



# MnDOT Budget Update

## November 9, 2022

Josh Knatterud-Hubinger - Chief Financial Officer (interim)

- **October 17, 2022:** Agency budget requests for FY 24/25 biennium submitted to MMB
- **Early December 2022:** November forecast released
- **November 2022 – January 2023:** Governor's budget decision making
- **January 24, 2023, or February 21, 2023:** Governor's budget recommendations submitted to the Legislature

# IJA State and Local Match (current estimates)

All amounts in table below reflect rough estimates in millions:

Program	Federal Funds/Year	State/Local Match
<b>FHWA – MnDOT (@70%)</b>	<b>\$170M*</b>	\$40M (@20%)
FHWA – Locals (@30%)	\$70M	\$20M (@20%)
FAA	\$60M	\$7M (@10%)
FTA – MnDOT portion only	\$13M	\$7M (@36%)
<i>Discretionary programs**</i>	<i>\$450M (@2% of total)</i>	<i>\$112M (@20%)</i>
<b>Grand Total</b>	<b>\$760M</b>	<b>\$185M</b>

***\*Need additional budget authority from state legislature via increased direct appropriations (unlike typical LAC process for federal funds).***

***Total need for 22/23 biennium = \$315.5M***

***\*\*Estimates of Minnesota's portion of the many new and expanded discretionary grant programs are for illustrative purposes only***

# IJA Discretionary Grants ~\$152M Awarded to Minnesota

- RAISE (August 2022):
  - 6 Minnesota projects totaling \$99M (~4.5% of \$2.2B)
    - 1 MnDOT project: Highway 197 (Paul Bunyan Drive) totaling \$18M
- Low/No Emission Buses (August 2022):
  - 5 Minnesota projects totaling \$17.5M (~1.1% of \$1.7B)
    - 1 MnDOT project: \$3.4M for electric buses for 4 rural transit fleets
- INFRA (September 2022):
  - 2 Minnesota projects totaling \$35M (~2.3% of \$1.5B total)
    - 1 MnDOT project: I-90 Austin Bridges totaling \$25M

# Governor's Change Item Requests – 2022 Session

\$ in 1,000s

Request Name	Fund	FY 2022	FY 2023
Multimodal Transportation Package (*related to IIJA*)	Multiple	123,084	176,916
Maximize Federal Transportation Climate Funding (*related to *IIJA*)	GF	-	2,000
Compensation Operating Impacts	TH	3,500	20,400
Corridors of Commerce Project Scoring and Statute Clarification	TH	-	-
ARMER Radio Tower and Equipment Building Replacements	GF	-	2,000
Rail Grade Crossing Safety	TH/SR	-	1,500
Utility Aircraft Replacement (“pickups in the sky”)	GF	-	7,000
Passenger Rail - 2nd Train Twin Cities to Chicago	GF	740	1,490

# Multimodal Transportation Package

## NEW Dedicated Funding from General Fund

### Trunk Highway Fund \$90M/year:

- **SRC** (56% of total): \$50.5M/year
- **O&M** (25% of total): \$22M/year
- **PP&D** (13% of total): \$12M/year
- **Agency Support** (6% of total):  
\$5M/year

### CSAH and MSAS \$60M/year

- \$ TH Bonds & \$ GF Cash – dedicated funds for discretionary grant match

### General Fund \$50M+/year:

- **EV** formula match: \$3.4M/ year
- **MnDOT transit**: \$7M/year
- **Met Council transit**: \$10M/year
- **Aero** match (@10%): \$6.5M/year
- **Small cities**: \$10M/year
- Remain net of formula/specific programs match: \$13.1M/year






# Governor's Capital Budget Requests – 2022 Session

\$ in 1,000s

Program / Project	Funding Source	Governor's Proposal
High Priority Bridges	THB	\$80,000
Local Bridge Replacement Program	GO	\$120,000
Local Road Improvement Program	GO	\$90,000
Highway Railroad Grade Crossing Warning Device Replacement	GO	\$5,000
Port Development Assistance Program	GO	\$5,000
Safe Routes to School Infrastructure Program	GO	\$1,500
Active Transportation	GO/GF	\$5,000
Truck Parking Improvements	TH	\$5,000
Minnesota Rail Service Improvement Program	GO	\$2,000
Greater Minnesota Transit Program	GO	\$1,000
Facilities Capital Improvements	THB/TH	\$71,200
Rail Corridor Capacity Improvements	GO	\$16,100
<b>General Obligation Bond (GO) Total</b>		<b>\$244,600</b>
<b>General Fund Cash (GF) Total</b>		<b>\$1,000</b>
<b>Trunk Highway Bonds (THB) Total</b>		<b>\$151,200</b>
<b>Trunk Highway Fund (TH) Total</b>		<b>\$5,000</b>
<b>Grand Total</b>		<b>\$401,800</b>

