

# One Minnesota Budget



Department of Transportation

# Leadership at MnDOT



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Chief Financial Officer

# One Minnesota Budget



**FY 2024-2025 Operating Budget**



Priority	Governor's Recommendations	Four Year Total (FY24-27)
1	Multimodal Transportation Package <i>(New \$ from General Fund)</i>	\$722.1 M
2	Tab Fee Restructure <i>(New Tax Revenue)</i>	~ \$700 M
3	Maintain Current Service Levels	\$304.4 M
4	Maximize Federal Climate Transportation Funding	\$8 M
5	ARMER Tower and Building Replacement	\$2 M
6	Strategic Technology System Investments	\$19 M
7	Local Transportation Disaster Support	\$7.3 M
8	Rail Grade Crossing Safety <i>(\$ shift from Trunk Highway Fund)</i>	\$5.3 M
9	Aeronautics Systems and Investments	\$15 M
10	Tribal Affairs Training Program	\$4 M
11	Twin Cities-Milwaukee-Chicago Rail Corridor	\$15.1 M
12	Stone Arch Bridge	\$5 M
13	Weigh Station Program	\$4 M
14	Utility Aircraft Replacement	\$7 M
15	Rail Safety Inspectors	-
16	Safe Routes to School Extension	-
17	Freight Network Optimization Tool	-
18	Meteorological Tower Registration Fee	-
19	Authority to Charge for Traffic Control	-
20	Pilot-Scale Sustainable Aviation Fuels Production	\$11.6 M
21	Capital Budget Debt Service and Trunk Highway Cash <i>(\$ from Trunk Highway Fund)</i>	\$52 M
22	Impact on Transportation Funds for DPS HUTD Funding Recommendations	-\$1.2 M

# Multimodal Transportation Package

- \$722 million general funds for transportation investments over the next 4 years
  - \$358 million allocated to the trunk highway fund to match IIJA federal funding opportunities
    - Invests in project planning and support
  - \$364 million general funds to match multimodal and non-trunk highway investments
    - Includes formula and discretionary funds
- \$50 million authorized trunk highway bonds

# Multimodal Transportation Package – \$358M in Trunk Highway Funds

- \$90 million per year trunk highway funds provide:
  - \$50.5 million base increase for State Road Construction
    - To be used as state match for IJA federal funds
  - \$22 million base increase for Operations and Maintenance
  - \$12 million base increase for Program Planning and Delivery
  - \$5 million base increase for Agency Support
- \$50 million trunk highway bonds to provide matches for federal grants
- Budget authority still required to spend \$315.5 million of federal funds coming to MnDOT as part of IJA for current FY 2022/23 biennium

# Multimodal Transportation Package – \$364M in General Funds

- \$100 million one-time general funds to provide local match for federal grants
  - MnDOT will assist local governments with grant applications
- \$66 million/year in general funds for non-highway project matches
  - \$3.4 million - EV charging infrastructure
  - \$17 million - Greater Minnesota transit
  - \$6.5 million - state airport infrastructure
  - \$10 million - Small Cities program
  - \$29 million – discretionary grants

# Tab Fee Restructure

- Adjustment to the motor vehicle registration tax annual adjustment percentage
- Nearly \$700 M in new HUTD revenue
  - \$411 M to Trunk Highway
  - \$227 M to CSAH
  - \$60 M to MSAS
- Represents a 19% increase to tab fees over four years
- Represents a 6.5% increase to HUTD fund over four years



# Tab Fee Restructure

- Current law:

- \$10 plus 1.285% of the MSRP of a passenger vehicle, adjusted down annually
- Annual adjustment begins at **100%** of MSRP in the first year
- Declines by 10 percentage points each year
- Tax for vehicles 11+ years is **\$25**

- Proposed change:

