

Minnesota Transportation Funding



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The Minnesota Transportation Alliance is a non-profit statewide coalition of organizations that are all involved in the development, design, construction and operation of Minnesota's transportation system. Alliance members represent both public sector and private sector organizations that are committed to working together to further policies that improve the safety and effectiveness of our transportation system. More information about the Alliance and its membership can be found at: www.transportationalliance.com

Transportation Funding in Minnesota

Where We're At in 2018

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Introduction

Current funding for the maintenance and construction of Minnesota's roads, bridges, transit systems and other modes are insufficient to address the state's growing mobility and safety needs. Several state agencies, including MnDOT, the Metropolitan Council, Minnesota Management and Budget (MMB), and the state Department of Revenue maintain and analyze transportation finance data for the purpose of developing projections for various transportation funding options. Legislative staff also provide useful analysis on transportation funding trends.

The funding gap in transportation continues to be a major problem leading to increased safety hazards, growing congestion, missed economic and job opportunities, damaged roads, deficient bridges and increased social costs as people struggle to get where they need to go with inadequate transit options.

Some important steps have been taken in recent years to recognize the importance of reducing this funding gap. The Legislature has statutorily dedicated additional revenue to transportation purposes while also increasing one-time general fund appropriations and bond authorizations.

As we prepare for the 2019 Legislative Session with new legislators and a new governor putting together a two-year budget, the Minnesota Transportation Alliance would like to ensure that the facts are available about the extent of the funding gap and the many options that could be considered to reduce the funding gap as part of the FY2020-21 budget.

New technology is likely to change how goods and people are transported. Additional funding may be needed for infrastructure changes to accommodate this new technology. The impact on transportation funding is not clear. Connected and autonomous vehicle technology may decrease the number of vehicles on our roadways or it may increase the number of vehicles and trips. Vehicle ownership may change, but fees will most likely continue to be collected from an owner (business or person) or driver regardless of exactly which kind of entity owns and registers the vehicle and who purchases the fuel.

In this report, we hope to provide a one-stop source for the latest estimates of funding options that are or could be under consideration by state policy makers. While this is not exhaustive list of funding and financing options, these are revenue and financing sources that have been considered in Minnesota and in other states as policymakers work to address important transportation needs.

Minnesota's Transportation System

Highways and Bridges

Current System

The State of Minnesota boasts an impressive network of highways and bridges that connect the state to allow efficient movement of people and products. Most of the traffic on our highways is handled by the state trunk highway system, but the vast majority of the miles of roads and the number of bridges are under the jurisdiction of local governments – counties, cities and townships.

Trunk Highway	11,749
County State Aid Highways	30,603
Municipal State Aid Streets	3,657
County Roads	13,927
Township Roads	56,844
Other Municipal Streets	18,831
Other Minor Systems	3,838

139,449 miles

Trunk Highways Bridges	4,001
County Bridges	8,202
City Bridges	1,529
Township Bridges	6,264

19,996 Bridges

Funding Gap

Like all states, Minnesota faces a significant funding gap for adequately maintaining and improving the roads and bridges in our state. In 2013, the Transportation Finance Advisory Committee (TFAC), established by Governor Mark Dayton, estimated the following funding gap:

“Under the current funding scenario (status quo) estimated funding receipts for all modes and systems are expected to be in the range of \$39.3 billion over the next 20 years. The system/modal needs and the projected funding gap to maintain current performance is estimated to be around \$21.2 billion above the status quo (baseline) amount. To achieve a World Class / Economically Competitive System over the next 20 years will require an estimated \$50.6 billion to \$54.6 billion in additional revenue above the baseline revenue projections.”

Table 11. Summary of Twenty Year Funding Needs

(20 Year Needs in \$ Billions, AFG = Annual Funding Gap)

	Scenario 1	Scenario 2	Scenario 3
System/Mode (Includes funding for bikes and pedestrian needs associated with highway projects)	Anticipated transportation revenue for the next 20 years: Baseline	Increment added to baseline to maintain current performance for the next 20 years	Increment added to baseline to become economically competitive/world class system for the next 20 years
State Highway System*	\$18.0	\$5.0 \$250 mil Annual Funding Gap: AFG	\$10.0 - 12.0 \$500 mil.- \$600 mil AFG
County State Aid System <i>County System</i>	\$5.0 TBD	\$3.0 \$150 mil AFG \$4.0 \$200 mil AFG	\$9.0 \$450 mil AFG \$9.0 \$450 mil AFG
<i>Township Roads</i>		\$0.3	\$0.5
Municipal State Aid System <i>Municipal System</i>	\$1.6 TBD	\$1.0 \$50 mil AFG \$5.0 \$250 mil AFG	\$2.0 \$100 mil AFG \$8.0 \$400 mil AFG
Greater Minnesota Transit	\$1.9	\$0.2 \$10 mil AFG	\$0.9 \$45 mil AFG
Metropolitan Area Transit	\$8.5	\$1.8 \$90 mil AFG	\$4.2 \$210 mil AFG
Freight - Rail and Ports	\$0.3	\$0.3 \$15 mil AFG	\$0.6 \$30 mil AFG
Passenger Rail	\$0.1	–	\$5.0 - 7.0 \$250-\$350 mil AFG
State Airports	\$1.4	\$0.6 \$30 mil AFG	\$0.8 \$40 mil AFG
Metropolitan Airports Commission(MSP and Reliever airports)	\$2.5	\$0.0	\$0.6 \$40 mil AFG
Totals	\$39.3	\$21.2	\$50.6 - \$54.6

Road/Bridge Funding Gap

State Highway System

MnDOT produces numerous plans to estimate revenue needs and resources. The state “family of plans” includes the Statewide Multimodal Transportation Plan which describes progress toward the Minnesota GO 50-year vision; the Minnesota State Highway Investment Plan which directs capital investment for Minnesota’s state highway system over a 20-year period of time; the 10-Year Capital Highway Investment Plan and the 4-year State Transportation Improvement Program (STIP). The first four years of the CHIP make up the State Transportation Improvement Program. Projects in the STIP are well-defined and typically considered a commitment. The projects identified in the final six years of the CHIP are not commitments; they are anticipated to change as project development progresses and needs are better understood.

The MnSHIP plan published in January of 2017 estimated that:

- Approximately \$39 billion is needed over the next 20 years to achieve performance targets and other key system goals.
- Available revenue is estimated at \$21 billion. As a result, the annual average shortfall is estimated at \$900 million to meet all targets and goals.

Figure ES-3: Transportation Needs During the Next 20 Years (by Investment Category)

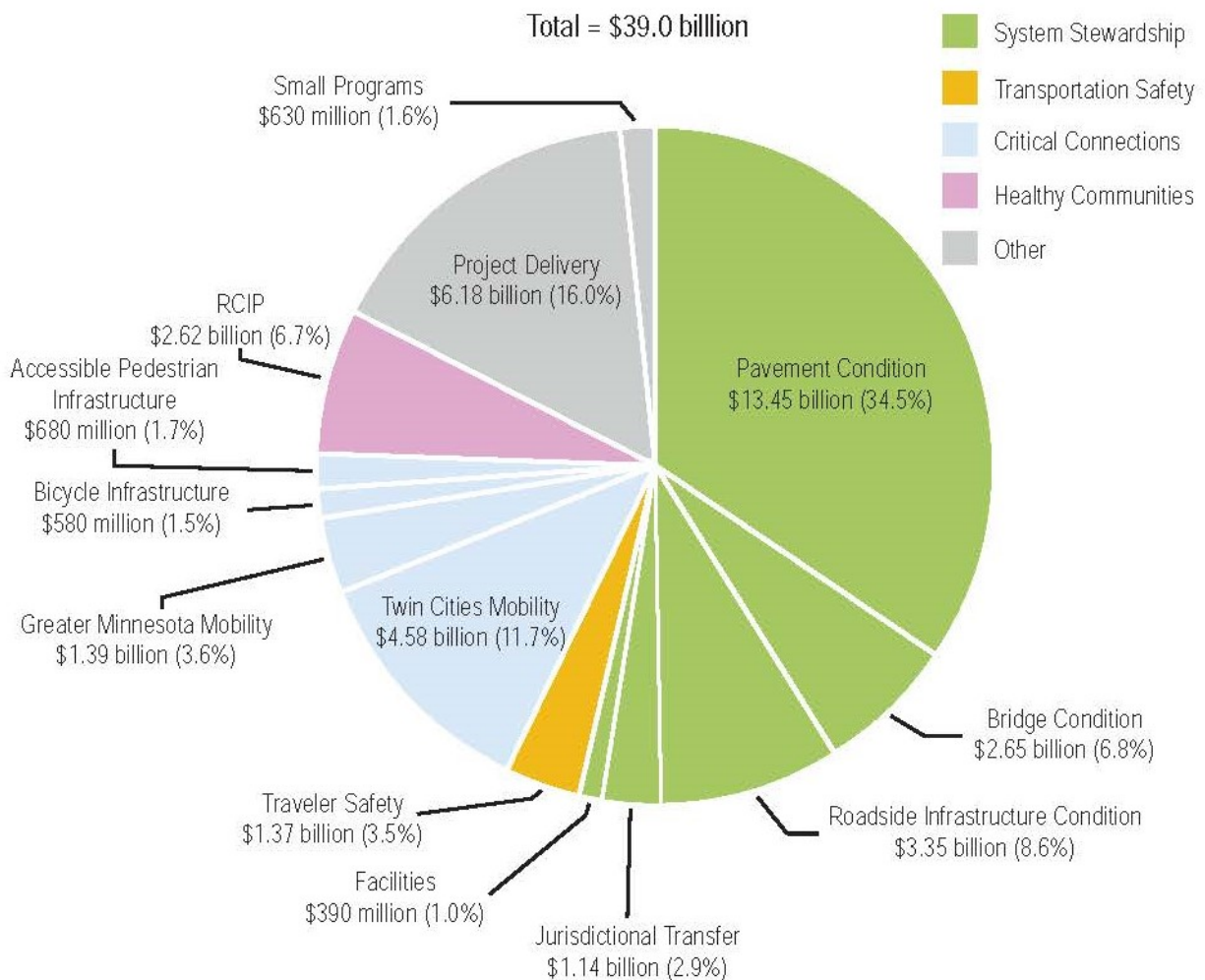
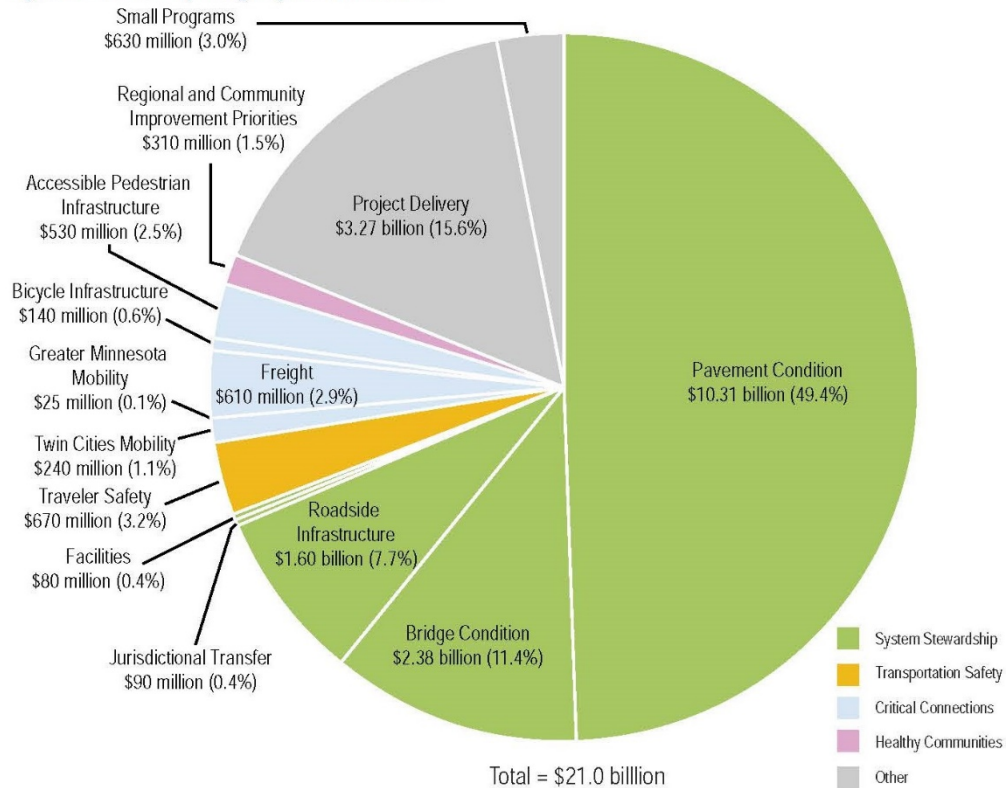


Figure ES-4: 20-Year Capital Highway Investment Direction



During the 2017 Legislative Session, the 2-year transportation budget bill (Chapter 3) included additional ongoing and one-time funding for state roads and bridges.

- FY2018 – FY2022 “New Money” includes:
 - One-Time increase in Trunk Highway Funds (\$134M)
 - New Non-Designated Bonds (\$640M)
 - Corridors of Commerce Trunk Highway Funds (\$50M)
 - Corridors of Commerce Bonds (\$300M)
- FY2018 – FY2022 “Additional Capacity” includes:
 - Previous Non-Designated Bonds Releases (\$8 M)
 - Previous Corridors of Commerce Bonds Release (\$19M)
 - Carryover Federal Funds (\$60M)

Chapter 3 provides ongoing funding to the Highway User Tax Distribution through a partial dedication of the sales tax on auto parts, dedication of the sales tax on leased vehicles and dedication of rental vehicle fees and taxes. The state Trunk Highway Fund receives 58.9% of the revenues deposited in the HUTDF.

	FY2018	FY2019	FY2020	FY2021
Increase to HUTDF	\$83,400	\$90,032	\$206,444	\$208,544

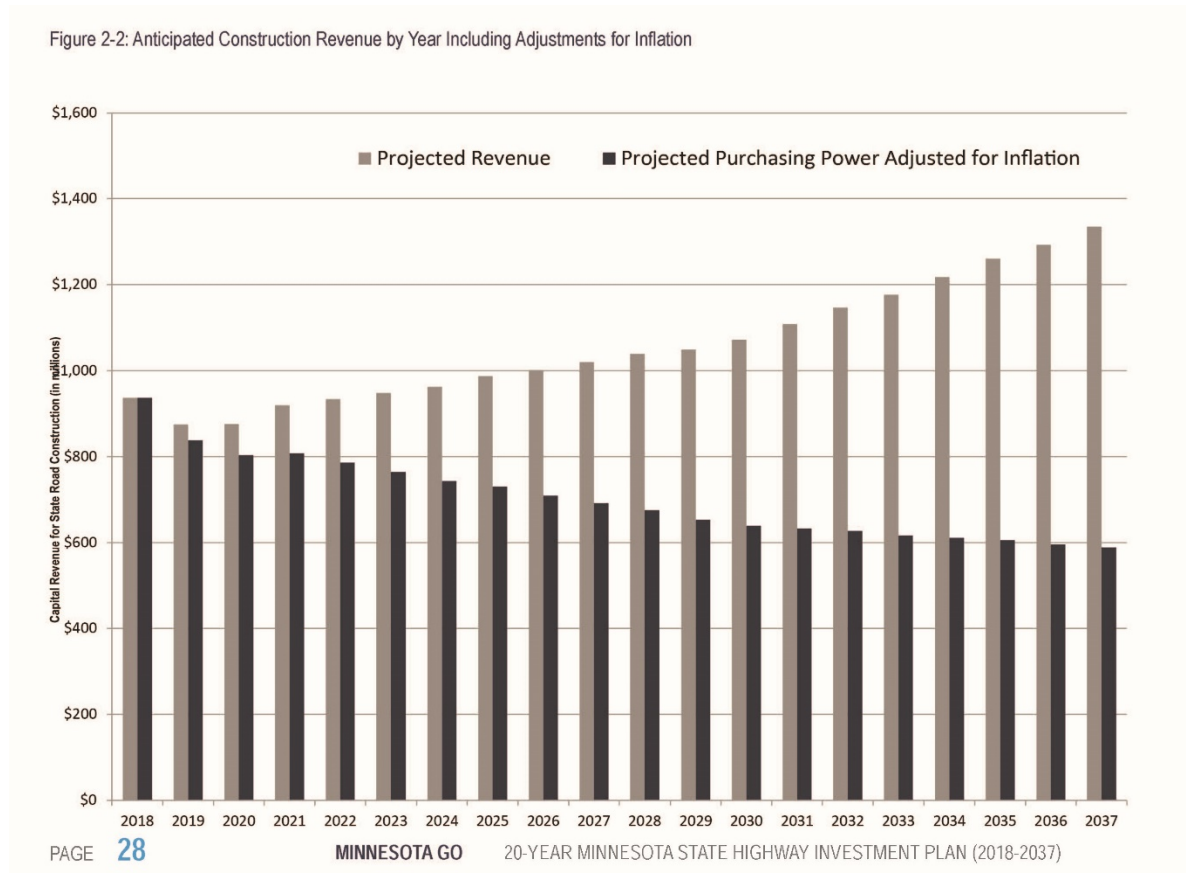
MnDOT noted in April, 2018, when announcing the projects for the 2018 construction season that additional highway bonding money from lawmakers reduces the state’s annual \$600 million funding gap by \$200 million annually over the next four years. Since that time, the legislature has authorized an additional \$400 million in trunk highway bonds to complete 4 additional major state highway projects through the Corridors of Commerce program.

State highway and bridge funding gap:

\$400 million per year – FY2019-2023

\$600 million per year – FY2024-2027

\$900 million per year – FY2028-2037



Local Road and Bridge Needs

Chapter 3 of 2017 Session laws also increases funding for local roads and bridges with both ongoing and one-time funding.

	FY2018	FY2019	FY2020	FY2021
Increase to HUTDF	\$83,400	\$90,032	\$206,444	\$208,544
Increase to CSAH	\$22,976	\$24,803	\$56,875	\$57,453
Increase to MSAS	\$7,130	\$7,697	\$17,650	\$17,830
	FY2018	FY2019		
General Fund appropriation to Small Cities	\$8,000	\$8,000		
General Fund appropriation to Metro Counties	\$5,000	\$5,000		
General Fund appropriation to Town Roads	\$2,000	\$2,000		

Local Road and Bridge Funding Gap:

With over 90% of Minnesota's road mileage under local jurisdiction and about 80% of bridges on the local system, the gap between projected funding and the amount needed to adequately maintain and improve local roads and bridges is significant.

The TFAC estimate for a competitive system over the next 20 years showed a \$900 million annual shortfall. As costs and demands on the systems have continued to increase, this number has not changed significantly. Counties have documented road projects that should be done in the next two years totaling more than \$1.5 billion, but a lack of funding means those projects will wait.

Counties, cities and townships submitted requests in 2017 for Local Road Improvement Program funds totaling \$584 million. Only \$25 million was available in funding. An additional \$20 million was made available in 2018, leaving an unmet need of \$529 million for the 217 projects submitted.

Local Bridge needs after allocating 2018 received funds of \$5M bonding bill and \$12M from auto parts sales tax, total of \$17M for bridges to be funded in 2018.

Year	Number of Bridges	Estimated cost
2018	315	\$264,000,000
2019	83	\$46,000,000
2020	74	\$79,000,000

Currently Available Funding

Highway User Tax Distribution Fund

Nearly all state spending on roads and bridges is constitutionally dedicated and accounted for in the state's Highway User Tax Distribution Fund (HUTDF or "Highway User Fund"). The HUTDF contains the following sub-funds: Trunk Highway Fund, County State Aid Highway Fund (CSAH), Municipal State-Aid Street Fund (MSAS), Town Bridge Account, Town Road Account, Flexible Highway Account.

The Highway User Tax Distribution Fund receives dollars from the following constitutionally dedicated revenue sources: state fuel tax, state motor vehicle registration tax, state motor vehicle sales tax. In addition, the fund receives interest and a portion of the state sales tax on leased and rented motor vehicles as well as a portion of the sales tax on auto parts per a statutory dedication passed in 2017. The Trunk Highway Fund, receives federal highway dollars.

