

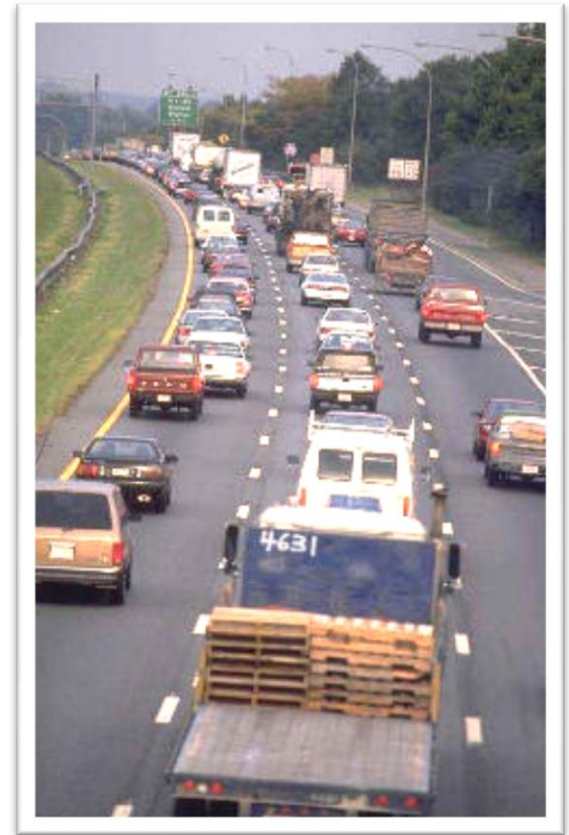
Overview of Minnesota Highway and Transit Finance

Metropolitan Council
Transportation Committee
June 8, 2015



Today's topics

- MN and Metro Area transportation revenues and expenditures
- Highway revenues and expenditures
- Transit revenues and expenditures

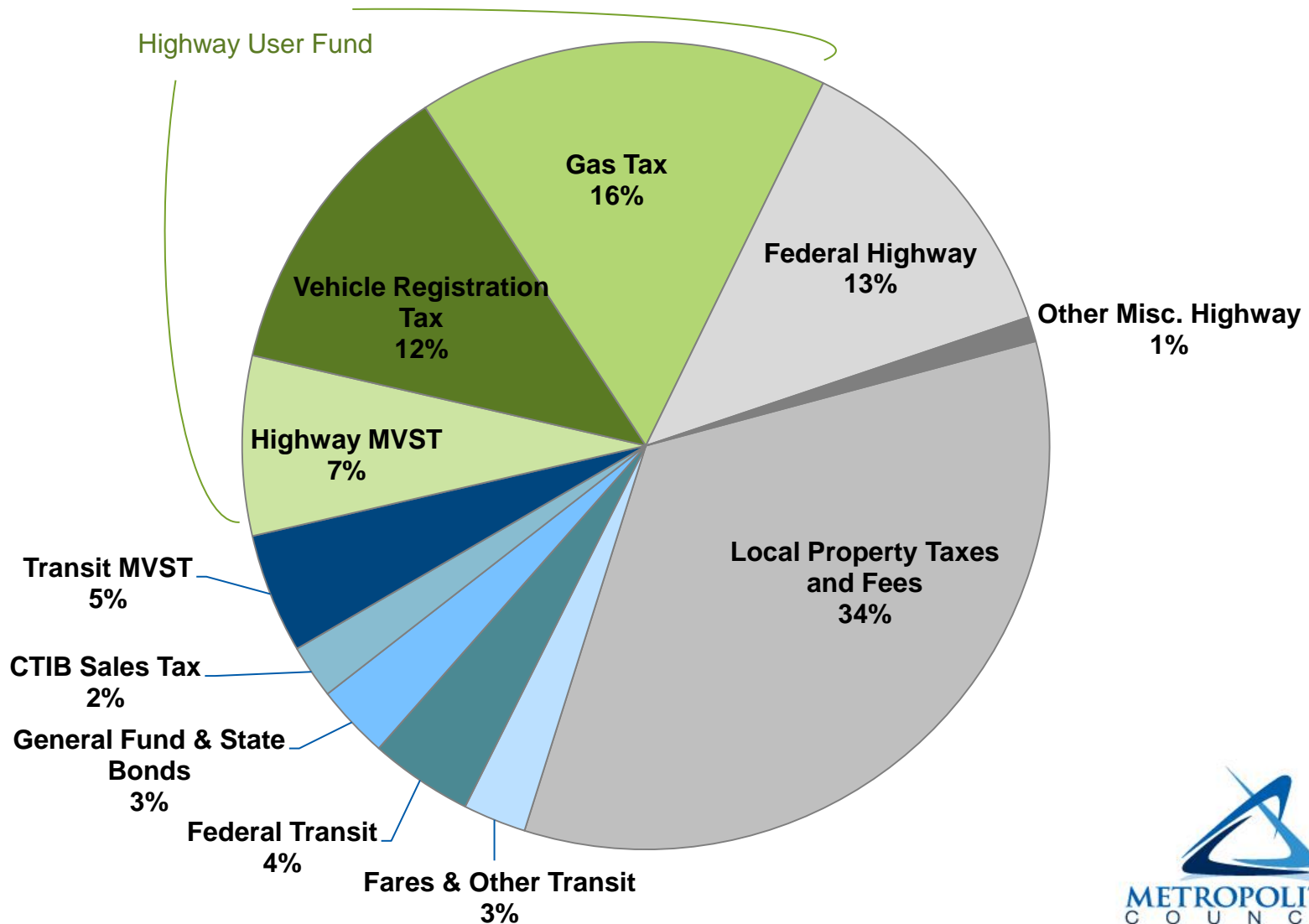


General Concept

- Minnesota's constitutional dedication of the gas tax, vehicle registration tax and the motor vehicle sales tax to specific transportation purposes, combined with federal modal-based funding programs, has led to a very segmented system of funding between highways and transit (i.e. highway funds are for highways and transit funds are for transit)

