



MnDOT Revenue Outlook

Duane Leurquin
Office of Finance
Minnesota Department of Transportation

Minnesota Transportation Alliance
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Agenda

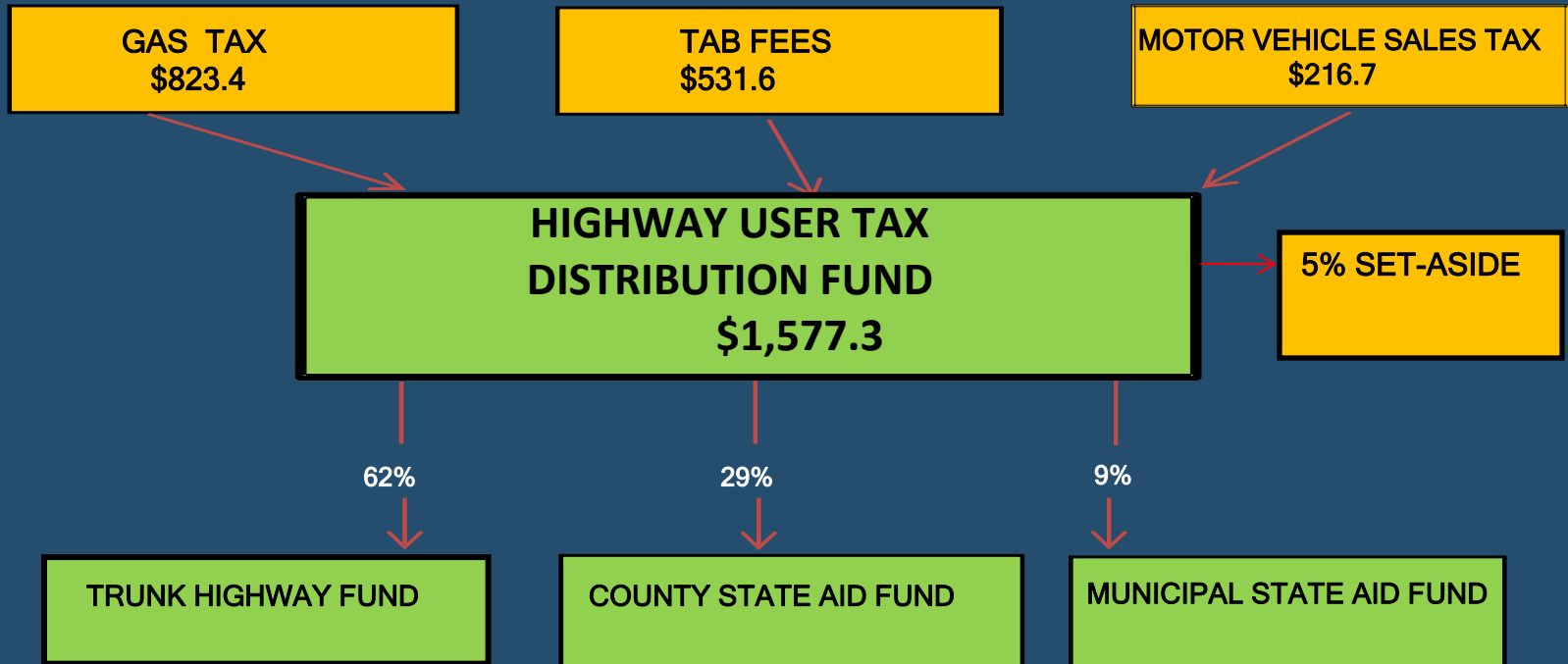
- How state raises funds for highways
- How state funds are distributed to road systems
- How state revenue has changed in last 13 years
- End of Session (EOS) forecast
- Recent travel and tax trends
- Federal Outlook
- Debt Service and Fund Balance compared to Policy
- 2012-2013 Biennial Budget overview