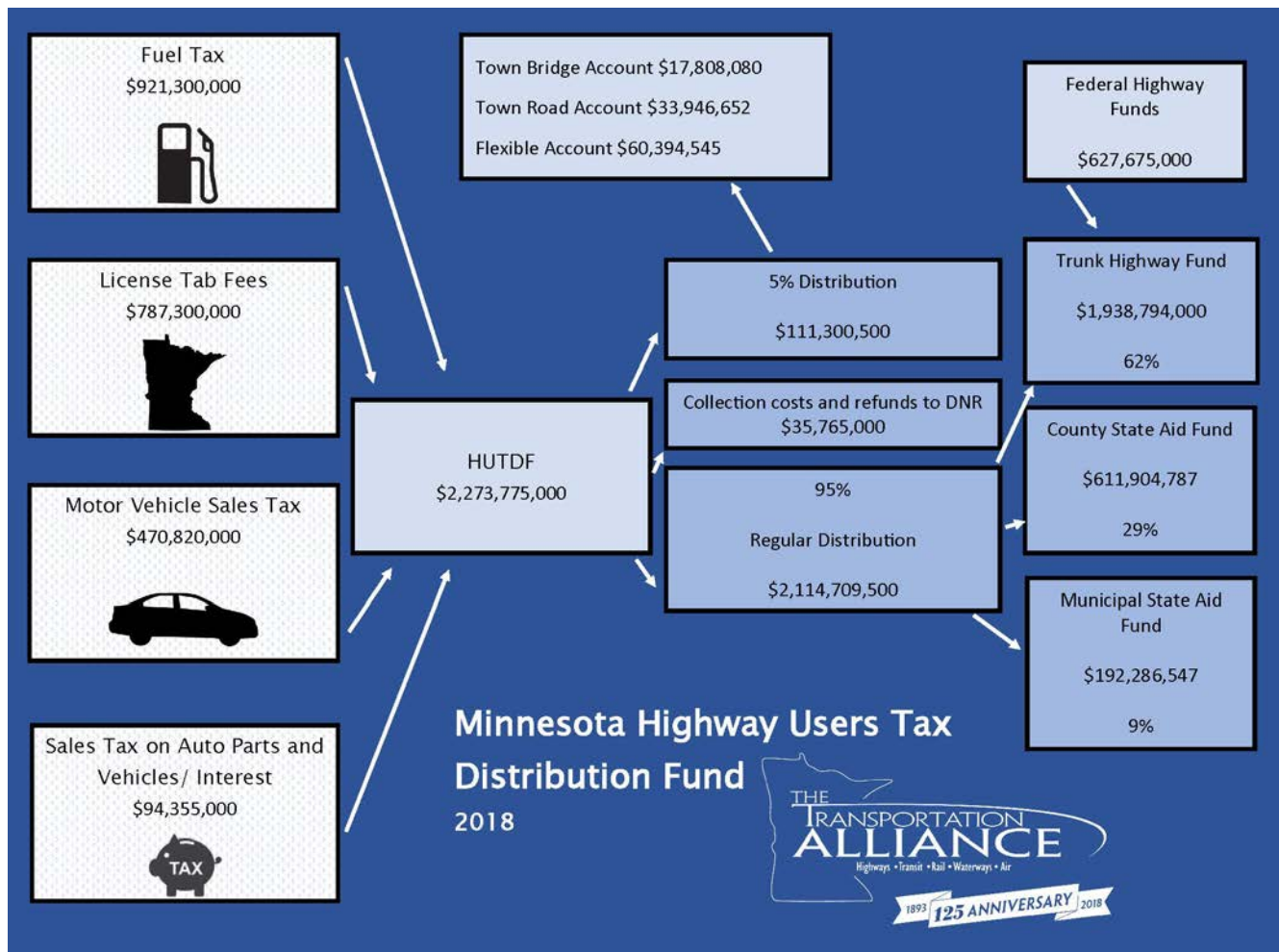


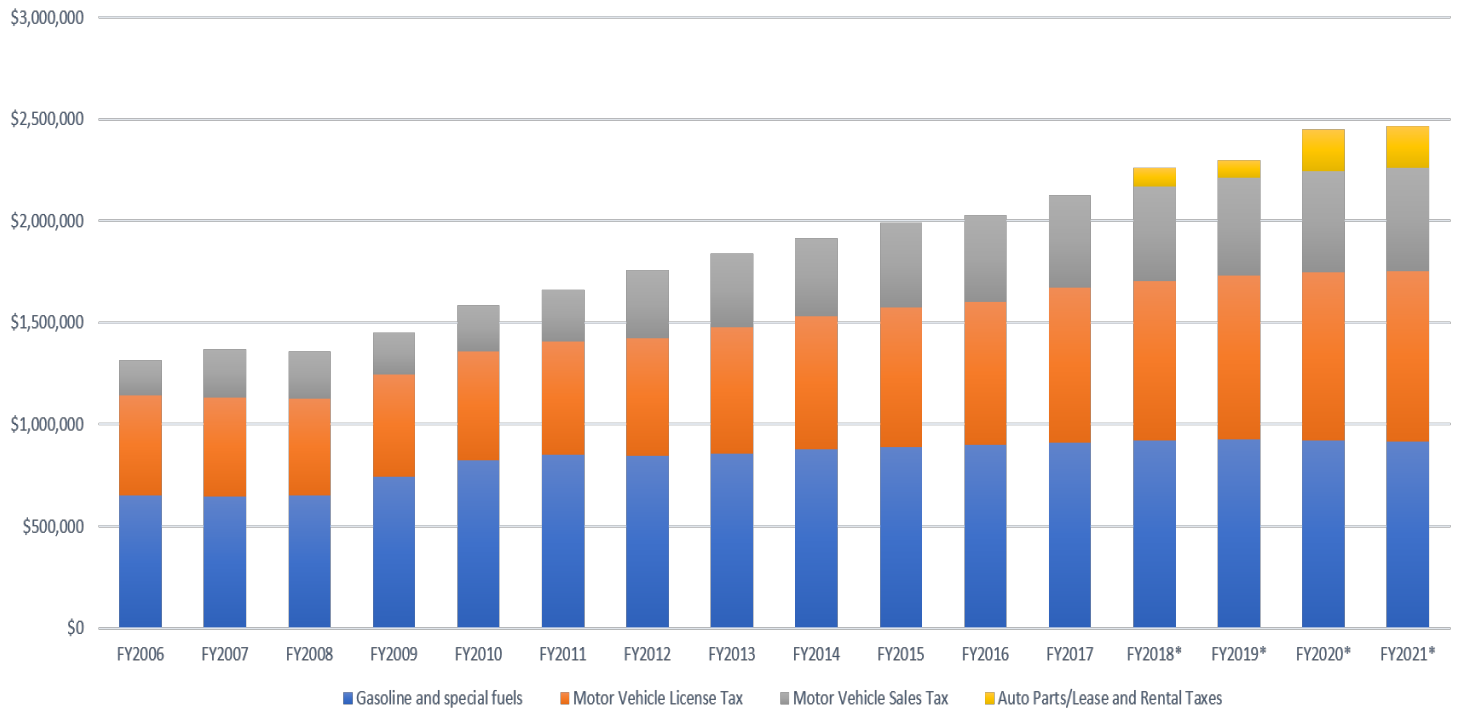
Table 1 shows the distributions from the HUTDF to its major funds, since 2006

Year	Total Highway Users Fund	State Trunk Highway Fund	County State Aid Highway	Municipal State Aid
2006	\$1,300,090,100	\$749,952,760	\$350,784,355	\$108,864,110
2007	\$1,284,523,100	\$740,662,771	\$346,439,038	\$107,515,564
2008	\$1,307,327,245	\$754,056,556	\$352,703,873	\$109,459,822
2009	\$1,425,800,000	\$821,937,681	\$333,177,945	\$119,313,534
2010	\$1,544,581,830	\$891,047,005	\$329,923,060	\$129,345,533
2011	\$1,656,132,834	\$955,727,475	\$343,452,274	\$138,734,634
2012	\$1,751,350,667	\$1,011,221,740	\$345,987,445	\$146,790,253
2013	\$1,824,599,852	\$1,054,127,734	\$353,337,119	\$153,018,542
2014	\$1,887,372,400	\$1,091,214,031	\$357,637,156	\$158,402,037
2015	\$1,980,399,000	\$1,145,643,319	\$366,859,515	\$166,303,062
2016	\$2,064,072,400	\$1,192,535,192	\$379,303,129	\$173,109,947
2017	\$2,099,447,000	\$1,214,069,182	\$386,152,327	\$176,235,849

Source: MnDOT Transportation Funds Forecast - Feb 2018 (Released March 2, 2018)
<http://www.dot.state.mn.us/funding/documents/Transportation%20Forecast%20Feb%202018.pdf>

HUTDF - Revenue Sources

*Estimate



Federal Grants to the Minnesota Trunk Highway Fund	
Actual 2014	\$506,527
Actual 2015	\$498,560
Actual 2016	\$426,392
Enacted 2017	\$457,225
Enacted 2018	\$627,675
Enacted 2019	558,175
Enacted 2020	558,175
Enacted 2021	558,175
Source: Minnesota Consolidated Fund Statements https://www.leg.state.mn.us/edocs/edocs?oclcnumber=766014259	

Constitutional Amendments

Through a series of constitutional amendments, beginning in 1898, Minnesota voters have decided that transportation user fees should be permanently dedicated to investments in the transportation system, providing stability and making the planning and project delivery processes more cost-efficient.

Today, the motor vehicle sales tax (MVST), the motor fuels tax and the motor vehicle registration tax (license tab fees) are constitutionally dedicated to transportation purposes because voters approved constitutional amendments to ensure the dollars are used for these purposes.

1898	To provide State Road and Bridge Fund	Approved
1906	To establish State Road and Bridge Fund and authorize annual tax	Approved
1910	To allow the state to assume one half of the cost of any road or bridge project	Approved
1912	To authorize one mill state tax for roads and bridges and to allow the state to assume the entire cost of any project.	Approved
1920	To provide a state Trunk Highway System	Approved
1924	To place revenue generated by excise taxes on motor fuels in the Trunk Highway Fund	Approved
1928	To place $\frac{2}{3}$ of revenue generated by the motor fuels tax in the Trunk Highway Fund and $\frac{1}{3}$ in the bridge fund	Approved
1944	To authorize state construction and operation of airports, to authorize taxes on aircraft fuel and aircraft sales.	Approved
1956	To authorize the consolidation of present trunk highway articles and sections, to increase state aid and supervision of public highways; to permit taxing of motor vehicles and fuel; to apportion funds for highway purposes 62-29-9 to state and local highways.	Approved
1974	To allow the legislature to determine railroad taxes	Approved
1982	To remove restrictions on the interest rate for and amount of trunk highway bonds	Approved
1982	To provide state bonding authority for the improvement and rehabilitation of railroad facilities.	Approved
2006	To dedicate the motor vehicle sales tax to highways and public transportation.	Approved

Since 1898, 13 constitutional amendments have been approved by Minnesota voters directing the use of funds for transportation purposes.

Public Transit in Minnesota

Current System/Funding Gap

Transit services are funded through a partnership that includes local, state and federal participation. In Minnesota, state and federal funding for public transit is administered by the Metropolitan Council and the Minnesota Department of Transportation. In the seven-county Twin Cities metropolitan area, the Transportation Division of the Metropolitan Council plans, coordinates and administers transit services. MnDOT's Office of Transit and Active Transportation administers financial assistance to public transit systems in Greater Minnesota, including all 80 counties outside the metropolitan area.

Public transit service in the Twin Cities Metropolitan Area is currently provided by 217 regular bus routes that operate in the region: 111 local and 106 express. Also in service are two light rail lines (Blue Line and Green Line), two BRT lines (the A Line and Red Line), and one commuter rail line (Northstar). Metro Mobility serves people with disabilities who are not able to use the regular system. Public vanpools made up of five to fifteen people are also available. Vanpools typically serve origins and destinations not served by regular- route bus service.

There are six major providers of public transit in the region:

- Metropolitan Council, including Metro Transit and contracted services such as Metro Mobility and Transit Link
- Minnesota Valley Transit Authority serving eight south metro communities
- SouthWest Transit serving three west metro communities
- Plymouth Metrolink serving the City of Plymouth

Transit in Greater Minnesota is available in all counties, but some counties only provided limited service. All residents are able to ride public transit regardless of age or ability. Service is provided through regular route service, paratransit service and dial-a-ride service.

Transit funding is comprised of:

- Federal Transit Funding
- State General Fund appropriations
- State Motor Vehicle Sales Tax (MVST)
- State Motor Vehicle Lease Sales Tax (MVLST)
- Local Share: farebox recovery, local tax levies, local contracts for service

Table 1: FFY 2017 Federal Funding for Minnesota Transit

PROGRAM	DESCRIPTION	2017 TOTAL	% OF GRAND TOTAL
5303	Metropolitan Transportation Planning Program: Planning activities and technical assistance for public transit services	\$1,591,209	1.09%
5304	Statewide Transportation Planning Program: Planning activities, technical studies and cooperative research for public transit services	\$301,998	0.21%
5307	Urbanized Area Formula Program: Operating and capital assistance for public transportation in urban areas (including Duluth, East Grand Forks, La Crescent, Mankato, Moorhead, Rochester, St. Cloud and metropolitan Twin Cities.)	\$63,248,281	43.23%

5309	New Starts: Capital funding for fixed guideway transportation investments	\$10,000,000	6.83%
5310	Elderly Individuals and Individuals with Disabilities Program: Capital and operating assistance grants for organizations that serve elderly and/or persons with disabilities	\$3,846,676	2.63%
5311	Non-urbanized Area Formula Program: Capital and operating funding for small urban and rural areas; includes intercity bus transportation	\$15,863,833	10.84%
5311(b)(3)	Rural Transit Assistance Program: Research, training and technical assistance for transit operators in non-urbanized areas	\$249,893	0.17%
5311(c)	Public Transportation on Indian Reservations: Capital and operating funding for tribes	\$2,044,800	1.40%
5337	State of Good Repair Program: Funding to upgrade rail transit systems and high-intensity motor bus systems that use high-occupancy vehicle lanes, includes bus rapid transit	\$15,313,475	10.47%
5339	Bus and Bus Facilities Program: Funding to assist in procurement or construction of vehicles and facilities	\$7,068,088	4.83%
FHWA Flexible Funds	Congestion Mitigation and Air Quality: Funding for transit capital projects	\$23,765,609	16.2%
	Surface Transportation Program: Funding for transit capital projects in Minnesota	\$3,014,400	2.06%
Grand total		\$146,308,262	100.00%

General Fund Appropriations

Transit services have received funding from the state's general fund every year for decades. Recent general fund appropriations:

Metropolitan Area Transit

FY14 - \$107,889,000 FY15 - \$ 76,970,000
FY16 - \$ 81,626,000 FY17 - \$101,126,000
FY18 - \$121,031,000 FY19 - \$129,820,000
FY20 (Base) \$89,820,000 FY21 (Base) \$89,820,000

Greater Minnesota Transit

FY14 - \$16,451,000 FY15 - \$16,470,000
FY16 - \$19,745,000 FY17 - \$19,745,000
FY18 - \$ 570,000 FY19 - \$17,395,000
FY20 (Base) \$17,245,000 FY21 (Base) \$17,245,000

Transit Assistance Fund

The Transit Assistance Fund (TAF) receives revenue from the Motor Vehicle Sales Tax (MVST) and Motor Vehicle Lease Sales Tax (MVLST). The MVST appropriation must be at least 40 percent of the total revenue according to the Minnesota Constitution, and is currently set at 40 percent by statute (Minn. Stat. 297B.09). Of this revenue, 90 percent is allocated to metropolitan transit (36 percent of total MVST) and 10 percent is allocated to Greater Minnesota Transit (4 percent of total MVST).

As of FY 2018, all revenue from the MVLST is reallocated for transportation purposes. 38 percent of all MVLST revenue will be allocated to the Transit Assistance Fund for Greater Minnesota Transit. Previously, the fund received 50 percent of the total MVLST revenues above the first \$32 million that was dedicated to the General Fund.

Table 2 shows the Transit Assistance Fund revenue received from the MVST and MVLST and distributed to Greater Minnesota Transit (MnDOT) and to the Metro Council.

Table 2: Transit Assistance Fund - Revenues and Expenditures 2009 - 2018				
		Expenditures		
Year	Revenues	Total	Greater MN Transit	Metro Council
FY 2009	\$130,333,000	\$129,935,000	\$7,333,000	\$122,602,000
FY 2010	\$162,777,000	\$156,136,000	\$14,216,000	\$141,920,000
FY 2011	\$202,570,000	\$203,849,000	\$26,671,000	\$177,178,000
FY 2012	\$232,866,000	\$223,254,000	\$22,043,000	\$201,210,000
FY 2013	\$253,552,000	\$234,570,000	\$23,641,000	\$210,929,000
FY 2014	\$278,721,000	\$281,527,000	\$46,612,000	\$234,915,000
FY 2015	\$300,967,000	\$282,752,000	\$29,821,000	\$252,931,000
FY 2016 Enacted	\$310,381,000	\$341,877,000	\$84,809,000	\$257,068,000
FY 2017 Enacted	\$335,888,000	\$333,568,000	\$55,632,000	\$277,936,000
FY 2018 Enacted	\$358,863,000	\$356,503,000	\$60,013,000	\$296,490,000
Source: 2012 - 2018, Consolidated Fund Statement - 2018 February Forecast. (March 15, 2018) https://mn.gov/mmb/assets/cfs-feb18fcst_tcm1059-330451.pdf				
The source for the years 2009 through 2011, is fund balance documents issued at that time.				

Local Revenues

State law requires local participation in funding public transit services in Greater Minnesota. A statutory fixed-share funding formula sets a local share of operating costs by system classification as follows:

- Elderly and disabled: 15%
- Rural (population less than 2,500): 15%
- Small urban (population 2,500 - 50,000): 20%
- Urbanized (population more than 50,000): 20%

State and federal funding for public transit should cover the remaining 80 or 85 percent of operating costs awarded through the Public Transit Participation Program. In reality, the percentage of total funds spent on transit that are provided locally are higher than the mandated local share. Local revenue sources to provide the required local match in Greater Minnesota include:

Farebox recovery
Local property taxes
Local sales taxes
Contract revenue
Advertising revenue

Transit systems in Greater Minnesota often provide additional service that is not recognized in the funding formula and so the total percentage of local funding for transit service in Greater Minnesota is more than 20%.

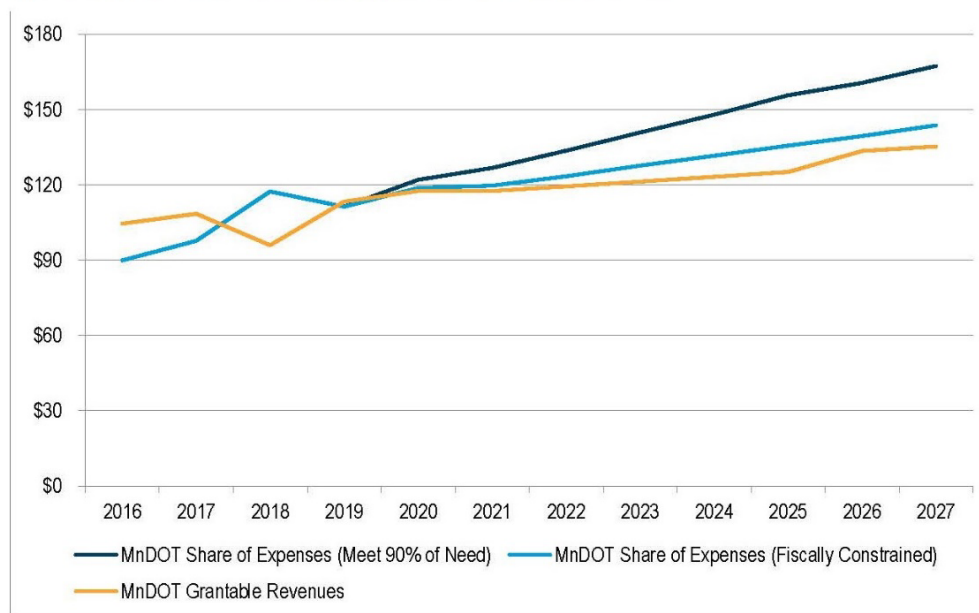
Greater Minnesota Transit Funding Gap

Minnesota state statute sets a goal for Greater Minnesota transit to meet 90% of the need by 2025. Additional funding will be needed to achieve that goal. According to the Office of Transit and Active Transportation.

The Transportation Finance Advisory Committee (TFAC) estimated the funding gap for Greater Minnesota Transit at \$45 million per year for 20 years. Legislation passed in 2017 included a reduction in the base level of

funding from general fund. The \$16.285 million cut to Greater Minnesota transit means additional funding will be needed to sustain existing transit service even under the fiscally constrained scenario beginning in 2020, as shown in Figure 2. The additional funding needed to meet the 90 percent target increases through 2027 primarily due to Minnesota's aging population. MnDOT's grantable revenues do not keep pace with the fiscally constrained scenario during any year from now through 2027.

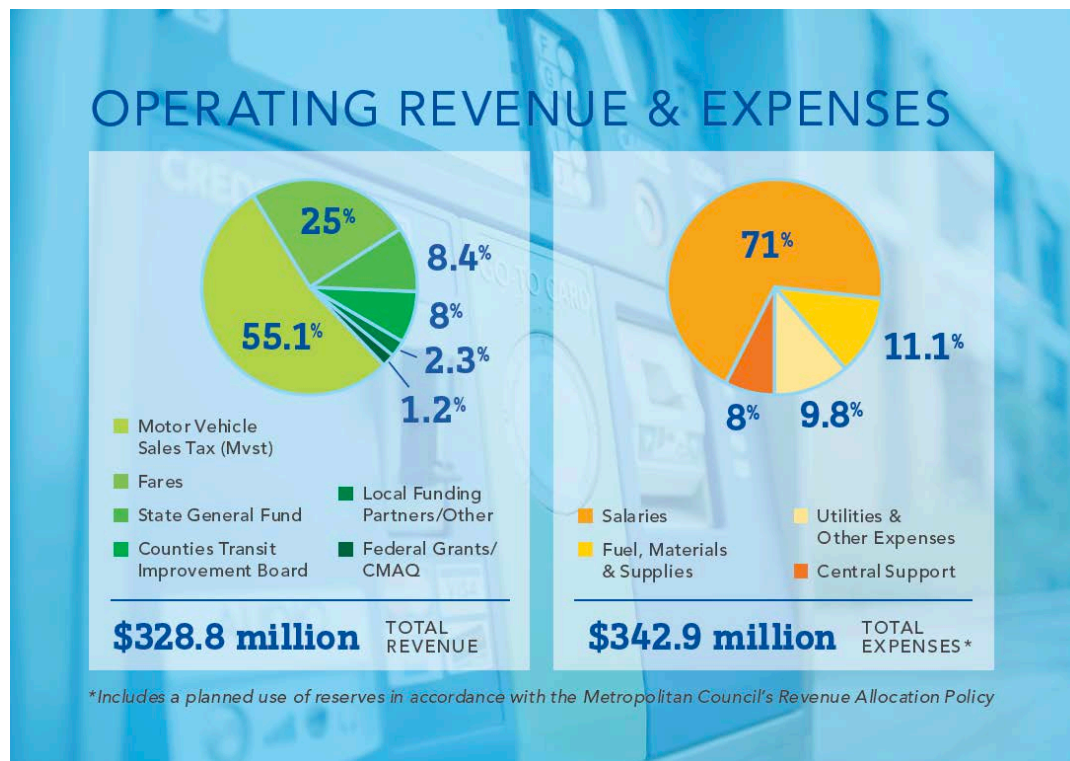
Figure 2: MnDOT Greater Minnesota Transit expense scenarios vs. grantable revenues



Metropolitan Area Transit Local Funding

Farebox Recovery - Transit fare recovery ratios can vary significantly across service types, with services such as light rail typically recovering in the range of 30-40% of the operating costs, regular-route bus service recovering 20-30% of costs and Americans with Disabilities Act services such as Metro Mobility recovering a much smaller percentage, on the order of 10-15% of costs.

