

# Minnesota Transportation Alliance Annual Meeting MnDOT Funding Update

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November 3, 2021

THE MBA GUY

I PUT TOGETHER  
A SPREADSHEET  
THAT MIGHT  
INTEREST YOU.



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OW! OW! IT'S SO  
BORING, IT HURTS  
MY HEAD!



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MY BRAIN  
IS TRYING  
TO ESCAPE  
THROUGH  
MY EAR!



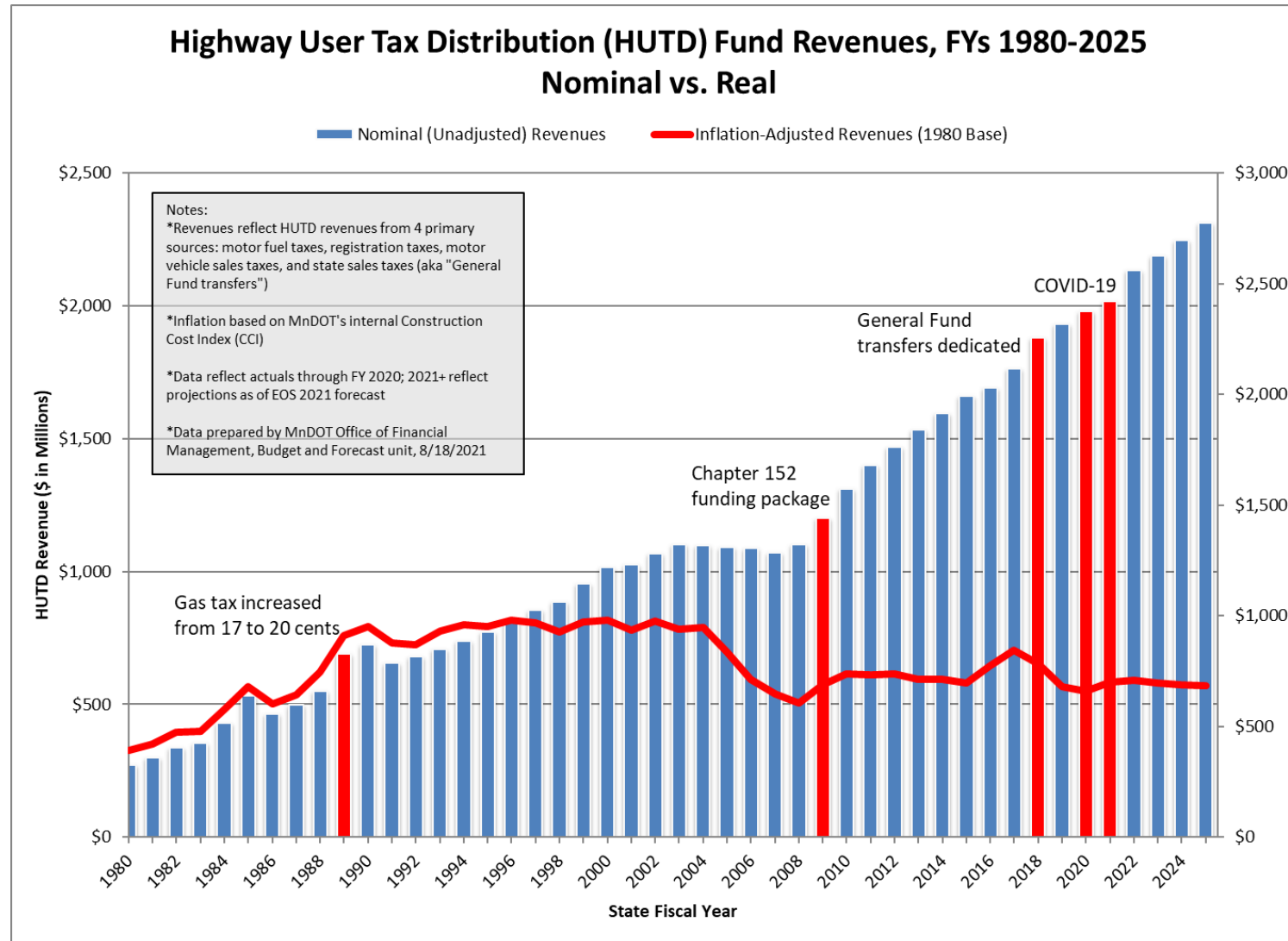
I GET  
THIS  
A LOT.



