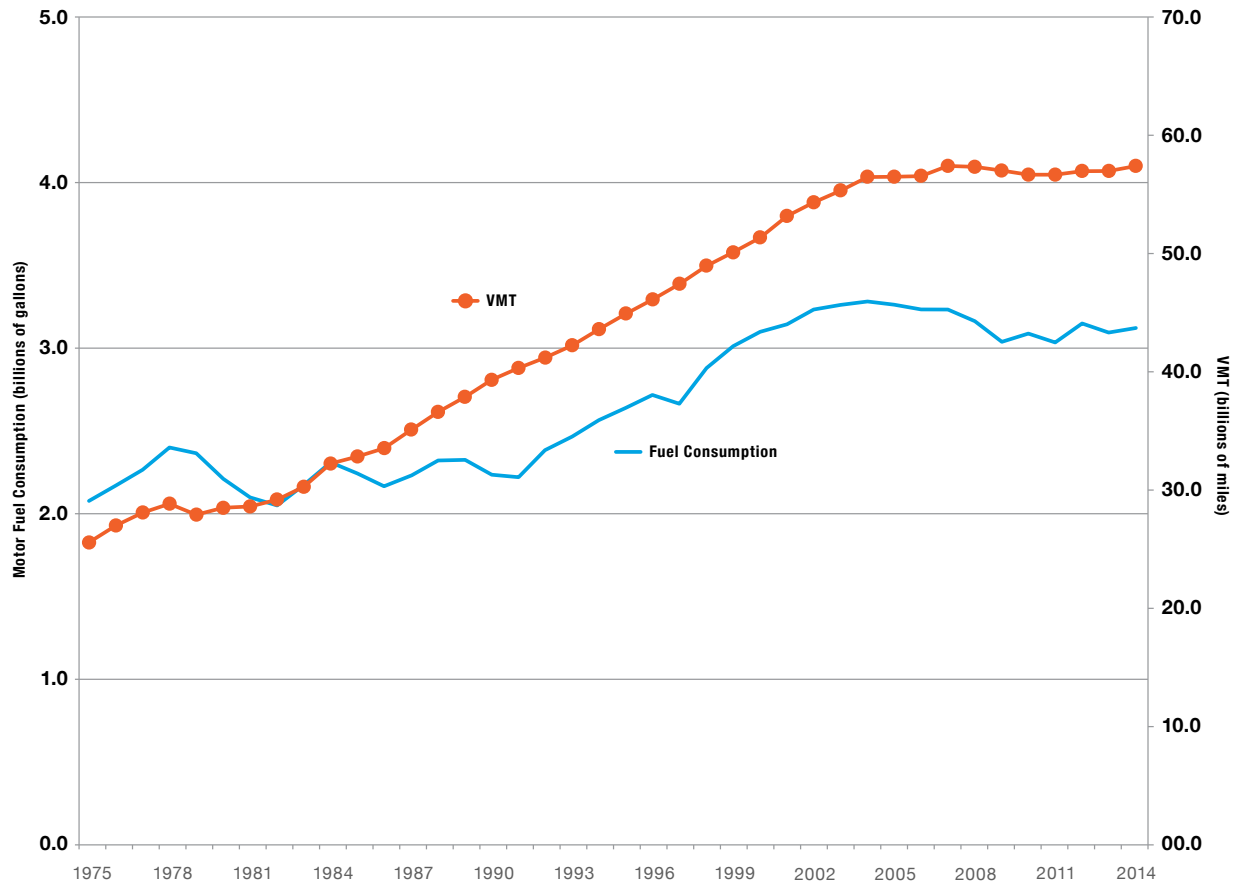
(\$ in thousands)	February 2016 Forecast								Change from End of Session 2015				
	Close	Close	Close	Close	Budget	Budget	Planning Est	Planning Est	Close	Budget	Budget	Planning Est	Planning Est
	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Balance Forward from Prior Year	\$129,016	\$139,869	\$161,492	\$172,486	\$167,954	\$164,748	\$163,834	\$163,834	-	-	(3,205)	(4,120)	(4,120)
Prior Year Adjustments	163	84	281	110	-	-	-	-	-	-	-	-	-
Adjusted Balance Forward	129,180	139,953	161,772	172,596	167,954	164,748	163,834	163,834	-	-	(3,205)	(4,120)	(4,120)
<b>Net Revenue and Transfers In</b>													
Other Income	1,009	918	1,006	1,122	1,348	2,335	3,738	5,118	-	(132)	(659)	(741)	(547)
Transfers From HUDT	147,987	154,511	160,798	168,101	173,180	179,394	184,076	188,417	-	(923)	(1,068)	(1,096)	(1,239)
Transfer From CSAH	2,218	-	13,000	10,000	-	-	-	-	-	-	-	-	-
Net Revenue and Transfers In	\$151,214	155,429	174,804	179,223	174,528	181,729	187,814	193,535	-	(1,055)	(1,727)	(1,837)	(1,786)
<b>Expenditures and Transfers Out</b>													
Grants to Local Governments	137,881	130,723	160,638	180,696	173,000	178,141	183,149	188,726	-	2,106	(769)	(1,791)	(1,741)
MnDOT Administrative and Research	2,644	3,167	3,453	3,169	4,733	4,503	4,665	4,810	-	44	(44)	(45)	(45)
Transfers to CSAH	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures and Transfers Out	140,524	133,891	164,091	183,865	177,733	182,644	187,814	193,535	-	2,150	(813)	(1,837)	(1,786)
<b>Balance before Reserves</b>	139,869	161,492	172,486	167,954	164,748	163,834	163,834	163,834	-	(3,205)	(4,120)	(4,120)	(4,120)
Less Appropriation Carryforward	139,869	161,492	172,486	167,954	164,748	163,834	163,834	163,834	-	(3,205)	(4,120)	(4,120)	(4,120)
<b>Ending Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	-	-	-	-	-