The Metropolitan Council periodically implements fare increases so that the system-wide fare recovery ratio remains stable as a percent of the total system costs—currently at about 25% of system-wide costs. The Council assumes that, over time, fares will continue to grow (approximately 2.5% annually) to maintain a constant system-wide fare recovery ratio over time. The Council estimates total transit fare revenues at approximately \$121 million in 2018 and a total of \$5.2 billion from 2015–2040.



Property Taxes - Two sources of local property tax revenues are used for transit purposes - the Metropolitan Council levies for general transit capital purposes and Regional Railroad Authorities levy for a portion of the county share of transitway development. The Metropolitan Council levies a property tax to pay for the debt service on transit bonds known as Regional Transit Capital (RTC). The Metropolitan Council can issue RTC bonds only when authorized by the state legislature to do so. The RTC funds are used to pay the capital expenses of

maintaining the existing system and to provide the 20% required match to federal formula, CMAQ and other competitive federal funds. RTC funds are expected to continue to be authorized at the existing level (approximately \$44 million in 2018) and will grow at a rate of 3.3% annually. RTC revenues are estimated at \$1.8 billion from 2015 to 2040.

County Regional Railroad Authorities (RRAs) are authorized to levy a property tax for the purpose of developing regional transitways. Typically, RRA funds provide 10% of the capital costs for constructing transitways. Local property tax contributions to transitways are estimated at approximately \$500 million from 2015 to 2040.

Other Revenue - The Metropolitan Council also receives other revenue used for transit operations from sources including advertising, investment income, and from Wright and Sherburne counties and MnDOT to pay the Greater Minnesota share of operating the Northstar commuter rail. Other revenues are estimated at approximately \$400 million from 2015-2040.

Local Sales Tax Revenue - From 2008 through 2017, the Counties Transit Improvement Board (CTIB) provided funding for up to 30% of a transitway's capital costs and 50% of the net costs of operating the light rail and Northstar commuter rail system. In 2017, the five CTIB counties determined that it would be more advantageous to disband the Board and for each county to levy its own transportation sales tax. This action went into effect on June 30, 2017 and the individual counties each implemented a county transportation sales tax starting October 1, 2017. Each county is responsible for passing resolutions to identify the projects that will be funded through its sales tax revenues. Hennepin and Ramsey counties have indicated all their sales tax

revenues will be used for transitway capital and operating purposes. Anoka, Dakota, and Washington will use the sales tax revenues for transportation purposes that include transit and other modes.

The expectation going forward is that the county sales tax revenues will be used to cover CTIB's former 30% share of transitway capital costs and 50% share of operating costs, and the 10% share of transitway capital costs formerly assumed to be provided through state bonds. This Transportation Policy Plan (TPP) identifies approximately \$5.5 billion of sales tax revenues for transitway use from 2015-2040, with \$3.8 billion allocated to specific transitway capital and operating projects and an additional \$1.7 billion in as yet undesignated sales tax revenues from Hennepin and Ramsey counties, likely to include the cost of the Riverview corridor transitway development.

State General Obligation Bonds

Historically, the Metropolitan Council has received bond appropriations for transitway development, both for New Starts/Small Starts projects and other transitway projects. This funding has not been very reliable in recent years. (See General Obligation Bond section).

Unmet Need for Metropolitan Area Transit

In 2012, the Governor's Transportation Finance Advisory Committee (TFAC) looked at this issue in detail and concluded that building a competitive regional economy would require approximately \$4.2 billion to \$5.7 billion in new metropolitan area transit revenue over a 20-year period.

For the bus and support system, the region has a vision of expanding service by at least 1% per year or about a 25% increase in service from 2015-2040. This service increase would include new routes and facilities and increased frequency of service and improved facilities on existing routes. It would include growing service to better serve the current population and job base and also meet the needs of the growing population and job base within the region. From 2015 – 2040, growing the bus system by 1% annually could require an additional \$1.8 billion - \$2.2 billion.

Transitways in the Increased Revenue Scenario represent a vision of corridors throughout the region that could be explored with additional revenues. There are currently a number of potential projects in the Increased Revenue Scenario that have completed corridor planning processes but are not able to be funded with current revenues.

In 2018, the metropolitan area transit share of MVST revenues are estimated at \$282 million. From 2015-2040, approximately \$10.3 billion is estimated to be available from the transit MVST revenues.

The state has historically provided a general fund appropriation for transit operating purposes. These revenues are in large part allocated to Metro Mobility operations and for the state's 50% share of transitway operations. For the plan's current revenue forecasts, the state general fund appropriation is assumed to grow to meet the amount needed for these two transit operating purposes. In 2018, the state general fund appropriation for transit operations is approximately \$132 million. From 2015-2040, the total amount of transit revenue from the state general fund is estimated at approximately \$5.0 billion.

Increasing costs, especially for Metro Mobility service and a growing population means that the TFAC estimate for the Metropolitan Area transit funding gap has not changed significantly.

Table Current Revenue Scenario Summary of Funded Investments (Year of Expenditure Dollars)

	2018 Annual	Total 2015-2040 (26 years)
Revenues	\$ 1.277 B	\$ 34.8 B
Bus and Support System Investments		
Operating	\$ 479 M	\$ 17.8 B
Capital	\$ 65 M	\$ 3.6 B
Total Bus and Support System	\$ 544 M	\$ 21.4 B
Regional Solicitation for Transit	\$ 24 M	\$ 750 M
Transitway System Investments		
Operating	\$ 93 M	\$ 5.3 B
Capital	\$ 566 M	\$ 5.6 B
Transitway Projects Capital Detail:		(Included in "Capital" above)
METRO Orange Line Highway BRT	-	\$ 150 M
METRO Green Line Light Rail Extension	-	\$ 1.912 B ¹
METRO Blue Line Light Rail Extension	-	\$ 1.534 B
METRO Gold Line Dedicated BRT	-	\$ 420 M
Rush Line Dedicated BRT	-	\$ 480 M
Penn Ave Arterial BRT	-	\$ 35 M
Locally Designated to Future Projects	-	\$ 1.8 B
Total Transitway System	\$ 659 M	\$ 12.7 B
Total Investments – All Categories	\$ 1.227 B	\$ 34.8 B

	Ongoing/Project Specific	2018 Annual	Total 2015-2040
<u>Transit Revenues</u>			
Motor Vehicle Sales Tax	Ongoing	282M	10.3B
State General Fund/Bonds	Ongoing	132M	5B
Fares	Ongoing	121M	5.2B
Federal Regional Solicitation	Ongoing	24M	750M
Federal Formula (5307, 5340)	Ongoing	112M	3.3B
Fed. Capital Investment Grants (CIG)	Project-Specific	0	2.3B
County Sales Tax	Project-Specific	328M	5.5B
Property Tax and Other	Project-Specific	131M	2.75B
Subtotal Transit Revenues		\$1.13 B	\$35.1 B

<u>Transit - Bus and Support System</u>			
Operations		438M	17.9B
Capital		65M	3.75B
Regional Solicitation		24M	750M
Subtotal Bus and Support System		527M	22.4B
<u>Transit - Transitway System</u>			
Operations		97M	5.5B
Capital		408M	5.5B
Locally designated to future projects		-	1.7B
Subtotal Transitway System		505M	12.7B
Subtotal Transit Expenses		\$1.032B	\$35.1B

State Airports/State Airport Fund

In 1976, the Department of Aeronautics joined the Department of Highways and portions of other state agencies to become the modern-day Minnesota Department of Transportation (MnDOT). MnDOT's vision is that Minnesota's multimodal transportation system maximizes the health of people, the environment, and our economy.

Aeronautics works every day to ensure that Minnesotans reap the benefits of aviation. Today, aviation taxes are deposited into the state airports fund (SAF). The SAF is used to support:

- 140 state-owned navigational systems (VORs, ILSs, AWOS/ASOS, NDBs)
- 135 airports (everything from runways to windsocks as well as operations such as snowplowing)
- Aviation education programs (still working on the next generation of aviators!)
- Safety through licensure and inspections.

Table 3: State Airport Fund: Revenues, Resources Available, and Expenditures (FY 2014 - 2021) (\$ Thousands)					
Year	Carryforward/ Adjustments	Revenues	General Fund Transfers In	Total Resources Available	Expenditures
Actual 2014	6,148	19,991	15,000	41,138	20,312
Actual 2015	21,844	27,028	--	48,872	24,526
Actual 2016	24,988	21,468	--	46,703	29,073
Actual 2017	18,222	24,503	--	43,130	23,908
Forecast 2018	19,222	22,833	--	42,010	36,610
Forecast 2019	5,400	21,400	--	26,842	21,647
Forecast 2020	5,195	21,177	--	26,327	21,347
Forecast 2021	4,980	20,843	--	25,865	21,347
Source: Minnesota Management and Budget Consolidated Fund Statement, March 2018 https://mn.gov/mmb/assets/cfs-feb18fcst_tcm1059-330451.pdf					

Port Development Assistance Program

Minnesota's communities enjoy access to two commercially navigable waterway systems that provide water-based connections to economic marketplaces throughout North America and around the world: The Mississippi River System and the Great Lakes-Saint Lawrence Seaway.

While MnDOT does not directly own or oversee construction, maintenance, or operations of the port or waterway facilities, MnDOT does financially support infrastructure improvement of port authority facilities. Due to the importance of the marine transportation system to the state's economic competitiveness, the Minnesota Legislature provided funding in 1996 to the Port Development Assistance Program (PDAP). This program allows MnDOT to financially support the movement of commodities and passengers on the marine freight system, as well as enhance the commercial vessel construction and repair industry in Minnesota. MnDOT also identifies waterway system needs and coordinates with a variety of stakeholders at local, state and national levels to advance solutions that address these needs. While ports and terminals are still primarily funded by local governments and private sources, PDAP assists with the funding of public ports, providing a maximum state contribution of 80 percent, with a local match of at least 20 percent, for each public port improvement project.

Table 3.2: PDAP Allocations

YEAR	AMOUNT
2001	\$1,000,000
2002	\$0
2003	\$2,000,000
2004	\$0
2005	\$2,000,000
2006	\$3,000,000
2007	\$0
2008	\$500,000
2009	\$3,000,000
2010	\$0
2011	\$3,000,000
2012	\$1,000,000
2013	\$0

Transportation Funding Sources

Options With Constitutional Dedication

Motor Fuel Excise Tax (Gas Tax)

Background: Along with the other 49 states and the District of Columbia, Minnesota collects a state motor fuel tax which is charged on all fuels. The current total tax rate for gasoline and diesel fuel in Minnesota is 28.5 cents per gallon, a number that includes: A base rate of 25 cents plus a 3.5 cent debt service surcharge. The 3.5 cent surcharge is intended to partially cover the debt service for trunk highway bonds that were authorized under 2008 Session Laws, Chapter 152.

Dedication: Minnesota's Constitution dedicates this revenue – requiring that it be deposited in the Highway User Tax Distribution Fund and used solely for highway purposes. The Constitution further requires that the funding be distributed:

- 62% to the Trunk Highway Fund (state highways and bridges)
- 29% to the County State Aid Fund (roads designated by counties)
- 9% to the Municipal State Aid Street Fund (roads designated by cities)

Current Rate: Gasoline excise tax: 25 cents per gallon. Debt Service Surcharge: 3.5 cents per gallon.

Minnesota ranks 28th in the nation at about 47 cents per gallon with state and federal taxes combined. This is below the US average of 52.12 cents per gallon and lower than the fuel tax in a number of neighboring states including Wisconsin, Iowa, South Dakota and Michigan.

In addition to gasoline and diesel fuel, other fuels are also taxed at a rate that is commensurate with the per gallon rate charged on gasoline and diesel. Legislation to increase the fuel tax has typically included a corresponding increase in special fuels.

Special Fuel rates:

Table X: Potential New Revenue from Increasing Tax Rate on Special Fuels			
Special Fuel	Current Tax Rate	FY 2017 Gallons	Add'l Revenue Increasing tax rate to 28.5 cents per gallon
Liquified petroleum (LPG)	Current rate: 18.75¢ per gallon	2,857,858	\$278,641
Compressed natural gas	25¢ per gallon	5,727,486	\$200,462
Liquified natural gas	15¢ per gallon	0	
E-85	20.25¢ per gallon	13,879,123	\$1,145,028
M-85	14.25¢ per gallon		
"Unrefunded" non-highway-use fuels to DNR	\$22 million per year	0	
Underground Petroleum Tank Release Fund	2¢ add'l tax effective 4 months/yr		2 cents raises \$64 million. 4 months is $\frac{1}{3}$ year, so 2 cents for 4 months raises \$21.3 million.

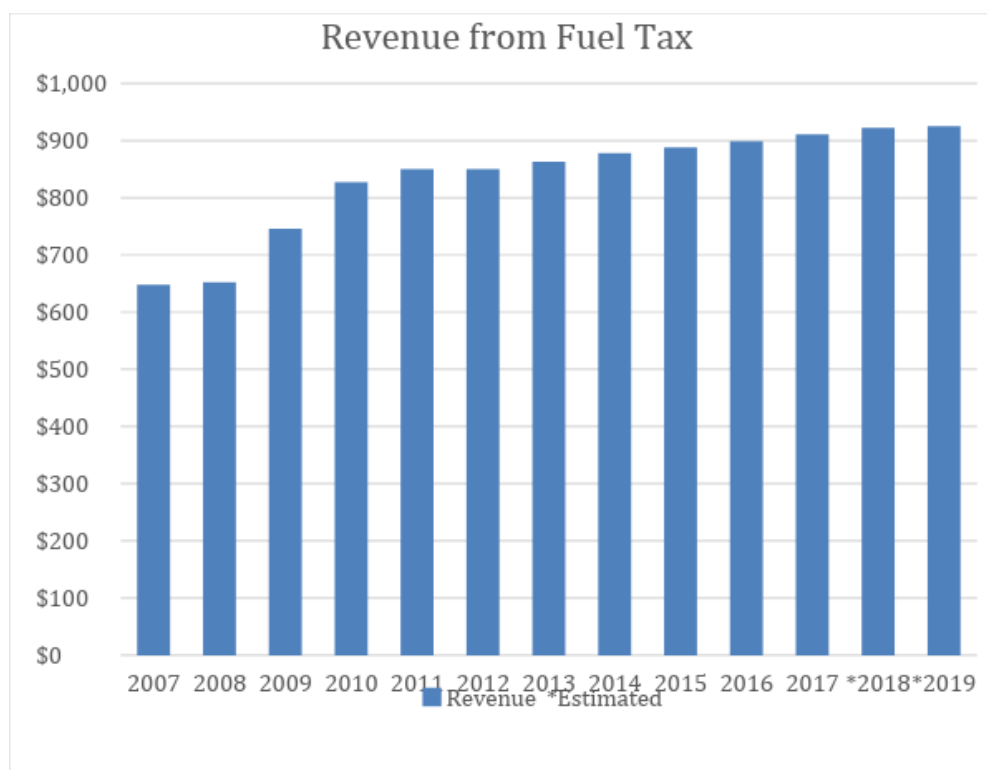
New revenue from increases in special fuels:

Table X: Special Fuels Potential New Revenue					
	Current Rate			Increased Rate: Equivalent to 10-cent Gas Tax Rate Increase (= 35%)	
Fuel	FY 2017 Gallons Sold	Current Rate	Revenue - Current Rate	New Rate	Revenue Increase
E-85	13,879,123	0.2025	\$2,810,522	0.2734	\$983,683
Liquid Propane Gas (LPG)	2,857,858	0.2135	\$610,153	0.2882	\$213,553
Compressed Natural Gas	5,727,486	0.25	\$1,431,872	0.3375	\$501,155

Administrative Cost: Collection of the fuel tax occurs at the wholesale level from 435 fuel distributors and is extremely cost-effective. About 1-2% of the revenue collected is used for administrative purposes.

Recent History

Contrary to some reports, revenue from the fuel tax has not been declining in Minnesota and still accounts for the largest share of highway funding at 43%.



Evaluation:

	High	Medium	Low
Revenue Generation	X		
Cost to Collect			X
Dedication	X		
Political Support		X	

Gas Tax Rate Indexing (2.0% annual adjustment-CPI projection)

Background: Rather than relying on infrequent statutory increases, indexing the tax rate to the Consumer Price Index or a similar index would generate new revenues each year to offset inflationary cost increases.

Today, 20 states and the District of Columbia impose a variable rate tax on motor fuels. A variable-rate gasoline tax is a tax which adjusts the cents-per-gallon charge at the pump based off of the wholesale price of gasoline, general economic inflation, or a combination of the two.

Dedication: Revenue generated by indexing the motor fuel tax would be subject to the same Constitutional dedication as the current fuel tax. The revenue would be deposited in the Highway User Tax Distribution Fund and used solely for highway purposes.

Current Rate: No current indexing provision in law. 2.0% rate is the actual rate of increase from the second half of 2016 to the 2nd half of 2017. Estimated revenue increase assumes indexing only on fuels taxed at 28.5 cents, not special fuels.

Potential New Revenue: Each 1% of Consumer Price Index increase generates ≈ \$9 million. 2% CPI growth generates ≈ \$18 million.

Administrative Cost: Collection of the fuel tax occurs at the wholesale level from 435 fuel distributors and is extremely cost-effective.

Evaluation:

	High	Medium	Low
Revenue Generation			X
Cost to Collect			X
Dedication	X		
Political Support		X	

Sales Tax on Motor Fuels

Background: Petroleum products taxed under the motor fuels excise taxes in Minnesota Statutes, Chapter 296A, are exempt from the sales and use tax. This exemption applies to gasoline and special fuel for highway, aviation, marine, snowmobile, or all-terrain vehicle use.

As vehicles have become more fuel efficient, concerns have been raised about the sustainability of the fuel tax since it is charged on a per gallon basis and is therefore dependent on increasing amounts of fuel being sold. A sales tax on fuel would grow as the price of fuel increases.

Dedication: Revenues from the state general sales tax are deposited into the state General Fund and are not dedicated to any specific purpose. If fuels were taxed under the general sales tax, some kind of dedication would be needed to ensure the additional revenue were used for transportation purposes.

Current Rate: Motor fuels are taxed under the state's motor fuels excise tax (the "gas tax") and are exempt from the 6.5% state sales tax rate.

Potential New Revenue: The Minnesota Tax Expenditure Budget published by the Minnesota Department of Revenue every odd-numbered year identifies the foregone general sales tax revenue from the sale of motor fuel in Minnesota because it is not subject to that state sales tax.

Table X: Potential New Revenue if the State Sales Tax of 6.5% Applied to Motor Fuels			
2018	2019	2020	2021
\$559.8 M	\$592.6 M	\$616.0 M	\$636.1 M
Source: State of Minnesota Tax Expenditure Budget Fiscal Years 2018 - 2021 http://www.revenue.state.mn.us/research_stats/research_reports/2018_tax_expenditure_links.pdf			

The legislature could establish a different sales tax rate for motor fuels, for example the rate could be set at an amount that would generate the same amount of revenue as a 10-cent gas tax increase, which would raise \$320 million. To generate that amount, a sales tax rate of 3.7% would be required.

Sales tax revenue grows with inflation because it is charged as a percentage of the purchase price. In 2015, legislation was passed by the Minnesota Senate establishing a gross-receipts tax on fuel of 6.5%. A gross-receipts tax would fall under the requirement in the Minnesota Constitution that any revenue collected on the sale of fuel has to be deposited in the Highway User Tax Distribution Fund. The proposed gross-receipts tax was estimated to generate \$479,500,000 in FY201 and \$480,100,000 in FY2019.

Cost to Collect: The state revenue department is well equipped to administer sales taxes in the state, so collection and administrative costs would be low.

Evaluation:

	High	Medium	Low
Revenue Generation	X		
Cost to Collect			X
Dedication	X		
Political Support		X	

Motor Vehicle Registration Tax (Tab Fees)

Background: Revenue collected on passenger vehicles comprises about 80 percent of the total revenue from registration taxes, based on the value and age of the vehicle. The remaining revenue is provided primarily by taxes on commercial vehicles, such as trucks and buses.

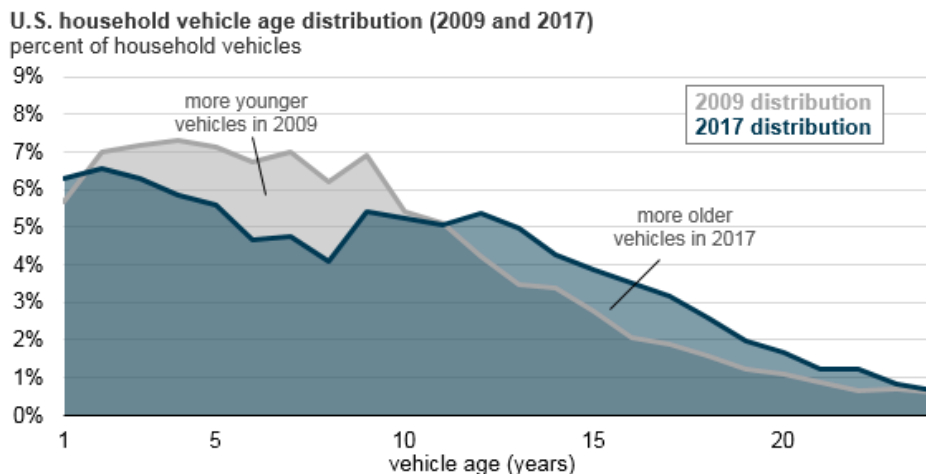
Dedication: Minnesota's Constitution dedicates this revenue – requiring that it be deposited in the Highway User Tax Distribution Fund and used solely for highway purposes. The Constitution further requires that the funding be distributed:

- 62% to the Trunk Highway Fund (state highways and bridges)
- 29% to the County State Aid Fund (roads designated by counties)
- 9% to the Municipal State Aid Street Fund (roads designated by cities)

Current Rate: The registration tax is \$10 plus an additional tax equal to 1.25 percent of the base value. The amount is then depreciated according to a statutory schedule to take into account the declining value as vehicles age.

