



February 2015 Forecast Executive Summary

Revenues up \$14 million in Highway User Tax Distribution (HUTD) Fund in FY 2014-15

The February 2015 forecast revenue estimates for the three primary highway user taxes in the HUTD Fund have all increased since the November 2014 forecast. The increase for the two-year period (FY 2014-15) is provided by revenue source.

Revenue Source	HUTD Revenues, FY 2014-15 Biennium		
	(\$ in millions)	Change from Nov '14 forecast	
	Feb '15 Fcst	\$ Change	% Change
Motor Fuel Taxes	\$1,760 M	\$11 M	0.6%
Registration Taxes	1,342	1	0.1%
Motor Vehicle Sales Taxes	804	1	0.2%
Other	6	0	1.2%
Total Revenues	\$3,912 M	\$14 M	0.3%

HUTD Revenues, FY 2016-17 Biennium
(\$ in millions) Change from 2014-15 biennium

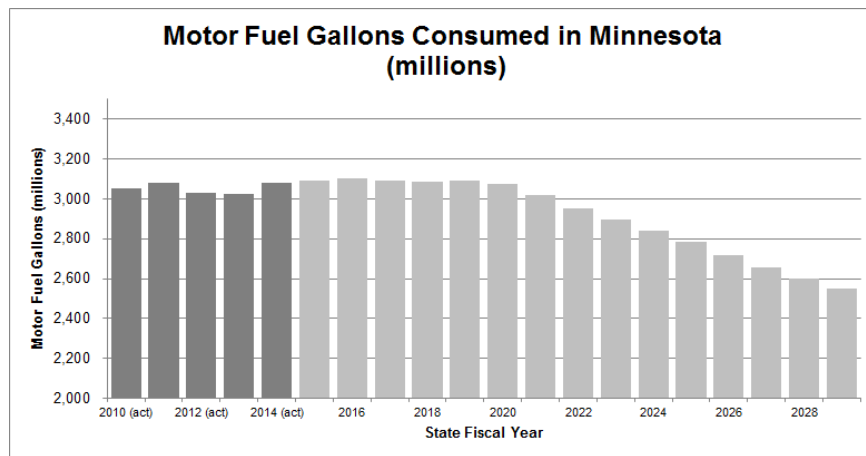
Fund	Feb '15 Fcst	\$ Change	% Change
Motor Fuel Taxes	\$1,766 M	\$ 7 M	0.4%
Registration Taxes	1,479	137	10.2%
Motor Vehicle Sales Taxes	917	113	14.1%
Other	9	2	32.8%
Total Revenues	\$4,171 M	\$260 M	6.6%

FY 2016-17 HUTD revenues up \$260 million from FY 2014-15

HUTD revenues in the upcoming FY 2016-17 biennium are projected to be \$260 million greater than the current FY 2014-15 biennium.

Long Range Motor Fuel Consumption Trend

Over the 5-year forecast period, consumption is projected to increase an average of 0.1% per year, and in the following 10 years (2020-29), the projection is for an average annual decrease of 1.9% (per federal Energy Information Administration (EIA)).



Other Funds

Revenues for the FY 2014-15 biennium increased 2.2% for the State Airports Fund and decreased 0.2% for the greater Minnesota transit portion of the Transit Assistance Fund, as compared to the November 2014 forecast.

Transportation Funds Forecast
February 2015 Released March 2, 2015

We all have a stake in **A to B**



Introduction to Transportation Funds

MnDOT, in consultation with the Department of Minnesota Management and Budget (MMB), prepares fund statements for six transportation funds. These fund statements are prepared in November and February of each fiscal year. Additional updates are prepared each year at the end of the legislative session (EOS) to incorporate law changes impacting the transportation funds. Where comparisons are made to the prior forecast, changes reflect the difference from the November 2014 fund statements.

MnDOT prepares fund statements for the following funds:

- Highway User Tax Distribution Fund (HUTD)
- Trunk Highway Fund (TH)
- County State Aid Highway Fund (CSAH)
- Municipal State Aid Street Fund (MSAS)
- Transit Assistance Fund (TAF)
- State Airports Fund (SAF)

Forecasts for these funds are prepared based on the same statutory requirements as the state's General Fund forecast (Minnesota Statutes 16A.103) and are also based on the statutory requirements in Minnesota Statutes 174.03, subdivision 9.

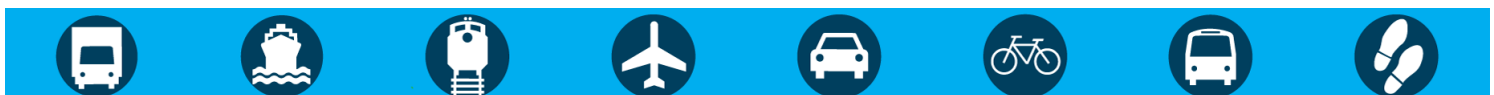
The Minnesota Constitution, Article XIV establishes the first four funds on the list. Revenues flow into the HUTD fund and are then transferred, based on constitutional and statutory formulas, into the TH, CSAH, and MSAS funds. These three funds provide the vast majority of state funding for highways in Minnesota.

Revenue Sources For Transportation Funds

The Highway User Tax Distribution Fund (HUTD) receives income from three primary sources: the motor fuel tax (gas taxes), the motor vehicle registration tax (tab fees), and 60% of the motor vehicle sales tax (MVST). In addition, a small portion of revenue is derived from other sources such as interest. As stated above, the revenues from the HUTD are allocated to the TH, CSAH, and MSAS funds. The CSAH fund also receives revenue from the motor vehicle lease sales tax (MVLST), and the Trunk Highway Fund incorporates the federal aid agreement revenues received from the Federal Highway Administration (FHWA) in its funding revenue rather than isolating it within a fund of its own.

The Transit Assistance Fund's primary revenue source is 40% of MVST, with additional revenues from MVLST. The State Airports Fund receives revenue primarily from four different revenue sources: sales tax on aircraft, airline flight property tax, aircraft registration tax, and gasoline and special fuels tax. In addition, all of the funds listed above, except the Transit Assistance Fund, receive investment income earned on the cash balances in the funds.

Revenue from gas taxes, tab fees, and sixty percent of MVST are all deposited in the HUTD fund, from which distributions are made to the TH, CSAH, and MSAS funds, based on constitutional and statutory formulas. Each of these three funds will have estimated distributions from the HUTD fund as a source of revenue included in the fund statement.



Forecasts For Revenue Sources

This section describes the revenue forecasts for the sources listed in the previous section.

Motor Fuel Excise Tax Forecast

According to article XIV of the Minnesota Constitution, "...The Legislature may levy an excise tax on any means or substance used for propelling vehicles on the public highways of this state..." This tax is commonly referred to as "gas tax." It is levied on gasoline, diesel fuel, compressed natural gas, and a variety of other special fuels.

The current gas tax rate in Minnesota is 28.5 cents: 25 cents per gallon plus a 3.5 cent per gallon debt service surcharge. This surcharge is intended to partially cover the debt obligations for capital projects on the trunk highway system as authorized in the Laws of 2008, Chapter 152. The final debt service surcharge increase of a half cent was implemented on July 1, 2012. Revenue from this tax is deposited in the HUTD fund.