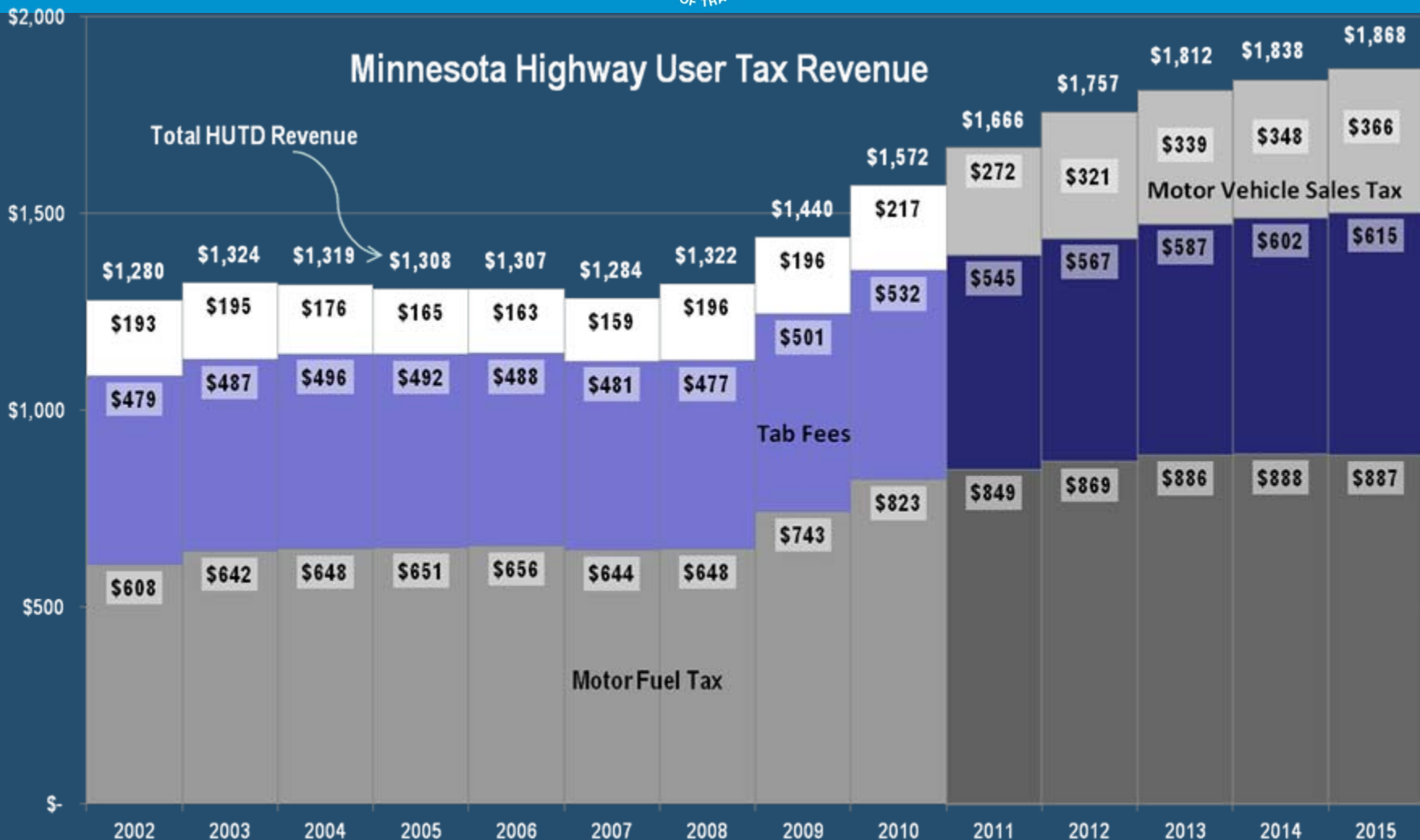
State Highway User Taxes FY 2010

\$ in millions





Minnesota Highway User Tax Revenue



\$s in Millions, Actual Revenue 2002-2010; End of Session 2011 Forecast 2011-2015, Budgetary Basis