The 1.25% tax must be computed upon a percentage of the base value as follows: during the first year of vehicle life, 100 percent of the base value; for the second year, 90 percent of such value; for the third year, 80 percent of such value; for the fourth year, 70 percent of such value; for the fifth year, 60 percent of such value; for the sixth year, 50 percent of such value; for the seventh year, 40 percent of such value; for the eighth year, 30 percent of such value; for the ninth year, 20 percent of such value; for the tenth year, ten percent of such value; for the 11th and each succeeding year, the sum of \$25.

With the current rate, vehicles over 10 years old pay a flat \$35 per year total fee which has not been increased since 1983.



Proposals from 2016:

- Increase minimum tax from \$35 to \$40: generates ≈ \$ 36 million/year
- Change depreciation schedule to reduce revenue 5%: generates ≈ \$150 million/year
- Increase tax rate from 1.25% to 1.5%: generates \$140 million/year

In 2017, the legislature added a \$75 annual fee on all-electric vehicles to be included in the annual registration tax and therefore deposited in the Highway User Tax Distribution Fund. The fee is designed to provide some additional revenue given the fact that all-electric vehicles do not pay the motor fuel tax. This method of collecting the fees is much more cost-effective than trying to collect a charge based on electricity use and provides constitutionally protected dollars for roads and bridges.

To put the \$75 per vehicle annual fee on electrical vehicles in context, the average gasoline powered vehicle pays just under \$150 per year in gas taxes. (Based on average of 12,000 miles traveled per year and average of 22 miles per gallon at 28.5 cents gas tax rate.)

Potential New Revenue: Increase electric vehicle fee from \$75 per year to \$150 per year: **\$450,000.**

This source, A “Minnesota Electric Vehicle Fact Sheet” published by the Minnesota Department of Commerce and dated March 2018 reports that there are currently about 6,000 all-electric vehicles registered in Minnesota, and that number is steadily increasing.

Cost to Collect: The Minnesota Department of Public Safety currently administers the existing \$75 fee on electric vehicles. Increasing the tax would create no additional burden on the state’s administration or collection costs.

Evaluation:

	High	Medium	Low
Revenue Generation		X	
Cost to Collect			X
Dedication	X		
Political Support		X	

Motor Vehicle Sales Tax - Half-cent Increase (MVST)

Background: The sale of motor vehicles is exempt from the general sales tax. Instead, most vehicles are subject to a 6.5 percent motor vehicle sales tax. This includes sales by car dealers and private individuals.

Dedication: Minnesota voters decided to Constitutionally dedicate the motor vehicle sales tax revenue to transit and highway purposes through passage of an amendment in 2006. Minnesota’s Constitution requires:

“Not more than 60 percent must be deposited in the highway user tax distribution fund, and not less than 40 percent must be deposited in a fund dedicated solely to public transit assistance as defined by law.”

Current Rate: 6.5% of the price of a motor vehicle.

Potential New Revenue: Based on the actual FY 2017 MVST revenue of \$754.284 million, an increase of the MVST from 6.5% to 6.87% would generate an additional \$26 million annually for highways and \$18 million for transit. An increase of a half-cent to 7% would generate \$35 million each year for highways and \$23 million for transit.

Cost to Collect: The motor vehicle sales tax is collected by the Department of Revenue from dealers and individual sellers. Increasing the tax would not result in greater administrative or collection costs.

Evaluation:

	High	Medium	Low
Revenue Generation			X
Cost to Collect			X
Dedication	X		
Political Support			X

Statutorily Dedicated Current Taxes

Dedication of Sales Tax on Leases and Rentals

Sales Tax on Leased Vehicles

Background: The 2006 constitutional amendment dedicating the sales tax on motor vehicles, neglected to include motor vehicles that are leased rather than purchased. Given the clear support from voters for directing revenue from motor vehicle sales to transportation, is it safe to assume the public would include revenue from leased vehicles in that dedication. Starting in 2008, the legislature directed that the revenue from the sales tax on leased vehicles be directed to transportation purposes after subtracting the first \$32 million collected to support a fuel tax rebate program for low-income households. This rebate was later repealed and no longer exists. The revenue remaining after subtracting the first \$32 million was to be split 50/50 between Greater Minnesota Transit and county state aid funds for 5 of the 7 Twin Cities Metropolitan Area counties (excluding Hennepin and Ramsey).

In 2017, as part of the transportation budget bill (Laws of 2017, First Special Session, Chapter 3) the legislature removed the requirement that the first \$32 million in revenue collected be deposited in the general fund. The full amount of revenue collected from the sales tax on leased vehicles (FY2018 \$94.5 million) will now be used for transportation purposes with the following distribution:

- (1) 38 percent to the county state-aid highway fund: 2018 - \$35.91M
- (2) 38 percent to the greater Minnesota transit account: 2018 - \$35.91M
- (3) 13 percent to the Minnesota state transportation fund (Local Bridge Fund): 2018 - \$12.285M
- (4) 11 percent to the highway user tax distribution fund: 2018 - \$10.395M

Dedication: Current law provides a statutory dedication of this revenue to transportation purposes.

Current Rate: 6.87% (6.5% directed to transportation and the remaining revenue to Legacy Amendment purposes)

Potential New Revenue: If increased to 7% - \$3.6 million

Cost to Collect: No additional cost to collect a higher tax rate.

Tax on Rental Vehicles

Background: A rental motor vehicle tax is imposed on the lease or rental in this state for not more than 28 days of a passenger automobiles, vans and pickup trucks. The rate of tax is 9.2 percent of the sales price. The tax applies whether or not the vehicle is licensed in the state. In addition, another 6.5% tax on rental vehicles is collected. The transportation budget bill passed in 2017 directed these taxes to the Highway User Tax Distribution Fund beginning after July 1, 2017.

Dedication: Current law provides a statutory dedication of this revenue to transportation purposes.

Current Rate: 9.2% - FY2018 \$24.4 million 6.5% - FY2018 \$17.2 million

Potential New Revenue: Increasing the tax rate would generate a small amount of additional income.

Cost to Collect: No additional cost to collect a higher tax rate.

Evaluation:

	High	Medium	Low
Revenue Generation			X
Cost to Collect			X
Dedication		X	
Political Support			X

Dedication of Sales Tax on Motor Vehicle Repair Parts

Background: In 2017, as part of the transportation budget bill (Laws of 2017, First Special Session, Chapter 3) the legislature statutorily dedicated a portion of the sales tax currently collected on motor vehicle repair parts.

Starting after July 1, 2017, the Department of Revenue will estimate the amount of total sales tax revenue attributable to the sale of motor vehicle repair parts. That amount is to be deposited monthly into the Highway User Tax Distribution Fund, except that for the time period of July 1, 2017 to June 30, 2019, the monthly deposit amount is \$2,628,000. In each subsequent fiscal year, the monthly deposit amount is \$12,137,000 or \$145 million per year. The estimate of the total amount per year attributable to the sale of motor vehicle repair parts is approximately \$260 million starting in FY2019 and increasing to \$278.4 million by FY2022.

Motor vehicle repair and replacement parts includes all parts, tires, accessories, and equipment incorporated into or affixed to the motor vehicle as part of the motor vehicle maintenance and repair, and paint, oil, and other fluids that remain on or in the motor vehicle as part of the motor vehicle maintenance or repair.

Legislation to fully dedicate all of the sales tax revenue currently collected that is attributable to the sale of motor vehicle repair parts through a constitutional amendment with the revenue to be deposited in the Highway User Tax Distribution Fund was introduced in the 2018 Legislative Session.

Dedication: Current law provides a statutory dedication of \$145 million each year from this revenue source to the Highway User Tax Distribution Fund.

Current Rate: These revenue sources are a component of the state sales tax base and are taxed at a rate of 6.87%.

Potential New Revenue: Dedicating 100% of the revenue currently collected on motor vehicle repair parts would provide an additional \$133.4 million per year which will grow into the future as the price of vehicle repair parts increases.

Expansion of the Sales Tax to additional parts and services

Background: Under current law, some automotive repair and maintenance purchases are taxed and some are not. Expanding the tax to currently exempt purchases would generate additional revenue for the Highway User Tax Distribution Fund if the tax were fully dedicated.

Dedication: If the current tax were applied more broadly, the additional revenue would be deposited in the general fund unless the statutory dedication to the HUTDF was increased.

Potential New Revenue: Table 3 is the Department of Revenue's estimate of revenue from expanding the auto repair services tax and dedicating it to the Highway User Fund.

Table X: Tax Expenditure - Automotive Repair (\$millions)				
	2018	2019	2020	2021
Automotive Repair and Maintenance: Consumer and Business Purchases	170.2M	178.5M	185.8M	192.9M
Source: Source: Feb 2018; Minnesota Department of Revenue Tax Expenditure Budget. http://www.revenue.state.mn.us/research_stats/research_reports/2018_tax_expenditure_link_s.pdf				

Cost to Collect: The state Department of Revenue administers the existing state sales tax and is well equipped to administer the collection costs of expanding the base to include motor vehicle repair parts.

Evaluation:

	High	Medium	Low
Revenue Generation		X	
Cost to Collect			X
Dedication	X		
Political Support		X	

Oversize/overweight Permit Fees & Commercial Vehicle Inspection Fees

Background: The Commercial Vehicle Operations Section of MnDOT's OFCVO administers OSOW permits for trucks traveling on the trunk highway system in the state. In Minnesota, individual counties are responsible for permitting loads on their county road networks. Generally, loads that exceed a width of 8 feet 6 inches, a height of 13 feet 6 inches, a length of 75 feet zero inches, and a gross vehicle weight of 80,000 pounds require a permit. A common issue in Minnesota and most other states is that the number of enforcement staff at the state and local level trained in commercial vehicle operations is insufficient to reliably enforce the OSOW permitting program.

Dedication: Funds are deposited into the Trunk Highway Fund.

Current Revenue: Oversize/overweight permits generate about \$5 million annually in revenue.

General State Taxes

Expanding the General Sales Tax Base

Background: The Minnesota general sales and use tax was enacted in 1967 and became effective on August 1, 1967, at a rate of 3%. Today, the General Fund Sales Tax rate is 6.5%, enacted in 1991. (In 2008, a constitutional amendment was adopted which increased the rate by 0.375% to 6.875%, effective from July 1, 2009, to June 30, 2034, but these revenues are not deposited in the General Fund, instead they are dedicated to four funds for natural resources and the arts.) The tax base for the sales tax has been changed in nearly every legislative session, with exemptions added and others repealed.

Dedication: Revenue from the state general sales tax is currently deposited in the state general fund and is not dedicated for any specific purpose. Additional general fund revenue from the general sales tax could be directed to transportation purposes.

Current Rate: 6.5% (additional sales tax is constitutionally dedicated per Legacy Amendment)

Potential New Revenue: The biennial Minnesota Tax Expenditure budget prepared by the Minnesota Department of Revenue identifies over 40 different tax expenditures that reduce the state's sales tax base. For a variety of reasons - including potential political implications and potential additional revenue - some sales tax exemptions are more frequently targeted for potential repeal or partial repeal than others.

One example of an existing sales tax exemption that has been the subject of proposals in recent years to repeal or reduce the exemption is the sales tax on clothing. The 2018 Tax Expenditure Budget reports that the sales tax exemption on "clothing and wearing apparel" is estimated at \$389 million in 2018.

A bill proposed in 2013 would have imposed the sales tax on articles of clothing above a certain threshold, and offset the additional tax collections with a tax credit for lower income taxpayers, or by reducing the overall sales tax rate.

Table X: Tax Expenditures for Sales Tax Exemption for Clothing			
2018	2019	2020	2121
\$389 M	\$407 M	\$424 M	\$440 M

Cost to Collect: Relatively low cost to collect the existing sales tax on items currently exempt.

Evaluation:

	High	Medium	Low
Revenue Generation	X		
Cost to Collect			X
Dedication			X
Political Support		X	

General Fund Appropriations to Transportation

Background: The legislature has provided appropriations from the state general fund to support various modes of transportation for many decades.

An annual appropriation from the general fund has been an important component of transit funding for decades. Some funding has been provided from the general fund for local roads and bridges as well as ports and waterway projects receiving general fund cash from time to time to cover costs that are not bond eligible. Other expenses that have been covered with general fund dollars include various studies of transportation projects, and utility relocations.

During the 2000 Legislative Session, the legislature passed legislation (Chapter 479) that appropriated \$364 million from the general fund for transportation purposes including state road construction, local roads and bridges and transit purposes. This one-time transfer did not become part of the regular budget.

Dedication: Appropriations from the state's general fund are not dedicated and vary with each budget bill. To the extent that general fund appropriations become part of the base budget, they become more or less stable.

Current Levels: The two-year transportation budget bill passed in 2017 (Chapter 3) includes total spending of \$339,494,000 from the general fund.

Potential New Revenue: The legislature can decide to appropriate higher levels of funding for transportation budgets to decrease the funding gap for roads, bridges, transit, rail, ports and waterways or any other purpose. The only prohibition is on using general obligation bond proceeds on trunk highways.

Cost to Collect: Funds deposited into the general fund include state income tax, sales tax and statewide property tax dollars which are already being collected. Increasing the rate on any of these would not increase collection costs.

Evaluation

	High	Medium	Low
Revenue Generation		X	
Cost to Collect			X
Dedication			X
Political Support		X	

General Fund – Sales Tax on Internet Sales

Background: In July of 2018, the US Supreme Court overruled previous decisions on the collection of sales tax that had set a policy that if a business was shipping a customer's purchase to a state where the business didn't have a physical presence such as a warehouse or office, the business didn't have to collect sales tax for the state. The Minnesota Department of Revenue is requiring online sellers operating out of state to start collecting state sales taxes by October 1, 2018.

Dedication: State sales tax revenue collected on most items is deposited in the general fund and is not dedicated to any particular purpose.

Current Levels: The current state sales tax rate is 6.5%.

Potential New Revenue: The U.S. Government Accountability Office estimates Minnesota could take in between \$132 million and \$206 million in additional revenue annually.

In light of the new Supreme Court decision on collecting sales tax on online purchases, at least two states are considering dedicating revenue from this additional sales tax to transportation purposes.

In Michigan, the administration of Gov. Rick Snyder is recommending the more than \$200 million in extra revenue be spent on fixing roads. The state expects the imposition of the state sales tax on online purchases will boost state revenues by \$203 million in the 2019 fiscal year, with that amount increasing to \$248 million by 2021. The \$200 million-plus going to roads from the sales tax would be in addition to the \$300 million for roads committed from the general fund, once a 2015 road funding package is fully phased in.

During a special session called by Governor Phil Bryant to deal with transportation funding, the Mississippi Legislature passed House Bill 1 which would divert 35 percent of the state's current tax on internet and catalog

sales to cities, counties and a local system bridge program, an amount House leaders say will be worth \$110 million a year when fully implemented in 2022. Counties and cities would be able to get the money as long as they don't decrease the amount they're currently spending.

Cost to Collect: The Department of Revenue will enforce the collection of sales tax from online purchases.

Evaluation

	High	Medium	Low
Revenue Generation		X	
Cost to Collect			X
Dedication		X	
Political Support		X	

Tax Revenue from Sports Betting

Background: The Supreme Court ruled in May, 2018 to strike down the Professional and Amateur Sports Protection Act. The move allows any state to legalize and regulate sports gambling, including Minnesota. Draft legislation floated toward the end of the 2018 Legislative session included a requirement for licensing and the imposition of an excise tax of 1% on each wager made in the state and accepted by a sports pool operator. The excise tax is in lieu of other taxes.

Legislation passed in the state of Mississippi includes using newly legalized casino sports betting taxes for infrastructure. Lawmakers said this is likely to be a relatively small amount, and cannot yet be determined.

Dedication: At this point in time no discussion of dedicating additional revenue derived from legalizing sports betting has been discussed. Dedicating some or all of the funding to transportation purposes is a possibility.

Current Levels: None.

Potential New Revenue: Eilers & Krejcik Gaming LLC, a research firm that specializes in gambling, released a report last year on the possibility of legal sports betting and its impact across the country. The report estimated that Minnesota could make \$128 million in revenue on sports betting per year if it happened strictly in places like casinos. The number more than doubles if people are legally placing bets on the internet.

Cost to Collect: Depending on how the wagering is structured, the cost to collect could vary from using the existing state lottery to establishing a new agency to oversee and collect any tax revenue.

Evaluation

	High	Medium	Low
Revenue Generation		X	
Cost to Collect		X	
Dedication			X
Political Support	X		

Payroll Tax

Background: Some states and metropolitan areas use a payroll tax on either employers or employees in a certain jurisdiction to pay for transportation infrastructure and services.

The most recent example is a new payroll tax passed in the State of Oregon. Oregon employees will see a new tax withholding on pay stubs received after July 1. Oregon's statewide transit tax is 1/10 of 1 percent (.001) of wages earned — or \$1 per \$1,000 in wages. The tax was part of House Bill 2017 from the 2017 Legislative Session, also known as the "transportation package." Revenue from the statewide transit tax will go to finance investments in and improvements to public transportation throughout Oregon, except for those involving light rail. The average employee will contribute less than \$1 per week to generate \$115 million per year for better public transportation.

In New York, the Metropolitan Commuter Transportation Mobility Tax (MCTMT) is a tax imposed on certain employers and self-employed individuals doing business within the metropolitan commuter transportation district (MCTD). The tax has colloquially been given the name "the MTA Tax" because the money is used for the MTA department and only the counties that benefit from the infrastructure—railroads, ferries, bridges, tunnels, subways, etc.—are included in contribution. This MCTMT is assessed based on the employer's total payroll expense that an employer has or a certain amount of net income that a self-employed individual generates. The maximum MCTMT rate is 0.34%.

Dedication: The revenue would be deposited in the state general fund and would need to be dedicated to transportation purposes.

Current Levels: Minnesota does not have a payroll tax and has not had one for years. (For a short period in the 1970s, Minnesota had an "employer excise" tax that was something like the Oregon payroll tax. It was imposed in 1973 and repealed in 1978. The tax equaled 0.2% of gross wages paid by employers over an exemption of \$100k.)

Potential New Revenue: The 2015 wage amount for Minnesota returns (i.e., those with Minnesota addresses) suggests that a 0.1% payroll tax would raise somewhere between \$130 million to \$145 million annually.

Cost to Collect: A payroll tax on employees would be collected for the state by employers withholding it from wages. A payroll tax on employers would be collected as businesses file their tax returns.

Evaluation

	High	Medium	Low
Revenue Generation		X	
Cost to Collect			X
Dedication		X	
Political Support		X	

New State Transportation Fees

Drivers' License Fees

Background: One means of raising user-based funding would be to simply assess a fee dedicated for transportation purposes on licensed drivers. Drivers' licenses must be renewed every four years.

Dedication: A statutory dedication could be passed to direct additional revenue to transportation purposes.

Current Rate: None

Potential New Revenue: Using the most recent count of registered drivers in Minnesota (2016), a fee of \$5 per registered driver per year would generate an estimated \$16.9 million.

Source: Minnesota Licensed drivers in 2016, 3.378 million, FHWA Highway Statistics Series

Evaluation:

	High	Medium	Low
Revenue Generation			X
Cost to Collect			X
Dedication		X	
Political Support		X	

Motor Vehicle Title Transfer Fee

Background: Legislation passed by the Minnesota Senate in 2015 included a surcharge of \$10 on the initial registration and each subsequent transfer of title within the state. The Commissioner of Transportation was required to deposit 50 percent of the revenue in the small city streets and bridges account and 50 percent in the larger city streets and bridges account.

Dedication: As proposed in HF4, in 2015, revenue from the surcharge would have been statutorily dedicated.

Current Levels: This surcharge is not currently collected.

Potential New Revenue: The revenue estimated by fiscal staff in 2015 was approximately \$12 million per year.

Cost to Collect: A motor vehicle transfer fee is currently being collected so an additional surcharge of \$10 would not add any additional cost for the collection.

Evaluation :

	High	Medium	Low
Revenue Generation			X
Cost to Collect			X
Dedication		X	

Political Support		X	

Motor Vehicle Registration Renewal Fee

Background: Legislation passed by the Minnesota Senate in 2015 included a surcharge of \$10 on every vehicle registration renewal. The additional revenue from the \$10 surcharge was to be deposited: 50 percent in the small city streets and bridges account and 50 percent in the larger city streets and bridges account.

Dedication: As proposed in HF4, in 2015, revenue from the surcharge would have been statutorily dedicated.

Current Levels: This surcharge is currently not collected.

Potential New Revenue: The revenue estimated by fiscal staff in 2015 was approximately \$45 million per year.

Cost to Collect: A motor vehicle filing fee on vehicle registration renewals is currently being collected so an additional surcharge of \$10 would not add any additional cost for the collection.

Evaluation

	High	Medium	Low
Revenue Generation			X
Cost to Collect			X
Dedication		X	
Political Support		X	

Mileage Based User Fee

Background: A mileage-based user fee is a fee charged to drivers based on the number of miles driven. This type of fee has been suggested as an alternative or supplement to the current motor fuel tax which is charged on a per gallon basis. A mileage-based fee would more accurately charge users of the system for their use of the roadways.

As motor vehicles achieve higher levels of fuel efficiency and use fuels like electricity which are not taxed at a commensurate rate as gasoline or diesel, less revenue will be available from the fuel tax.