# Appendix B: Vehicle Miles Traveled and Motor Fuel Consumption

1975 to 2014

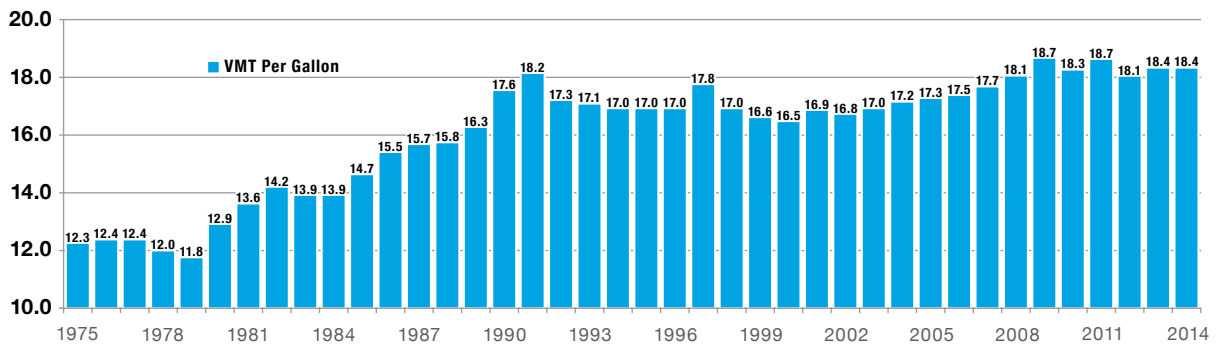
## Vehicle Miles Traveled, Motor Fuel Consumption