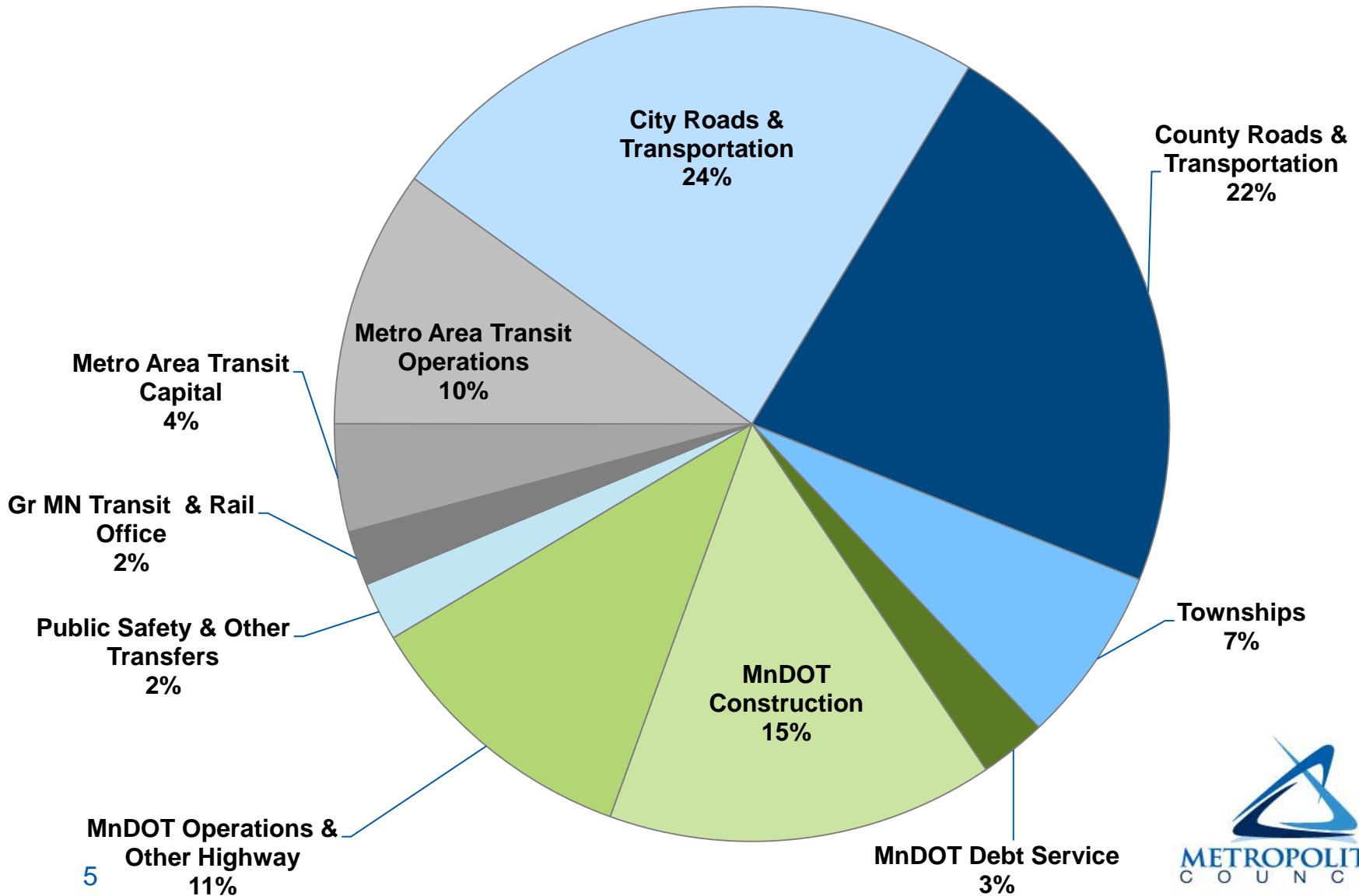
2014 Minnesota Transportation Revenues

\$5.3 billion



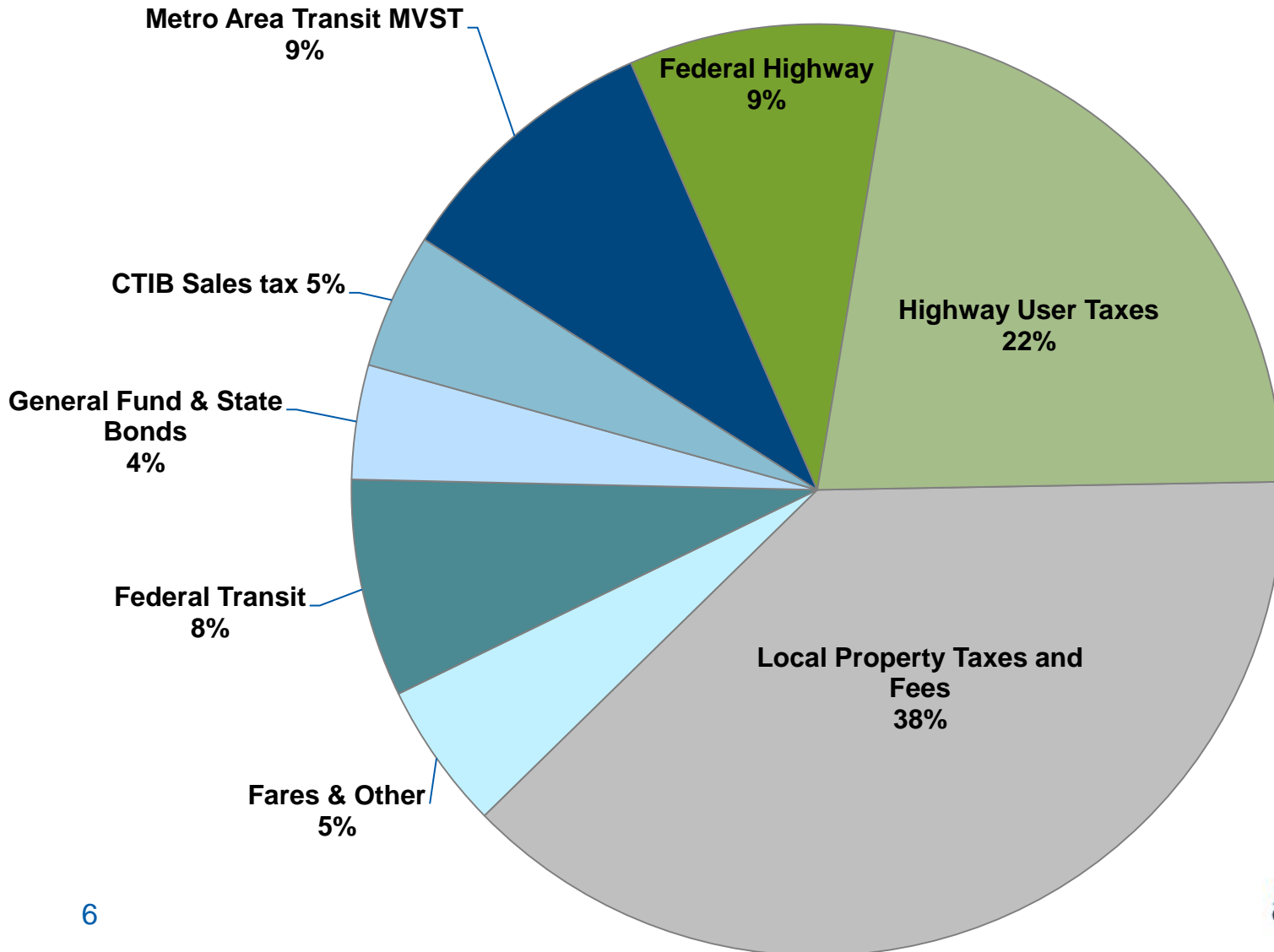
2014 Minnesota Transportation Spending

\$5.3 billion