# Agenda

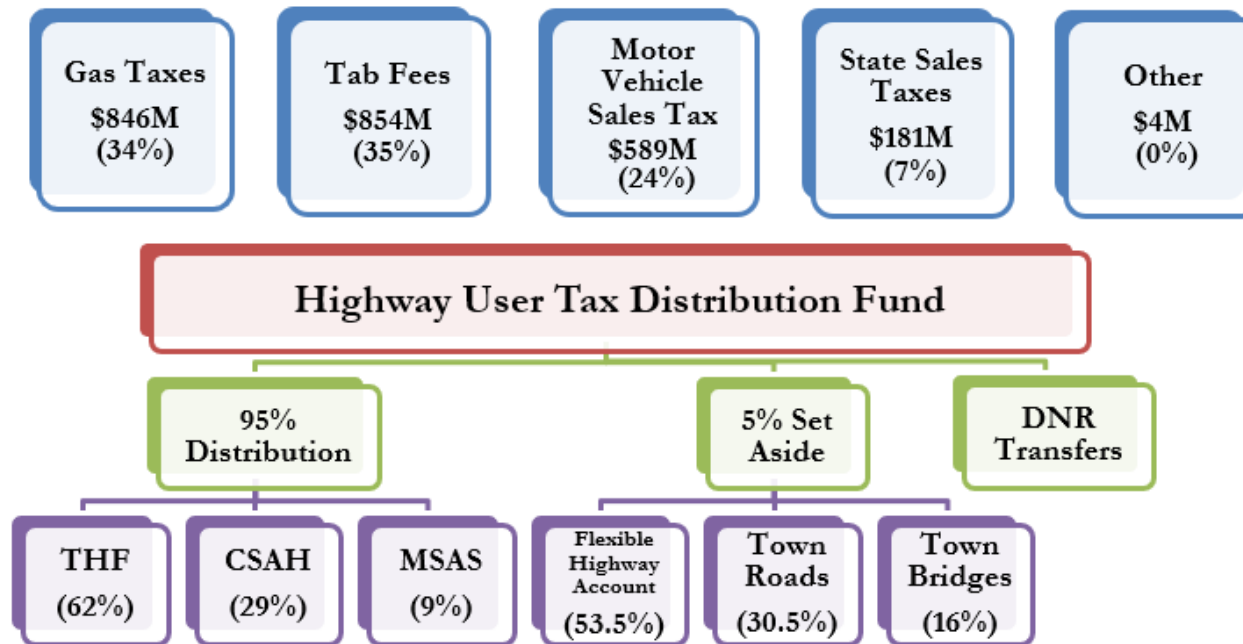
- Update on HUTD revenues
- Capital budget
- Recent supplemental funds
- Federal funds

# Minnesota Highway User Tax Revenue History of Annual Revenues



# Highway User Tax Distribution (HUTD) Fund Flow of Funds in FY 2021

HUTD Sources and Uses  
FY 2021 Preliminary Actuals  
(\$ in millions)



-Article XIV of the Minnesota Constitution

-State Sales Taxes include: fixed portion 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 2.5 percent of gas taxes)

# HUTD Revenues

## FY 21 Details

Preliminary Amounts in \$ millions

Revenue	\$	% of Total	\$ Var to Forecast	% Var to Forecast	\$ Var to FY 20	% Var to FY 20
Gas taxes	\$846	34%	-\$14	-2%	-\$33	-4%
Registration taxes	<b>\$854</b>	<b>35%</b>	-\$9	-1%	+\$41	+5%
MVST	\$589	24%	+\$68	+13%	<b>+\$103</b>	<b>+21%</b>
Sales tax on auto parts	\$146	6%	-	-	-	-
Rental taxes	\$27	1%	+\$5	+25%	-\$16	-37%
MVLST	\$9	0.3%	-\$1	-15%	-\$1	-9%
Other	\$4	0.2%	+\$0.4	+13%	-\$0.7	-15%
<b>Grand total</b>	<b>\$2,474</b>	<b>100%</b>	<b>+\$50</b>	<b>+2%</b>	<b>+\$94</b>	<b>+4%</b>