The table below provides information about how Minnesota's motor fuel tax rates compare with those in the surrounding states and with federal tax rates:

Comparison of January 2015 Motor Fuel Tax Rates (per gallon)

Cents per gallon	Federal	MN	WI	SD	IA	ND
Gasoline	18.4	28.5	30.9	22.0	21.0	23.0
Diesel	24.4	28.5	30.9	22.0	22.5	23.0
Gasohol (10% blend)	18.4	28.5	30.9	22.0	19.0	23.0

The following table shows historical motor fuel tax rates:

Year	Historical Motor Fuel Excise Rates in Minnesota
1975	Increased from 7 to 9 cents per gallon
1980	9 to 11 cents
1981	11 to 13 cents
1983	13 to 16 cents (for eight months) and then to 17 cents beginning January 1, 1984
1988	17 to 20 cents
1994	Phased out 2-cent gasohol credit over 4 years
2008	Chapter 152 authorized a number of changes to the fuel tax rates from 2008 to 2012; including a general rate increase of 5 cents phased in by October 1, 2008, and a debt service surcharge that increases to 3.5 cents by 2012.
2008 Apr 1	20.0 cents to 22.0 cents (2 cent general increase)
2008 Aug 1	22.0 cents to 22.5 cents (debt service surcharge)
2008 Oct 1	22.5 cents to 25.5 cents (3 cent general increase)
2009 Jul 1	25.5 cents to 27.1 cents (debt service surcharge)
2010 Jul 1	27.1 cents to 27.5 cents (debt service surcharge)
2011 Jul 1	27.5 cents to 28.0 cents (debt service surcharge)
2012 Jul 1	28.0 cents to 28.5 cents (debt service surcharge) Final Phase-In: Current Rate is 28.5 cents



The outlook for fuel consumption is affected by:

- the economy and world oil prices
- long-term policy (e.g. corporate average fuel economy (CAFE) standards)
- consumer trends toward more fuel efficient vehicles
- utilization of other transportation options

To forecast the motor fuel excise tax, MnDOT consults the U.S. gasoline consumption macroeconomic forecast produced by IHS Economics (formerly IHS Global Insight). IHS Economics is the same macroeconomic consultant that the state uses to assist with forecasting the General Fund. MnDOT also reviews regional forecast information from the federal Energy Information Administration (EIA). Finally, a comparison is made of actual state consumption versus previous forecast information provided by IHS and EIA.

The most current long-term forecast from EIA was published in May 2014. This long-term Annual Energy Outlook (AEO) is updated annually, with the next update estimated to be available in March 2015. The AEO 2014 was used for the November 2014 forecast, and was again used for the February 2015 forecast. Therefore, there were no changes. The most current IHS forecast projects increased consumption in FYs 2015 and 2016, and similar consumption in FYs 2017-19, as compared to the November 2014 forecast. The specific forecasts are shown in the tables below. MnDOT uses a blended average of the consumption forecasts by EIA and IHS for future years. When combined, the year-over-year consumption projections from EIA and IHS have increased for FYs 2015 and 2016, and are relatively unchanged in 2017+. These amounts are then multiplied by the motor fuel tax rate, resulting in the estimated revenue.

Energy Information Administration (EIA) Changes, Feb '15 vs. Nov '14			
	Feb '15 Forecast	Nov '14 Forecast	
Year	Annual Energy Outlook 2014 Baseline Year over Year Growth	Annual Energy Outlook 2014 Baseline Year over Year Growth	Change
2013	(0.2%)	(0.2%)	0.0%
2014	(1.2%)	(1.2%)	0.0%
2015	(2.0%)	(2.0%)	0.0%
2016	(1.5%)	(1.5%)	0.0%
2017	(1.2%)	(1.2%)	0.0%
2018	(1.4%)	(1.4%)	0.0%
2019	(1.7%)	(1.7%)	0.0%

IHS Economics Changes, Feb '15 vs. Nov '14			
	Feb '15 Forecast	Nov '14 Forecast	
Year	IHS Highway Consumption of Fuel Year over Year Growth	IHS Highway Consumption of Fuel Year over Year Growth	Change
2013	(0.3%)	(0.3%)	0.0%
2014	1.8%	1.8%	0.0%
2015	2.5%	(0.8%)	3.3%
2016	2.2%	1.0%	1.1%
2017	0.5%	1.4%	(1.0%)
2018	1.0%	0.8%	0.2%
2019	1.9%	0.8%	1.1%



MnDOT Consumption Forecast Changes, Feb '15 vs. Nov '14			
	Feb '15 Forecast	Nov '14 Forecast	
Year	Blended Average of EIA/IHS	Blended Average of EIA/IHS	Change
2013 (act)	(0.2%)	(0.2%)	0.0%
2014 (act)	1.9%	1.9%	0.0%
2015*	0.4%	(0.9%)	1.3%
2016	0.4%	(0.2%)	0.6%
2017	(0.4%)	0.1%	(0.5%)
2018	(0.2%)	(0.3%)	0.1%
2019	0.1%	(0.4%)	0.5%

*EIA/IHS blended average of 0.3% adjusted to 0.4% in FY 2015 to account for actual year-to-date revenues

For the current year, the EIA and IHS forecasts are compared with actual year-to-date revenues. Through January, actual revenues were greater than both the November 2014 forecast and prior year actuals. Because year-to-date actual revenues are up, FY 2015 revenues increased from the November 2014 forecast, which also results in increases in all future years due to a higher base.

Motor Fuel Tax (\$ in millions)

FY 2014-15 Feb '15 Forecast over Nov '14			FY 2016-17 vs. FY 2014-15			FY 2018-19 vs. FY 2016-17		
FY 2014-15	\$ Change	% Change	FY 2016-17	\$ Change	% Change	FY 2018-19	\$ Change	% Change
\$1,760	\$11	0.6%	\$1,766	\$7	0.4%	\$1,760	(\$6)	(0.3%)

The estimated revenue included in the February 2015 forecast is shown below:

Motor Fuel Tax Revenues (\$ in millions)				
State Fiscal Year	Feb '15 Fcst	Nov '14 Fcst	\$ Change	% Change
2013 (act)	\$860 M	\$860 M	\$ 0.0 M	0.0%
2014 (act)	878	878	0.0	0.0%
2015	882	871	11.2	1.3%
2016	885	869	16.1	1.9%
2017	882	870	11.9	1.4%
2018	880	867	12.9	1.5%
2019	\$881 M	\$863 M	\$17.5 M	2.0%

