



# 2050 Finance Chapter Highlights

TPP Technical Working Group



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# 2050 Fiscal Outlook

## New Revenues Provide Financial Stability and Opportunity for Growth

- Overall, the region's transportation financial position appears very positive and stable, increased revenues available across all transportation agencies and modes
- The recent state and federal revenue increases make it not reasonable to assume new revenue increases will occur, but recognizes competitive funding program opportunities
- One fiscally constrained plan is identified, along with currently unallocated revenues or "opportunity funds" where specific spending decisions have yet to be made.
- As spending decisions occur or when competitive funds are obtained for regionally significant projects they will be amended into the plan

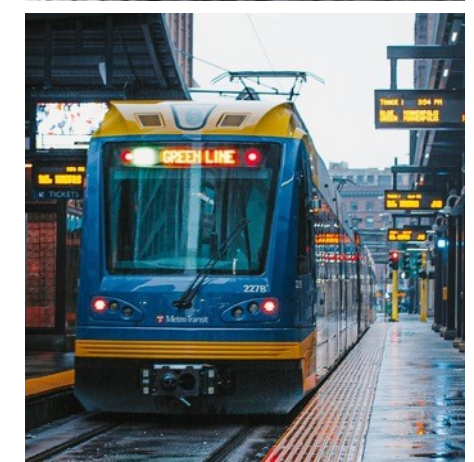
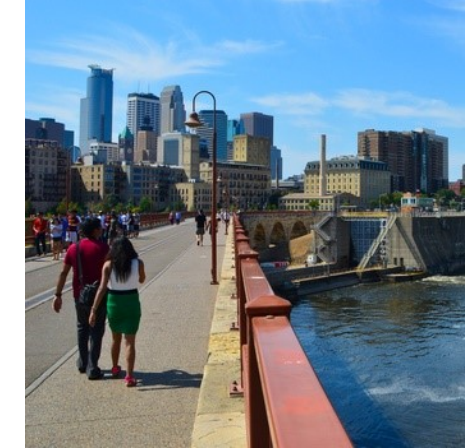
# Revenues and Spending Categories



- TPP Transportation revenues and spending identified in four categories:
  - MnDOT metro state highways
  - Regional transit
  - Local government transportation
  - Regionally allocated
- MnDOT metro state highways includes MnDOT's metro district capital and operating revenues and spending
- Regional transit includes all revenues and spending by all regional transit providers and local governments for the regional bus and transitway systems
- Local government transportation includes revenues available to counties, cities, townships for transportation spending including local roadways, and bicycle and pedestrian
- Regionally allocated revenues are revenues available to the Council and TAB to allocate for transportation spending

# Total Regional Transportation Revenues & Spending

Category (\$ in millions)	CY 2025	2025 % of Total	2025-2050 Total	% of Total
MnDOT Metro State Highways	\$807	17%	\$32,679	19%
Regional Transit	\$1,667	36%	\$55,188	32%
Local Government Transportation	\$2,055	44%	\$79,633	46%
Regionally Allocated Revenues	\$150	3%	\$4,030	2%
<b>Total Regional Transportation</b>	<b>\$4,678</b>	<b>100%</b>	<b>\$171,531</b>	<b>100%</b>





# Limited Flexibility



## Vast majority of transportation revenues cannot be moved from one transportation purpose to another

- Most flexible funding are the regionally allocated federal revenues which comprise about 2% of all transportation revenues
- 2023 legislative funding actions and new revenue sources largely continued the practice of dedicating transportation revenues among modes and purposes
  - New Transportation Advantages Account offers some flexibility for local governments, though metro county spending is identified among specific purposes
  - New regional sales tax revenues specified for transit, active transportation, county transportation

# MnDOT Metro State Highways



Revenue (\$ in millions)	CY 2025	2025 % of Total	2025-2050 Total	% of Total
Highway User Taxes	\$589	73%	\$23,855	73%
Federal	\$218	27%	\$8,823	27%
<b>Subtotal</b>	<b>\$807</b>	<b>100%</b>	<b>\$32,679</b>	<b>100%</b>
Spending (\$ in millions)	CY 2025	2025 % of Total	2025-2050 Total	% of Total
State Road Construction	\$594	74%	\$24,461	75%
State Road Operations	\$213	26%	\$8,217	25%
<b>Subtotal Metro State Highways</b>	<b>\$807</b>	<b>100%</b>	<b>\$32,679</b>	<b>100%</b>



# MnDOT Metro State Highways Highlights



- 2023 state tax revenues increases resulted in a 17% increase over previous planning estimates for state highway revenues
- Constitutionally dedicated state highway user tax revenues (fuel tax, registration tax, MVST) are 73% of MnDOT revenues
- Federal formula revenues are 27% of total, offer some flexibility in spending
- MnDOT metro state highway spending is 75% capital (construction) spending and 25% operations spending
- Funding available for metro highway capital purposes is significantly increased due to revised state distribution formula which now provides metro with 43.5% of total statewide capital funding
  - Almost \$600 million available in 2025, \$25 billion 2025-2050 for construction purposes
  - Federal competitive programs offer opportunities for project specific increased funding