- Note: State general fund revenues in FY 21 were \$26.6 billion, +\$2.684 billion (+11.2%) more than February 2021 forecast (preliminary, more info [here](#))
  - Through September, FY 22 revenues +\$657 million (+12.4%) more than forecast
  - Over \$3.3 billion more than forecast in total**

# HUTD Revenues

## YOY Growth Rate (Current EOS 21 Forecast + Prelim 21 Actuals)

Revenue	FY 18 (act)	FY 19 (act)	FY 20 (act)	FY 21 (prelim)	FY 22 (fcst)	FY 23 (fcst)	FY 24 (fcst)	FY 25 (fcst)
Gas taxes	1.7%	1.3%	-6.2%	-3.8%	7.8%	0.9%	0.7%	0.6%
Registration taxes	3.9%	2.8%	1.1%	5.1%	6.0%	3.5%	3.5%	3.5%
MVST	2.4%	4.8%	0.0%	21.2%	-6.1%	3.0%	5.0%	5.9%
Sales tax on auto parts	100.0%	0.0%	361.8%	0.0%	0.0%	0.0%	0.0%	0.0%
Rental taxes	100.0%	12.5%	-11.2%	-36.9%	23.0%	28.6%	4.6%	4.9%
MVLST	100.0%	1.2%	-12.1%	-8.5%	25.8%	0.3%	0.7%	3.8%
Other	23.2%	34.7%	-26.1%	-15.5%	-1.5%	0.2%	2.1%	20.2%
<b>Grand total</b>	<b>6.6%</b>	<b>2.8%</b>	<b>2.4%</b>	<b>3.9%</b>	<b>3.6%</b>	<b>2.6%</b>	<b>2.7%</b>	<b>2.9%</b>

# 2022 Legislative Session Preliminary MnDOT Capital Budget Requests

Transportation			Projects Summary		
(\$ in thousands)					
Project Requests for State Funds					
Project Title	Priority Ranking	Funding Source	2022	2024	2026
High Priority Bridges	1	THB	\$ 800,000	\$ 0	\$ 0
ARMER Radio Tower and Equipment Building Replacements	2	GO	\$ 12,500	\$ 0	\$ 0
Local Bridge Replacement Program	3	GO	\$ 200,000	\$ 100,000	\$ 100,000
Local Road Improvement Fund Grants	4	GO	\$ 150,000	\$ 100,000	\$ 100,000
Aeronautics Infrastructure	5	GO	\$ 30,000	\$ 30,000	\$ 30,000
Highway Railroad Grade Crossing-Warning Devices Replacement	6	GO	\$ 18,000	\$ 18,000	\$ 18,000
Port Development Assistance Program	7	GO	\$ 10,000	\$ 10,000	\$ 10,000
Safe Routes to School	8	GO	\$ 2,000	\$ 2,000	\$ 2,000
Active Transportation	9	GO	\$ 7,000	\$ 7,000	\$ 7,000
		GF	\$ 1,000	\$ 1,000	\$ 1,000
Statewide Freight Safety Investments	10	THB	\$ 14,000	\$ 0	\$ 0
Minnesota Rail Service Improvement Program	11	GO	\$ 10,000	\$ 10,000	\$ 10,000
Greater Minnesota Transit Capital Program	12	GO	\$ 5,000	\$ 5,000	\$ 5,000
Facilities Capital Improvement Program	13	THB	\$ 71,200	\$ 40,000	\$ 40,000
Rail Corridor Capacity Improvements	14	GO	\$ 96,000	\$ 0	\$ 0
Utility Aircraft Replacement	15	GO	\$ 7,000	\$ 0	\$ 0
<b>Total Project Requests</b>			<b>\$ 1,433,700</b>	<b>\$ 323,000</b>	<b>\$ 323,000</b>
<b>General Obligation Bonds (GO) Total</b>			<b>\$ 547,500</b>	<b>\$ 282,000</b>	<b>\$ 282,000</b>
<b>General Fund Cash (GF) Total</b>			<b>\$ 1,000</b>	<b>\$ 1,000</b>	<b>\$ 1,000</b>
<b>Trunk Highway Bonds (THB) Total</b>			<b>\$ 885,200</b>	<b>\$ 40,000</b>	<b>\$ 40,000</b>