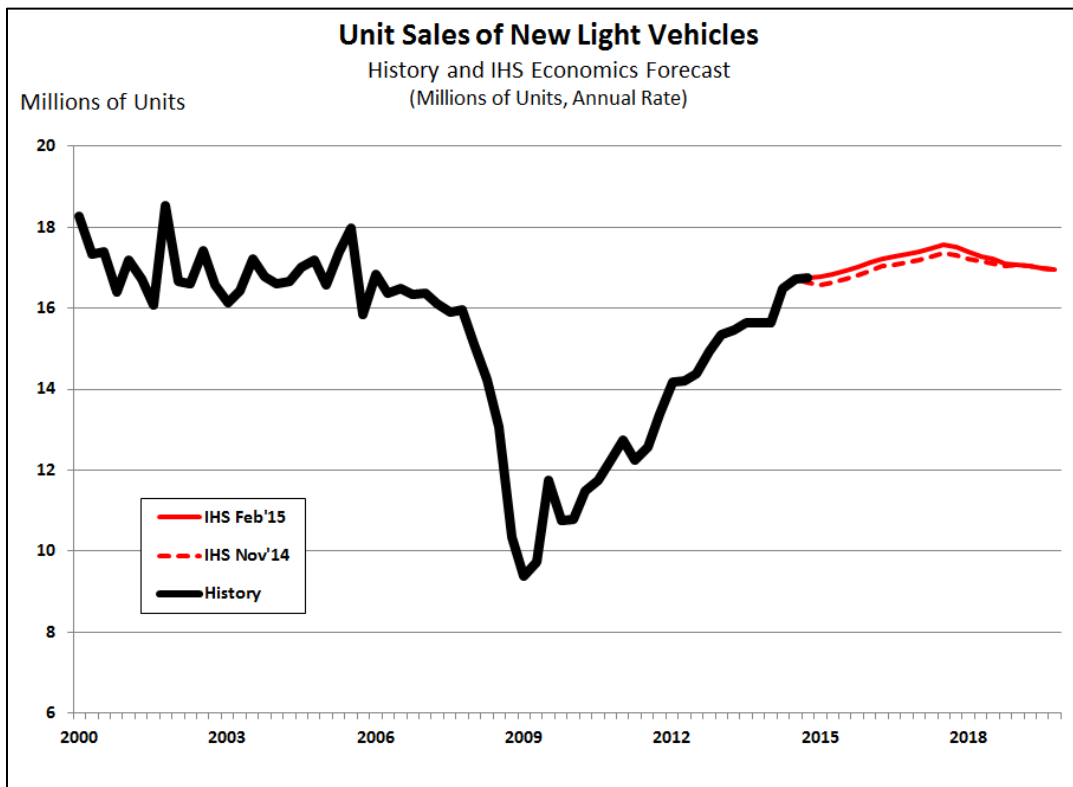
Motor Vehicle Registration Tax Forecast

According to article XIV of the Minnesota Constitution, "...The Legislature may by law tax motor vehicles using the public streets and highways on a more onerous basis than other personal property..." These taxes are commonly referred to as "tab fees." Revenue from these taxes is deposited in the HUTD fund.



The policy for taxes on passenger motor vehicles is described in Minnesota Statutes 168.013, subdivision 1a. Vehicles are taxed based on \$10 plus 1.25% of the vehicle's value, depreciated over time through the 10th year of registration, after which the additional tax is \$35. Revenue from these taxes comprises about 80% of the total revenue from motor vehicle registration taxes. The remaining revenue is provided primarily by taxes on commercial vehicles. The tax for commercial vehicles is generally based on vehicle weight and age. The current passenger motor vehicle registration tax policy was instituted in 2008, and included a provision that the tax on any passenger vehicle when calculated using the new policy would not be greater than paid previously. This provision resulted in a phase-in of the full impact of this policy change.

The following chart depicts the unit sales rate for new light vehicles, from 2000 through the forecast period. All data are provided by IHS and reflect national levels. The solid red line reflects the current forecast, which was up slightly as compared to the November 2014 forecast.



MnDOT has a model to forecast revenue from passenger vehicles that is largely based on forecasts of the purchase of new passenger vehicles. Forecasts of the sales of new vehicles are provided by IHS. The chart suggests that new vehicle sales will be slightly greater than was assumed in the prior forecast. The February 2015 forecast includes detailed vehicle information supplied by the Department of Public Safety that reflects February 2015 data, which MnDOT uses in its model to forecast revenue from all passenger motor vehicles. The overall vehicle count increased by about 1.2% as compared to the February 2014 data (fleet data is only updated once/year for the February forecast). Based on the slight increases in both projected new vehicle sales and the overall size of the fleet, revenues are projected to increase in all years as compared to the November 2014 forecast. MnDOT assumes that an additional \$115 million per year of motor vehicle registration tax revenue is received from taxes on various other types of vehicles, primarily on heavy trucks. Estimated revenues for the forecast period are shown below:



Motor Vehicle Registration Tax (\$ in millions)

FY 2014-15 Feb '15 Forecast over Nov '14			FY 2016-17 vs. FY 2014-15			FY 2018-19 vs. FY 2016-17		
FY 2014-15	\$ Change	% Change	FY 2016-17	\$ Change	% Change	FY 2018-19	\$ Change	% Change
\$1,342	\$1	0.1%	\$1,479	\$137	10.2%	\$1,596	\$117	7.9%

The estimated revenue included in the February 2015 forecast is shown below:

Motor Vehicle Registration Tax Revenues (\$ in millions)

State Fiscal Year	Feb '15 Fcst	Nov '14 Fcst	\$ Change	% Change
2013 (act)	\$623 M	\$623 M	\$0.0 M	0.0%
2014 (act)	652	652	0.0	0.0%
2015	689	689	0.7	0.1%
2016	723	722	1.1	0.2%
2017	756	753	2.9	0.4%
2018	786	779	6.6	0.8%
2019	\$810 M	\$802 M	\$8.3 M	1.0%

Motor Vehicle Sales Tax Forecast

According to article XIV of the Minnesota Constitution "...revenue from a tax imposed by the state on the sale of a new or used motor vehicle...must be allocated for the following transportation purposes: not more than 60% must be deposited in the highway user tax distribution fund, and not less than 40% must be deposited in a fund dedicated solely to public transit..." Current statutes provide that 60% of this revenue is deposited in the HUTD fund and 40% is deposited in the Transit Assistance Fund.

This is a 6.5% tax on the sale of new and used motor vehicles. MMB prepares the official forecast of this revenue, which is largely based on input provided by IHS. Similar to the forecast for passenger motor vehicles, this forecast is largely based on estimates of sales of passenger vehicles, so the trend is similar to that described previously for motor vehicle registration tax revenue.

Motor Vehicle Sales Tax (60% that is dedicated to highways) (\$ in millions)

FY 2014-15 Feb '15 Forecast over Nov '14			FY 2016-17 vs. FY 2014-15			FY 2018-19 vs. FY 2016-17		
FY 2014-15	\$ Change	% Change	FY 2016-17	\$ Change	% Change	FY 2018-19	\$ Change	% Change
\$804	\$1	0.2%	\$917	\$113	14.1%	\$1,012	\$95	10.4%

The estimated revenue included in the February 2015 forecast is shown below:



Motor Vehicle Sales Tax Revenues (\$ in millions)				
State Fiscal Year	Feb '15 Fcst	Nov '14 Fcst	\$ Change	% Change
2013 (act)	\$359 M	\$359 M	\$0.0 M	0.0%
2014 (act)	384	384	0.0	0.0%
2015	420	418	1.3	0.3%
2016	444	443	1.2	0.3%
2017	473	473	0.3	0.1%
2018	500	499	0.7	0.1%
2019	\$512 M	\$516 M	(\$4.4) M	(0.9%)

Transfers From HUTD Fund

The HUTD fund receives revenues from the three sources dedicated to highways and transit by Article XIV of the Minnesota Constitution, for which revenue estimates have been discussed in the previous several sections.

With the exception of the revenue from the Motor Vehicle Sales Tax that is constitutionally dedicated to public transit (currently set at 40% by statute), revenues from these three taxes are all constitutionally required to be deposited into the Highway User Tax Distribution Fund. From there they are subsequently transferred, in accordance with formulas in Article XIV of the Minnesota Constitution and in statute, to the Trunk Highway Fund, the County State Aid Highway Fund, and the Municipal State Aid Street Fund. There are also small distributions to the Department of Natural Resources based on statutory language.