End of Session 2011 Forecast





Highway User Tax Distribution (HUTD) Revenue Forecast





Gas Tax

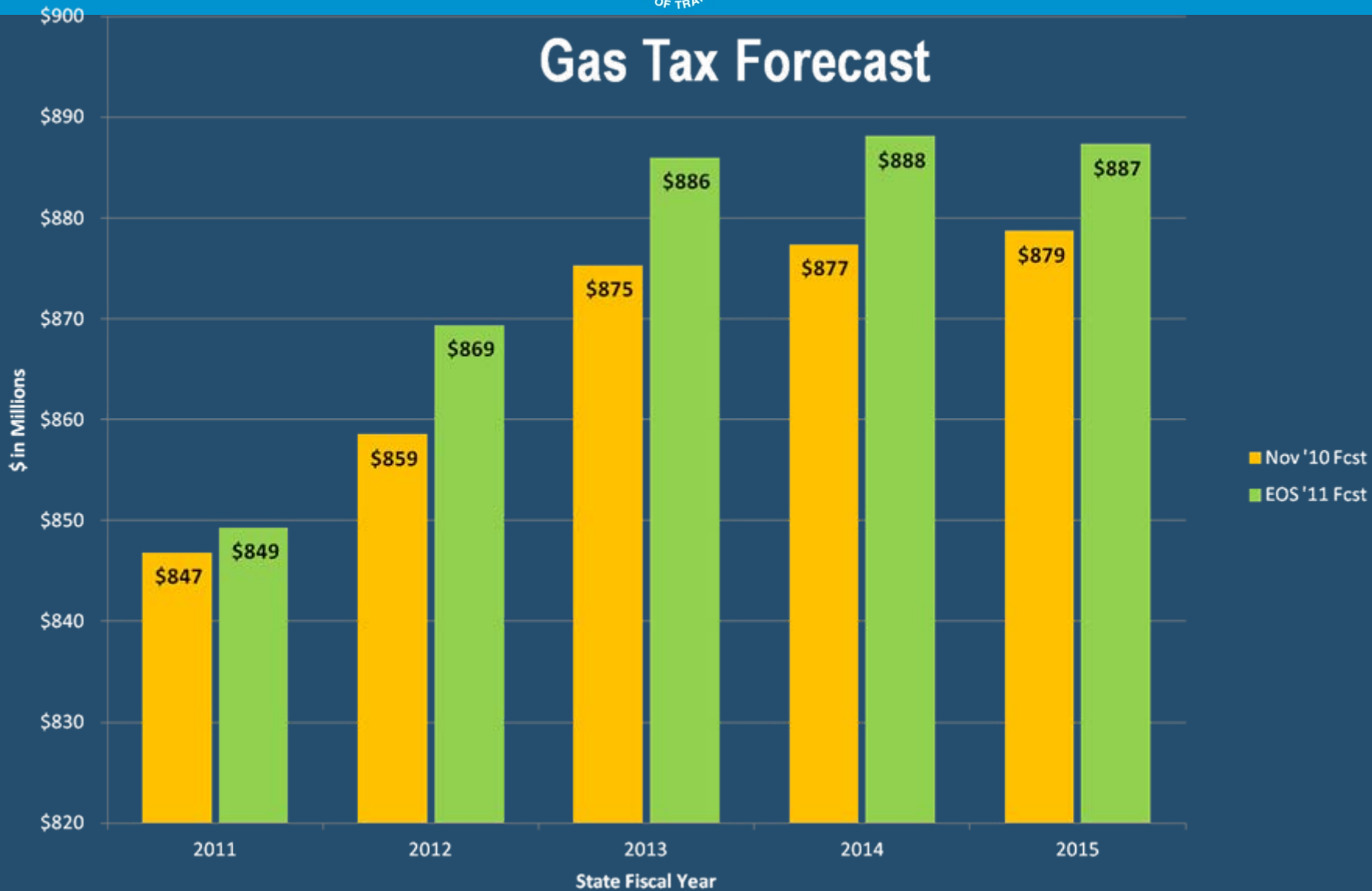
2011 EOS vs. 2010 Nov

- Gas tax up \$21.6M (1.2%) from November forecast for FY12-13.
- Forecast assumes slightly higher consumption than prior forecast for FY11 – FY13.
- Reviewed Global Insights (GII), Energy Information Administration (EIA) consumption forecasts, and actual trends for guidance.
- The outlook for fuel consumption is affected by:
 - ✓ the economy
 - ✓ world oil prices
 - ✓ longer term policy (CAFE standards) trends
 - ✓ consumer trends toward more fuel efficient vehicles
- Trends can be offsetting.