# Revenue Updates

- MMB prepares forecast for state General Fund
  - FY 2022 revenues up +\$2.9 billion (+10.7%) vs. forecast (preliminary year end) 
  - Adjusting for timing issues, MMB believes that true variance is ~+\$1 billion
  - As of End of Session, General Fund balance is \$7 billion at end of FY 22/23 biennium, growing to \$12 billion at end of 24/25 biennium
- MnDOT prepares forecasts for 6 transportation funds:
  - FY 2022 Highway User Tax Distribution (HUTD) Fund revenue down -\$82 million (-3.2%) vs. forecast 
    - All 3 major sources (gas taxes, registration taxes, MVST) down vs. forecast
  - Trend is continuing in FY 2023 
    - Estimated revenues through September down -\$44 million (-6.8%) vs. forecast



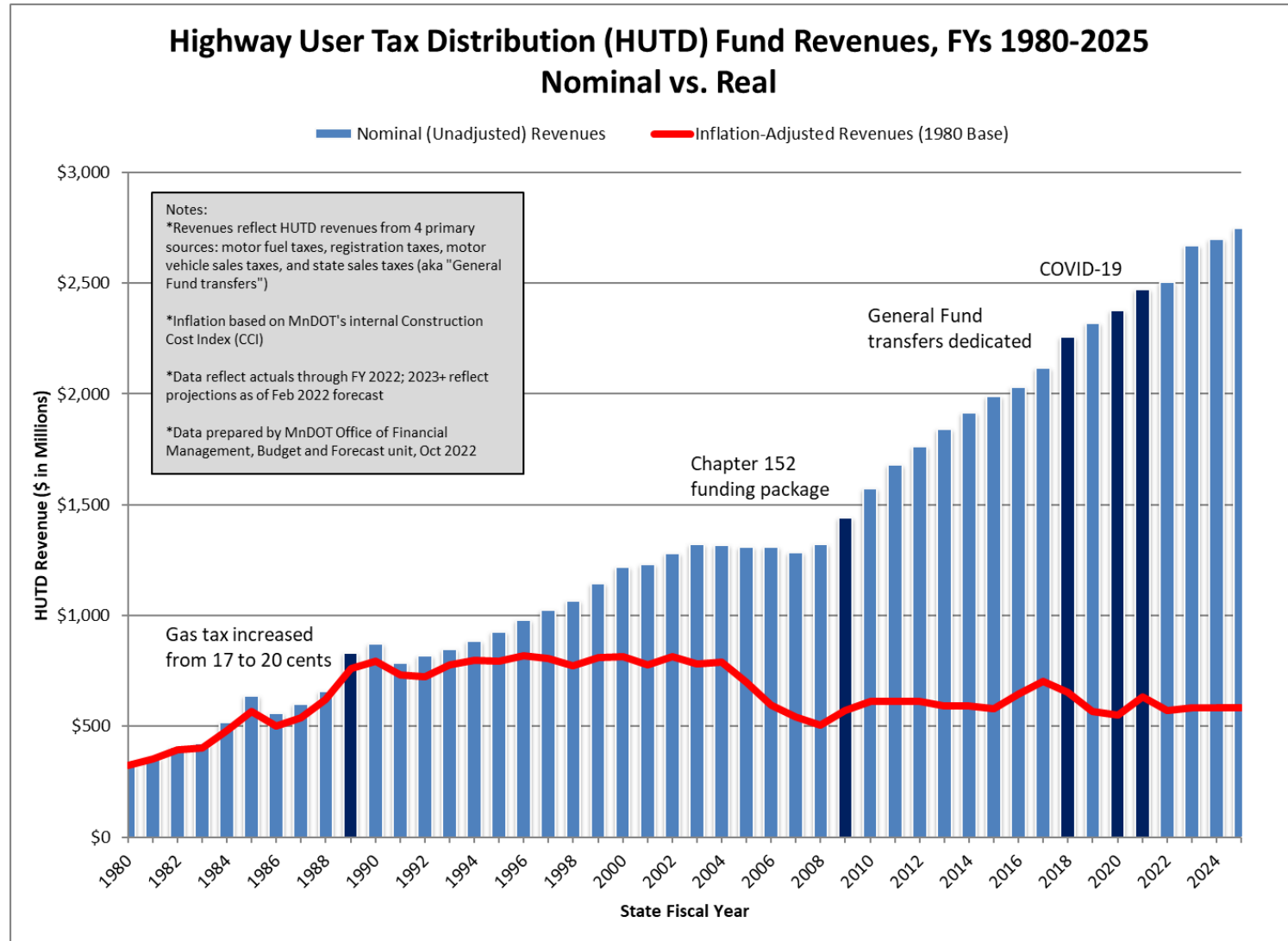
# HUTD Revenues

## Year-over-Year Growth Rates

Revenue (FY22 actuals in \$Ms)	FY 18 (act)	FY 19 (act)	FY 20 (act)	FY 21 (act)	FY 22* (act)	FY 23* (fcst)	FY 24 (fcst)	FY 25 (fcst)
Gas tax (\$893M)	1.7%	1.3%	-6.2%	-3.8%	5.5%	2.2%	2.2%	0.8%
Tab fees (\$823M)	3.9%	2.8%	1.1%	5.1%	-3.6%	5.2%	6.3%	3.0%
MVST (\$592M)	2.4%	4.8%	0.0%	21.2%	0.5%	8.2%	-0.6%	1.9%
State sales taxes (\$198M)	100.0%	6.4%	119.0%	-8.4%	9.3%	4.5%	0.2%	1.3%
Other (\$4M)	23.2%	34.7%	-26.1%	-15.5%	18.6%	19.9%	3.3%	12.9%
<b>Total (\$2,510M)</b>	<b>6.6%</b>	<b>2.8%</b>	<b>2.4%</b>	<b>3.9%</b>	<b>1.5%</b>	<b>4.8%</b>	<b>2.7%</b>	<b>1.9%</b>
Feb 22					4.8%	3.2%	1.0%	1.9%

\*Reflects impacts of actual revenues for FY 22 and YTD actuals through September for FY 23

# Minnesota Highway User Tax Revenue History of Annual Revenues



# Commissioner's Order 23 Estimates\*

## County State Aid Highway 29% Gross (in millions)

Year	Gross Amount	YOY % Change	Annual Growth (smoothed avg)