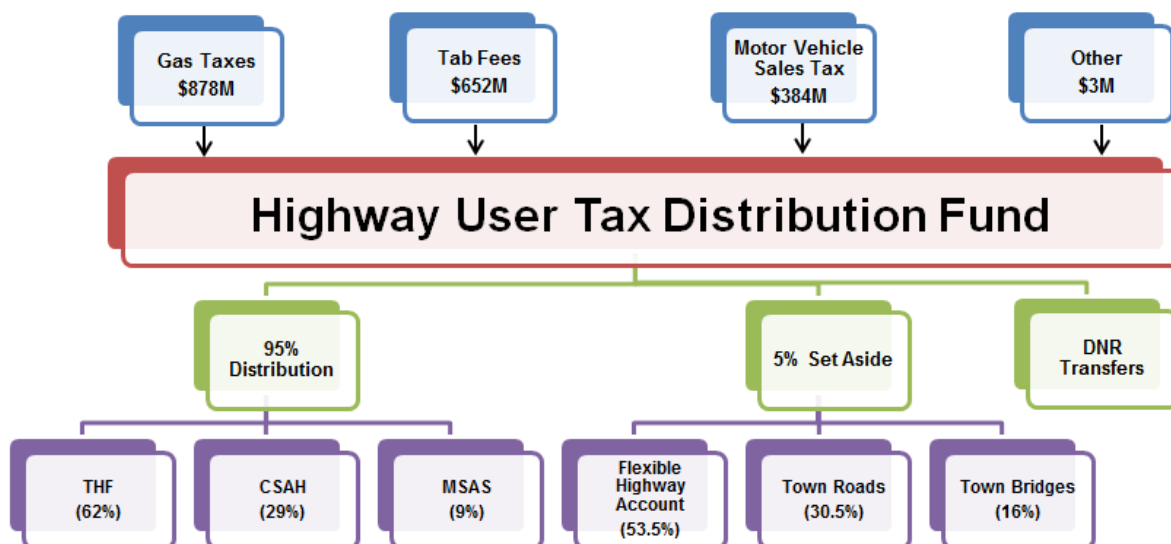
Of the total revenue to the Highway User Tax Distribution Fund, after statutory distributions to the Department of Natural Resources, 95% is allocated by a formula in the constitution to:

- Trunk Highway Fund – 62%
- County State Aid Highway Fund – 29%
- Municipal State Aid Street Fund – 9%

The remaining five percent, referred to as the five percent set aside, is all allocated to the County State Aid Highway Fund in accordance with Minnesota Statutes 161.081. This funding is further allocated to Township Roads, Township Bridges, and the Flexible Highway Account, as shown in the chart below:



HUTD Sources and Uses FY 2014



-Article XIV of the Minnesota Constitution
 -DNR transfers for unrefunded gas taxes per MS 296A.18

As a result of these provisions, the TH, CSAH, and MSAS funds all have a revenue source included in their fund statements called Transfer From Highway User Tax Distribution Fund. These transfers are based on the forecasts for the three revenue sources described previously, the forecast for investment income discussed in the section below, and forecasts for several other minor sources of revenue. Estimates of the total amount to be transferred are shown below. The portions of this total going to each of the three funds will be shown in the discussion of these funds, but will all have the same percentage changes as shown below:

Total HUTD Fund Revenues (\$ in millions)

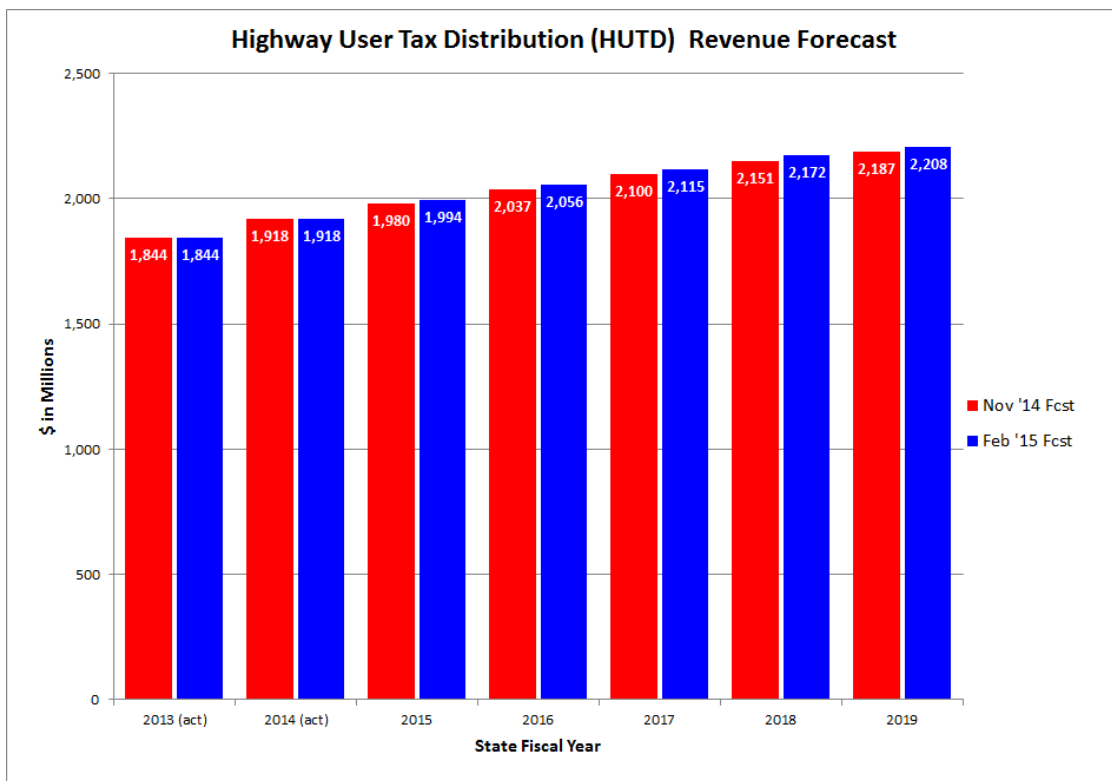
FY 2014-15 Feb '15 Forecast over Nov '14			FY 2016-17 vs. FY 2014-15			FY 2018-19 vs. FY 2016-17		
FY 2014-15	\$ Change	% Change	FY 2016-17	\$ Change	% Change	FY 2018-19	\$ Change	% Change
\$3,912	\$14	0.3%	\$4,171	\$260	6.6%	\$4,380	\$209	5.0%

The estimated revenue included in the February 2015 forecast is shown below:



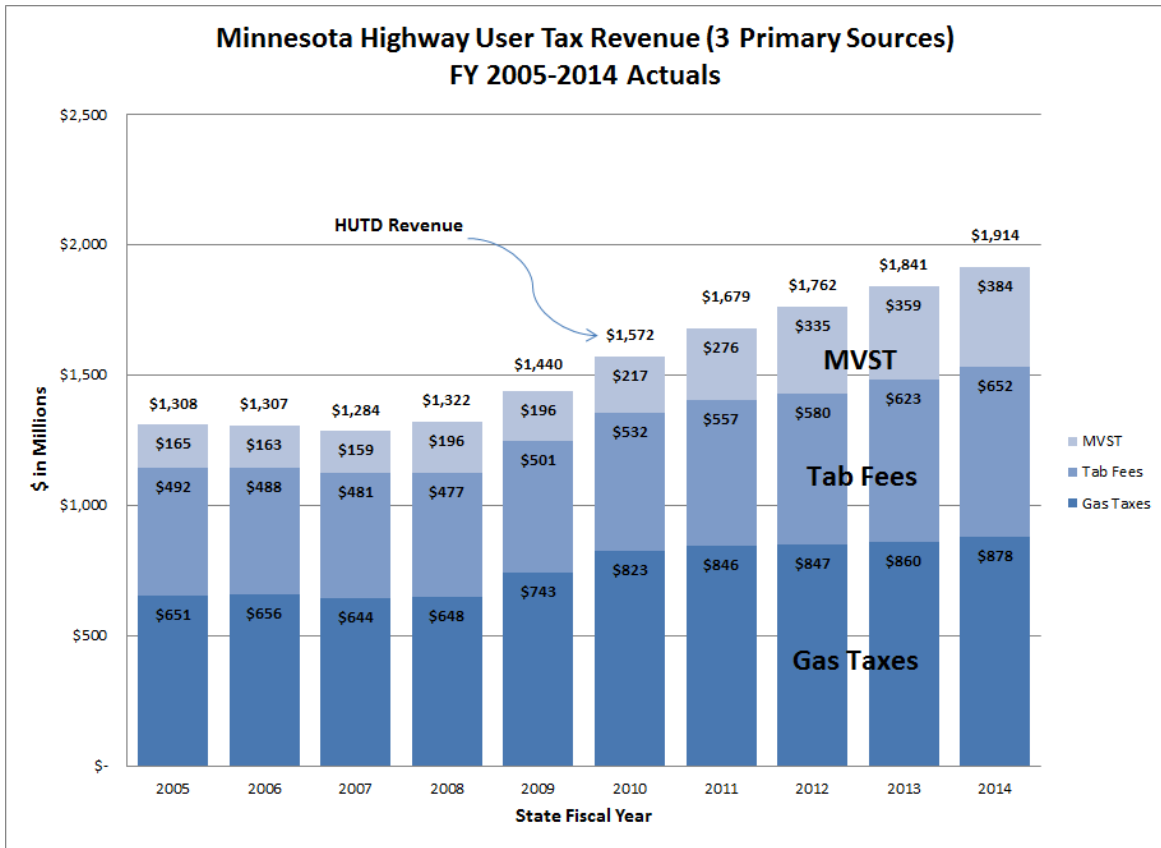
HUTD Revenues (\$ in millions)				
State Fiscal Year	Feb '15 Fcst	Nov '14 Fcst	\$ Change	% Change
2013 (act)	\$1,844 M	\$1,844 M	\$0.0 M	0.0%
2014 (act)	1,918	1,918	0.0	0.0%
2015	1,994	1,980	13.6	0.7%
2016	2,056	2,037	18.5	0.9%
2017	2,115	2,100	15.2	0.7%
2018	2,172	2,151	20.3	0.9%
2019	\$2,208 M	\$2,187 M	\$21.5 M	1.0%