In 2007 Minnesota legislature approved a \$5,000,000 project in order to demonstrate technologies which will allow for the future replacement of the gas tax with a fuel-neutral mileage charge. The Minnesota Department of Transportation (MnDOT) organized a study to examine the implementation and operation of a mileage based user fee program (MBUF), which might allow for the supplementation or replacement of traditional gas taxes. The primary objectives of the study were to: assess the feasibility of using consumer devices for implementing Connected Vehicle and MBUF applications. These applications included localized in-vehicle signing for improving safety, especially for rural areas, and the demonstration of the proposed Connected

Vehicle approach for providing location-specific traveler information and collecting vehicle probe data. The study consisted of 500 voluntary participants, equipped with an in-vehicle system comprised of entirely commercially available components, primarily a smartphone using an application capable of tracking participant vehicle trips. Successfully meeting its primary objectives, the system was capable of assigning variable mileage fees determined by user location or time of day, as well as presenting in-vehicle safety notifications which had measurable effects on the participants driving habits.

the fee structure used in the test included a rate of \$0.03 per mile for travel that is both during peak hours and in the predefined “Metro Zone” and \$0.01 per mile for all other travel.

In total, the test included collection of over 660 million trip data points and nearly 4 million miles representing data on nearly 500,000 trips across a total of 478 participants who completed all test activities; generation of 2,750 invoices, resulting in collection of over \$32,000 in simulated fees and collection of input from participants including 1,411 survey responses, 423 one-on-one telephone interviews, and 6 focus groups representing the viewpoints of 63 participants.

In conjunction with the pilot program involving volunteers, MnDOT convened a Mileage Based User Fee Task Force which developed a report with recommendations in December of 2011. The Task Force concluded:

The Task Force believes that before Minnesota moves forward with any MBUF system, MnDOT, in conjunction with local road authorities, should conduct a detailed technical analysis of MBUF to evaluate the types of issues, concerns and design options discussed in this report.

Such a study should be guided by clear MBUF implementation objectives as well as by the following general parameters:

a. Fees should be set at a level sufficient to fund an adequate roadway transportation system for all of Minnesota.

b. Revenues from MBUF should be constitutionally dedicated for roadway transportation system purposes and not directed for general fund use.

c. MBUF system administration and operating costs should be kept as low as possible without compromising system effectiveness.

d. Rates should reflect the relative cost and benefit that different vehicles and users have on the roadway transportation system and the environment. Fee levels should take into account other fees levied on users.

e. Fees established under an MBUF system should clearly disclose the fee amounts paid by users in a way that is transparent.

f. The entity in charge of setting up the MBUF rate structure should be accountable to the public and elected officials.

g. Any MBUF system should be designed in a way that protects user privacy.

h. Any initial MBUF system, if implemented, should start out simply, and phase-in additional features and value-added services to users and the transportation system over time.

Dedication: Revenue from a mileage-based user fee would not fit the current constitutional dedications and therefore would not have to be deposited in the Highway User Tax Distribution Fund.

Potential new revenue: With approximately 4 million licensed drivers driving an average of 12,000 miles per year, a charge of \$0.02 per mile would generate about \$960 million in revenue. If this fee were in addition to the current fuel tax, the amount would be additional revenue. If the fee were to replace the fuel tax, the additional revenue would be \$38.7 million annually.

Cost to Collect: Unlike the fuel tax which is collected at the wholesale level from fuel distributors, a mileage-based user fee would be collected from vehicle owners – roughly 4 million people or entities in the state. Collecting and enforcing payment of the fee could cost 20-30% of the total revenue generated.

Other States: States across the country are conducting or planning pilot programs as a proof-of-concept for road usage charges. Furthest along is Oregon with the permanent, but voluntary, OReGo program which is the only program to implement actual financial transactions. California recently completed that nation's largest pilot in which a theoretical road charge was levied. At least 10 states since 2013 that have passed legislation to study RUCs and many more have examined the feasibility of such a mechanism without official legislation.

The Oregon Legislature enacted [HB 2017 \(2017\)](#) which, in part, made changes to the state's OReGo program. Specifically, the per-mile rate increased to 1.7 cents (up from 1.5 cents) to reflect the increase in the state motor fuels tax included in the bill. The per-mile rate will grow to 1.9 cents by 2022 to reflect future scheduled increases in the motor fuels tax. Further, the bill includes a provision allowing electric vehicles (EVs) enrolled in OReGO to avoid a new enhanced registration fee (\$110) levied on EVs, although the drivers will still be charged the standard vehicle registration fee.

On April 13, 2018, U.S. Department of Transportation's Federal Highway Administration issued a notice of funding opportunity for \$20 million in competitive grants under the Surface Transportation System Funding Alternatives Program (STSFA). The STSFA, established by Congress in the 2015 Fast Act, provides for \$95 million in competitive grants over five years (through 2020) to help state departments of transportation "demonstrate user-based alternative revenue mechanisms that utilize a use fee structure to maintain the long-term solvency of the federal Highway Trust Fund." The grants will provide up to 50 percent of a project's funding and require at least 50 percent of funding to come from non-federal sources. In 2017 and 2016, STSFA grants were awarded of \$15.5 million (to six states) and \$14.2 million (to seven states) respectively. Minnesota received \$300,000 in federal funds to test the use of Mobility-as-a-Service providers (MaaS) as the revenue collection mechanism.

The US General Accounting Office published a study in 2013 that found:

"Mileage fees for passenger vehicles, however, continue to face significant public concerns related to privacy as well as cost challenges. Privacy concerns are particularly acute when Global Positioning System (GPS) units are used to track the location of passenger vehicles. Reliable cost estimates for mileage fee systems are not available, but implementing a system to collect fees from 230 million U.S. passenger vehicles is likely to greatly exceed the costs of collecting fuel taxes. Commercial truck user fee systems in Germany and New Zealand have achieved substantial revenues and benefits such as reduced road damage and emissions with fewer privacy concerns, but ensuring compliance in a cost effective manner presents trade-offs. Few commercial truck mileage fee pilots have been conducted in the United States, but efforts in two states suggest such fees pose fewer privacy and cost challenges than passenger vehicle fees.

"Mileage fee rates could be set to replace or supplement current Highway Trust Fund revenues. GAO calculated average mileage fee rates for passenger vehicles and commercial trucks needed to meet three federal revenue targets ranging from \$34 billion (replace current federal fuel tax revenues) to \$78 billion (increase spending to maintain existing system conditions and performance). To meet these targets, drivers of passenger vehicles with average fuel efficiency would pay \$108 to \$248 per year in mileage fees compared to the \$96 these drivers currently pay in federal gasoline tax.

Evaluation: *Additional revenue is high if the current fuel tax remains in place.

	High	Medium	Low
Revenue Generation	X		
Cost to Collect	X		
Dedication		X	
Political Support			X

Fees on Transportation Network Services

Sometimes known as a mobility service provider (MSP), is an organization that pairs passengers via websites and mobile apps with drivers who provide such services. Transportation network companies are examples of the sharing economy and shared mobility. Transportation network companies (TNCs) include Uber, Lyft, and other companies that organize rides for people.

Today, seven major cities and 12 states have some type of fee or tax on TNC trips.

TNCs generally support taxes on their services as long as they are part of broader transportation initiatives. They have lobbied in support of congestion pricing, fuel tax indexing, toll increases, and ride-pooling incentives across the country.

Taxes and Fees Levied on TNCs (as of July 2018)

Location		TNC Tax/Fee	When Enacted or Implemented	Disposition of Funds
U.S.	Chicago, IL	\$0.67 per trip	January 2018	\$0.02 to Business Affairs and Consumer Protection \$0.10 to vehicle accessibility fund \$0.55 to city general fund
	New Orleans, LA	\$0.50 per trip originating inside the parish	April 2015	100% to Department of Safety and Permits
	New York, NY	8.875% of total fare	2014	51% to city general fund 45% to state general fund 4% to Metropolitan Transportation Authority
		\$2.75 per trip or \$0.75 per rider if pooled	January 2019	100% to Metropolitan Transportation Authority
	Philadelphia, PA	1.4% of total fare of trips originating inside the city	November 2016	By Pennsylvania state law: 66.67% to city public schools 33.33% to city parking authority
	Portland, OR	\$0.50 per trip	December 2015	100% to Bureau of Transportation
	Seattle, WA	\$0.24 per trip on rides originating inside the city	July 2014	\$0.14 to Department of Finance and Administrative Services \$0.10 to Wheelchair Accessible Services Fund

	Washington, D.C.	6% of total fare	October 2018	17% to Department of For-Hire Vehicles 83% to Washington Metropolitan Area Transit Authority
States	Alabama	1% of total fare	February 2018	50% to Public Service Commission regulator 50% to trip-originating cities and counties
	California	0.33% of total TNC revenue	September 2013	100% to California Public Utilities Commission Transportation Reimbursement Account
	Connecticut	\$0.25 per trip	January 2018	General fund
	Hawaii	4% of total fare	January 2018	General fund
	Maryland	State law allows individual counties and municipalities to impose their own per-trip assessments up to \$0.25	July 2015	100% to State Transportation Network Assessment Fund Cities assessing maximum \$0.25: Ocean City, Annapolis, Frederick, Brunswick, Baltimore Counties assessing maximum \$0.25: Montgomery, Prince George's
	Massachusetts	\$0.20 per trip	August 2016	50% to trip-originating cities infrastructure 25% to taxi industry assistance 25% to Commonwealth Transportation Fund
	Nevada	3% of total fare	May 2015	100% to State Highway Fund up to \$5 million in a two-year period, then deposits into State General Fund
	New York	4% of total fare on trips originating outside NYC	June 2017	100% to state general fund
		2.5% of total fare	2014	100% to Black Car Fund workers' compensation insurance
	Rhode Island	7% of total fare	July 2016	General fund
	South Carolina	1% assessment on total fare	June 2015	1% to Office of Regulatory Staff 99% to State Treasury Trust and Agency Fund
	South Dakota	4.5% of total fare	October 2017	General fund
	Wyoming	4% of total fare	March 2017	69% to state general fund 31% to local governments

**Note: This table was updated to include Connecticut and Wyoming on July 25, 2018.*

Eno Center for Transportation

Chicago's new 15-cent fee increase is dedicated to the regional transportation network and will raise an expected \$16 million this year. The District of Columbia's 2019 Budget Support Act raised the TNC per-ride tax to 6 percent, up from 1 percent, in order to raise an estimated \$18 million for its regional transit system.

Evaluation

	High	Medium	Low
Revenue Generation			X
Cost to Collect		X	
Dedication		X	
Political Support		X	

Weight-Distance Tax

Background: A tax basing the fee per mile on the registered gross weight of the vehicle. Total tax liability is calculated by multiplying this rate times miles traveled.

A Highway Cost Allocation and Determination of Heavy Freight Truck Permit Fees study conducted by the Minnesota Local Road Research Board in 2012 found that approximately 81% of revenues come from passenger vehicles and light trucks. However, passenger vehicles and light trucks are only responsible for approximately 63% of total expenditures. The report considered the application of a weight-distance tax to more closely align the ratio of costs and revenue collection from particular vehicles.

Kentucky: Tax is applicable to vehicles with combined gross weight or licensed weight in excess of 59,999 pounds, excluding farm licensed vehicles. The weight distance tax is set at \$0.0285 per mile. Highway Use Tax collections in 2010 and 2009 totaled \$70.4 and 75.0 million, respectively.

New Mexico The state of New Mexico charges a weight-distance tax on vehicles with a declared gross vehicle weight of greater than 26,000 pounds. All receipts generated by the weight-distance tax are transferred to the State Road Fund. In 2007, the State of New Mexico collected approximately \$88.4 million in weight-distance tax revenue.

New York The New York Highway Use Tax is a weight and distance based tax charged on vehicles with either a gross weight of more than 18,000 pounds or an unloaded truck/tractor weight of more than 8,000 or 4,000 pounds, respectively. During state fiscal year 2008-2009 the Highway Use Tax generated approximately \$81,000,000.

Oregon The state of Oregon currently charges a weight-mile tax on vehicles with a gross weight of over 26,000 pounds. Oregon does not collect diesel taxes on heavy trucks. As such, weight-mile tax rates in Oregon are significantly higher than in other states. Tax rates range from \$0.0492 per mile for vehicles weighing 26,001 through 28,000 pounds to \$0.1638 per mile for vehicles weighing between 78,001 and 80,000 pounds. For vehicles over 80,000 pounds rates range from \$0.1296 to \$0.2304 and vary according to weight and number of axles. The state estimates the tax will generate a total of \$630 million over two years.

Dedication: Not constitutionally dedicated. The revenue could be statutorily dedicated.

Current Levels: None

Potential New Revenue: Would depend greatly on the rate charged. Under the 2012 Cost Allocation Study, researchers assumed that if a proposed schedule of weight-distance taxes were applied to trucks weighing more than 57,000 lbs, the state could collect an additional \$175 million from weight-distance taxes under this scenario.

Cost to Collect: States with a weight-distance tax require truck owners to register and provide the necessary information for the calculation of the tax.

Evaluation

	High	Medium	Low
Revenue Generation	X		
Cost to Collect		X	
Dedication		X	
Political Support		X	

Lane Use Charges

Tolling

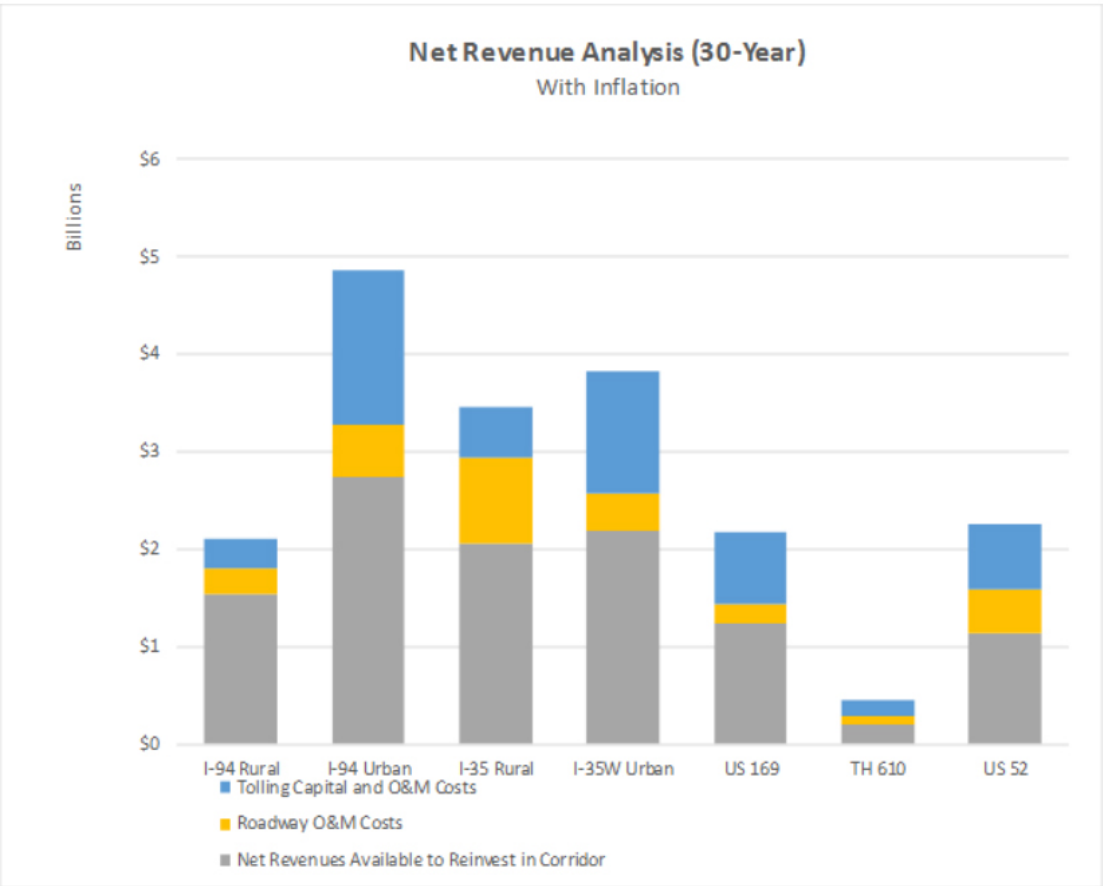
Background: If one doesn't include the metro area's MnPass system, tolls have never been utilized in the state. However, Minnesota has existing tolling authority, set forth in Minnesota Statutes 160.84 through 160.98, to develop "build-transfer-operate" tolled highway facilities.

Dedication: Toll revenue would be dedicated for improvements to the corridor in which it was collected.

Current Rate: None

Potential New Revenue: The Table below,from the January 2018 Report issued by the Minnesota Department of Transportation shows the potential toll revenue from converting existing general-purpose lanes to toll lanes for specific state highway corridors.

Figure 4: Net Revenue Analysis (7 cents/mile)



Many factors will influence the toll revenue potential of a corridor and the impacts on the local transportation network. The revenue numbers produced in this analysis do not represent a detailed study and further refinement is necessary if broader tolling is advanced in Minnesota.

Table X: 30 Year Estimated Toll Revenue @ 7 cents per mile Major State Highway Corridors			
Corridor	Gross Revenue	Admin and Tollway Facility O&M	Net Revenues to Reinvest in Corridor
I-94 Rural - TH 101 to St. Cloud	\$2.1 billion	\$562 million	\$1.538 billion
I-94 Urban - TH 101 to Wisconsin	\$4.9.0 billion	\$2.119 billion	\$2.738 billion
I-35 Rural - North E/W split to Duluth	\$3.5 billion	\$1.404 billion	\$2,054 billion
I-35W Urban - Between N & S E/W splits	\$3.827 billion	\$1.644 billion	\$2.182 billion
U.S. 169	\$2.2 billion	935 million	\$1.234 billion
U.S. 52	2.3 billion	\$1.113 billion	\$1.145 billion
TH 610	\$461 million	\$257 million	\$204 million
Source: Minnesota Tolling Study Report, 2018. http://www.dot.state.mn.us/govrel/reports/2018/tolling-study-report.pdf			

Cost to Collect: New collection costs will obviously be required with the addition of new tolled facilities. These costs are identified in the table above and are accounted for in the 30 year gross and net revenue estimates.

Evaluation:

	High	Medium	Low
Revenue Generation		X	
Cost to Collect		X	
Dedication		X	
Political Support			X

MnPASS Lanes

Background: MnPASS is the name of Minnesota's system of priced managed lanes, also known as High Occupancy Toll lanes. MnPASS Express Lanes have operated in the Twin Cities metropolitan area since 2005. MnPASS uses market-based, congestion pricing principles to manage travel demand during peak travel times and provide a congestion-free option for transit, carpools, motorcycles and a fee-based option to solo motorists.

Dedication: Revenue from the MnPASS system are dedicated to costs associated with maintaining and operating the facility in order to meet the mobility needs along the corridor. Revenues come from toll revenue and transponder fees, and trunk highway funds. The dedicated resources are spent on operating and maintenance expenses, capital costs replacement, operations contracts, enforcement, utilities, miscellaneous equipment and supplies, toll equipment replacement costs, and Metropolitan Council Transit costs.

Current Levels: MnDOT currently operates three MnPASS systems on the following corridors: I-394, I-35W, and I-35E. The table below shows the revenue from the 2016 and 2017 for the MnPASS corridors.

MnPASS Toll Revenue for Existing MnPASS Facilities		
MnPASS Corridor	2016 Revenue	2017 Revenue
I-394	1,187,089	1,422,270
I-35W	1,897,165	1,726,759
I-35E	47,933	774,835

Potential New Revenue: MnDOT dedicates staff resources to continually review and evaluate additional options for MnPASS facilities in the Twin Cities metropolitan area. MnDOT's most recent MnPASS annual report, cited below, identifies a number of corridors that are currently being studied for consideration for MnPASS system expansion. Shown alongside each corridor is its current construction cost estimate, and toll costs are intended to offset a significant portion, known as the "cost recovery ratio" of the operations and maintenance and toll equipment replacement expenses.

- I-94 between Minneapolis and St. Paul (Cost estimate \$300 million)
- Hwy. 36 between Roseville and Maplewood – (\$80 million)
- I-494 between Eden Prairie and the MSP Airport (\$220 million)
- Hwy. 77 between Apple Valley and Bloomington – (\$160 million)
- Hwy. 169 between Shakopee and Golden Valley (\$230 million)

Cost to Collect: MnDOT currently operates three MnPASS corridors, so its collection infrastructure is in place.

Evaluation

	High	Medium	Low
Revenue Generation		X	
Cost to Collect			X
Dedication		X	
Political Support		X	

Local Taxes and Revenue

Wheelage Tax

Background: Since 2013 (Chapter 117; Article 3, section 4), all of Minnesota's 87 counties have the authority to levy a wheelage tax. Fifty-three counties have approved the wheelage tax at \$10, \$15, or \$20. Thirty-four counties have never adopted the tax or have discontinued the tax. Six counties once had adopted the wheelage tax but have since discontinued it. Twenty-eight counties have yet to adopt the tax.

Dedication: Tax revenue generated by the wheelage tax must be deposited in the county road and bridge fund and in accordance with Minnesota's Constitution, the revenue may only be used for highway purposes.

Current Rate: As of January 1, 2018, all counties may charge an amount up to \$20 per vehicle annually in any increment of a whole dollar.

Potential New Revenue: Total Potential Revenue, all 87 counties: \$54.3 million

Estimated 2018 Revenue from 53 Counties who have passed the tax: \$42.6 million

Estimated potential revenue from 34 counties who have not adopted the tax: \$11.7 million

Table X: Potential Estimated County Wheelage Tax Revenue - 2018	
53 counties who adopted the tax	\$42.6 million
34 counties who have not adopted the tax	\$11.7 million
Total Potential Revenue - All 87 counties	\$54.3 million

Cost to Collect: Collected along with annual motor vehicle registration tax. Usually administered by Driver and Vehicle Services.