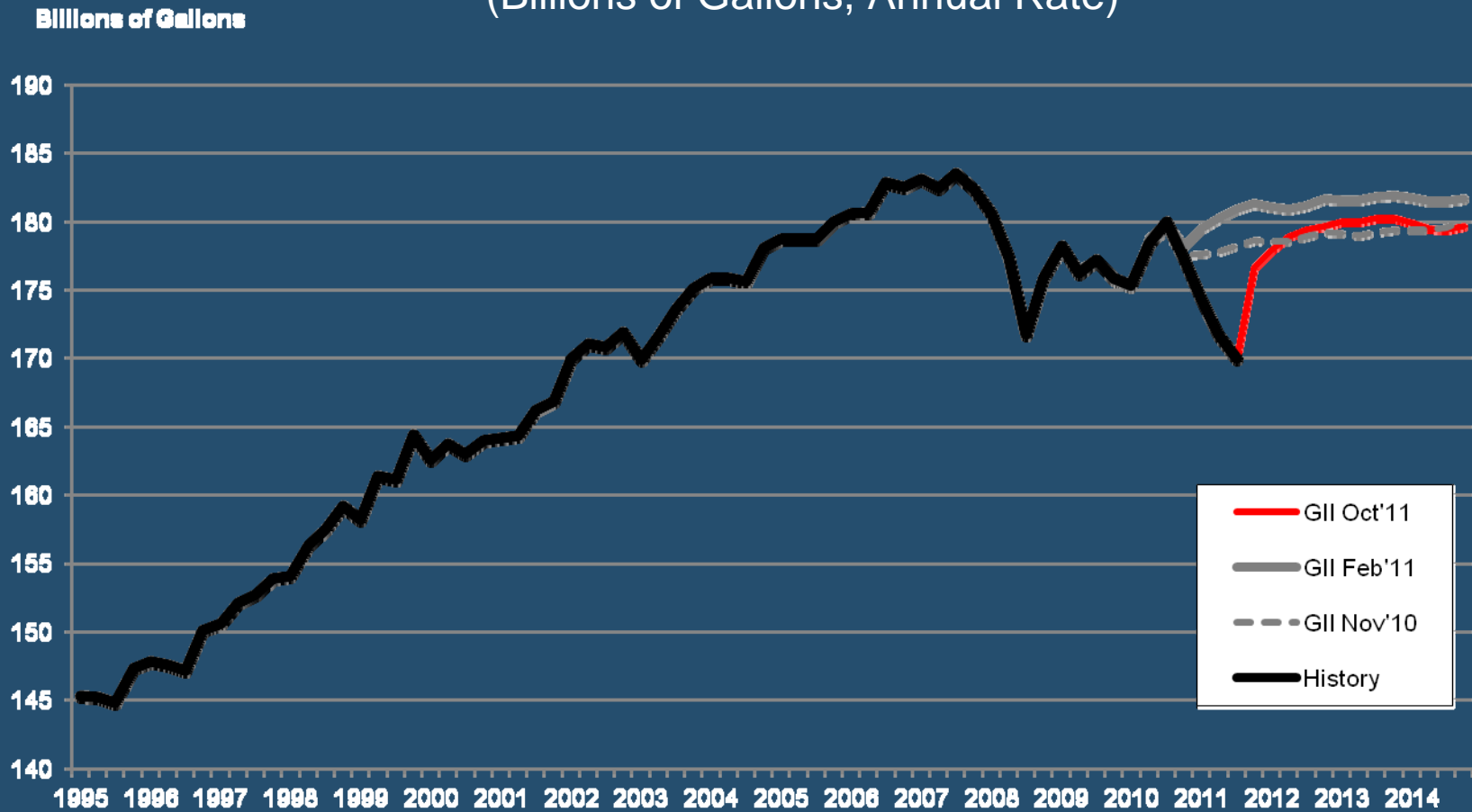
Gas Tax Forecast





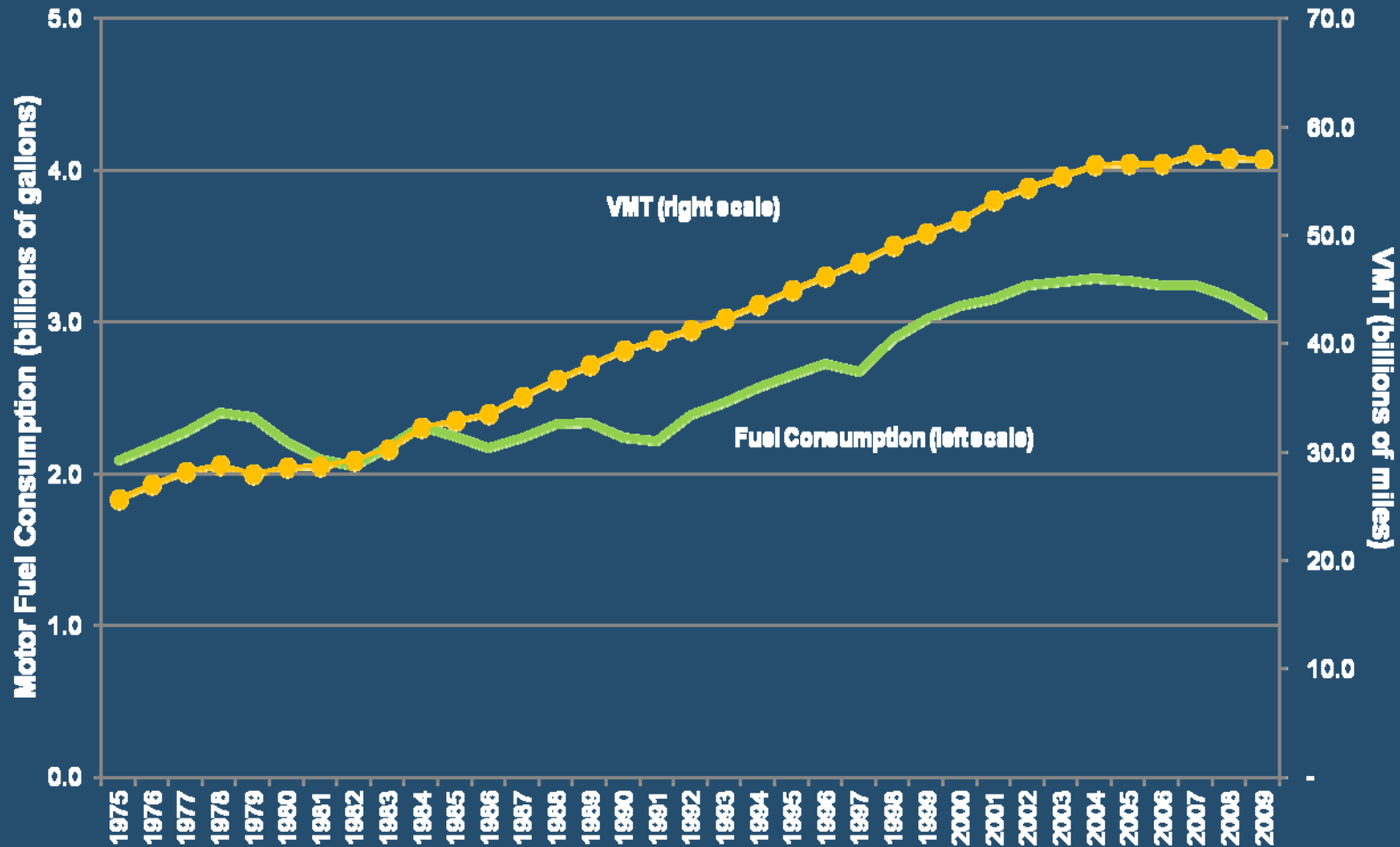
Highway Consumption of Gas & Special Fuels

History and Global Insight Forecast (Billions of Gallons, Annual Rate)





Vehicle Miles Traveled (VMT) and Motor Fuel Consumption All Minnesota Roads, 1975-2009





Registration Tax and Motor Vehicle Sales Tax (MVST) 2011 EOS vs. 2010 Nov

- **Registration taxes up \$20.3 M (1.8%) from the November forecast for FY12-13.**
- **MVST is down \$14.5 M (2.1%) for the same period.**
- ✓ **GII's February 2011 national new car sales forecast increased from Nov. 12.0M to 12.3M in FY11, and from 13.9M to 14.1M in FY12.**





Registration Taxes Forecast





Motor Vehicle Sales Tax (MVST) to HUTD Forecast



Unit Sales of New Light Vehicles

History and Global Insight Forecast (Millions of Units, Annual Rate)