These revenues are also shown in the bar chart below:



The bar chart below details a 10-year history of actual revenues for the HUTD fund (2005-14), which shows the relative shares of revenue attributed to gas taxes, tab fees, and MVST over that period. This bar chart demonstrates that over the last ten years, revenue from gas taxes has been providing a reduced percentage of the total revenue, while revenue from the tab fees and MVST are providing increased percentages of total revenue. Appendix 8 contains similar data from 2000-2019, displayed as percentages to more clearly illustrate the relative contributions of each revenue source and how they've changed over time.



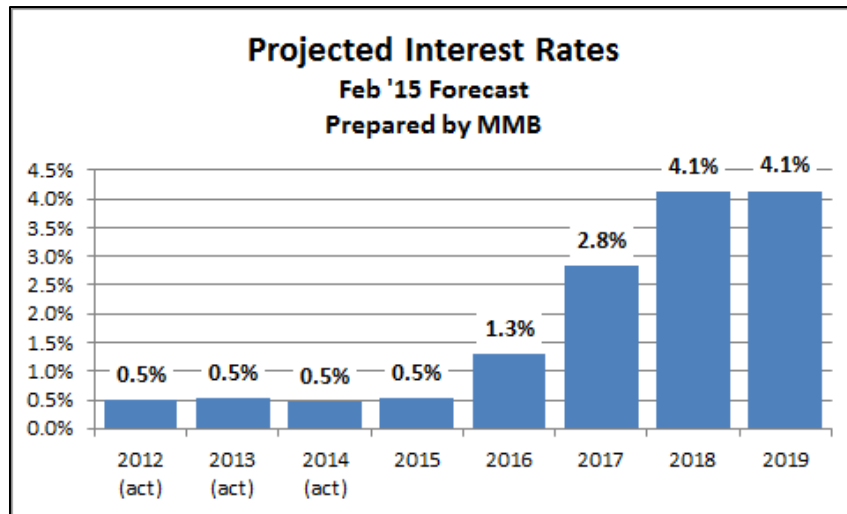


Investment Income Forecasts

All of the transportation funds discussed in this document, with the exception the Transit Assistance Fund, receive investment income earned on cash balances in the funds. Two factors influence the amount of revenue – the amount of cash anticipated to be in the funds, and the estimated interest rates for the invested cash. Forecasts of the interest rates are supplied by MMB.

Currently interest rates are very low – about 0.5%. The February 2015 forecast assumes that interest rates will increase in the latter years of the forecast period, especially in FY 2018 and FY 2019 where rates are projected around 4%. The chart below summarizes the current interest rate forecast from MMB:





Compared with the November 2014 forecast the same pattern is forecast for the increase from current rates, although all interest rates are expected to be slightly higher (0.01% higher in all years). Also, the cash balances in all funds are expected to be similar to the November 2014 forecast, with some minor changes in specific funds based on FY 2015 year-to-date activity. These forecasts are shown below for all five funds that earn investment income:

Investment Income (\$ in millions)

	FY 2014-15 Feb '15 Forecast over Nov '14			FY 2016-17 vs. FY 2014-15			FY 2018-19 vs. FY 2016-17		
	FY 2014-15	\$ Change	% Change	FY 2016-17	\$ Change	% Change	FY 2018-19	\$ Change	% Change
HUTD	\$0.8	\$0.0	1.4%	\$3.3	\$2.5	302%	\$6.6	\$3.3	99%
TH	7.8	(0.0)	(0.1%)	32.5	24.8	318%	64.8	32.2	99%
CSAH	4.9	0.0	0.8%	20.2	15.3	314%	39.7	19.6	97%
MSAS	1.6	0.0	1.3%	6.6	5.0	315%	13.2	6.5	98%
SAF	\$0.3	\$0.0	0.4%	\$1.2	\$0.9	375%	\$2.4	\$1.2	100%

Motor Vehicle Lease Sales Tax Forecast

The first \$32 million of this revenue is allocated to the General Fund, and all revenue greater than \$32 million is shared equally by the CSAH fund and the greater Minnesota transit account in the TAF. In FY 2014, the amount allocated to the CSAH fund was capped at \$9 million, and the remainder was allocated to the greater Minnesota transit account in the TAF. The 2014 legislative session returned the allocation to being split equally between the CSAH fund and the greater Minnesota transit account in the TAF for FY 2015 and beyond. Prior to this change, the statute capped the CSAH portion at \$9 million again in FY 2015, and then split the revenue equally in FY 2016 and beyond. This forecast is supplied by the Department of Revenue. The forecast in all years decreased as compared to the November 2014 forecast. The February 2015 forecast is shown below:



Motor Vehicle Lease Sales Tax (amount above \$32 million) (\$ in millions)

FY 2014-15 Feb '15 Forecast over Nov '14			FY 2016-17 vs. FY 2014-15			FY 2018-19 vs. FY 2016-17		
FY 2014-15	\$ Change	% Change	FY 2016-17	\$ Change	% Change	FY 2018-19	\$ Change	% Change
\$68	(\$0)	(0.7%)	\$86	\$18	26.0%	\$91	\$5	5.5%

Effect of Revenue Forecasts on Fund Statements For Individual Funds

The remainder of this document will focus on the effects of the revenue forecasts on the individual funds, except for the HUTD fund. That fund is not discussed because the primary purpose of the fund is to receive revenue that is subsequently distributed to three other funds, as previously discussed, and the overall revenue change has already been described. In addition, information about expenditures will also be provided.



Trunk Highway Fund

The TH fund receives revenue from transfers from the HUTD fund and from investment income. One other substantial source of revenue for the fund is from federal aid agreements with the Federal Highway Administration, through which reimbursement for the federal share of highway construction projects is provided. In addition, the fund receives revenue from several other smaller sources. Across FY 2014-19, transfers from the HUTD Fund comprise approximately 72% of revenue, federal aid agreements comprise approximately 24% of revenue, and other sources, such as investment income, comprise approximately 4% of revenue.