All Minnesota Roads, 1975-2014



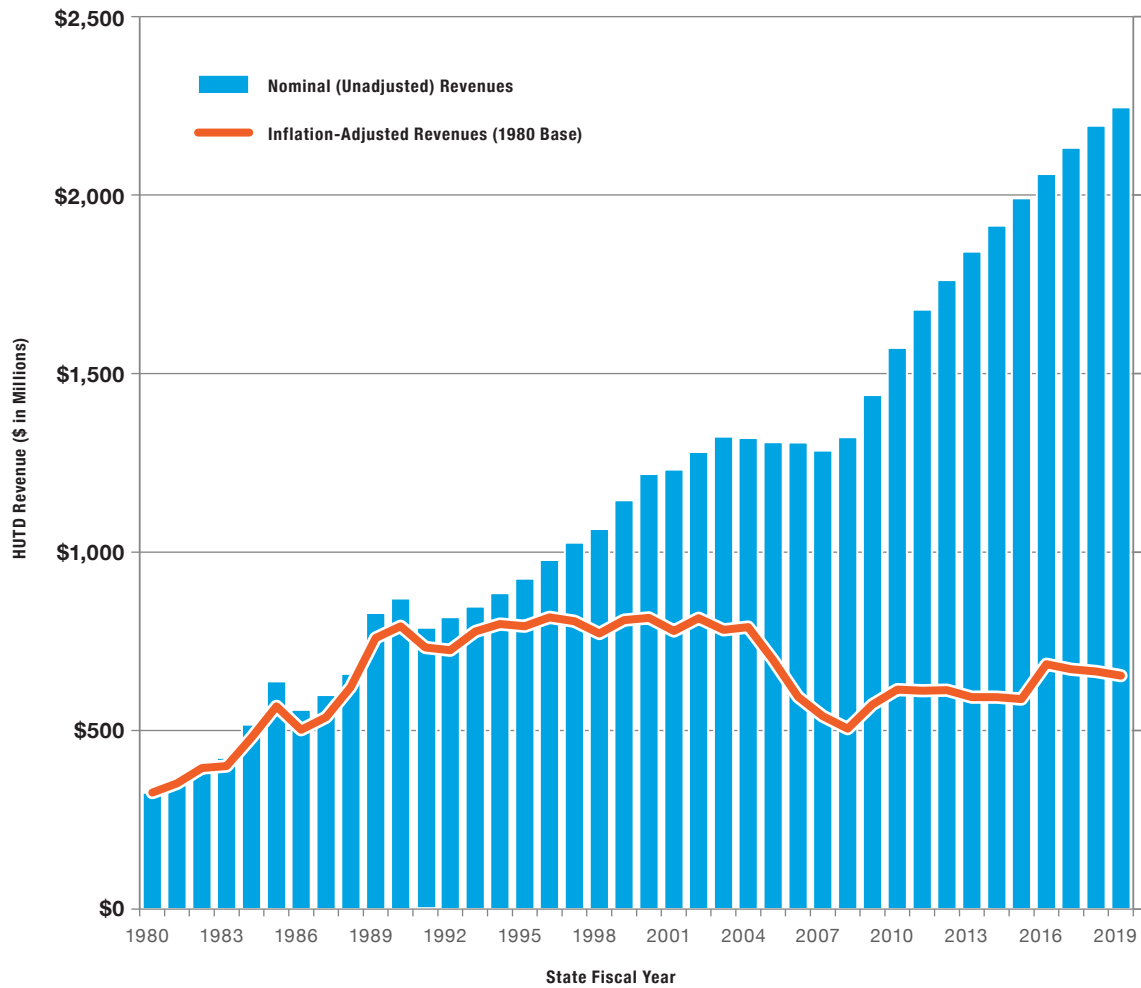
## VMT per Gallon

All Minnesota Roads, 1975-2014



### Highway User Tax Distribution Fund Revenues, Nominal vs Real

1980-2019



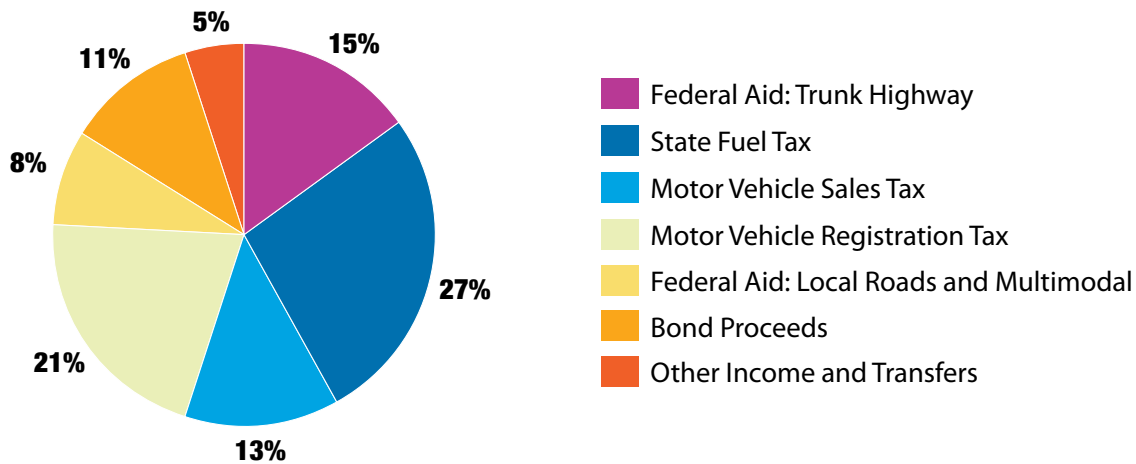
**Notes:**

- Revenues reflect HUTD revenues from 3 primary sources: motor fuel taxes, registration taxes, and motor vehicle sales taxes
- Inflation based on MnDOT's internal Construction Cost Index (CCI)
- Data reflect actuals through FY 2015; 2016+ reflect projections as of November 2015 forecast