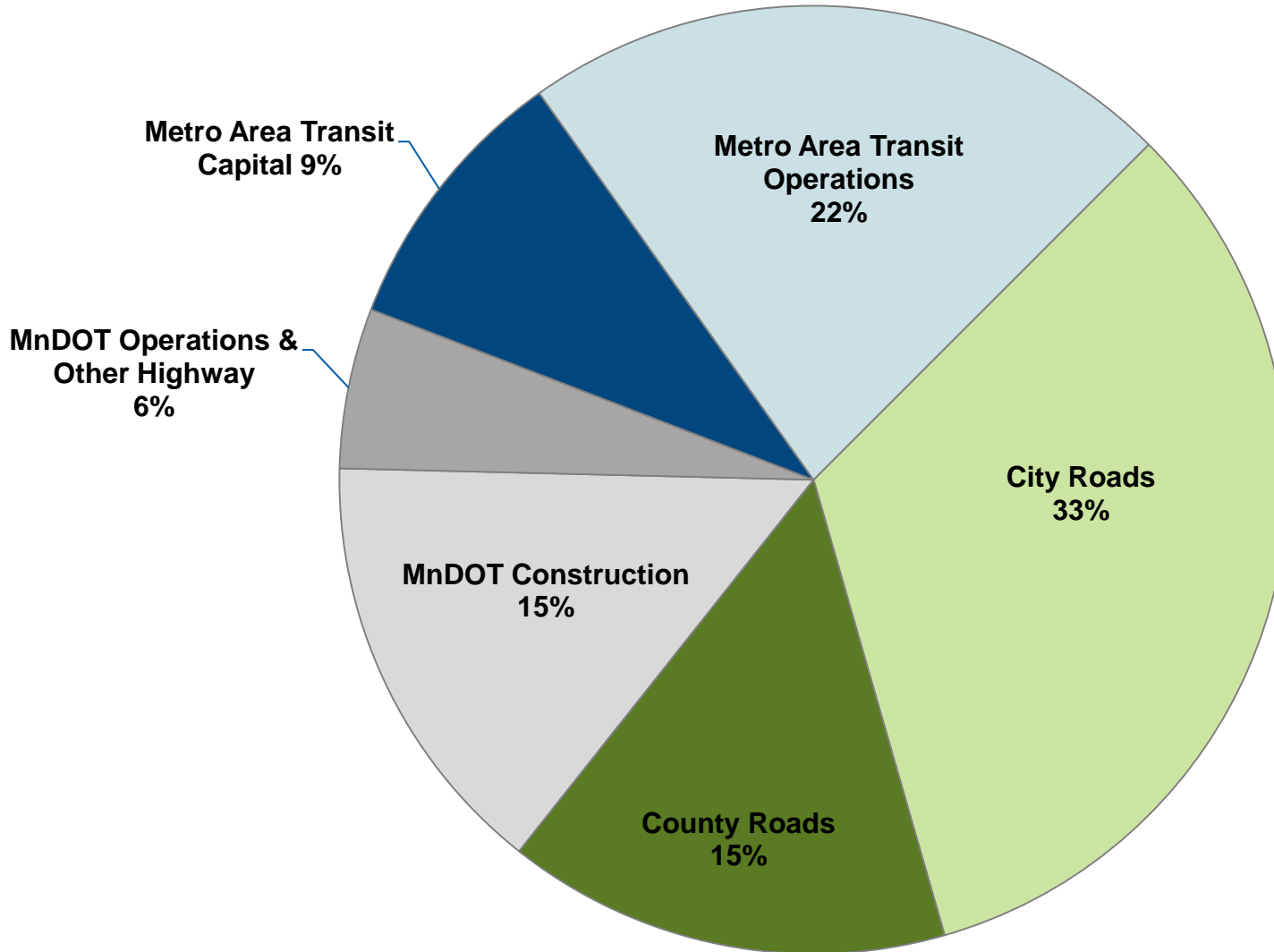


2014 Metro Area Transportation Revenues

\$2.4 billion



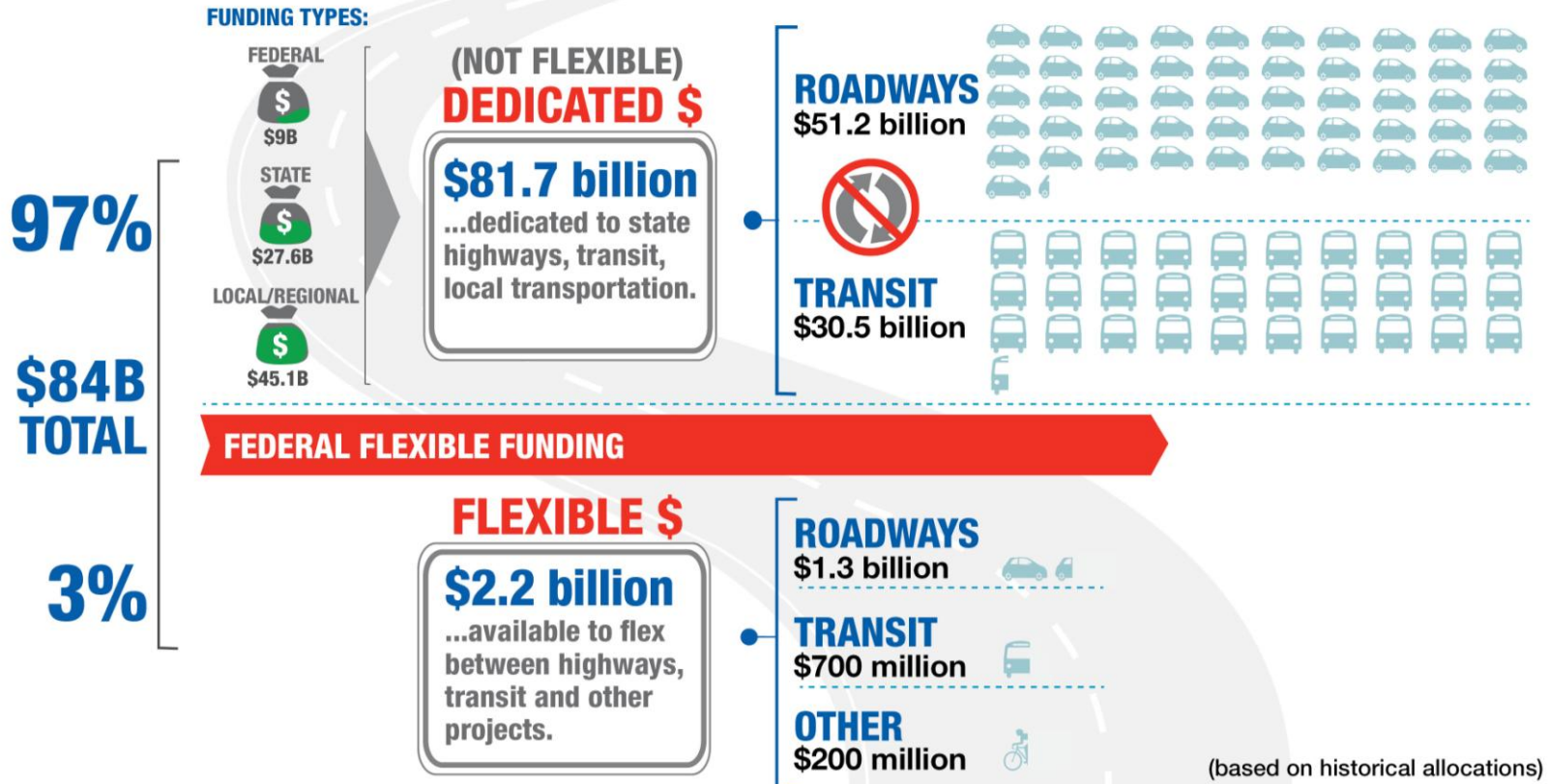
2014 Metro Area Transportation Spending \$2.4 billion