Millions of Units



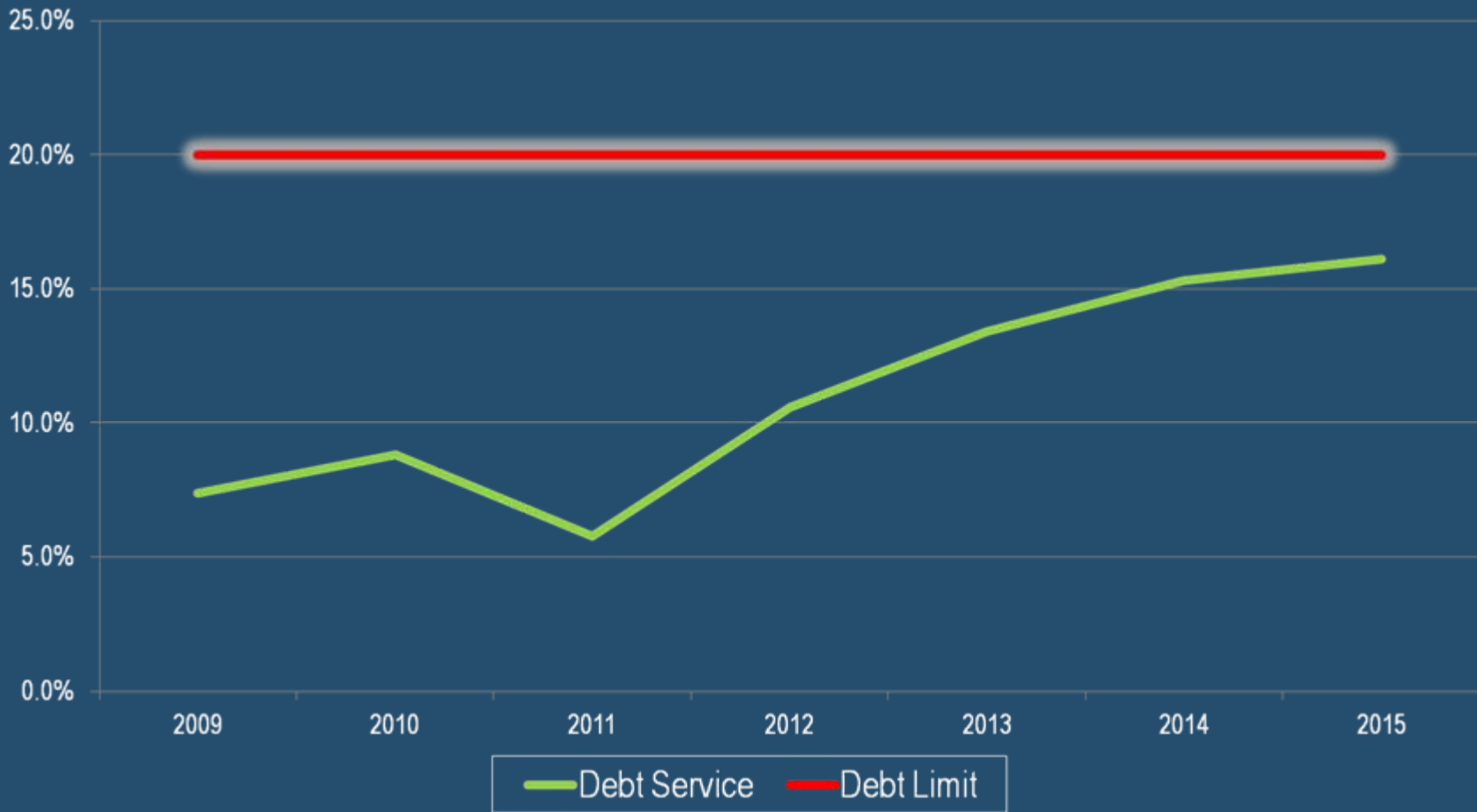


Federal Highway Formula Funding Outlook

- Previous multiyear surface transportation law “SAFETEA-LU” expired in September 2009
- Has been temporarily extended eight times since then through continuing resolutions
- Current extension expires March 31, 2012
- MnDOT cash position