- Data prepared by MnDOT Office of Financial Management, Budget and Forecast unit, 12/16/2015

## Appendix C: Transportation Sources and Uses

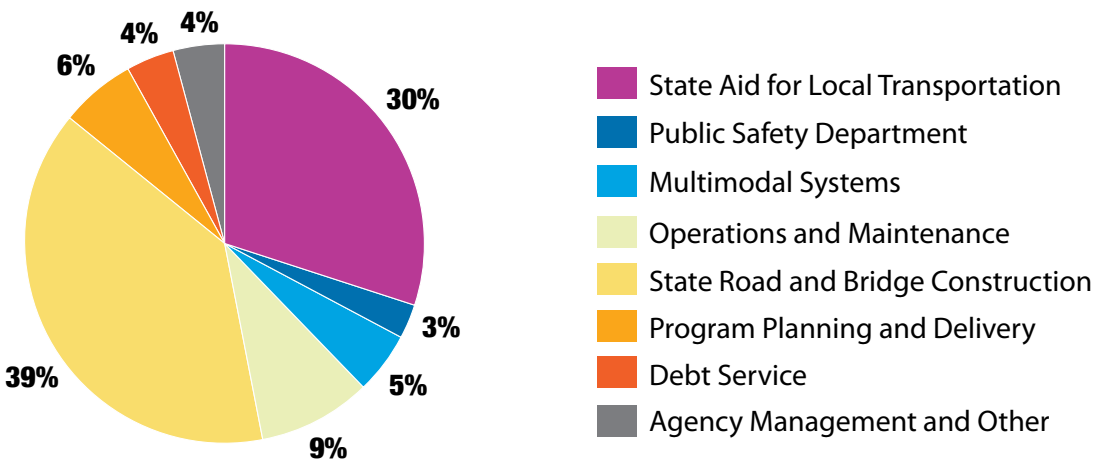
Fiscal year 2015  
\$3.28 billion

### Sources of Minnesota State Transportation Funds



About 80 percent of MnDOT funds are appropriated by the Legislature and 20 percent are statutorily appropriated. Sources of legislative appropriations include state motor fuel taxes, motor vehicle registration fees, motor vehicle sales taxes, and federal motor fuel tax grants.