# Regional Transit

Revenue (\$ in millions)	CY 2025	2025 % of Total	2025- 2050 Total	% of Total
Regional Sales Tax	\$449	27%	\$17,310	31%
Motor Vehicle Sales Tax	\$368	22%	\$14,319	26%
State General Fund & Bonds	\$163	10%	\$7,051	13%
Fares	\$82	5%	\$4,302	8%
Federal Formula & Regional Solicitation through 2029	\$198	12%	\$5,490	10%
Federal CIG (New Starts)	\$100	6%	\$1,666	3%
County Sales Tax & RRA (for CIG projects)	\$244	15%	\$1,750	3%
Regional Transit Capital Property Tax & Other	\$63	4%	\$2,458	4%
Fund balance & interest earned	\$0	0%	\$842	2%
<b>Subtotal</b>	<b>\$1,667</b>	<b>100%</b>	<b>\$55,188</b>	<b>100%</b>

Spending (\$ in millions)	CY 2025	2025 % of Total	2025- 2050 Total	% of Total
Bus Operating	\$684	41%	\$28,646	52%
Bus Capital	\$250	15%	\$6,248	11%
Current Transitways Operating	\$143	9%	\$5,182	9%
Current Transitways Capital	\$21	7%	\$3,378	6%
Expansion Transitways Operating	-	-	\$6,581	12%
Expansion Transitways Capital	\$447	21%	\$3,688	7%
Remaining Transit Opportunity Funds	\$122	7%	\$1,465	3%
<b>Subtotal Regional Transit</b>	<b>\$1,667</b>	<b>100%</b>	<b>\$55,188</b>	<b>100%</b>



# Regional Transit Highlights

- Total transit revenues are almost \$1.7 billion in 2025 and \$55 billion 2025-2050
- New regional sales tax for transit now largest single revenue source at 31% of total transit revenues, filling an expected significant operating and capital deficit
- State general fund revenue primarily for Metro Mobility capital and operating as a state obligation (after federal earnings and fares) beginning 2026
- New requirement that the Council pay the costs of operating dedicated transitways (after fares, federal and state revenues) using sales tax funds shifted \$3.5 billion in costs from metro counties to Council sales tax
- Current transitway capital requires 6% of total revenue including \$1.7 billion for replacement and rehabilitation of light rail vehicles 2025-2050
- Dedicated transitway expansion capital (Gold Line, Green Line Extension, Blue Line Extension, Purple Line and Riverview) funded with federal competitive capital investment grants (CIG) and county revenues are 6% of total
- Arterial BRT expansion capital includes B, E, F, G and H with capital funding provided by state bonds and Regional Solicitation grants through 2029 are 1% of total, operations included with bus operations
- No significant bus expansion beyond arterial BRT expected

# Transit Sales Tax Opportunity Funds



**Almost \$1.5 billion in sales tax opportunity funds remain 2025-2050. State legislation requires spending across specified purposes:**

1. Improvements to regular route bus service levels
2. Safety improvements, including additional TRIP personnel
3. Maintenance & improvements to accessibility at transit stops and transit centers
4. Transit shelter replacement and improvements
5. Planning & project development for expansion of ABRT
6. Operations and capital maintenance of ABRT
7. Planning & project development for expansion of highway BRT and bus guideway lines
8. Operations and capital maintenance of highway BRT and bus guideways
9. Zero-emission bus procurement in conformance with the Council's zero-emission and electric transit vehicle transition plan
10. Demand response micro-transit service provided by the Council
11. Financial assistance to replacement service providers including for demand response micro-transit service
12. Financial assistance to political subdivisions for active transportation
13. Wage adjustments for Metro Transit hourly operations employees



# Local Government Transportation

Revenue (\$ in millions)	CY 2025	2025 % of Total	2025-2050 Total	% of Total
State Aid (CSAH & MSA)	\$494	24%	\$18,576	23%
Federal (including awarded Regional Solicitation)	\$106	5%	\$1,582	2%
County Transportation Sales Tax	\$336	16%	\$12,951	16%
County Wheelage Tax	\$42	2%	\$1,253	2%
Property Tax & Other	\$951	46%	\$37,575	47%
Transportation Advancement Account State Taxes for Metro	\$28	1%	\$3,964	5%
Metropolitan Counties Regional Sales Tax (Transportation Advancement Account)	\$97	5%	\$3,732	5%
<b>Subtotal</b>	<b>\$2,055</b>	<b>100%</b>	<b>\$79,633</b>	<b>100%</b>