The estimated revenues in the February 2015 forecast are shown below:

Trunk Highway Fund Revenues (\$ in millions)

	FY 2014-15 Feb '15 Forecast over Nov '14			FY 2016-17 vs. FY 2014-15			FY 2018-19 vs. FY 2016-17		
	FY 2014-15	\$ Change	% Change	FY 2016-17	\$ Change	% Change	FY 2018-19	\$ Change	% Change
Transfers from HUTD	\$2,268	\$8	0.4%	\$2,415	\$147	6.5%	\$2,538	\$123	5.1%
Investment Income	8	(0)	(0.1%)	33	25	318%	65	32	99%
Federal Aid Agreements	951	0	0%	725	(226)	(23.8%)	724	(1)	(0.1%)
Other	117	0	0%	98	(19)	(16.1%)	98	0	0.0%
Total	\$3,344	\$8	0.2%	\$3,271	(\$73)	(2.2%)	\$3,425	\$154	4.7%

Trunk Highway Fund Expenditure Forecast Changes

The forecast for expenditures is generally based on the previously enacted biennial budget, so there usually are not significant changes in forecasted spending. However, the TH fund has unique constitutional authority (see Article XIV, section 11 of the Minnesota Constitution) to sell authorized trunk highway bonds. The debt service on these bonds (payment of principal and interest) is specified as the first obligation of the fund. The biennial budget includes amounts for debt service, but the law also states that any increase in the amount of estimated debt service is to be transferred, because there is a statutory open appropriation for trunk highway debt service.

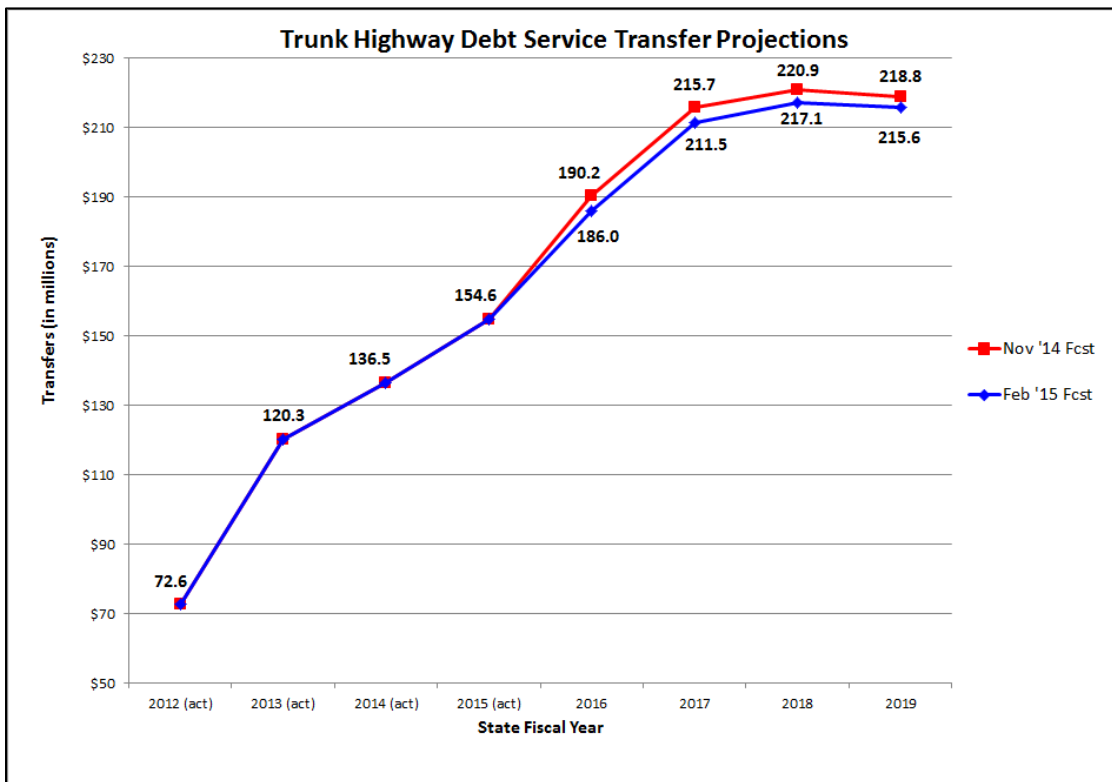
Since the November 2014 forecast, the debt service expenditure estimates for all future years have decreased. This is largely due to increased premiums based on projected lower interest rates being assumed by MMB for upcoming bond sales; revisions to cash flow estimates used in forecasting future bond sales and debt service amounts are made in preparation for the November forecast each year and for scheduled bond sales. The forecasted amount of debt service costs is shown below:



Trunk Highway Fund Debt Service Transfers (\$ in millions)

FY 2014-15 Feb '15 Forecast over Nov '14			FY 2016-17 vs. FY 2014-15			FY 2018-19 vs. FY 2016-17		
FY 2014-15	\$ Change	% Change	FY 2016-17	\$ Change	% Change	FY 2018-19	\$ Change	% Change
\$291	\$0	0%	\$397	\$106	36.5%	\$433	\$35	8.9%

The graph below depicts the debt service transfer amounts by year, compared to the November 2014 forecast:



MnDOT's Trunk Highway Fund is governed by four financial policies. A link to all of the policies is included in the appendix. The Debt Management Policy, developed to comply with the requirements in Minnesota Statutes 167.60, addresses the percentage of debt service that is allowed. This policy states that debt service (which includes transfers to the state bond fund for debt service on trunk highway bonds, repayments of local government advances (LGA) in accordance with Minnesota Statutes 161.361, and transportation revolving loan (TRLF) repayments in accordance with Minnesota Statutes 161.04, subdivision 4) should not exceed 20 percent of annual state revenues to the Trunk Highway Fund.

The percentage of debt service for the upcoming few years is depicted on the chart below. This chart also includes estimates for the FY 2020-21 biennium, in order to be consistent with the approach MMB uses with the debt service



projections for General Fund debt service. The chart below demonstrates that currently estimated debt service expenditures from the TH fund are between 15% and 17% through the end of the FY 2020-21 biennium:

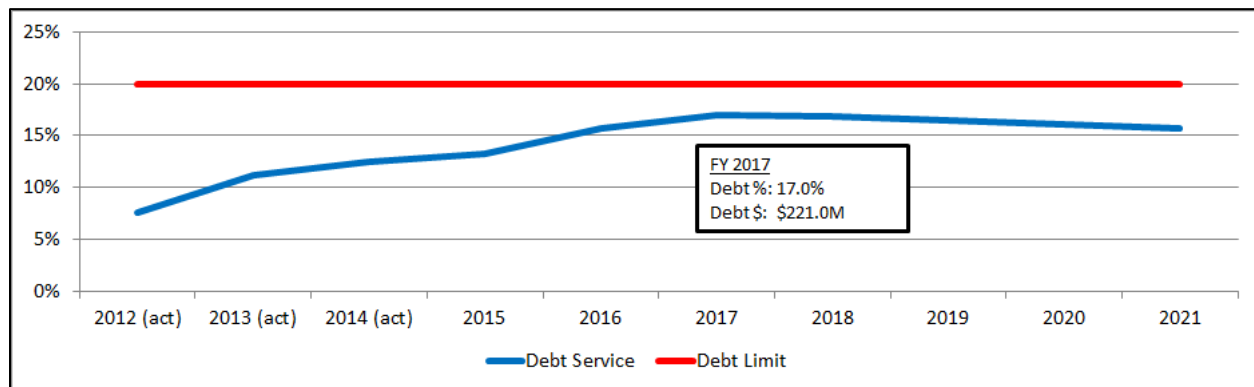
Debt Management Policy (\$ in millions)