TRANSPORTATION FUNDING



2040, 7-county metropolitan area, currently anticipated revenue



State highway revenues



Motor fuel tax (Gas tax)

- \$878 M in FY14 or \$30.8 M/penny
- Current rate is 28.5 cents per gallon
- Includes base 25 cents per gallon and annual adjustment for debt service on bonds
- Per penny revenue declining over recent years, from high of \$32.6 M/penny in early 2000s
- Revenue constitutionally dedicated only to highway purposes

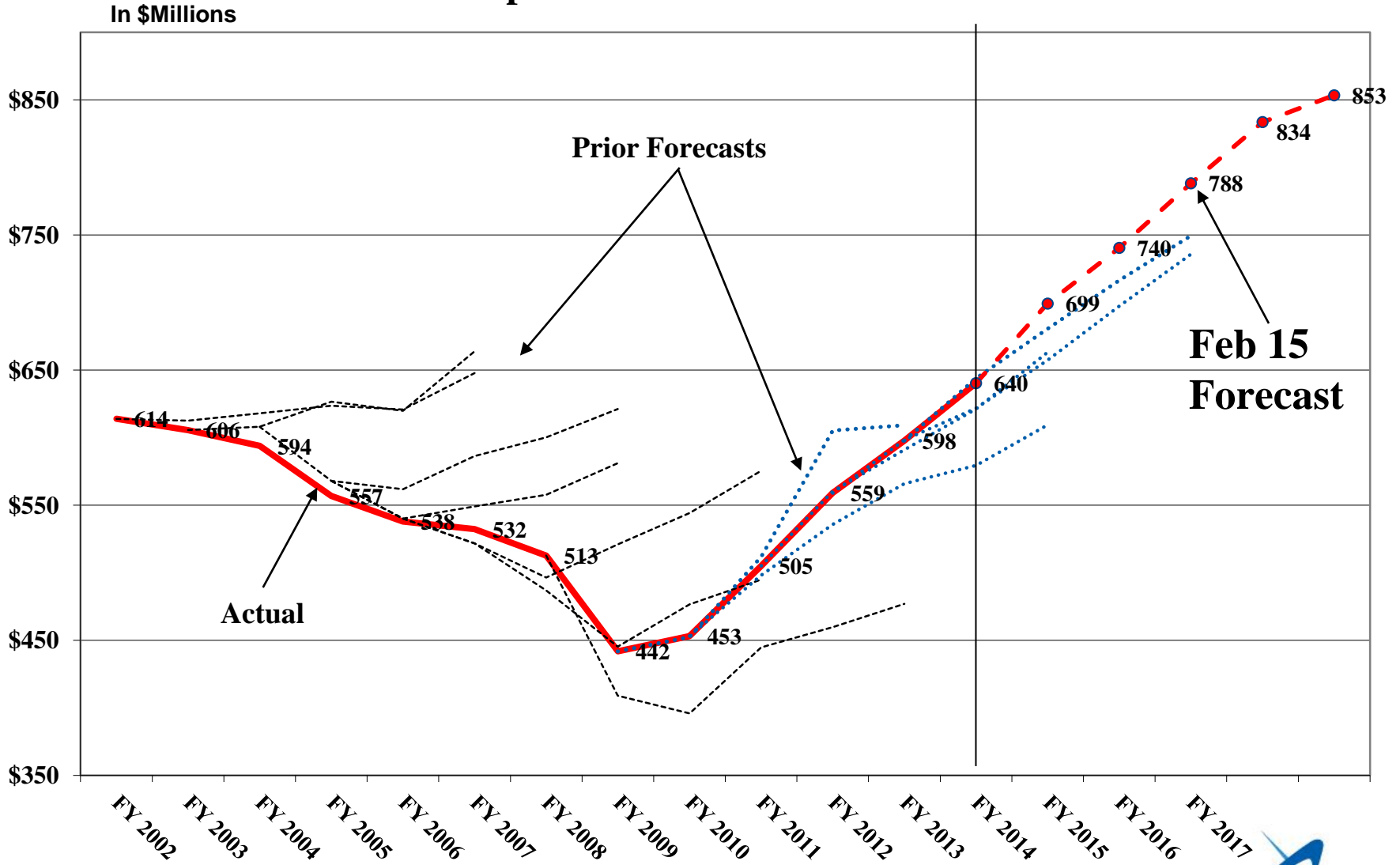
Vehicle registration tax (tab fees)

- \$652 M in FY 14
- Passenger vehicles pay based on age and depreciated value of vehicle
- Vehicles 11 years and older pay flat \$35 tax
- 35% - 40% of vehicles pay minimum rate
- Constitutionally dedicated to highway purposes

Motor Vehicle Sales Tax (MVST)

- Constitutionally dedicated to highways and transit in 2007; phased-in over 5 years
- 60% dedicated to highways, 40% to transit
- FY14 \$384M to highways; \$256M to transit
- 1993-2002 average growth of 10% per year; 2002-2009 decreased 4% per year; 2009-2014 growth rebounded to over 7% per year

State MVST Total - Actual and February 2015 Forecast Compared to Prior State Forecasts