### Uses of Minnesota State Transportation Funds



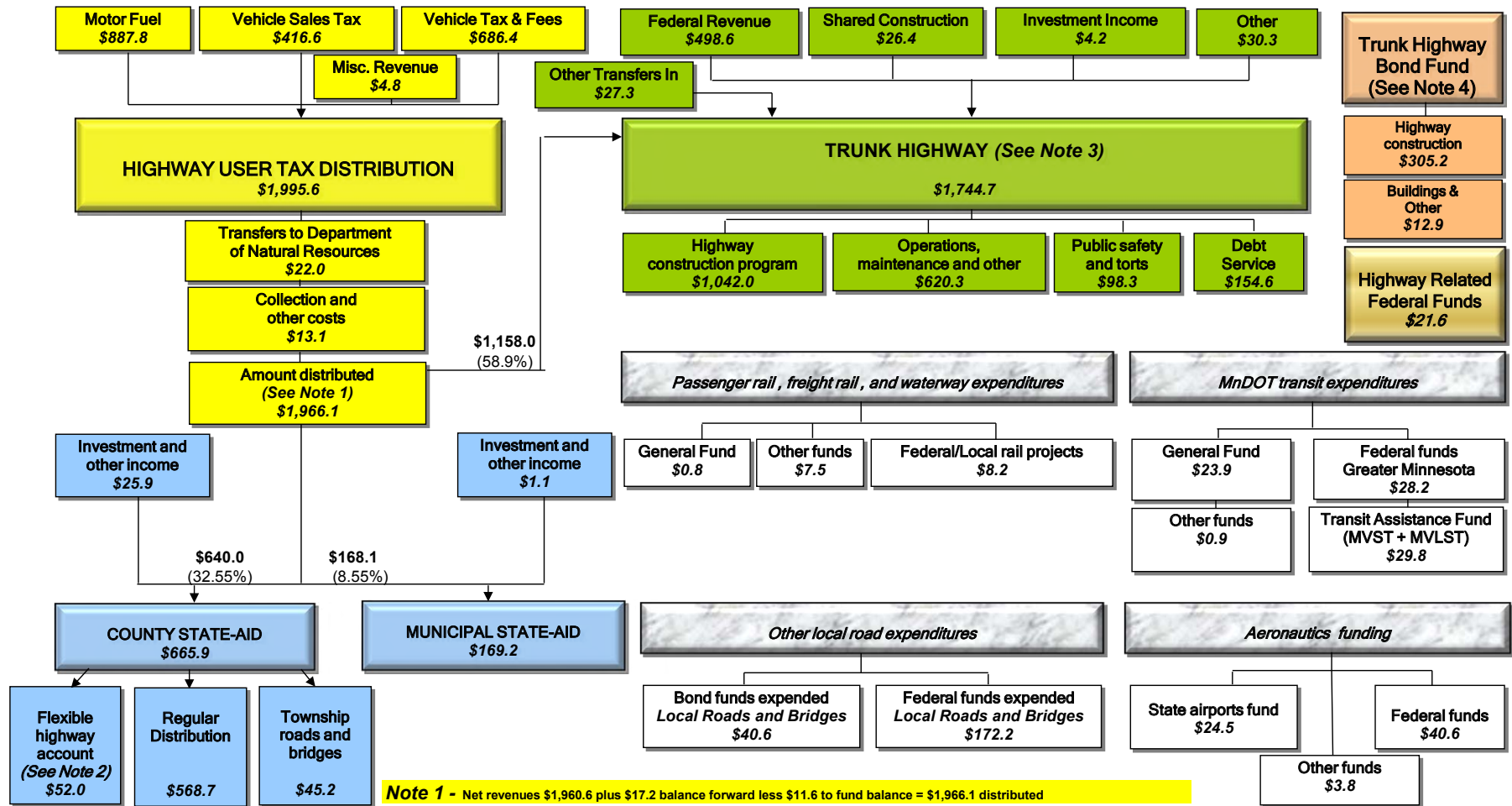
MnDOT is a multi-modal agency. Its activities include transit, aeronautics, freight and commercial vehicles, construction, maintenance, and operation of 12,000 miles of state highways. Approximately 30% of MnDOT’s appropriations are state aid to local governments for road and bridge projects and other activities.

**Note 1:** Revenues and expenditures of the Metropolitan Airports Commission and Metro Transit are not included.

**Note 2:** Data is from the state of Minnesota revenue and expenditures for transportation purposes flowchart (budgetary basis), shown in Appendix D, and includes bond expenditures. Total of sources differs from uses due to fund balance changes.

# Appendix D: Revenue and Expenditures for Transportation Purposes

All sources of funds that flow through MnDOT (\$ in millions)  
FY 2015 (Budgetary Basis)



**Note 1** - Net revenues \$1,960.6 plus \$17.2 balance forward less \$11.6 to fund balance = \$1,966.1 distributed

**Note 2** - County turnback = \$21.0, municipal turnback = \$10.0, TH turnback = \$21.0

**Note 3** - Net revenues \$1,744.7 plus \$170.5 from fund balance = \$1,915.2 expends & transfers out

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

Prepared by MnDOT Office of Financial Management  
Budget and Forecasts Unit  
December 29, 2015