Evaluation:

	High	Medium	Low
Revenue Generation			X
Cost to Collect			X
Dedication	X		
Political Support	X		

Local Option Sales Tax

Background: During the 2008 legislative session, legislation was adopted in the comprehensive transportation funding bill – Chapter 152 – authorizing Minnesota counties to adopt a local option sales tax up to ½ cent for highway and transit purposes, in addition to the statewide general sales tax rate of 6.5%. Legislation passed in 2013 removed the requirement for a local referendum so county boards are able to use the tax through passage of a county board resolution after having a public hearing and identifying the projects that will be funded with the sales tax revenue.

Dedication: Current law requires that the proceeds of a local option sales tax be dedicated exclusively to:

- 1) Payment of the capital cost of a specific transportation project or improvement
- 2) Payment of the costs, which may include both capital and operating costs, of a specific transit project or improvement
- 3) Payment of the capital costs of the Safe Routes to School program under Minnesota Statutes, Section 174.40
- 4) Payment of transit operating costs

Current Rate: Thirty-five of Minnesota's 87 counties have adopted the tax, nearly all of them (32) have adopted a local option rate of 0.5%. The other three counties have adopted a 0.25% rate.

Potential New Revenue: Even basing estimates on the last "actual" year of sales tax data reported (2016), estimates show that all 87 counties taken together would raise an additional \$320 million if everyone adopted the 0.5% rate.

Table X: Revenues from County Local Option Tax	
Estimated 2017 revenue From 35 counties who have adopted the tax	Estimated 2018 revenue if 87 counties adopt 0.5% local option sales tax
\$119.3 million	\$321 million

Cost to Collect: The additional tax is collected along with the regular sales tax so there is no increase in cost to collect the tax. The Department of Revenue tracks the receipts and transmits the additional sales tax revenue to the appropriate county. The current Minnesota overall average rate is about 1% and varies depending on the county's proportionate share of the administrative costs.

Evaluation:

	High	Medium	Low
Revenue Generation		X	
Cost to Collect			X
Dedication		X	
Political Support	X		

County Vehicle Excise Tax

Background: In addition to granting counties the authority to impose a dedicated local sales tax up to a half-cent, the 2008 legislation also granted counties taxing authority to impose a flat \$20 excise tax on commercial sales of motor vehicles in lieu of increasing the sales tax on motor vehicles from the 6.5% rate.

Dedication: Current law requires that the proceeds of a local option sales tax be dedicated exclusively to:

- 1) Payment of the capital cost of a specific transportation project or improvement
- 2) Payment of the costs, which may include both capital and operating costs, of a specific transit project or improvement
- 3) Payment of the capital costs of the Safe Routes to School program under Minnesota Statutes, Section 174.40
- 4) Payment of transit operating costs

Current Rate: The Minnesota Department of Revenue reports that in 2017 the 11 counties that have adopted the tax generated a total of \$7.4 million. (The 11 counties include the seven metro area counties, in their capacity as the CTIB and as individual counties and Beltrami, Carlton, Otter Tail, and Saint Louis counties.

Potential New Revenue: A recent analysis performed by the Transportation Alliance examined actual 2016 vehicle sales in the state to derive an estimate for each county if it were to approve the \$20/vehicle excise tax.

Table X: Estimate of \$20 per Vehicle Sales Tax		
	2016 Actual Statewide Sales Cars and Light Trucks	Estimate Annual Revenue of \$20/vehicle Tax
All 87 Counties	211,334	\$8.8 million

Cost to Collect: The tax is collected at time of vehicle purchase. The Department of Revenue tracks the receipts and transmits the additional sales tax revenue to the appropriate county.

Evaluation:

	High	Medium	Low
Revenue Generation			X
Cost to Collect			X
Dedication		X	
Political Support	X		

Aggregate Tax

Background: The aggregate material tax or “gravel tax” is a production tax on the removal of aggregate material (sand, silica sand, gravel, crushed rock, granite, and limestone) weighed and measured after extraction. Aggregate material also includes borrow (particles of gravel, sand, crushed quarry, gravel or stone) that is transported on a public road, street, or highway. The tax is collected and administered at the county level, and its proceeds (net of collection costs) must be used for transportation purposes and restoration of mine sites.

Dedication: Statutory requirement to use funds for transportation.

Current Rate: State law sets the rate of the tax at 21.5 cents per cubic yard or 15 cents per ton; counties do not have discretion to set a lower rate. However, if the county borders two states and is not contiguous to a county imposing an aggregate tax, the law authorizes the county to impose a rate of ten cents per cubic yard or seven cents per cubic ton. This limit expires on December 31, 2024, and currently applies to Rock County.

The Department of Revenue reports that 31 counties collected the tax in 2016.

Table X: 2016 County Aggregate Tax				
	Net Tax Revenue (After 5% Admin Fee)	County (42.5%)	City/Town (42.5%)	Reserve Fund (15%)
31 Counties	\$6,605,179	\$2,777,180	\$2,847,819	\$980,181

Potential New Revenue: Undetermined. It would vary for every county on the basis of the amount of aggregate removed. Most counties that would benefit from levying the tax already do so.

Cost to Collect: Additional cost for counties not currently collecting the tax.

Evaluation:

	High	Medium	Low
Revenue Generation			X
Cost to Collect			X

Dedication		X	
Political Support		X	

Municipal Local Option Sales Tax

Background: The legislature may authorize a city under M.S. 297A.98 to levy a general sales tax. The law requires the city to adopt a resolution indicating its approval of the tax. The resolution must include, at a minimum, information on the proposed tax rate, how the revenues will be used, the total revenue that will be raised before the tax expires, and the estimated length of time that the tax will be in effect. Imposition of a local sales tax is subject to approval by voters of the political subdivision at a general election. Some cities have decided to use the revenue from a local option sales tax for transportation purposes.

If cities had the same authority that is provided to counties under 297A.993, cities would be able to collect revenue for transportation purposes without a voter referendum and without passage of special legislation by the legislature.

Dedication: The current transportation sales tax authorized for counties requires the proceeds of the taxes must be dedicated exclusively to: (1) payment of the capital cost of a specific transportation project or improvement; (2) payment of the costs, which may include both capital and operating costs, of a specific transit project or improvement; (3) payment of the capital costs of a safe routes to school program or (4) payment of transit operating costs.

Current Levels: None

Potential New Revenue: The amount of additional revenue would vary greatly among cities depending upon the amount of retail sales within the city.

Cost to Collect: The Department of Revenue has experience tracking additional sales tax collections by cities through the current statute.

Evaluation

	High	Medium	Low
Revenue Generation		X	
Cost to Collect			X
Dedication		X	
Political Support		X	

Municipal Street Improvement District

Background:

A legislative proposal was put forth in 2013 (HF 745/SF 607) that would have allowed cities to collect fees from property owners within a district to fund municipal street maintenance, construction, reconstruction, and facility upgrades. The street improvement district authority legislation was modeled after Minnesota Statutes, § 435.44, which allows cities to establish sidewalk improvement districts. The authority would have provided a

funding mechanism that establishes a clear relationship between who pays fees and where projects occur, but stops short of the benefit test that sometimes makes special assessments vulnerable to legal challenges.

The legislation would have allowed a municipality to establish by ordinance municipal street improvement districts and defray all or part of the total costs of municipal street improvements and maintenance by apportioning street improvement fees to all of the developed parcels located in the district.

Dedication: The legislation required that funding from the fee be set aside in a separate account and used only for projects located within the district and identified in the municipal street improvement plan.

Current Levels: None

Potential New Revenue: The additional revenue generated by the fee would vary widely depending on the size of the district and the value of projects needing to be completed in the district.

Cost to Collect: Cities would need to establish a mechanism for collecting the fee just as they collect other municipal fees.

Evaluation:

	High	Medium	Low
Revenue Generation		X	
Cost to Collect			X
Dedication		X	
Political Support		X	

Local Property Tax

Background: Local property taxes and special assessments have been a major contributor to transportation funding in Minnesota.

According to the Federal Highway Administration, in 2015, Local Governments generated the following revenue for roads and bridges:

<i>In thousands</i>	General Funds	Property Tax/Special Assessments	Other Local Imposts	Misc	Bond Proceeds
Minnesota	\$1,318,131	\$382,049	\$71,506	\$25,029	\$158,280

For transit systems, some portion of the local share of transit budgets typically comes from the local property tax. In the Twin Cities Metropolitan Area, most of the property tax revenue levied by the Metropolitan Council and regional rail authorities for transit purposes is used for capital expenses.

Dedication: At the discretion of local governments to use for transportation purposes.

Current Levels: Information is not consistently tracked statewide but estimates range from 20-30% of total transportation funding comes from local property taxes.

Potential New Revenue: Varies widely from jurisdictions.

Cost to Collect: An increase in the amount collected would not increase the cost to collect the revenue.

Evaluation:

	High	Medium	Low
Revenue Generation		X	
Cost to Collect			X
Dedication		X	
Political Support		X	

Contracts/Farebox Recovery/Advertising Transit Revenue

Background:

Fares: Funding provided directly from cash fares, pre-paid tickets or sales of passes to individuals.

According to the National Transit Database, on average, passenger fares fund 32 percent of public transit operations in the United States, with another 4.8 percent generated directly by the transit operator. Local and State sources fund 31.6 percent and 24.4 percent, respectively. Federal Government sources fund the remaining 7.2 percent.

In 2016, 40.7 percent of all capital funds came from Federal sources. Recently, transit agencies and local and state governments have increased their funding to replace and rehabilitate aging infrastructure. Fares and directly generated funds from transit agencies now account for about 11.7 percent of all capital purchases. Local and state governments make up the remaining 47.6 percent of capital funding.

Contracts for Service: Transit systems often receive revenues by providing additional transit related services to various entities outside of normal regularly scheduled services. Municipal governments, private businesses, health and social service agencies and educational institutions often contract with transit agencies to provide specialized services.

Advertising Revenue: A common source of revenue for transit providers is income from advertisements placed on vehicles, facilities and transit related materials such as schedules and maps. These revenues; however, are generally modest, accounting for anywhere between 0.1 and 3 percent of total operating income nationally. For 2014, Metro Transit budgeted \$3.85 million for ad revenue on its buses and trains.

2016 National Transit Database - Minnesota

Fares	Other Directly Generated	Taxes and Fees Levied by Transit Agency	Local	State	Federal	Total
\$124,847,709	\$49,400,987	\$6,200,445	\$167,640,104	\$413,504,946	\$113,123,944	\$874,718,135

A portion of transit is also funded through reimbursements from county human services, family services, Developmental Achievement Centers, and health insurance for people receiving public assistance (seniors, low-income people, and people with disabilities).

Figure 9-3. Greater Minnesota Public Transit Annual Local Share, 2010-2014

Peer Group	2010	2011	2012	2013	2014
Rural	\$4,024,704	\$4,231,170	\$4,289,444	\$4,685,002	\$5,364,278
Urbanized*	\$4,579,917	\$4,984,674	\$5,366,077	\$5,747,415	\$6,043,963
ADA-Complementary Paratransit	\$671,348	\$710,856	\$705,357	\$709,501	\$792,186
Small Urban*	\$863,694	\$909,856	780,963	\$513,164	\$447,636
Greater Minnesota	\$10,139,663	\$10,836,556	\$11,141,841	\$11,655,082	\$12,648,063

*Greater Mankato Transit System, previously a small urban system, was reclassified as an urbanized system in 2013
Source: MnDOT Transit Report, 2011-2015

The Metropolitan Council voted in 2017 to adopt a 25 cent fare increase for light rail, local and express bus public transit services throughout the metro area which took effect on October 1, 2017. Metro Mobility fees saw a 50-cent increase, and trips of over 15 miles now incur a new 75 cent distance surcharge. The new fare structure is expected to add \$6.9 million in new revenue to Metro Transit's annual operating budget, after \$3 million in new expenses to expand a pilot program for low-income riders.

In Greater Minnesota, the base fare for riders is generally \$1.50 to \$3.00. Fare are adjusted periodically as determined by individual transit systems.

Dedication: The local share required to access state and federal funding comes from a number of sources including direct user fees, contracts for service, advertising and other sources that can be tied to transit use or from local general funds that are not tied to transit use.

Current Levels: In Greater Minnesota, state statutes require a 15% or 20% local match for operating revenues. The local share for non-operating expenses is determined by MnDOT and is currently set at 20%.

In 2016, the total budget for Greater Minnesota transit was \$121,211,100, of which, \$17,076,450 came from federal sources, \$19,193,525 came from the state's general fund, \$45,589,660 came from MVST funds, and \$39,351,465 was derived from local sources for a local share of 32.5%.

In the Twin Cities Metropolitan Area, the total operating budget for 2016 was \$452,714,892 of which \$20,790,086 came from federal funds, \$307,386,974 was the state share and \$124,537,832 represented the local share. The Metropolitan Council's Unified Operating budget includes \$107,327,000 in anticipated revenue from passenger fares, contracts and special events in 2017.

Potential New Revenue: Additional revenue from fares, contracts and advertising varies greatly from system to system but any realistic increase would provide a very small percentage of the overall budget for both Metropolitan Area Transit and Greater Minnesota transit.

Cost to Collect: Most systems are already using these revenue options to some extent so an increase in their use would not add to the cost to collect the revenue.

Evaluation

	High	Medium	Low
Revenue Generation		X	
Cost to Collect			X
Dedication		X	
Political Support		X	

Bonding / Financing

Trunk Highway Bonds

Background: Minnesota's Constitution provides for trunk highway bonds. The proceeds of the bond sales may only be used for a highway purpose and the debt service is paid out of the Trunk Highway Fund rather than the general fund. Trunk Highway bond proceeds may not be used on local roads and bridges.

MnDOT has set debt management guidelines that limit debt service paid out of the Trunk Highway Fund to 20% of annual state revenues.

Dedication: Trunk Highway bond proceeds are dedicated to improvements of trunk highways and bridges.

Current Funding: Trunk Highway Bonds issued since 2000: \$4.325 million. Of the total, \$1.592 million remain to be sold which includes the most recent authorization passed in 2018.

The two-year transportation budget bill passed in 2017 included authorization for \$300 million in trunk highway bond proceeds for the Corridors of Commerce program – along with \$100 million in general fund dollars – and \$640 million in trunk highway bond proceeds for the state road construction program. The final scoring and announcement of projects selected for the \$400 million in authorized funds was announced on May 1st of 2018. The projects selected were:

- TH169 in Elk River from TH101 to 197th Ave. - convert to freeway \$157M
- I-94 from St. Michael to Albertville - add auxiliary lane \$56M
- I-494 from France Ave to TH77 - add MnPASS lanes \$134M
- I-494/I35W—complete phase I of turbine interchange \$70M

Legislators decided to include another \$400 million in trunk highway bond proceeds for Corridors of Commerce in the 2018 capital bonding bill. Of that total, \$150 million is authorized in FY2022, another \$150 million in FY2023 and \$100 million in FY2024. The legislation also required MnDOT to select at least two projects in Greater Minnesota located in counties that had not previously received funding under the Corridors of Commerce program following the results of the scoring process that MnDOT had developed for all eligible projects.

Using the scoring results developed by the Department, the additional \$400 million for the Corridors of Commerce program will be spent on the following projects:

- TH14 Owatonna to Dodge Center - 2 to 4 lane conversion \$160M
- TH23 Willmar to St. Cloud - 2 to 4 lane conversion \$105M
- TH252/I-94 - convert to a freeway and add MnPASS lanes Dowling to TH610 \$163M

Potential For Additional Funding:

Debt Management Policy (\$ in millions)			
Year	Total Debt Service ⁽¹⁾	Estimated Current % Limit ⁽²⁾	Variance from 20% Policy
2014 (act)	144.2	12.5%	87.4
2015 (act)	157.0	12.6%	92.2
2016 (act)	183.2	14.9%	62.9
2017 (act)	195.7	15.1%	63.2
2018	220.5	16.1%	53.3
2019	225.6	16.1%	54.6
2020	232.5	15.6%	66.5
2021	239.8	15.9%	61.9
2022	250.5	16.6%	51.2
2023	265.2	17.6%	36.5
2024	266.1	17.6%	35.7

(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. \$35.7M × 10 = \$357M in additional bond capacity.

The graph below depicts the debt service estimates compared with the policy limit for the forecast period:

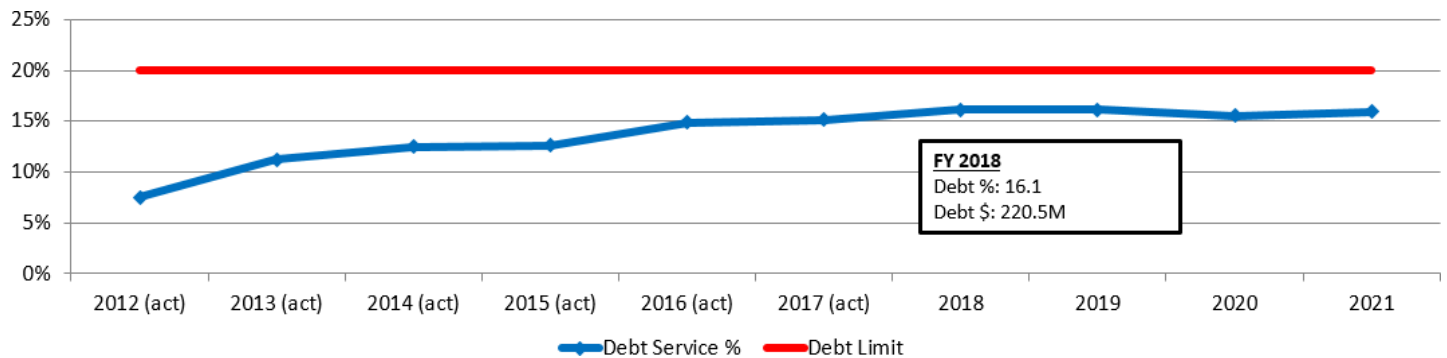


Table X: MnDOT Trunk Highway Bonds Debt Service	
Actual FY 2014	\$144 million
Actual 2015	\$157 million
Actual 2016	\$183 million

Actual 2017	\$196 million
Actual 2018	\$221 million
Forecast 2019	\$226 million
Forecast 2020	\$234 million
Forecast 2021	\$241 million

Evaluation *Bonding does not raise revenue.

	High	Medium	Low
*Revenue Generation			
Cost to Collect			X
Dedication	X		
Political Support	X		

General Obligation Bonds

Background: One of the ways the state pays for capital improvement projects is to borrow money by issuing bonds, which are promises to repay the money borrowed at a specified time and interest rate. General obligation (G.O.) bonds are the primary type of bonds issued and they are backed by the full faith, credit, and taxing powers of the state.

All state G.O. bonds have certain common requirements.

- Each bond issue must distinctly specify the purposes and maximum amount of proceeds authorized to be expended for such purposes
- Requires 60 percent of the vote of each legislative body
- Bond financed property must be publicly owned
- Constitute a capital expenditure for a public purpose
- The legislative bodies and the Governor are bound by the obligations Maximum maturity of 20 years
- The state structures the debt to accelerate the bond repayment

GO bonds have been used to fund non-trunk highway transportation projects, such as transitways, rail, local bridges and roads, ports and airport improvements

Dedication: General obligation bonds cannot be used for trunk highway projects.

Local Bridges

The Local Bridge Replacement Program provides local agencies transportation funding for the reconstruction, rehabilitation or removal of bridges or structures on their local road system. The program was created in 1976 under Minnesota Statutes 174.502 and is financed by the passage of specific legislation allocating general obligation state bond funds. The program is administered by the MnDOT State Aid for Local Transportation Division.

The 2018 Capital Bonding bill included \$5 million for the Local Bridge program. **From 2006 through 2018, the legislature has provided almost \$340 million in general obligation funds for the Local Bridge Replacement program.**

	2006	2008	2009	2010	2012	2014	2015	2017
State Bond	\$54.7 M	\$51.5 M	\$10 M	\$66 M	\$62.7 M	\$33 M	\$7.4 M	49.2 M
Number of Projects	228	133	6	232	256	49	4	67

Funds shown in the table do not include engineering costs.

Local Roads

The Local Road Improvement Program provides funding assistance to local agencies for constructing or reconstructing local roads. The program was created in 2002 and began with two types of funding, Trunk Highway Corridor Account and Routes of Regional Significance Account. In 2005, the Rural Road Safety Account was added to the program. The program is administered by MnDOT's State Aid for Local Transportation Division.