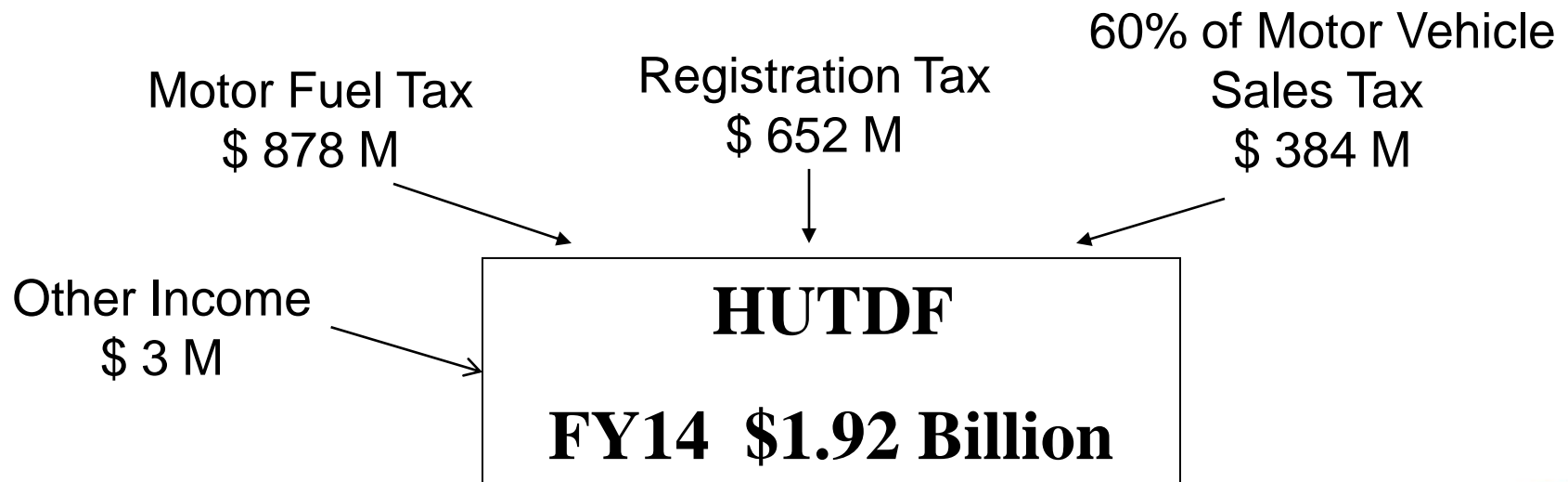


**Feb 15
Forecast**



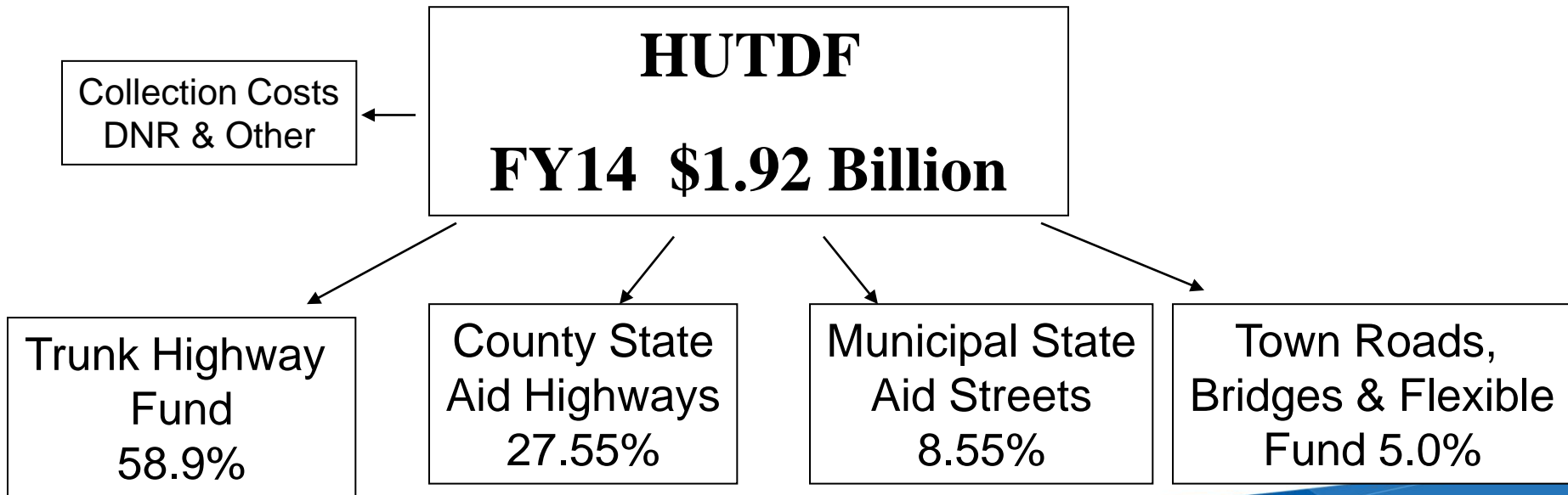
Highway User Tax Distribution Fund (HUTDF)

- Receives constitutionally dedicated state funds for highway purposes (gas tax, registration tax, MVST)
- Used only for highway purposes



Highway User Tax Distribution Fund

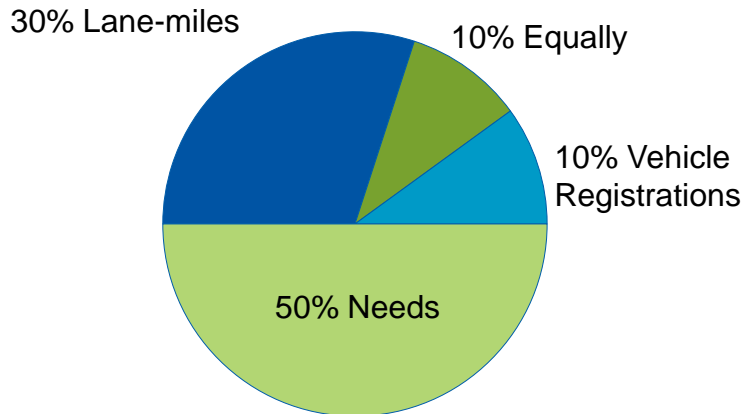
- Constitution requires revenues to be distributed:
 - 5% legislatively determined to highways
 - 95% remainder allocated 62% to state highways, 29% county highways, 9% municipal streets



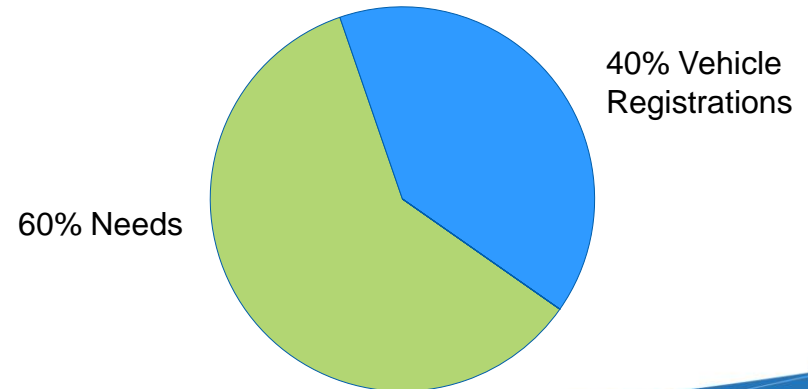
County State-Aid Highways (CSAH)

- 30,400 mile CSAH system
- FY14 revenues \$531 M
- All 87 counties participate, distribution formula:

68% of CSAH Funds

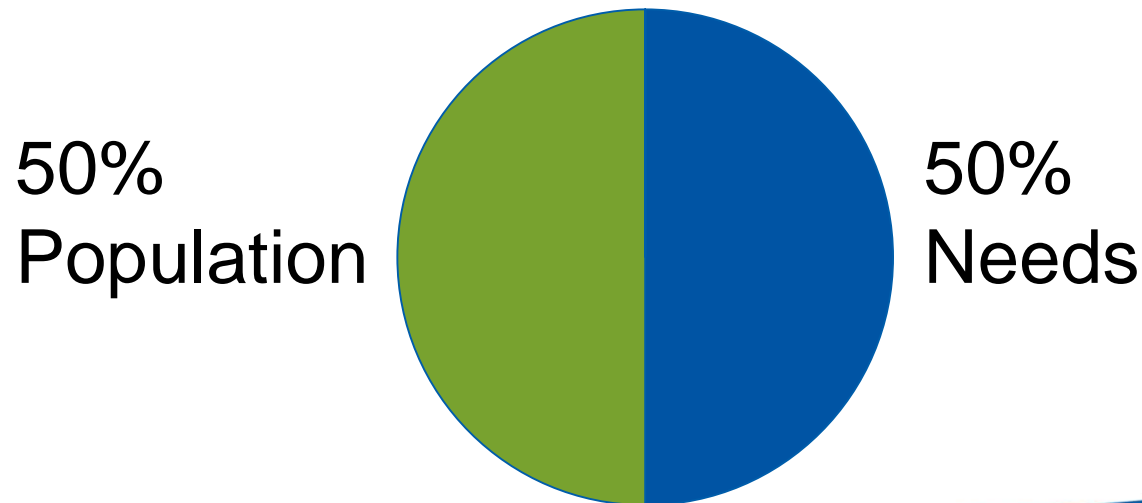


32% of CSAH Funds



Municipal state-aid streets (MSA)