Spending (\$ in millions)	CY 2025	2025 % of Total	2025-2050 Total	% of Total
Transportation Capital	\$1,223	60%	\$45,622	57%
Transportation Operating	\$658	32%	\$24,566	31%
Transfer for Regional Transitway Capital	\$49	2%	\$1,750	2%
New Opportunity Funds (TAA & Regional Sales Tax)	\$125	6%	\$7,696	10%
<b>Subtotal Local Government Transportation</b>	<b>\$2,055</b>	<b>100%</b>	<b>\$79,633</b>	<b>100%</b>

# Local Government Transportation Highlights

- Local government transportation revenue and spending is almost half of all regional transportation (47%)
- Local property taxes and fees are largest revenue source for local transportation at 47% of total
- Significant new revenues provided in 2023 state legislation:
  - New Transportation Advancement Account (TAA) provides new revenues for all local governments through dedication of the sales tax on auto parts and a new retail delivery fee (\$4.0B total, \$3B metro counties, \$1B metro cities & townships)
  - Metro counties receive 17% of new regional sales tax revenues in TAA (\$3.7 B)
  - 17% increase in state-aid revenues for counties and large cities
  - Counties no longer responsible for dedicated guideway operations \$3.5B shift from metro county spending to Council
- New TAA revenues total \$7.7B, 10% of all local transportation revenues 2025-2050 (\$6.7B for metro counties)
- New opportunities for transportation spending though counties must use the revenues:
  - 41.5% for Active Transportation & Safety studies
  - 41.5% for repair, maintenance or roadway replacement without adding capacity
  - 17% for transit purposes, complete streets, or greenhouse gas mitigation



# Regionally Allocated Funds <sup>(1)</sup>

## Regional Federal Revenues

- Federal transportation law allocates some federal funds to Metropolitan Planning Organizations in large metro area for allocation
  - Surface Transportation Block Grant (STPBG) funds, including Transportation Alternatives funds
  - Congestion Mitigation Air Quality (CMAQ) funds
  - Carbon Reduction Program funds
  - \$125M annually, almost \$3B 2025-2050
- MnDOT also provides some federal funds to the Council and TAB for allocation
  - PROTECT funds for climate resiliency projects
  - Bridge funds for on and off-system bridges
  - Highway Safety Improvement Program (HSIP) funds
- Federal funds in our region are allocated through the Regional Solicitation which is meant to help implement the TPP's goals and objectives through transportation investments
  - TAB designs Solicitation, recommends projects, Council concurs or returns to TAB for reconsideration

# Regionally Allocated Funds (2)



## Regional Sales Tax for Active Transportation

- New \$.75 regional sales tax authorized in 2023 transportation legislation, 83% to Council and 5% of this share to TAB to allocate for Regional Solicitation
- Approximately \$25 M annually and almost \$1B 2025-2050

## Regional Solicitation Evaluation

- Regional Solicitation Evaluation underway 2024-2025 will implement for 2026 Solicitation
- Evaluate and redesign the Solicitation to reflect and help implement new regional goals and transportation objectives of the Regional Development Guide and 2050 TPP
- New process design may include one or more application timelines for federal and active transportation funds



# Summary Total Regional Transportation Spending

Summary of MnDOT Metro State Highways, Regional Transit, Local Government Transportation and Regionally Allocated Funds Spending				
			2025-2050	
Regional Transportation Spending	CY 2025	% of Total	Total	% of Total
<b>MnDOT Metro State Highways</b>				
State Road Construction	594	74%	24,461	75%
State Road Operations	213	26%	8,217	25%
<b>Subtotal Metro State Highways</b>	<b>807</b>		<b>32,679</b>	
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Remaining Transit Opportunity Funds	122	7%	1,465	3%
<b>Subtotal Regional Transit</b>	<b>1,667</b>	<b>100%</b>	<b>55,188</b>	<b>100%</b>
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Transportation Capital	1,223	60%	45,622	57%
Transportation Operating	658	32%	24,566	31%
Transfer for Regional Transitway Capital	49	2%	1,750	2%
New County Opportunity Funds (TAA & Tr. Sales Tax)	125	6%	7,696	10%
<b>Subtotal Local Gov't Transportation</b>	<b>2,055</b>	<b>100%</b>	<b>79,633</b>	<b>100%</b>
<b>Regionally Allocated Funds</b>				
	CY 2030			
Federal (all modes)	122	82%	3,119	77%
Regional Active Transportation	27	18%	911	23%
<b>Subtotal Regional</b>	<b>150</b>	<b>100%</b>	<b>4,030</b>	<b>100%</b>
<b>TOTAL Regional Transportation Spending</b>				
MnDOT Metro State Highways	807	17%	32,679	19%
Regional Transit	1,667	36%	55,188	32%
Local Government Transportation	2,055	44%	79,633	46%
Regionally Allocated Funds	150	3%	4,030	2%
<b>Total Regional Spending</b>	<b>4,678</b>	<b>100%</b>	<b>171,531</b>	<b>100%</b>



# Questions?

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