The 2018 Capital bonding bill provided \$63.6 million in general obligation funds for the Local Road Improvement program. **From 2005 through 2018, the legislature has provided almost \$300 million in GO bond funds for the Local Road Improvement program.**

Fiscal Year	2005	2006	2008	2012	2014	2015	2017	
LRIP Funds	\$10 M	\$16 M	\$10 M	\$20 M	\$54.4 M	\$8.9 M	\$115.9 M	
							\$90.6 M	\$25.3 M
							Legislative earmarks	Solicitation

Routes of Regional Significance Projects	14	25	81	2				
Rural Road Safety Projects	32	50	-	31	43	9	11	36

Transit Projects

1999 – Chapter 404

Subd. 3 – Transitways

(b) Hiawatha Corridor LRT design, engineering, construction	\$40,000,000
(c)(1) Riverview Corridor study, St. Paul to MSP	\$3,000,000
(c)(2) Northstar Corridor study, Mpls to St. Cloud	\$1,500,000
(c)(3) Cedar Avenue Corridor study	\$500,000
(c)(4) Commuter rail line study, Mpls to St. Paul to Hastings	\$500,000
(d) Saint Cloud metro area studies (Young America, Bethel, Northwest Corridor)	\$1,000,000
Subd. 4 – Rural Transit Assistance	
Duluth Transit Operating Facility renovation	\$675,000
Duluth Transit Center renovation and roof replacement	\$100,000
Design and construct Transit Hub at Saint Cloud State University	\$100,000
Subd. 5 – Light Rail Transit – Hiawatha Corridor	\$60,000,000

2000 – Chapter 479

Subd. 8 – Northstar Corridor North Extension Study (beyond St. Cloud to Little Falls)	\$100,000
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2002 – Chapter 393

Subd. 8 - Greater Minnesota Transit Facilities	\$2,000,000
Section 19 - Metropolitan Council - design Northwest Busway Corridor Mpls to Rogers	\$20,000,000
Subd. 4 - Park and Ride in metro area	\$500,000
Subd. 5 - Central Corridor Transitway pre-design, environmental study, prelim engineering	\$1,000,000

2003 – Chapter 20

Section 10 - Metropolitan Council - design Northwest Busway Corridor	\$1,000,000
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2005 – Chapter 20

Subd. 5 - Northstar Commuter Rail Big Lake to Mpls	\$37,500,000
Subd. 2 - Cedar Ave Bus Rapid Transit lanes and stations	\$10,000,000
Subd. 3 Central Corridor Transitway environmental study and prelim. Engineering	\$5,250,000
Subd. 4 - Red Rock Corridor Transitway environmental study, prelim. Engineering	\$500,000
Subd. 5 - Rush Line Corridor Transitway Park and Ride	\$500,000

2008 – Chapter 365

Subd. 2 - I-35W BRT 46th Street Station in Mpls	\$3,300,000
Subd. 3 - Cedar Ave BRT bus lanes, stations	\$5,000,000
Subd. 4 - Central Corridor Transitway environmental studies, preliminary engineering, design	\$7,800,000
Subd. 5 - Red Rock Corridor Transitway preliminary engineering, environmental Twin Cities to Hastings	\$500,000
Subd. 6 - Robert Street Corridor Transitway BRT or LRT prelim. Engineering Saint Paul to Rosemount	\$500,000
Subd. 2 - Urban Partnership Agreement	\$500,000
(a) Park and Rides/Transit Stations along 35W and Cedar Ave Corridors	\$8,360,000

(b) Bus lanes and bus shelters in downtown Mpls	\$8,312,000
Subd. 3 - Bottineau Blvd Transitway for preliminary engineering	\$500,000
Subd. 4 - Cedar Ave BRT land acquisition and corridor design	\$4,000,000
Subd. 5 - Central Corridor Transitway	\$70,000,000
Subd. 6 - I-94 Corridor Transitway pre-design/prelim. engineering	\$750,000
Subd. 7 - I-494 Corridor Transitway pre-design/prelim. engineering MSP to SW Corridor Transitway	\$500,000
Subd. 8 - Red Rock Corridor Transitway Park and Ride between Hastings and Mpls	\$500,000
Subd. 9 - Robert Street Corridor Transitway environmental studies/engineering of BRT or LRT St. Paul to Rosemount	\$500,000
Subd. 10 - Rush Line Corridor Transitway to Ramsey Co RRC for Park and Ride lots St. Paul to Hinkley	\$500,000
Subd. 11 - Southwest Corridor Transitway draft EIS downtown Mpls to Eden Prairie	\$500,000
Subd. 13 - Union Depot - revitalization for Ramsey County RRA	\$2,000,000
Subd. 6 - Northshore Express - St Louis and Lake County Regional Rail Authority	\$1,500,000
Subd. 7 - St. Paul to Chicago High Speed Rail environmental study	\$4,000,000
Subd. 8 - Southeast Express - pre-design, alternatives analysis St. Paul to Rochester	\$500,000
2009 – Chapter 93	
Subd. 2 Transit Capital Improvement Program	\$21,000,000

2010 – Chapter 189	
Subd. 2 Transit Capital Improvement Program	\$43,500,000

2014 – Chapter 294	
Subd. 4 St. Cloud Metropolitan Transit Commission for phase I of the metro bus operations center	\$1,100,000
Kandiyohi Area Transit bus storage garage in Willmar	\$400,000
Subd. 2 Metropolitan Council Transit Capital Improvement Program	\$15,000,000

Wetland Mitigation for Local Roads

The Board of Water and Soil Resources (BWSR) will provide wetland replacement statewide for eligible county, city and township road projects under the Local Road Wetland Replacement Program (LRWRP). Typically, funding has been provided with general obligation bond proceeds authorized in the capital bonding bill. In 2017, a one-time cash appropriation of \$5 million was passed to deal with a lack of credits in certain wetland banks. This program is important for allowing local governments to focus constitutionally dedicated dollars on road construction costs.

Potential Additional Funding:

Local Bridge Needs: \$50 - \$100 million
 Local Road Improvement Needs: \$100 - \$200 million
 Transit Needs: \$50 - \$100 million
 Wetland Mitigation: \$15 to \$30 million

Other Modes

Over the years, funding has been included in capital bonding bills for:

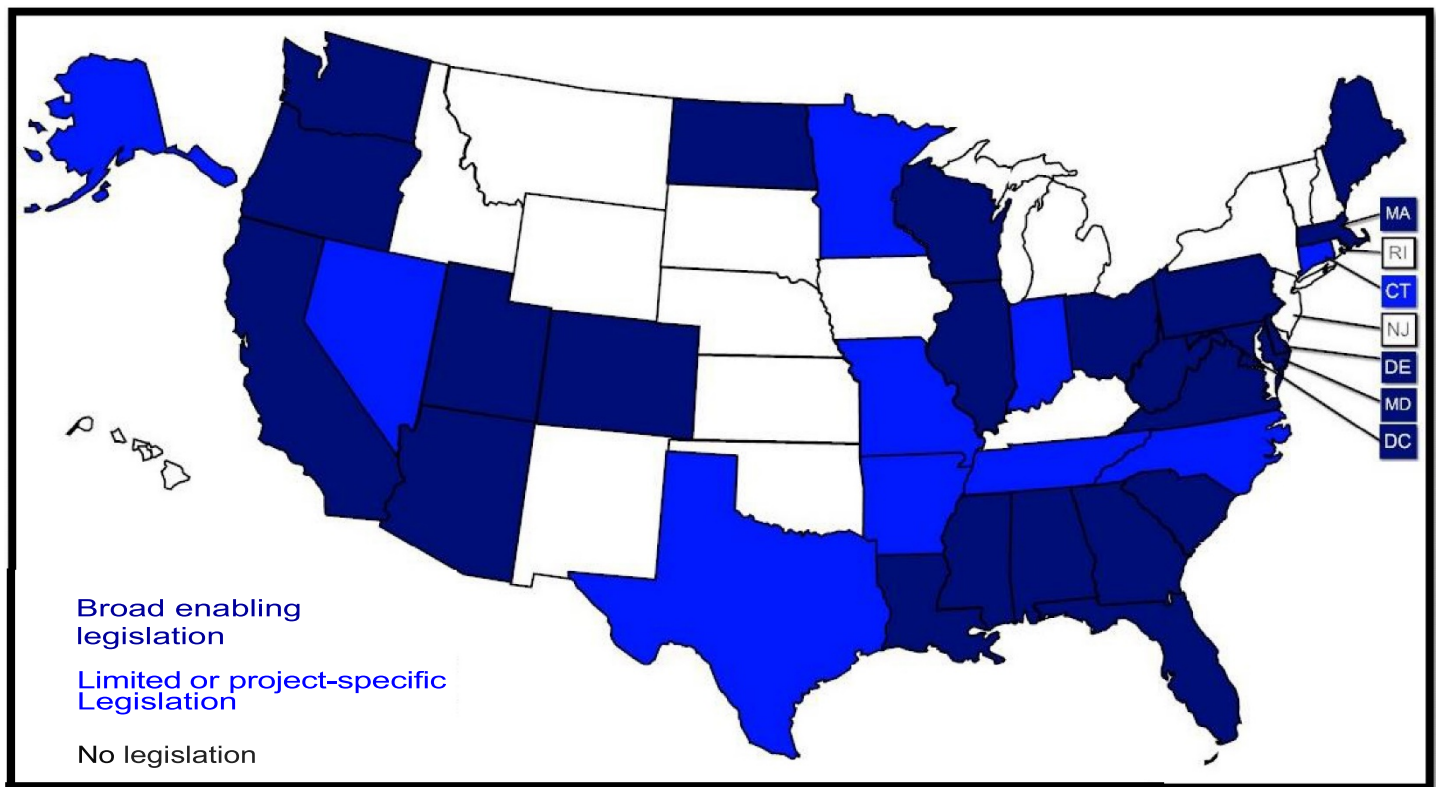
- Ports and Waterways
- Airports
- Freight Rail
- Multimodal projects
- Larger bridge projects

Evaluation *Bonding does not raise revenue.

	High	Medium	Low
*Revenue Generation			
Cost to Collect			X
Dedication		X	
Political Support		X	

Public Private Partnerships

Background: State P3 legislation creates the framework within which public agencies can accomplish the role of government while leveraging the expertise and resources of private industry. Sound public policy will help protect the public interests, establish the conditions within which agreements can be made and allow for both public and private goals to be satisfied.



P3 delivery methods commonly fall into the following categories: design-build (DB), operate-maintain (OM), design-build-operate-maintain (DBOM), design-build-finance (DBF) and design-build-finance-operate-maintain (DBFOM). Each method can offer advantages or disadvantages, depending on the specific project and parties involved. Every transportation project is different, and may or may not benefit from innovative delivery methods such as P3s.

A number of distinctions can be drawn between DB contracts and P3s. DB is a project delivery method that can be used as part of a P3. While DB is an innovative method of procurement and a useful tool as part of P3s, a DB contract is not always, in itself, a true P3 due to the lower level of private involvement, less risk-sharing between the public and private sectors, and the lack of private financing involved. This is not to say a DB model cannot include all the aspects of a P3, but many times including an enhanced private role through financing, operations or maintenance can achieve higher value for the money.

Key benefits of the P3 project delivery method arise from leveraging the private sector's expertise and resources. Private sector partners can bring to the table tools and skills to achieve efficiencies, provide financing and enhance quality. P3 benefits include private financing and project acceleration, monetization of existing assets, cost and time savings, lifecycle efficiencies, improved project quality and risk transfer.

Any new and innovative technique naturally will create concerns and potential controversies. Potential concerns include loss of public control and flexibility, private profits at the public's expense, loss of future public revenues, risk of bankruptcy or default, accountability and transparency, environmental issues, labor concerns, use of foreign companies, toll road controversies and specific contract terms.

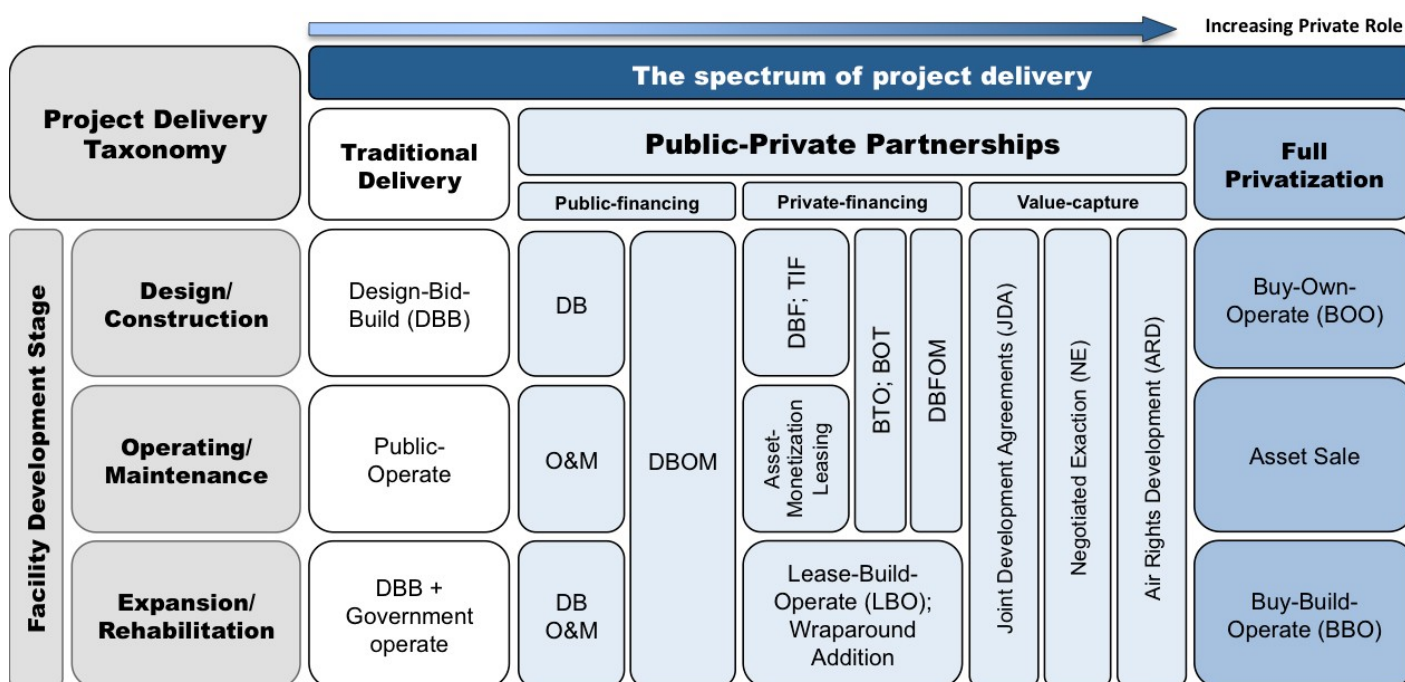


Figure 2.1: A General Framework of Infrastructure Delivery Options

P3 options with private finance are more a financial tool than a funding one. Funding refers to actual revenue sources, in terms of cash available in hand; financing refers to the many mechanisms for turning the sources and timing of funding into actual programs. For example, municipal bonds are a financing mechanism since they need to be paid back by other sources. Some types of P3s involve initial private investment or the access to private capital markets, but they are not a funding tool if the private sector is to be compensated by governmental revenues such as availability payments.

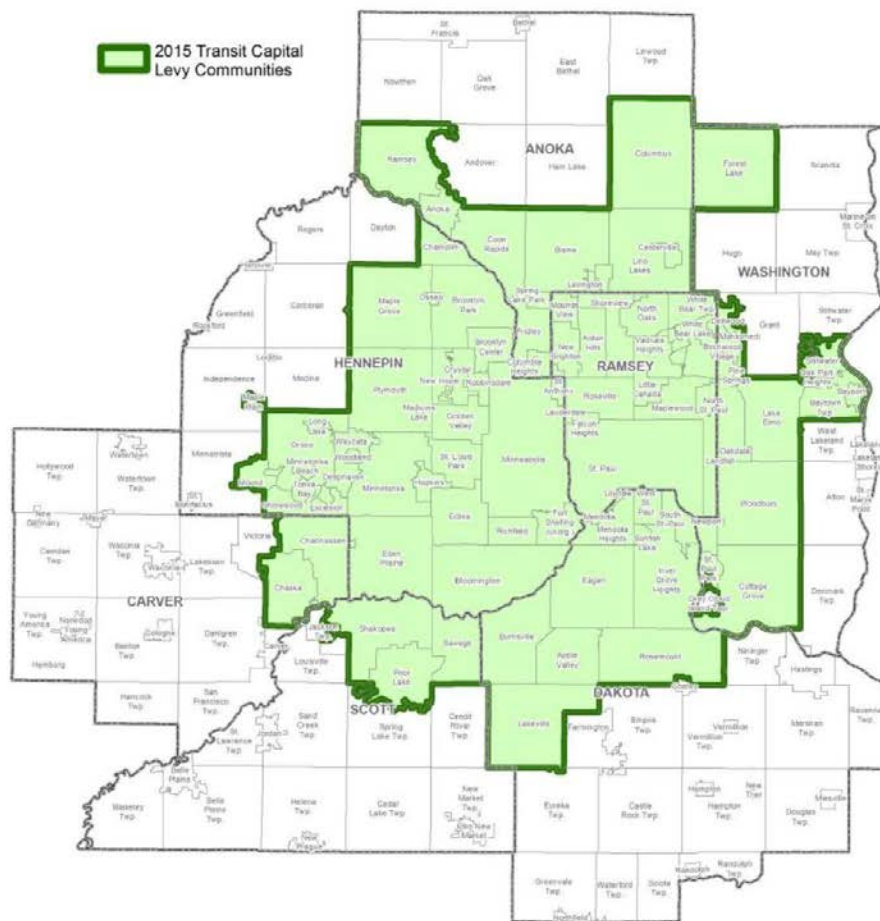
P3 options do not provide additional revenues, unless they involve new tolling, donations of land or money, or contribution of private efforts (through joint development) with no expectation of repayment by the public partner.

Evaluation

	High	Medium	Low
Revenue Generation			X
Cost to Collect		X	
Dedication		X	
Political Support		X	

Metropolitan Area Regional Bonds

Background: The Metropolitan Council levies for general transit capital purposes. The Metropolitan Council levies a property tax to pay for the debt service on transit bonds known as Regional Transit Capital (RTC). The RTC funds are used to pay the capital expenses of maintaining the existing system and to provide the 20% required match to federal formula, CMAQ and other competitive federal funds.



9/22/2016

Dedication: Funds are required by the state to be used for transit capital only. The 2001 Property Tax Reform bill changed the law so that transit operating expenses can no longer be funded through property taxes. The

omnibus tax bill replaced property tax revenues with a portion of the funds raised by the sales tax on motor vehicles - MVST - (21.75% of revenues collected in 2003 and 23.75% of revenues in following years). This meant that \$116 million in transit funding was removed from the property tax levy for 2003 and \$120 million for 2004.

Current Levels: Approximately \$44 million in 2018 and is expected to grow at a rate of 3.3% annually.

Potential New Revenue: Additional revenue could be generated with legislative approval.

Cost to Collect: The tax is already being collected so an increase the amount collected would not increase the cost to collect the revenue.

Evaluation

	High	Medium	Low
Revenue Generation			
Cost to Collect			X
Dedication		X	
Political Support		X	

Transportation Revolving Loan Fund

Background: The federal government established a State Infrastructure Bank (SIB) program in 1995 authorizing the state to create a fund to be used by eligible borrowers to finance eligible transportation projects. Minnesota's SIB, is known as the Transportation Revolving Loan Fund (TRLF), and was established in 1997. The TRLF operates much like a commercial bank providing low interest loans to cities, counties, and other governmental entities to support eligible transportation projects. When the loans are repaid, the funds are returned to the TRLF and used to finance additional transportation projects.

In June of 1997, the federal government authorized Minnesota to create a SIB program and appropriated the state \$3.96 million in federal incentive funds to capitalize the TRLF. All federal funds deposited into the TRLF require the concurrent deposit of a non-federal match of 25% of the federal contribution.

Eligible projects include, but are not limited to, pre-design studies; acquisition of right-of-way; road and bridge maintenance, repair, improvement, or construction; enhancement items; rail safety projects; transit capital purchases and leases; airport safety projects; and drainage structures, signs, guardrails, and protective structures used in connection with these projects. TRLF financing cannot be used for any toll facilities project or congestion-pricing project.

Dedication: Loan funds must be used for transportation purposes.

Current Funding: The TRLF program is managed as an ongoing, open solicitation offered to eligible applicants on a first come, first serve basis until all TRLF available funds are committed. The fund is currently open and fielding applications. For road and bridge projects, approximately \$13.1 million is available in the

Highway Non-Restricted Account. For transit projects, approximately \$2.3 million is available in the Transit Account.

Evaluation

	High	Medium	Low
Revenue Generation			
Cost to Collect			X
Dedication		X	
Political Support		X	

Right-of-Way Acquisition Loan Fund

Background: Land needed for future road right-of-way can be lost to development, because MnDOT is unable to purchase highway right-of-way until a road is programmed for construction. To address this, the 1982 Minnesota legislature established a revolving loan fund program to acquire undeveloped property located within an officially-mapped metropolitan highway right-of-way that is threatened by development. Subsequent modifications to legislation now allow purchase of other types of property.

Dedication: Funds must be used for the acquisition of right-of-way property.

Current Funding: The Metropolitan Council decides annually whether to levy for the program, based on expected loan requests from various cities as well as any expected loan repayments. No additional levy has been required in recent years because loan repayments have provided for an adequate balance for future loans. The balance at the end of 2017 was \$13.4 million.

Source: Metropolitan Council Right-of-Way Acquisition Loan Fund

Evaluation

	High	Medium	Low
Revenue Generation			
Cost to Collect			X
Dedication		X	
Political Support		X	

Exemptions/Leakages

Trunk Highway Fund

Background: the constitution states that “[t]here is hereby created a trunk highway fund which shall be used solely for the purposes specified in section 2 of this article and the payment of principal and interest of any bonds issued prior to July 1, 1957.” In 2000, the Minnesota Legislature amended section 161.20, subd. 3, adding that “[p]ayment of expenses related to *sales tax, bureau of criminal apprehension laboratory, office of tourism kiosks, Minnesota safety council, tort claims, driver education programs, emergency medical services board, and Mississippi River parkway commission* do not further a highway purpose and do not aid in the construction, improvement, or maintenance of the highway system.” Minn. Laws 2000, ch. 479, art. 2, sec. 4. For these eight areas of expenditure, the Minnesota Legislature converted the source of appropriation for each from the Trunk Highway Fund (“THF”) to the General Fund.

To date, the Minnesota Legislature has changed the original eight expenditure areas reduced or eliminated for reimbursement by the THF as follows: sales tax deleted from list (Minn. Laws 2003, 1st Special Session, ch. 19, art. 2, sec. 9); personnel costs incurred on behalf of the Governor’s Office was added to the list of reduced or eliminated expenditures (Minn. Laws 2009, ch. 36, art. 3, sec. 3); tort claims were deleted from the list, and payment to MN.IT Services in excess of actual costs incurred for trunk highway purposes was added to the list (Minn. Laws 2013, ch. 117, art. 3, sec. 2).

The governor’s budget proposal for FY2018-19 included an appropriation of \$4,830,000 in FY2018 from the THF to replace one of three helicopters in the State Patrol aviation fleet along with \$920,000 in general funds.