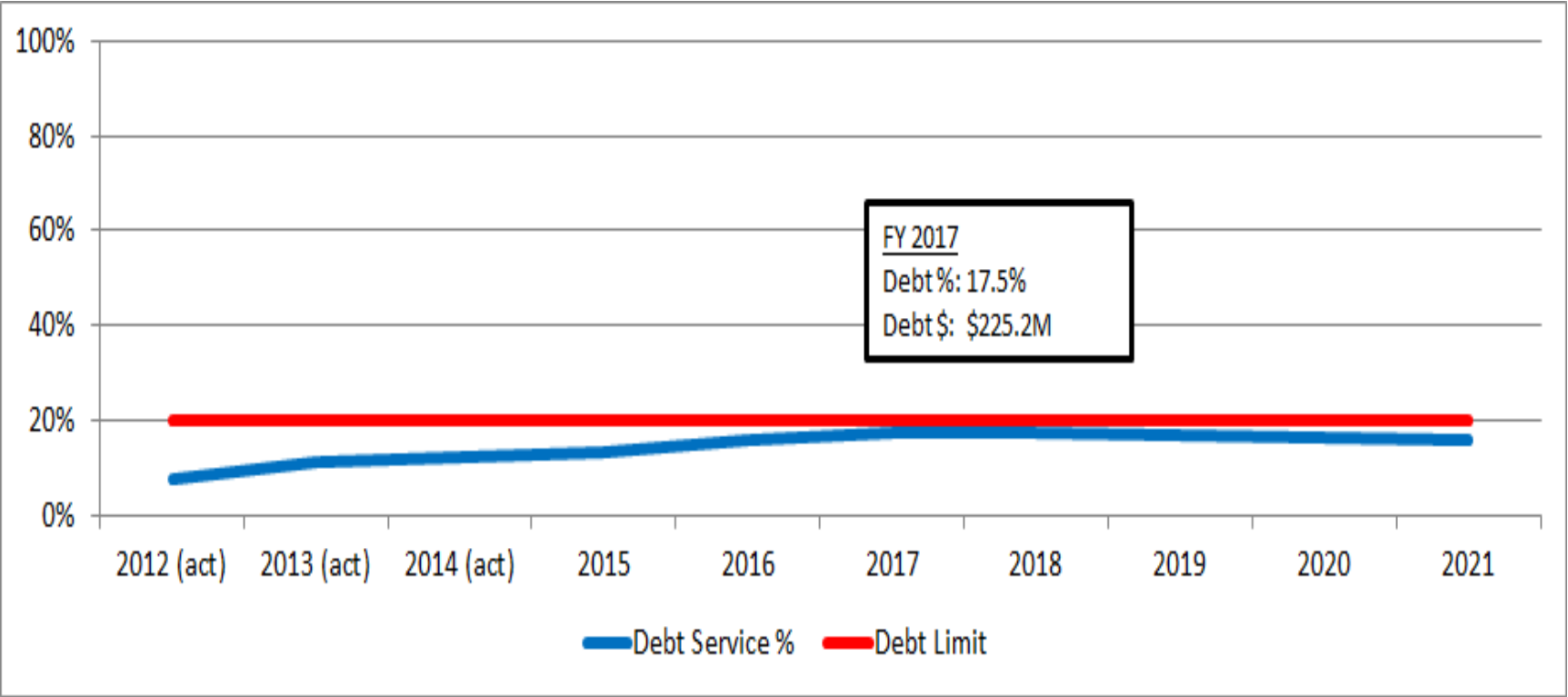
- Only cities $\geq 5,000$ population receive municipal state-aid
- 2,800 mile MSA system
- FY14 revenues \$162 M, distribution formula:



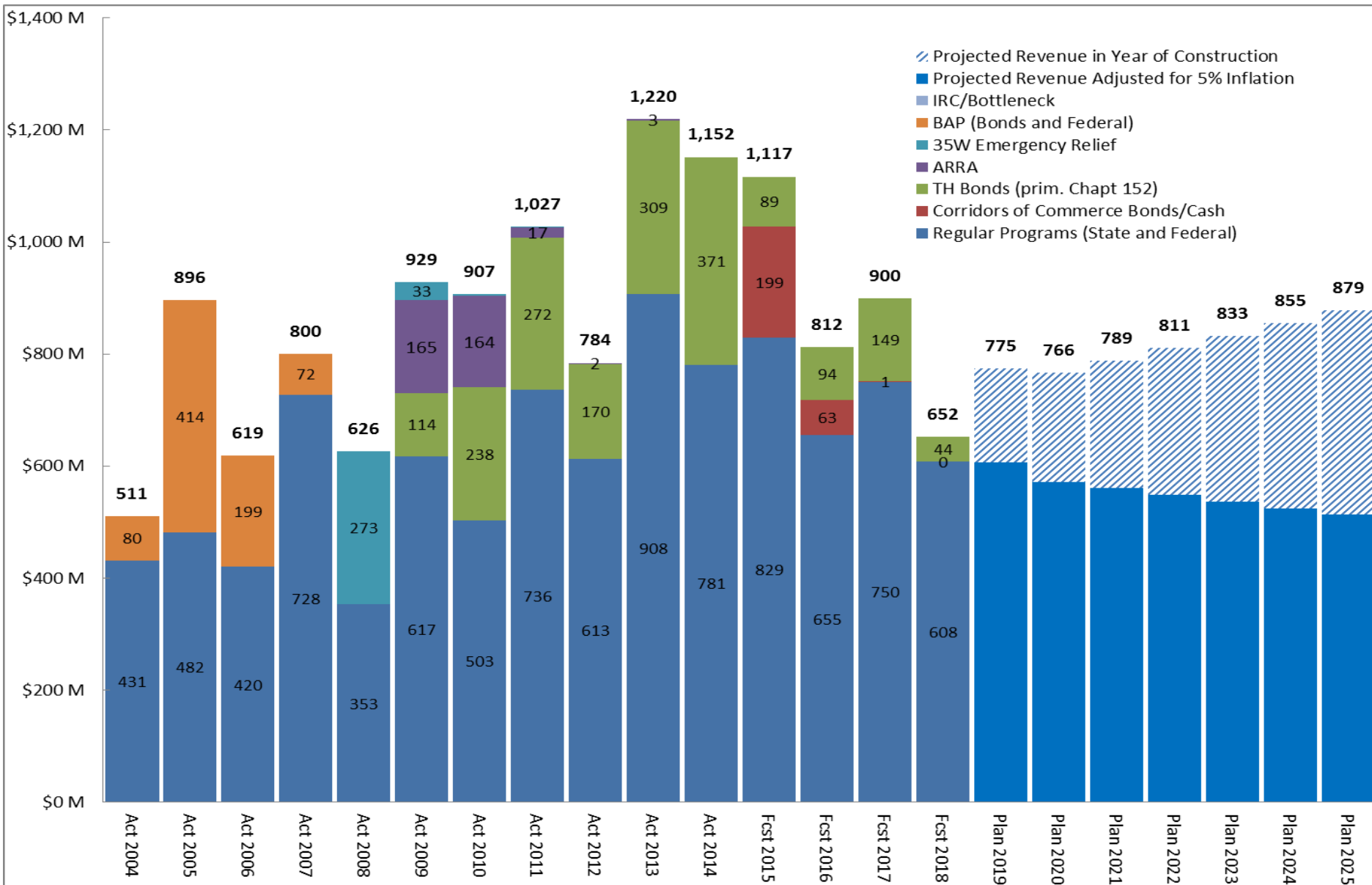
State Trunk Highway Fund (THF)