- Preliminary agency requests published summer 2021 (link [here](#))
- Final agency requests submitted October 15<sup>th</sup>
- Preliminary requests totaled \$5.5 billion:
  - \$4.2B from state agencies
  - \$1.2B from local governments
- **Governor's capital budget submitted by January 17<sup>th</sup>, 2022**



# Highlights of Recent Funding \$ in Millions

- MnDOT FY 2022-23 biennial budget bill (Laws of 2021, 1<sup>st</sup> SS, [CH 5](#))
  - \$5M active transportation
  - \$5M safe routes to school
  - \$10M 2<sup>nd</sup> Amtrak train to Chicago
  - \$13M MRSI
  - \$12M township roads
  - \$18M small cities
  - \$14M local bridge
  - \$5.5M local road
  - \$30.93M TH corridor studies and local road grants (10 specific)
  - \$113M TH bonds for 4 specific projects
  - \$200M TH bonds for Corridors of Commerce (FYs 24-25)
- Capital appropriations bill (Laws of 2020, 5<sup>th</sup> SS, [CH 3](#))
  - Total for transportation ~\$627M
    - \$300M TH bonds, \$327M GO bonds
  - \$70M local roads
  - \$30M local bridge
  - \$169M for 27 specific projects

# Current State Road Construction Funding FYs 2022-25, State/Federal/Bonds

\$ in millions	FY 2022	FY 2023	FY 2024	FY 2025	Total
TH – State	\$494	\$366	\$424	\$424	\$1,709
TH – Federal	\$638	\$609	\$550	\$550	\$2,346
TH - COC	\$25	\$25	\$25	\$25	\$100
TH Bonds - COC	\$150	\$150	\$200	\$100	\$600
TH Bonds – SRC	\$213				\$213
<b>Grand Total</b>	<b>\$1,520</b>	<b>\$1,149</b>	<b>\$1,199</b>	<b>\$1,099</b>	<b>\$4,968</b>

# Summary of “COVID-Era” Federal Funds to MnDOT

	CARES	CRSSA	ARP	Total
<b>FTA*</b>	\$59.0M	\$15.4M	\$14.4M	<b>\$88.9M</b>
<b>FAA</b>	\$158.0M	\$42.0M	\$150.0M	<b>\$350.0M</b>
<b>FHWA</b>	-	\$162.0M	-	<b>\$162.0M</b>

*\*Does not include funding for Twin Cities Metro Transit and urban areas w/ populations of 50,000+*

# Update on Federal Funds Road and Bridges

- **Coronavirus Response & Relief Supplemental Appropriations (CRRSA) Act** (enacted December 2020)
  - \$162M for Minnesota from FHWA
    - \$40M to locals (50/50 Metro vs. greater MN)
    - \$122M to MnDOT state road construction
- **American Rescue Plan (ARP)** (enacted March 2021)
  - State Fiscal Recovery Funds: \$2.833B managed by MMB (link [here](#))
    - Immediate COVID response: \$500M (27 funding decisions to date totaling \$272M); \$228M remaining
    - State revenue replacement: \$1.183B
    - Long-term COVID response: \$1.15B (eligible for agency requests for supplemental budgets for 2022 legislative session)
  - Local Fiscal Recovery Funds: \$2.132 directly to counties, cities, and towns
    - Counties: \$1.11B
    - 21 large cities: \$644M
    - Pass through to other cities/towns: \$377M

# Upcoming Potential Federal Funds Infrastructure Investment and Jobs Act (IIJA)

- Vote in the House scheduled for ???
- Lots of potential impacts / lots of uncertainty
- If passed as is:
  - Could increase Minnesota formula funds by \$150M - \$200M/year (from current ~\$700M)
  - Typically formula funds are split 70/30 between MnDOT and local partners
    - \$100M - \$150M per year to MnDOT
    - \$40M - \$70M per year to local partners
  - Variety of new/expanded allocated programs could translate to up to \$200M/year to MnDOT
- Questions / issues: shelf projects, state match, new programs, new requirements, etc.

# Thank you again!

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