Year	Total Debt Service ⁽¹⁾	Estimated Current %	Variance from 20% Policy Limit ⁽²⁾
2012 (act)	\$80.5 M	7.5%	\$133.6 M
2013 (act)	126.4	11.2%	99.1
2014 (act)	144.2	12.5%	87.4
2015	164.1	13.3%	82.9
2016	195.5	15.6%	54.4
2017	221.0	17.0%	38.3
2018	226.6	16.9%	41.4
2019	225.1	16.5%	47.2
2020	219.8	16.1%	52.5
2021	\$213.2 M	15.7%	\$59.1 M

⁽¹⁾ Includes bond debt transfers, transportation revolving loans, and local government advances

⁽²⁾ Represents amount of additional debt service to reach 20% limit

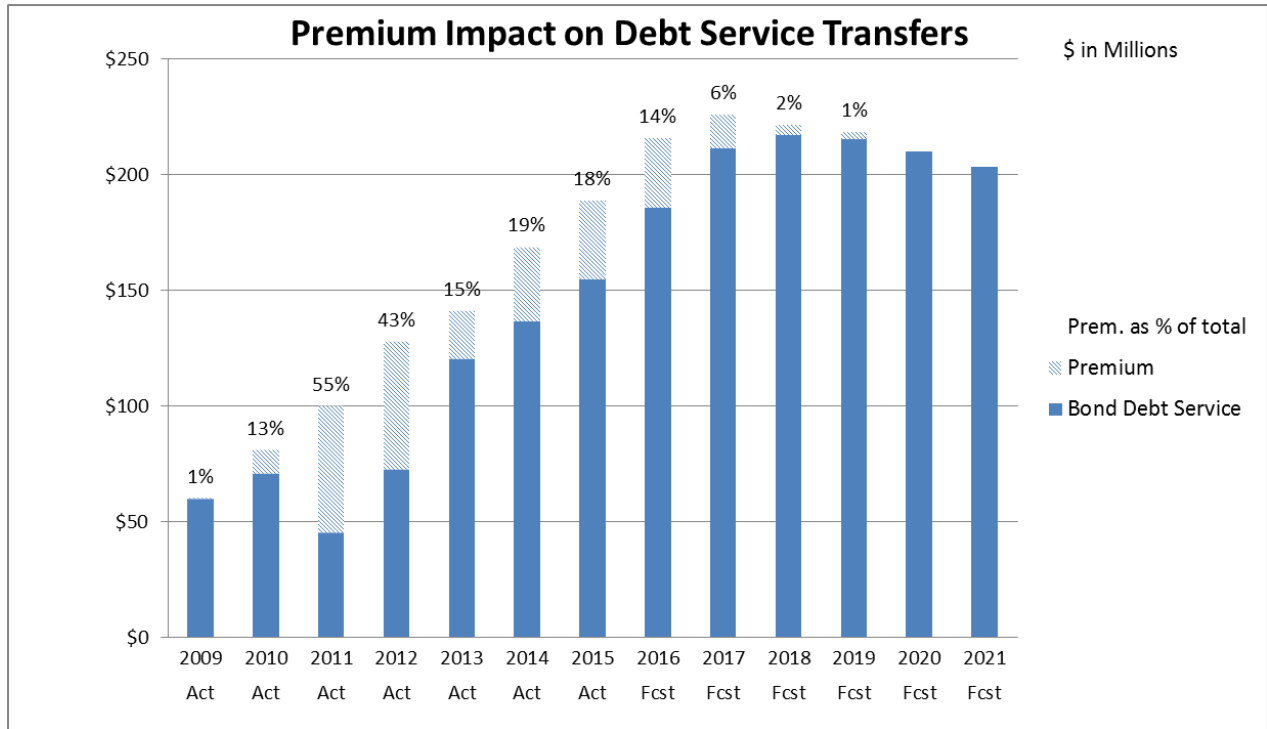
The graph below depicts the debt service estimates compared with the policy limit:



As MnDOT manages to this policy, there are variables to the debt management calculation outside of the State's control. One of the largest variables is interest rate fluctuation, which can lead to large debt service expenditure fluctuations. Because of low interest rates, MnDOT's fund balance has benefited the past several years. When bond interest rates drop below 5%, trunk highway general obligation bonds command a premium which is accounted for in the year of sale. Therefore, debt service is lower the year the bonds are sold, but this decrease is then offset over the 20 year life of the bonds.

In recent years MnDOT's debt has increased, primarily as a result of Laws of 2008, Chapter 152, which included \$1.8 billion of bonding authorization. The chart below illustrates the reduction to debt service as the result of premium. The solid bar represents the actual/forecast debt service; the dashed bar represents the additional debt service without the actual/forecast premium reducing it in each bond sale year.





Fund Balance Impacts

The table below summarizes the impacts on the TH fund balance for the revenue and expenditure forecasts previously discussed.

Feb '15 vs. Nov '14

(\$ in millions)

	<u>FY14-15</u>		<u>FY16-17</u>	
Transfers from HUTD	7.9	M	19.4	M
Other Revenue	(0.0)		(1.6)	
Total Revenue Impact	7.9		17.9	
Debt Service Transfer	0.0		(8.5)	
Total Expenditure and Transfer Impact	0.0		(8.5)	
Fund Balance Change	7.9		26.3	
Total Cumulative Change	7.9	M	34.2	M
Fund Balance				
Nov '14 Forecast	145.0		315.0	
Feb '15 Forecast	152.9		349.2	
Change	7.9	M	34.2	M
<i>Reserved Fund Balance (Feb '15)</i>	<i>88.8</i>		<i>81.3</i>	
<i>Unreserved Fund Balance (Feb '15)</i>	<i>64.0</i>		<i>267.9</i>	



County State Aid Highway (CSAH) Fund

The CSAH fund receives revenue from transfers from the HUTD fund, investment income, and its share of the motor vehicle lease sales tax (MVLST). A summary of these revenues is shown below:

CSAH Fund Revenues (\$ in millions)

	FY 2014-15 Feb '15 Forecast over Nov '14			FY 2016-17 vs. FY 2014-15			FY 2018-19 vs. FY 2016-17		
	FY 2014-15	\$ Change	% Change	FY 2016-17	\$ Change	% Change	FY 2018-19	\$ Change	% Change
Transfers from HUTD	\$1,254	\$4.4	0.4%	\$1,335	\$81	6.5%	\$1,403	\$68	5.1%
Investment Income	5	0.0	0.8%	20	15	314%	40	20	97%
MVLST	27	(0.2)	(0.9%)	43	16	57%	46	2	5.5%
Other	0.5	0.0	0.0%	0.6	0.1	9.2%	0.6	0	0%
Total	\$1,286	\$4.2	0.3%	\$1,399	\$112	8.7%	\$1,489	\$90	6.4%

CSAH Expenditure Forecast Changes

Minnesota Statutes, Chapter 162 provides the policy controlling this fund's expenditures. In general, the statute describes the way in which the fund's revenues are allocated to Minnesota's 87 counties. Two formulas are used in combination to provide these allocations. The first is based on revenue at taxation levels prior to passage of Laws of 2008, Chapter 152 and the allocations of revenue from the motor vehicle sales tax prior to passage of the constitutional amendment by the electorate in the 2008 election dedicating this revenue to transportation. The second formula provides a different allocation based on revenues attributable to increases provided by Chapter 152 and the constitutional amendment. These allocations are calculated each year based primarily on revenue estimates for the CSAH fund. A Commissioner's Order is issued each year that establishes the county allocations.