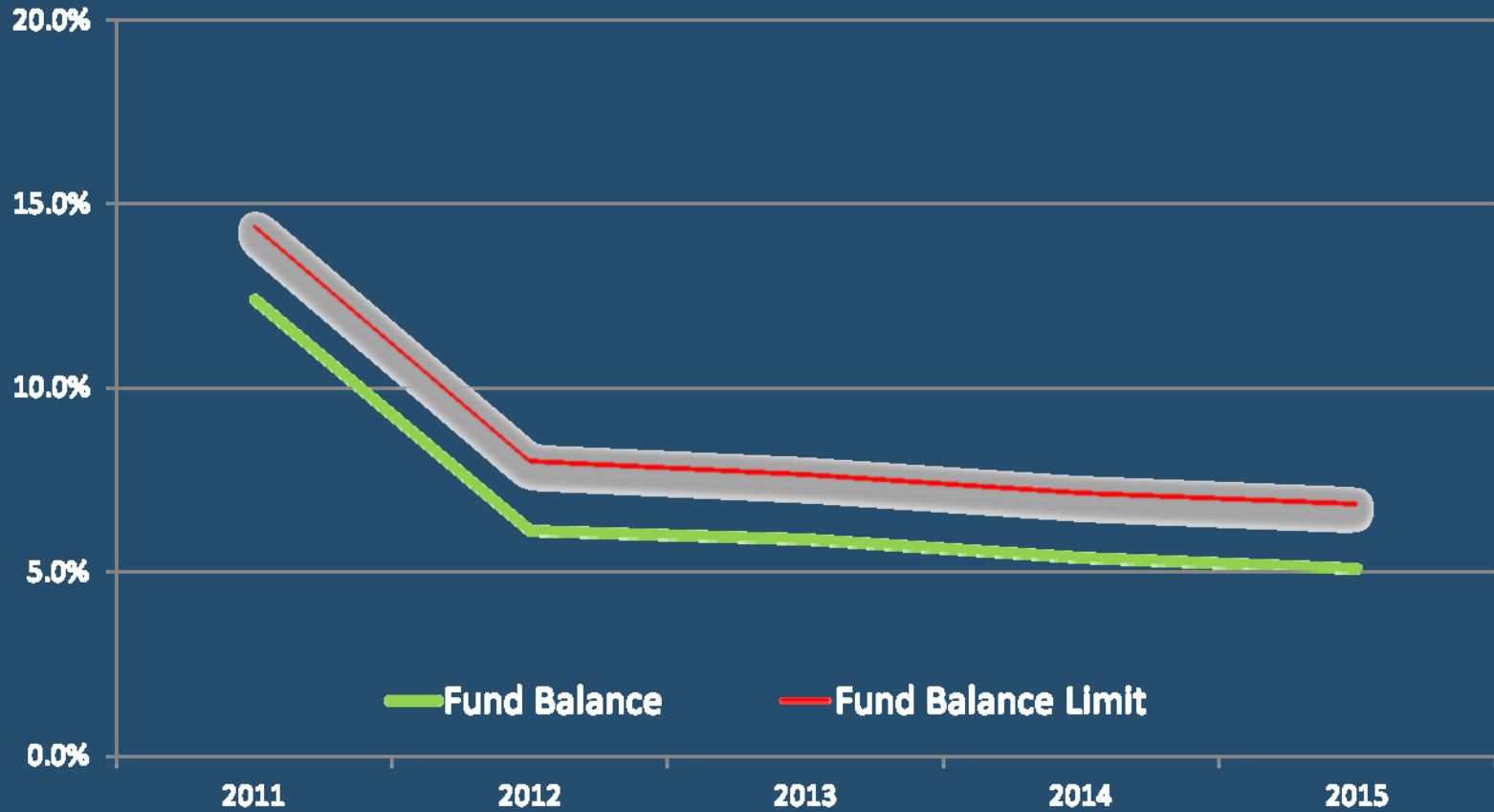


Debt Service Forecast





Fund Balance Forecast





Major Debt Service Risks

- Interest rates on uncommitted debt
- Revenue forecasts





2012-13 Biennial Budget overview

- Essentially, we received the budget changes we expected in the Trunk Highway Fund.
- **Biennial State Road Construction appropriations:**
 - Increased and changed between years to utilize federal funding
 - Increased for Better Roads for Minnesota, which required appropriations to utilize federal funding and existing fund balance and debt.
 - Increased due to an additional rider that allows MnDOT to transfer up to \$20 million for economic development in 2012.





Greater MN Transit

- A General Fund reduction occurred in the Transit Assistance fund - \$2.7M total for the biennium.
- Motor vehicle sales tax on leased vehicles (MVLST) was \$5M to the fund in FY11. This was forecast by MMB to be zero.