2017	\$573.0		
2018	\$633.8	+10.6%	+10.6% (1 yr)
2019	\$637.4	+0.6%	+5.5% (2 yrs)
2020	\$697.7	+9.5%	+6.8% (3 yrs)
2021	\$636.1	-8.8%	+2.6% (4 yrs)
2022	\$728.3	+14.5%	+4.9% (5 yrs)
<b>2023 (estimated)*</b>	<b>\$675.2</b>	<b>-7.3%</b>	<b>+2.8% (6 yrs)</b>

\*23 amounts will be finalized after November forecast

# Minnesota History with Mileage-Based Fees

- 1997: Mileage-Based User Fee Research
- 2002: New Approach to Road User Charges, led 13 state pooled fund
- 2006: Pay-as-you-Drive Demonstration, Value Pricing Pilot Program
- 2009: Mileage-Based User Fee Public Opinion Study
- 2011: Mileage-Based User Fee Policy Task Force
- 2013: Minnesota Road Fee Test Demonstration
- 2021: Minnesota Distance-Based Fee Research and Demonstration

# Distance-Based Fee Demonstration Outcomes

- Collected, processed, and invoiced a half million miles of travel
  - Car-Sharing fleet model
  - Embedded telematics (manufacturers have noticed!)
- Protected user privacy and data / reduced customer complexity
- Developed a rate setting framework to examine the basis for establishing fair per-mile charges
- Simulated collection of both State and Federal DBF (MFT equivalent)
- Tested DBF collection with an automated vehicle
- Develop audit protocol and conducted full system audit

- Advance the knowledge gained from the DBF demonstration
- Engage drivers with outreach and education
- Continue testing with automated vehicles
- Work with OEMs on future demonstration design and execution
- **We're hiring! (Job ID #60478 on State of Minnesota careers website)**

# Questions?

**Thank you!**

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