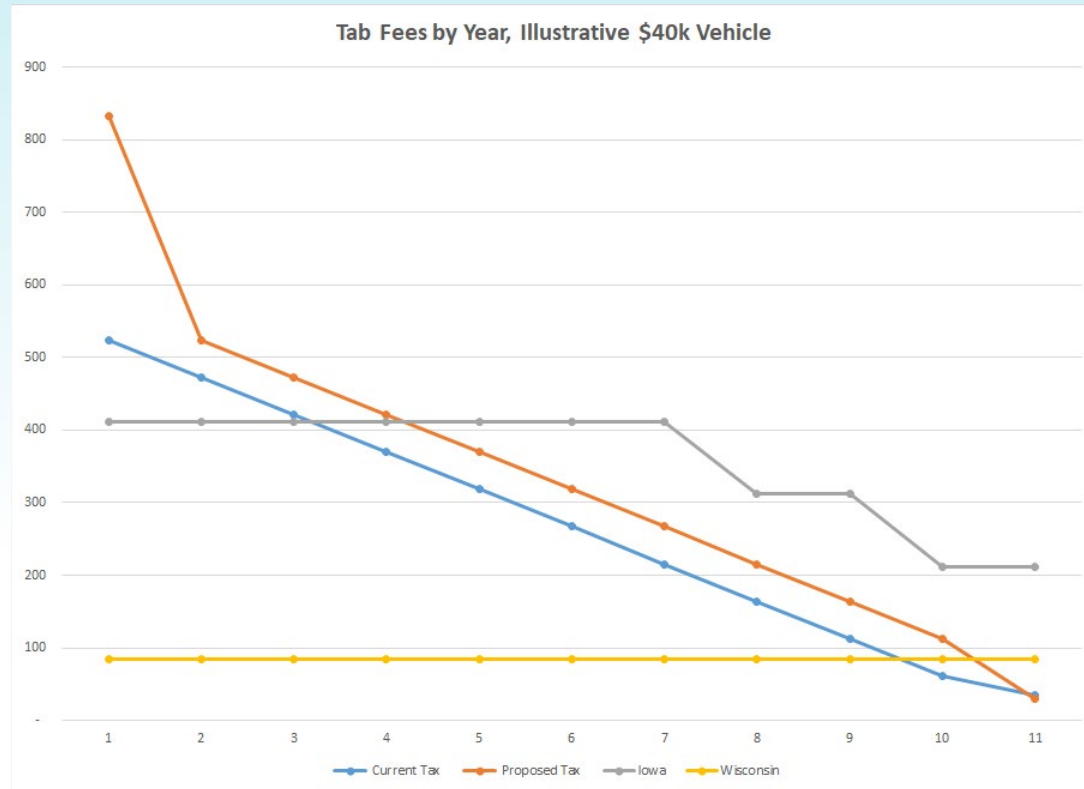
- \$10 plus 1.285% of the MSRP of a passenger vehicle, adjusted down annually
- Annual adjustment begins at **160%** of MSRP in the first year
- Declines to 100% in the second year and then by 10 percentage points each year thereafter
- Tax for vehicles 11+ years is **\$20**
- Effective January 1, 2024

# Tab Fee Restructure

Year	Current Annual Adjustment %	\$40K New Purchase Current Example	Recommended Annual Adjustment %	\$40K New Purchase Recommended Example	Difference
1	100%	\$524	160%	\$832	+ \$308
2	90%	\$473	100%	\$524	+ \$51
3	80%	\$421	90%	\$473	+ \$51
4	70%	\$370	80%	\$421	+ \$51
5	60%	\$318	70%	\$370	+ \$51
6	50%	\$267	60%	\$318	+ \$51
7	40%	\$216	50%	\$267	+ \$51
8	30%	\$164	40%	\$216	+ \$51
9	20%	\$113	30%	\$164	+ \$51
10	10%	\$61	20%	\$113	+ \$51
11+	\$35	\$35	\$30	\$30	- \$5
<b>Total</b>		<b>\$2,962</b>		<b>\$3,728</b>	<b>+ \$776</b>

- On new \$40k vehicle, increase of \$308 in year 1 = 0.78% overall cost increase
- About half of all vehicles would pay \$5 less (vehicles 11+ years old would decrease from \$35 to \$30)

# Tab Fee Restructure – Comparison to Neighbor States



- Wisconsin charges a flat fee of \$85/yr
- Iowa charges tab fees based on vehicle weight. For a “normal” vehicle (~3,000 lbs) the tax is \$412/yr for 1<sup>st</sup> 7 years

# Maintain Current Service Levels

- Preserves existing purchasing power and addresses compensation pressures
- \$135 million base Trunk Highway Fund increase in FY 24-25
  - ~ 6% increase from FY 22/23 operating budget
- \$800,000 base General Fund increase in FY 24-25
- \$1.2 million base 911 Emergency Fund increase in FY24-25

# Maximize Federal Transportation Climate Funding

- \$2 million base general fund increase for federal climate programs
  - Leverages federal funds from the IIJA
  - IIJA focus on EV charging and fueling, transportation resilience, and carbon reduction
  - Provides 5 FTE and adequate resources to plan and administer federally funded programs
  - This request is supported by the Sustainable Transportation Advisory Council (STAC) working group

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## FY 2024-2025 Capital Budget

# Governor's Recommended Capital Budget

Recommendation	Funding Source	Amount
High Priority Bridges	THB	\$80 M
Local Bridge Replacement Program	GO	\$144 M
Local Road Improvement Program	GO	\$108 M
Highway Railroad Grade Crossing-Warning Devices Replacement	GO	\$6 M
Port Development Assistance Program	GO	\$6 M
Safe Routes to School	GO	\$1.8 M
Active Transportation	GO/GF	\$6 M
Statewide Freight Safety Investments	THF	\$5 M
Minnesota Rail Service Improvement Program	GO	\$2.4 M
Greater Minnesota Transit Capital Program	GO	\$1.2 M
Facilities Capital Improvement Program	THB/THF	\$90.9 M
Rail Corridor Capacity Improvements	GO	\$19.9 M

Funding Source	Abbreviation	Total Amount
General Fund General Obligation Bonds	GO	\$294.1 M
Trunk Highway Fund General Obligation Bonds	THB	\$167.4 M
General Fund Cash	GF	\$1.2 M
Trunk Highway Fund Cash	THF	\$8.4 M
<b>Total Project Funding</b>		<b>\$471.2 M</b>

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Questions?