- 11,933 mile TH system owned by MnDOT (constitutionally limited to 12,200 miles)
- Total FY14 THF expenditures: \$1.6 Billion (includes federal revenues)
- Appropriated 95% to MnDOT and 5% to State Patrol
- \$1.5 Billion MnDOT share in 2014 went:
 - \$800M (52%) to road construction related activities
 - \$580M (39%) operations, maintenance, other highway spending
 - \$136M (9%) debt service

MnDOT Debt Management Policy



Statewide Construction Outlook



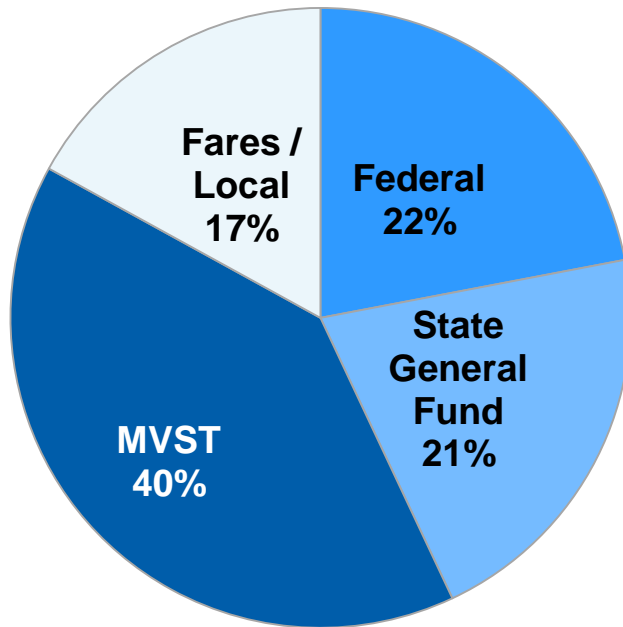
Transit Revenues and Expenditures

Greater Minnesota transit systems

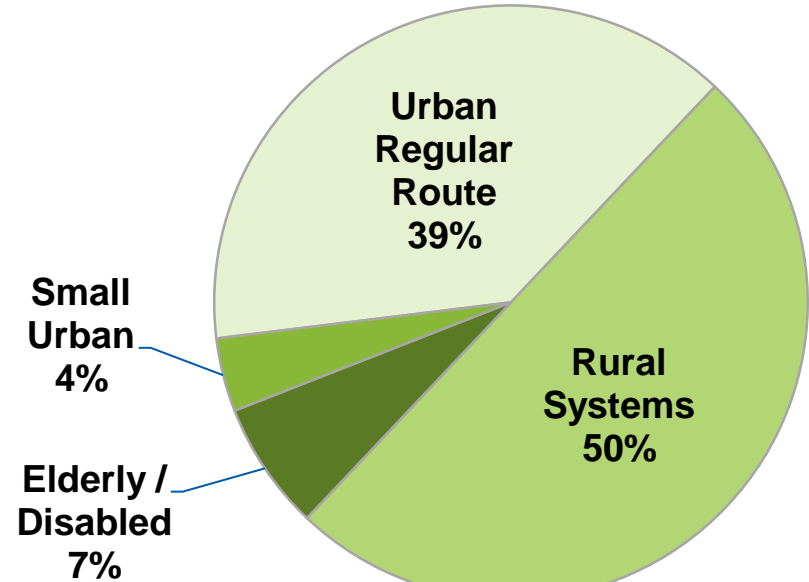
- **73 of 80 counties have some form of transit service**
 - 6 urbanized systems (Duluth, St. Cloud, etc.)
 - 11 small urban systems
 - 36 rural county/multi-county systems
 - 4 systems for elderly and disabled
- Total ridership: 12 million riders (2014)
- Total FY14 budget: \$68.2 M

Greater MN transit 2014 Operating Budget

Revenues
\$68.2 M



Expenses
\$68.2 M



Regional Transit Services

Metropolitan Council

Bus Regular Route

METRO Blue Line and METRO Green Line LRT

METRO Red Line BRT

Northstar Commuter Rail

Metro Mobility

Contracted Bus Regular Route

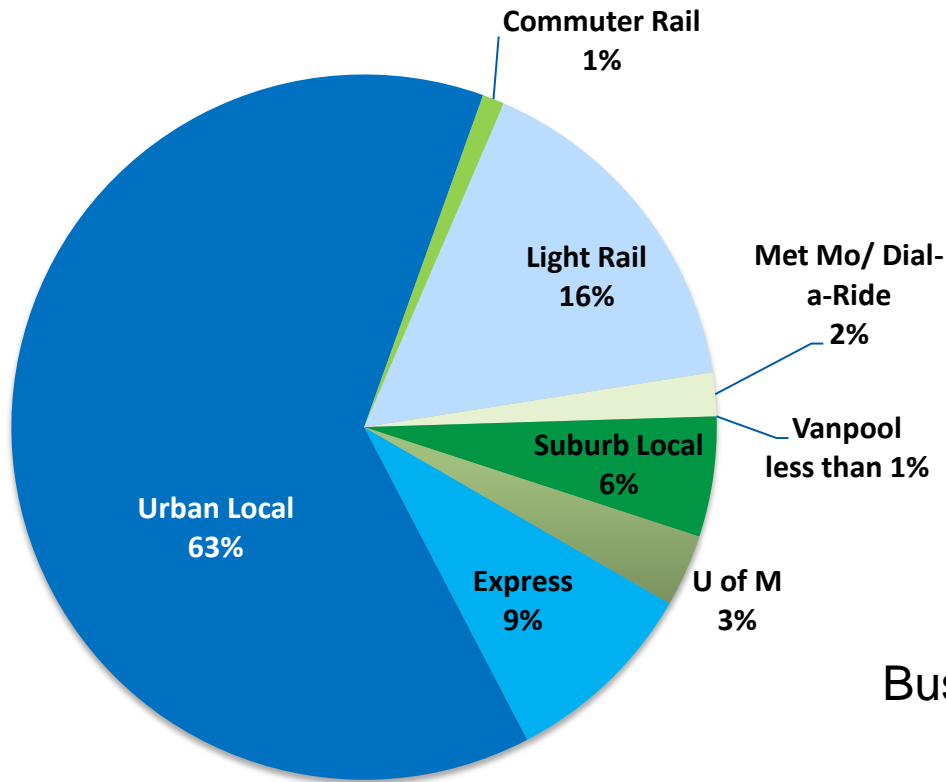
Transit Link Dial-a-Ride

Metro Vanpool

Suburban Transit Providers (Opt Outs)