CY 2012-14 Contract Budgets

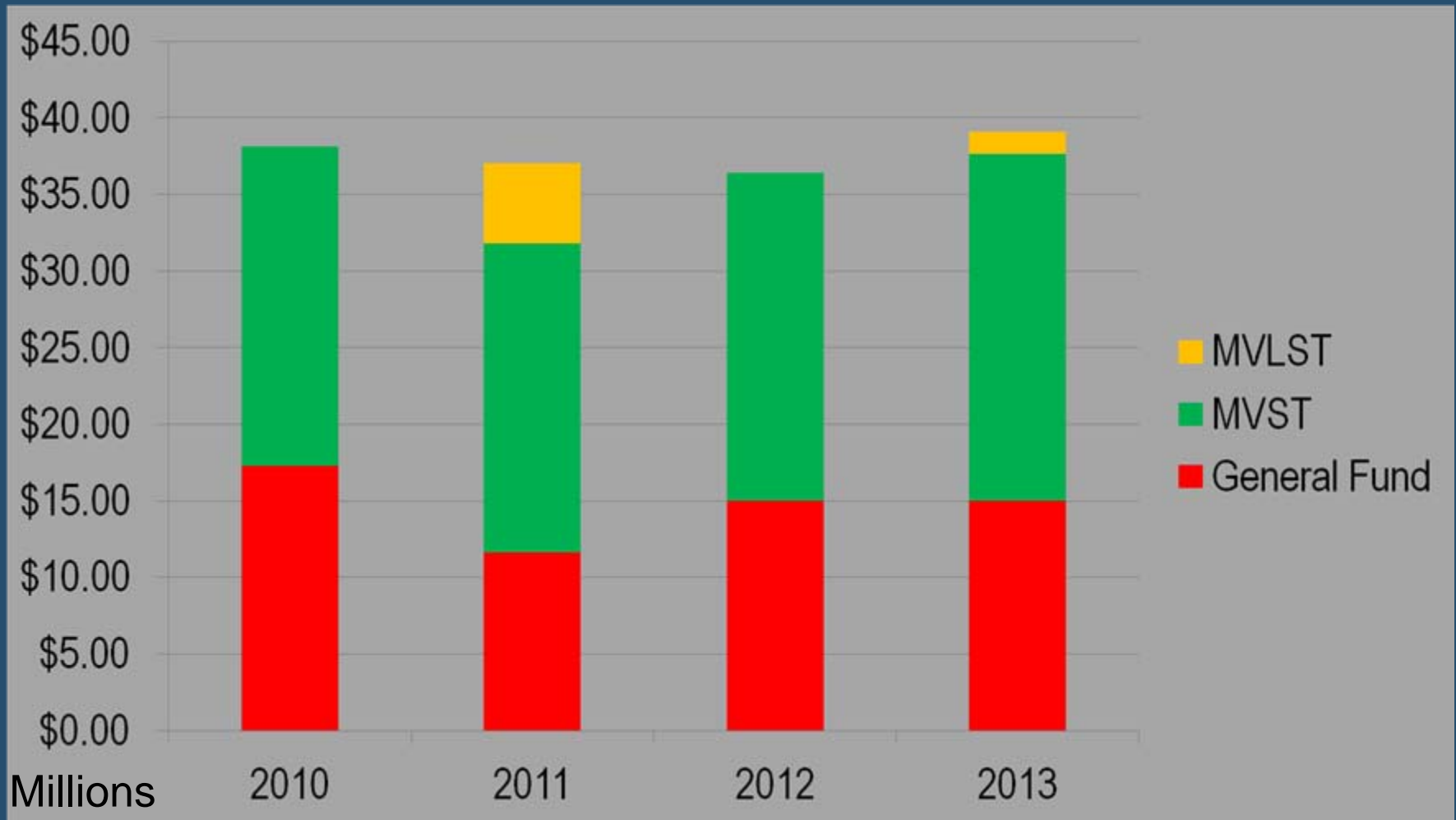
- CY 2012 total grant contracts (Federal, GF, MVST) at same total level as 2011
- CY 2013 can be a 1% increase over 2012
- CY 2014 can be a 2% increase over 2012

- Any MVLST revenues or unused contingency will be programmed in succeeding years





Bienniums — Year by Year





Questions?

Duane Leurquin

Office of Finance

Minnesota Department of Transportation

Duane.Leurquin@state.mn.us

651-366-3165

FY2011-3

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