A number of court cases have been brought testing the definition of “a highway purpose.” Various decisions have ruled that: THF may not be used to defray the general costs of government; appropriation from the THF to cover the costs of the secretary of state in issuing motor vehicle license and collecting the license tax is constitutional; appropriating money from the THF to the offices of the auditor, treasurer, department of civil service, and commissioner of administration to defray their expenses reasonably attributable to highway matters does not violate the constitution; the THF may be charged for services provided by the state tax department to collect the gasoline tax provided the amount charged accurately reflects expenses incurred for such service; and that “[i]t is essential to validity of an appropriation from the highway fund that no more money be taken than is necessary to defray the expenses properly attributable to highway matters.”

Dedication: Ensuring that funds are used appropriately results in more funding being available for uses that are truly a highway purpose.

Current Dollars: State sales tax: \$27M Tort Claims: \$600,000 MN.IT: \$40-\$50M

Evaluation

	High	Medium	Low
Revenue Generation			X
Cost to Collect			X
Dedication	X		
Political Support	X		

Exemptions: MVST, Fuel Excise Tax

Background: Certain purchases are currently exempt from the motor vehicle sales tax and fuel excise tax, reducing the amount of revenue available for transportation purposes. Some of these exemptions are for governmental entities that receive constitutionally dedicated funds. Some of the exemptions are very popular.

Dedication: Constitutionally dedicated

Current Dollars: According to the Department of Revenue, in 2018, exemptions to the collection of the motor vehicle excise tax reduced the amount collected by approximately \$187.6 million. Exemptions to the fuel excise tax reduced the amount collected by \$6.6 million.

Evaluation

	High	Medium	Low
Revenue Generation			X
Cost to Collect			X
Dedication	X		
Political Support			X

Transportation Funding 2018

Current and Potential New Funding Sources

Funding Mechanism		Current Per Unit Yield	Illustrative Tax/Rate	Hypothetical Estimated Increased Revenue
Constitutionally Dedicated Funding Sources				
Motor Fuel Taxes				
	Gas Tax Rate Increase	1¢/gallon ≈ \$32 million	10¢/gallon	≈ \$320 million
	Increase Special Fuels Rate to Equivalent of 10-cent Gas Tax Rate (= 35%)	Gas Tax Equivalent 1¢ ≈ \$169,839	Gas Tax Equivalent 10¢	Gas Tax Equivalent 10¢ ≈ \$1.69 mill
	Gas Tax Rate Indexing (2.0% CPI projection)	1% ≈ \$9 million	2.0% / yr.	≈ \$18 million
Sales Tax on Motor Fuels				
	Sales Tax on Motor Fuels @ 6.5%	N/A	6.5%	≈ \$500 million
	Sales Tax on Motor Fuels Equivalent to 10¢ Gas Tax Increase	N/A	3.7%	\$320 million
Vehicle Registration Tax (Tab Fees) Proposals from 2016				
	Minimum tax increased	N/A	Increase to \$40	≈ \$ 36 million
	Depreciation schedule change	N/A	Increase total revenue 5%/yr	≈ \$150 million
	Increase tax rate	N/A	1.25% to 1.5%	≈ \$140 million
	Increase Electric Vehicle Fee from \$75/yr to \$150/yr	\$75/yr ≈ \$450,000	\$150/year	\$450,000
Motor Vehicle Sales Tax				
	Increase Rate from 6.5% to 6.87%	6.5% generates \$754 M in 2017	Increase to 6.87%	≈ \$44 million
	Increase Rate from 6.5% to 7.0%	6.5% generates \$754 M in 2017	Increase to 7%	≈ \$58 million
Statutorily Dedicated Current Taxes				
Sales Tax				
	Sales Tax on Leased Motor Vehicles	6.87%	Increase to 7%	≈ \$3.6 million

	Sales Tax on Rental Vehicles	9.2% & 6.5%		
	Sales Tax on Motor Vehicle Repair Parts – Eliminate statutory limit of \$145 million	6.87%	Eliminate statutory limit	\$133.4 million
	Expansion of Sales Tax to Additional Parts and Services			≈ \$170 million
	Expanding the General Sales Tax Rate: Example: Clothing and Wearing Apparel	N/A	Dedicate 6.5%	\$389 million
	General Fund Dedication			
	• Internet Sales Tax	6.5%	Dedicate 6.5%	\$130-\$206 M
	Sports Betting			
	• Casinos and On-line betting			≈ \$250 million
	Payroll Tax	N/A	0.1%	\$130 million
	Drivers' License Fees	N/A	\$5/driver	\$16.9 million
	Motor Vehicle Title Transfer Fee	N/A	\$10/Transfer	\$12 million
	Motor Vehicle Registration Renewal Fee	N/A	\$10/renewal	\$45 million
	Mileage Based User Fee – (12,000 AVMT)			
	• Addition to Gas Tax		2¢/mile	\$960 million
	• Replace Gas Tax		2¢/mile	\$37 million
	Fees on Transportation Network Services			
	Weight Distance Tax (Trucks over 57,000 lbs)	N/A	Rate x Miles Traveled	\$175 million
	Lane Use Charges			
	• I-94 Rural - TH 101 to St. Cloud	30 year gross revenue estimate, includes inflation	7 cents per mile	\$2.1 billion
	• I-94 Urban - TH 101 to Wisconsin			\$4.9 billion
	• I-35 Rural - North E/W split to Duluth			\$3.5 billion
	• I-35W Urban - Between N & S E/W splits			\$3.8 billion
	• U.S. 169			\$2.2 billion
	• U.S. 52			2.3 billion
	• TH 610			\$461 million

MnPASS				
	<ul style="list-style-type: none"> I-94 between Minneapolis and St. Paul (Cost estimate \$300 million) 			
	<ul style="list-style-type: none"> Hwy. 36 between Roseville and Maplewood – (\$80 million) 			
	<ul style="list-style-type: none"> I-494 between Eden Prairie and the MSP Airport (\$220 million) 			
	<ul style="list-style-type: none"> Hwy. 77 between Apple Valley and Bloomington – (\$160 million) Hwy. 169 between Shakopee and Golden Valley (\$230 million) 			
Local Taxes and Revenue				
	WheelageTax	\$20/vehicle	All 87 Counties	\$54.3million
	County Local Option Sales Tax	.5%	All 87 Counties	\$321 million
	County Vehicle Excise Tax	\$20/vehicle	All 87 Counties	\$8.8 million
	Aggregate Materials Tax			
	Municipal Local Option Tax			
	Municipal Street Improvement District			
	Local Property Tax			
	Local Transit: Contract/Farebox Recovery/Advertising			
Bonding/Financing				Needed Amount
	Trunk Highway Bonds		20% limit on debt service	Minimal amount available
	General Obligation Bonds			
	Local Bridges			\$50-\$100M
	Local Roads			\$100 - \$200M
	Transit Projects			\$50 - \$100M
	Other Modes			\$20 - \$50M
	Public Private Partnerships			
	Metropolitan Area Regional Bonds			\$30-\$40M
	Transportation Revolving Loan Fund			
	Right-of-Way Acquisition Loan Fund			
Exemptions/Leakages				
	Trunk Highway Fund Leakages			\$70M
	MVST, Fuel Tax			\$100-180M

2018 Corridors of Commerce Program

Funded

District	Highway	Description	Cost	Total Points
Metro	I-494	France Ave to TH 77 construct MnPASS lane	\$149,020,000	660
Metro	I-494	Bush Lake Rd to 35W construct a turbine interchange	\$92,170,000	655
Metro	252 / I-94	Convert to a freeway and add MnPASS lanes Dowling to TH 610.	\$163,220,000	645
Metro	I-494	France Ave to I-35W construct improvements	\$91,700,000	640
Metro	I-494	TH 100 to I-35W construct an EB auxiliary lane	\$12,470,000	625
Metro	169	CSAH 17 to I 494 construct MnPASS	\$152,490,000	620
Metro	I-494	Bush Lake Rd to TH 100 construct turbine interchange	\$79,360,000	615
Metro	65	TH 10 to 117th Ave freeway design	\$99,070,000	615
Metro	I-494	Bush Lake Rd to TH 100 interchange improvements	\$13,480,000	610
Metro	I-494	France Ave to I-35W construct auxiliary lane	\$12,010,000	605
Metro	I-94	Jct. with TH 280/Franklin Avenue interchange improvements	\$89,420,000	605
3	169	TH101 to 197th 01 Full freeway conversion	\$174,110,000	600
Metro	169	CR 21 to I 494 construct MnPASS	\$39,070,000	595
Metro	10 / 169	TH 169 to Thurston Ave freeway conversion	\$55,180,000	590
3	I-94	St. Michael to Albertville - construct auxiliary lane	\$62,420,000	580
Metro	77	Apple Valley to Bloomington add MnPASS	\$37,110,000	580
3	169	TH101 to 197th 01 partial freeway conversion	\$92,040,000	575
Metro	252	Convert to a freeway and extend 3rd lane	\$95,670,000	575
3	I-94	St. Michael to Albertville - construct 4 to 6 lane conversion	\$77,800,000	570
3	I-94	St. Michael to Albertville - construct 4 to 6 lane conversion & Int. A	\$77,800,000	570
Metro	13	Jct Dakota Ave construct interchange	\$25,650,000	570
Metro	I-35W	Construct NB flyover to WB I-494	\$79,890,000	570
Metro	65	105th Ave to 117th construct freeway design	\$57,120,000	565
Metro	65	Jct 109th Ave construct interchange	\$26,360,000	565
Metro	94/494/694	Construct a SB I-694 to EB I-94 flyover ramp	\$26,890,000	565
Metro	62	I-35W to TH77 construct EB auxiliary lane	\$22,560,000	560
Metro	I-35W	Construct a SB I-35W to EB I-694 flyover	\$22,470,000	555
Metro	36	I-35W to I-35E construct MnPASS	\$61,130,000	555
Metro	65	Jct TH 10 construct free flow improvements	\$42,880,000	550
Metro	I-94	Maple Grove to Rogers add lanes in both direction	\$8,250,000	550
Metro	36	Jct Century construct interchange	\$32,170,000	545
Metro	I-494	Bush Lake Rd to TH 100 construct auxiliary lane	\$1,500,000	545
Metro	61	Jct Warner Rd construct interchange	\$33,020,000	545
Metro	169	Jct TH 282 construct interchange	\$13,300,000	540
Metro	212	NYA to Chaska construct 2 to 4 lane conversion	\$97,980,000	535
Metro	62	I-35W to TH 77 construct auxiliary lane both directions.	\$15,230,000	530
Metro	62	Tracy to TH 35W expand roadway 2-lanes to 4-lanes	\$154,050,000	530
6	14	Owatonna to Dodge Center construct 2 to 4 lane conversion	\$160,410,000	525
Metro	I-94	Construct TH 610 gap	\$37,230,000	525
3 / 8	23	Willmar to St. Cloud - construct 2 to 4 lane conversion	\$105,070,000	520

Metro	212	Dahlgren to Carve construct 2 to 4 lane conversion	\$45,250,000	520
Metro	I-35W	Construct a NB I-35W to WB I-694 flyover	\$24,660,000	520
Metro	I-494	TH 100 to TH 77 construct 2 additional lanes	\$140,820,000	520
Metro	62	Penn Ave to TH 169 add additional lanes in each direction	\$51,670,000	520
1	I-35	21st Ave to Garfield Avenue - TPP #2	\$270,570,000	515
1	I-35	27th Ave to Garfield Avenue - TPP #1	\$270,570,000	515
3	23	Paynesville to Richmond construct 2 to 4 lane conversion	\$57,520,000	515
Metro	212	Cologne to Carver construct 2 to 4 lane conversion	\$45,250,000	515
Metro	I-494	TH 100 to TH 77 construct 2 additional lanes & I-35W interchange	\$220,810,000	515
Metro	I-94	Fish Lake to Maple Grove construct auxiliary lane both directions	\$12,680,000	515
3	I-94	Albertville to Clearwater construct 4 to 6 lane conversion	\$179,540,000	510
6	14	CR 16 to Dodge Center construct 2 to 4 lane conversion	\$138,610,000	510
Metro	13	Quentin Ave to Washburn Ave add a new interchange	\$33,720,000	510
Metro	62	TH 77 to Portland Ave H Ave add auxiliary lane in each direction	\$19,650,000	510
Metro	77	NB TH 77 to WB TH 62 construct flyover ramp	\$36,550,000	510
Metro	97	I-35 to TH61 expand 2-lanes to 4-lanes	\$16,130,000	510
Metro	65	Jct 117th Ave construct interchange	\$16,110,000	505
Metro	55	Expand the roadway from two lanes to four lanes.	\$38,920,000	500
Metro	8	Expand the roadway from two lanes to four lanes.	\$58,520,000	495
Metro	94/494/694	Construct two flyover ramps	\$101,870,000	495
3	10	Wadena construct 2 to 4 lane conversion	\$39,210,000	490
Metro	I-94	I-94/494/694 interchange reconstruction	\$96,790,000	490
3	371	Jenkins to Pine River construct 2 to 4 lane conversion	\$48,020,000	485
6	14	54th Ave to CR 3 construct 2 to 4 lane conversion	\$100,060,000	485
6	14	CR 3 to Dodge Center construct 2 to 4 lane conversion	\$85,850,000	485
7	14	New Ulm to Nicollet construct 2 to 4 lane conversion	\$79,200,000	485
Metro	36	Jct. Manning Ave construct interchange	\$21,170,000	485
Metro / 8	212	Granite Falls to Chaska construct 2 to 4 lane conversion	\$398,660,000	485
3	I-94	Monticello to Clearwater construct 4 to 6 lane conversion	\$54,720,000	485
3	371	Jct of TH 210 construct interchange	\$43,040,000	480
Metro	212	NYA to Benton construct 2 to 4 lane conversion	\$53,730,000	480
Metro	212	NYA to Cologne construct 2 to 4 lane conversion	\$53,730,000	480
Metro	36	N. St. Paul to St. Croix River freeway conversion	\$140,170,000	480
Metro	I-94	TH 52 to Jackston St construct WB buffer lane	\$2,510,000	475
Metro	36	I-35W to I-35E construct EB auxiliary lane	\$26,830,000	470
Metro	494 / 694	Expand Tamarack Rd to Co Rd 10 to 6-lanes	\$10,300,000	470
Metro	I-94	Jct. with TH 252 interchange ramp improvement	\$1,960,000	470
6	14	Jct CR 104 construct an interchange	\$39,180,000	465
6	52	Jct TH 14 capacity improvements	\$34,140,000	465
7	14	New Ulm to Courtland construct 2 to 4 lane conversion	\$64,320,000	465
7	14	CR 37 to Nicollet Expansion	\$67,550,000	460
Metro	61	Jct Afton Rd construct interchange	\$12,610,000	460
2	11	Roseau to Warroad construct 2 to 4 lane conversion	\$56,970,000	455

3	I-94	Monticello to Hasty construct 4 to 6 lane conversion	\$86,120,000	455
1	169	Pengilly to Bovey construct 2 to 4 lane conversion.	\$75,530,000	450
Metro	36	I-35 W to I-35 E construct 4 to 6 lane conversion	\$93,560,000	450
Metro	I-94	I-35E to 5th St construct a WB lane addition	\$8,500,000	450
1	169	CSAH 7 to TH 65 construct 2-to 4 lane conversion	\$75,530,000	445
6	14	56th Ave to CR 16 construct 2 to 4 lane conversion	\$28,900,000	445
6	14	Construct Byron Interchange Option 1	\$17,190,000	445
6	14	Construct Byron Interchange Opt2	\$16,500,000	445
6	14	Construct Byron Interchange Option 3	\$24,780,000	445
7	14	New Ulm to W. Courland Expansion	\$36,840,000	445
Metro	252	Extend 3rd lane	\$17,690,000	445
3	210	Pillager to Ironton construct 2 to 4 lane conversion	\$98,480,000	440
7	14	Nicollet to W. Courtland construct 2 to 4 lane conversion	\$54,090,000	440
Metro	I-35W	Construct an I-694 exit only lane	\$1,950,000	440
3	I-94	Construct improved interchange at TH 23	\$2,500,000	435
Metro	41	Chaska to CSAH 61 improvements	\$9,180,000	435
6	52	Jct TH 57 construct interchange	\$10,590,000	430
3	10	Royalton interchange construction	\$35,280,000	425
3	210	Motley to Baxter construct 2 to 4 lane conversion	\$86,250,000	425
8	23	New London to Paynesville construct 2 to 4 lane conversion	\$47,550,000	425
Metro	101	Construct interchange from Diamond Lake Rd to I-94	\$28,710,000	425
Metro	55	Lake St interchange reconstruction	\$3,650,000	425
Metro	110	Mendota to Inver Grove freeway conversion	\$121,780,000	420
Metro	62	Jct TH 77 construct ramps	\$1,300,000	415
7	14	Nicollet to E. Courtland Expansion	\$19,060,000	410
Metro	101	Construct SB flyover access to I-94	\$41,220,000	405
1	169	CSAH 7 to CSAH 80 construct 2 to 4 lane conversion.	\$28,150,000	400
Metro	36	Construct new interchange at Lake Elmo	\$31,190,000	395
8	23	Jct TH 19 construct interchange	\$13,350,000	390
Metro	10	Other: Make Hwy 10 in Blaine at least three lanes in each direction	\$1,400,000	390
Metro	I-35E	Add lanes from I-35E/I35W split to TH 97	\$3,740,000	390
Metro	61	Jct TH 10 construct interchange	\$25,020,000	390
7	60	Construct interchanges through Windom	\$58,070,000	385
Metro	101	Expand the roadway to 4-lane CSAH 14 to CSAH 61	\$32,150,000	385
Metro	I-35W	CR C to CR D exit lane	\$1,940,000	380
1	61	Construct a roundabout at 40th Ave	\$14,990,000	375
7	14	Jct TH 14 construct new interchange	\$94,920,000	375
8	23	Pipestone to Willmar construct passing lanes	\$8,320,000	370
8	23	Jct. TH 59 construct interchange	\$15,090,000	370
7	169	Construct bypass of St. Peter	\$224,590,000	365
Metro	5	Victoria to Chanhassen construct 2 to 4 lane conversion	\$21,540,000	365
Metro	61	Jct TH 95 construct interchange	\$23,290,000	365
1	169	CSAH 83 to TH 65 construct 2 to 4 lane conversion	\$18,530,000	360
1	I-35	Jct CSAH 3 construct interchange	\$4,610,000	360
3	23	Downtown St. Cloud - Freeway Conversion	\$45,350,000	360
1	2	Jct CSAH 13 construct roundabout.	\$1,640,000	355
1	61	Jct. 40th Ave construct roundabout	\$3,230,000	355
Metro	61	Jct Warner Rd left turn lane improvement	\$590,000	355
3	10	Jct CSAH 11 safety improvement	\$2,380,000	350
8	212	Granite Falls to Montevideo construct passing lane	\$3,980,000	350

1	61	40th Ave intersection improvements	\$2,230,000	340
2	11	Roseau to Warroad passing lane and realignment near airport	\$8,510,000	340
4	I-94	Construct new interchange	\$19,690,000	340
8	212	Granite Falls to Montevideo reconstruction	\$6,980,000	340
7	169	Construct Lind St. and Webster St. interchanges	\$50,160,000	335
Metro	156	Barge Channel Rd. Project	\$27,630,000	335
1	61	Jct Homestead Rd construct J-turn	\$630,000	330
1	2	Grand Rapids to TH 63 - 4 to 5 lane conversion.	\$2,880,000	325
1	53	Jct. CSAH 16 construct J-turn	\$610,000	325
2	59	CSAH 3 to Thief Rivers Falls construct 2 to 4 lane conversion	\$16,890,000	325
8	23	Willmar to Priam construct 2 to 4 lane conversion	\$7,650,000	325
1	210	TH 169 to TH 65 reconstruction	\$12,040,000	320
4	59	Detroit Lakes to Mahnomen construct passing lane	\$3,766,000	320
8	23	Jct. CSAH 1 construct left turn lane	\$730,000	320
1	53	Jct TH 1 construct J-turn	\$670,000	315
1	169	Jct TH 25 construct J-turn	\$580,000	310
1	2	Jct TH 194 construct roundabout	\$2,830,000	310
2	11	Roseau to Warroad construct passing lanes	\$3,793,000	310
8	23	TH 71 to CR 5 construct 2 to 4 lane conversion	\$4,790,000	310
1	53	Jct Solway Rd. J-turn	\$560,000	305
1	53	Jct. CSAH 9 construct J-turn	\$620,000	300
8	23	Pipestone to Russell surfacing project	\$44,760,000	300
1	169	Jct CSAH 137 construct J-turn	\$860,000	295
8	212	Brownston to Stewart construct passing lane	\$3,500,000	295
8	71	Construct Redwood Falls bypass	\$12,020,000	295
1	61	Jct. McQuade Rd construct J-turn	\$980,000	290
8	212	Buffalo Lake to Steward construct passing lane	\$3,230,000	290
1	53	Jct. CSAH 15 construct J-turn	\$475,000	285
1	169	CSAH 7 to TH 65 safety improvements	\$5,490,000	280
1	33	Jct CSAH 7 construct J-turn	\$510,000	280
8	23	Jct TH 7 construct interchange	\$6,600,000	280
8	212	Sacred Heart to Renville passing lane	\$2,750,000	275
8	212	Jct TH 15 construct roundabout	\$2,443,000	270
1	53	Virginia to Intl Falls install passing lanes	\$2,900,000	260
8	23	Jct. TH 7 construct roundabout	\$3,120,000	260
1	169	Safety Improvements	\$5,490,000	255
1	61	Jct Ryan Rd construct J-turn	\$1,640,000	250
8	212	Replace BNSF bridge in Granite Falls	\$9,790,000	235
8	23	New London to Paynesville construct passing lane	\$9,030,000	210
8	23	New London to Paynesville construct Super 2	\$8,510,000	175

31 States & DC Have Increased Motor Fuel Related Taxes 51 Times Since 1997



19 States Have an Electric Vehicle Fee