Bus Regular Route and dial-a-ride

2014 Regional Transit Ridership



**97.5 million
rides CY14**

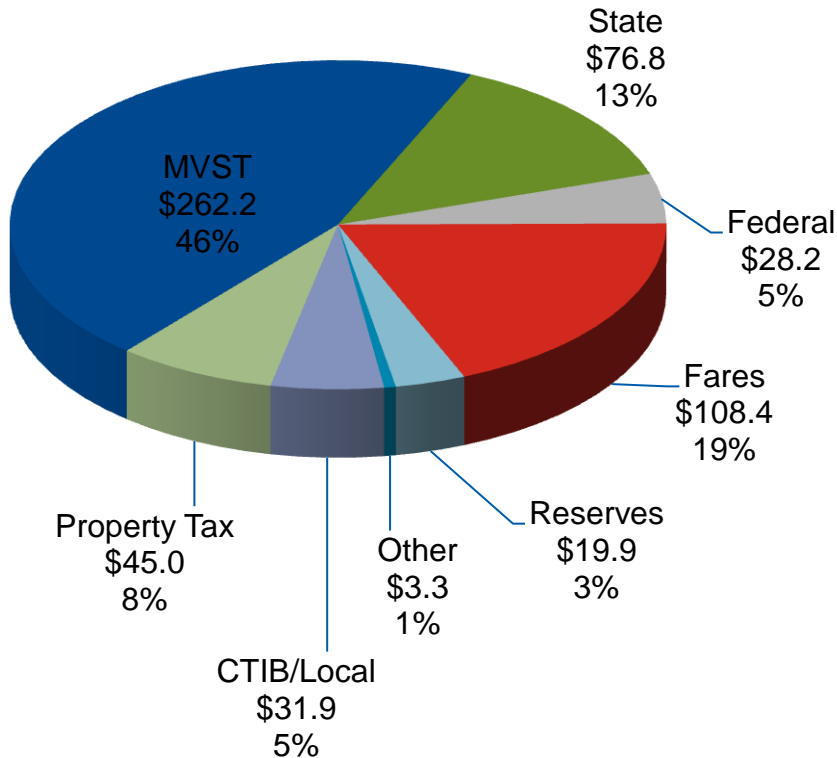
Bus system accounts for **83%**
of regional ridership

Transit Operating Funding Sources

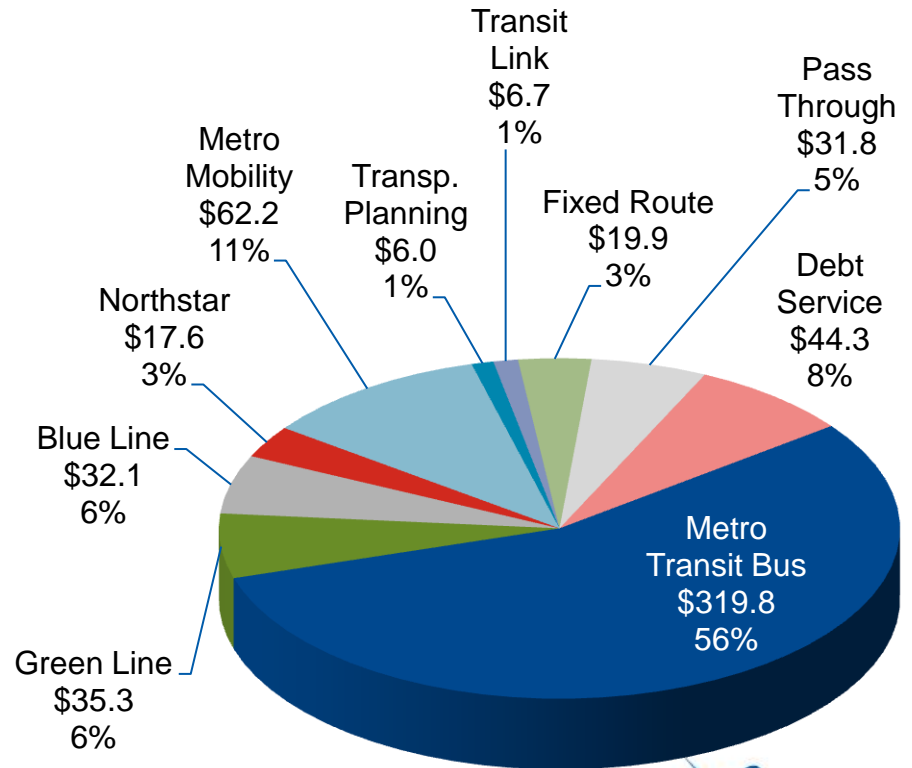
- Motor Vehicle Sales Tax (MVST)
 - Metropolitan area transit receives 36% of statewide MVST
- State General Fund
 - Legislatively appropriated for Metro Mobility and LRT operations
- Federal Funds
 - Formula capital funds, can be used for preventive maintenance in operating budget
- Fares
 - Passenger fares from all services
- Local and Other
 - CTIB transitway operating funds
 - Advertising and other revenue

CY 2015 Metropolitan Transit Operating Budget

Revenue \$575.7M



Expenses \$575.7M



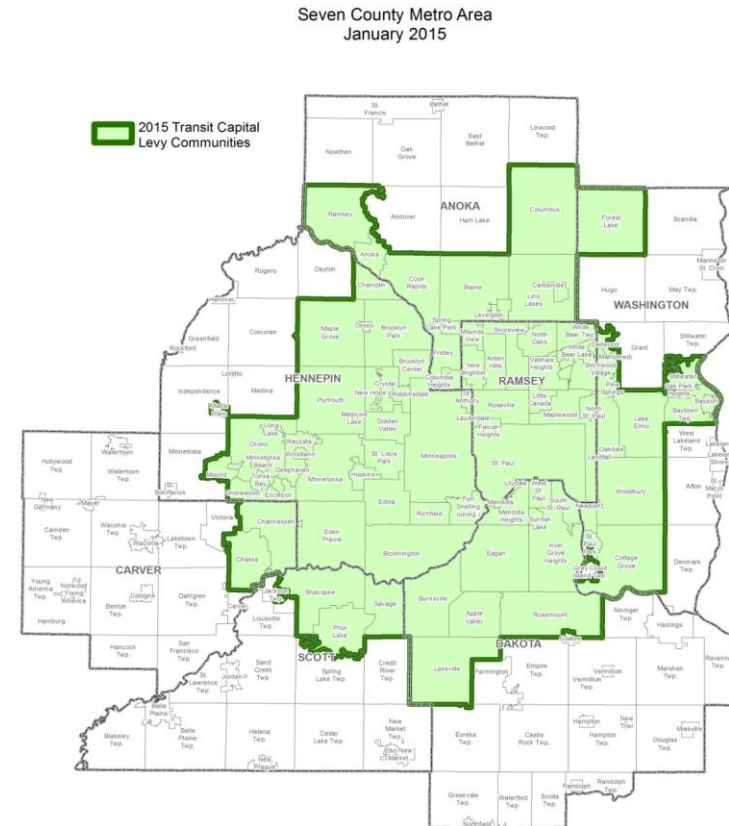
Transit Capital Funding Sources

- State bonds
- Regional Transit Capital
- Federal Funds
- CTIB Sales Tax
- Regional Rail Authorities/Other Local

Regional Transit Capital

- Source of capital funds for basic transit system
- Legislature authorizes the sale of bonds
- Debt service paid with property taxes levied by Council
- Levy paid by Transit Capital Levy Communities

Transit Capital Levy Communities



Questions?

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