The CSAH fund is directly appropriated based on the most current revenue forecast at the time the law is written. The Commissioner's Order is based on revenue estimates depicted in the preceding November forecast each year. The result is in an increase or decrease to the total appropriation amount each year after the Commissioner's Order is executed. Since the order is calendar year and available for the February forecast, the forecast expenditures for FY 2015 in this forecast have changed to reflect the amounts in the Commissioner's Order. The accounting system is also be updated to reflect these changes. The expenditure estimates for the FY 2016-17 biennium are updated in this forecast. These updates are based on the revised revenue forecast for the fund.



The revised expenditures forecast, compared with the amounts in the November 2014 forecast, are shown below:

CSAH Expenditures and Transfers (\$ in millions)				
State Fiscal Year	Feb '15 Fcst	Nov '14 Fcst	\$ Change	% Change
2013 (act)	\$570 M	\$570 M	\$0.0 M	0.0%
2014 (act)	578	578	0.0	0.0%
2015	668	634	33.9	5.3%
2016	685	680	5.4	0.8%
2017	714	709	4.4	0.6%
2018	738	732	6.0	0.8%
2019	\$750 M	\$744 M	\$6.4 M	0.9%

A portion of these expenditures is attributed to the portion of the MVLST that is allocated to the CSAH fund. This revenue is allocated to five of the seven metropolitan counties, excluding Hennepin and Ramsey counties.

A portion of the expenditures from the CSAH fund is related to the five percent set aside portion of the revenues for the HUDT fund. The constitution allows the legislature to allocate five percent of the total HUDT fund revenues in a manner different from the constitutional formula (62% to the TH fund, 29% to the CSAH fund, and 9% to the MSAS fund). The current allocation is to have 100% of this revenue go to the CSAH fund (see Minnesota Statutes 161.081). This funding is further allocated to Township Roads (30.5%), Township Bridges (16.0%), and the Flexible Highway Account (53.5%). The portion allocated to the Flexible Highway Account is available for transfer to the TH and MSAS Funds, if so designated in the appropriation law. Transfers authorized by the current appropriation law are included in the totals shown above.



Municipal State Aid Street (MSAS) Fund

The MSAS fund receives revenue from transfers from the HUTD fund, authorized transfers from the CSAH fund, and investment income. Summaries of these revenues are shown below:

MSAS Fund Revenues (\$ in millions)

	FY 2014-15 Feb '15 Forecast over Nov '14			FY 2016-17 vs. FY 2014-15			FY 2018-19 vs. FY 2016-17		
	FY 2014-15	\$ Change	% Change	FY 2016-17	\$ Change	% Change	FY 2018-19	\$ Change	% Change
Transfers from HUTD	\$329	\$1.2	0.4%	\$351	\$21	6.5%	\$368	\$18	5.1%
Investment Income	1.6	0.0	1.3%	6.6	5.0	315%	13.2	6.5	98%
Transfer from CSAH	23	0.0	0%	0	(23)	(100%)	0	0	0%
Other	0.5	0.0	0%	0.5	(0)	(5.6%)	0.5	0	0%
Total	\$354	\$1.2	0.3%	\$358	\$3.4	0.9%	\$382	\$24.4	6.8%

MSAS Expenditure Forecast Changes

As is the case for the CSAH fund, the policy controlling the MSAS fund's expenditures is provided by Minnesota Statutes, Chapter 162. In general, the statute describes the way in which the fund's revenues are allocated to the accounts within the fund, and how the revenue is allocated to each of the Minnesota State Aid Cities defined as having a population of 5,000 or greater.

Per Minnesota Statutes Chapter 162, the allocations are calculated based primarily on revenue estimates for the MSAS fund, not including transfers from the CSAH fund. The same Commissioner's Order establishes both the CSAH and MSAS fund appropriations each year. The MSAS fund is also directly appropriated based on the most current revenue forecast at the time the law is written. The Commissioner's Order is based on revenue estimates depicted in the preceding November forecast each year. The result is in an increase or decrease to the total appropriation amount each year after the Commissioner's Order is executed. Since the order is calendar year and available for the February forecast, the forecast expenditures for FY 2015 in this forecast have changed to reflect the amounts in the Commissioner's Order. The accounting system is also be updated to reflect these changes.

The expenditure estimates for the FY 2016-17 biennium are updated in this forecast based on the revised revenue estimates for the fund. The revised expenditure estimates, compared with the amounts in the November 2014 forecast, are shown below:



MSAS Expenditures (\$ in millions)

State Fiscal Year	Feb '15 Fcst	Nov '14 Fcst	\$ Change	% Change
2013 (act)	\$134 M	\$134 M	\$0.0 M	0.0%
2014 (act)	164	164	0.0	0.0%
2015	181	170	11.4	6.7%
2016	175	174	1.6	0.9%
2017	183	181	1.3	0.7%
2018	189	188	1.8	0.9%
2019	\$193 M	\$191 M	\$1.8 M	1.0%

Transit Assistance Fund

The TAF receives revenue from transfers for its share of revenues from MVST and MVLST. The MVST share for the TAF must be at least 40% according to the constitution, and is currently set at 40% by statute (Minnesota Statutes 297.09). Of this revenue, 36% is allocated to metropolitan transit and 4% is allocated to greater Minnesota transit. This fund also receives revenue from the MVLST, as was described on page 12. Revenue forecasts for these two sources are shown below:

Transit Assistance Fund Revenues (\$ in millions)

	FY 2014-15 Feb '15 Forecast over Nov '14			FY 2016-17 vs. FY 2014-15			FY 2018-19 vs. FY 2016-17		
	FY 2014-15	\$ Change	% Change	FY 2016-17	\$ Change	% Change	FY 2018-19	\$ Change	% Change
MVST (40%)	\$536	\$0.8	0.2%	\$611	\$75.7	14.1%	\$675	\$63.3	10.4%
MVLST	41	(0.2)	(0.6%)	43	2.1	5.1%	46	2.4	5.5%
Total	\$577	\$0.6	0.1%	\$655	\$77.8	13.5%	\$720	\$65.7	10.0%

The MVSLT changes are due to the factors discussed on page 12. As was stated, the share of this revenue dedicated to the CSAH fund was capped at \$9 million per year for FY 2014 only.

The total estimated revenue for the Transit Assistance Fund, by fiscal year, is shown below:

Transit Assistance Fund Revenues (\$ in millions)

State Fiscal Year	Feb '15 Fcst	Nov '14 Fcst	\$ Change	% Change
2013 (act)	\$254 M	\$254 M	\$0.0 M	0.0%
2014 (act)	279	279	0.0	0.0%
2015	298	297	0.6	0.2%
2016	317	317	0.3	0.1%
2017	338	338	(0.2)	(0.1%)
2018	356	356	0.1	0.0%
2019	\$364 M	\$367 M	\$(3.3) M	(0.9%)



Of this total revenue, the estimated revenue for the greater Minnesota portion of the Transit Assistance Fund is shown below:

Greater Minnesota Transit Revenues (\$ in millions)				
State Fiscal Year	Feb '15 Fcst	Nov '14 Fcst	\$ Change	% Change
2013 (act)	\$38 M	\$38 M	\$0.0 M	0.0%
2014 (act)	48	48	0.0	0.0%
2015	46	47	(0.1)	(0.3%)
2016	50	51	(0.4)	(0.8%)
2017	54	54	(0.4)	(0.7%)
2018	56	56	(0.3)	(0.6%)
2019	\$57 M	\$58 M	\$(0.7) M	(1.2%)

Transit Assistance Fund Expenditure Forecast Changes

MVST revenues are statutorily appropriated. The share allocated to metropolitan transit is appropriated to the Metropolitan Council, and the share allocated to greater Minnesota transit is appropriated to MnDOT. This means that forecasted revenues are the same as forecasted expenditures. For MVLST, because revenue for a specific fiscal year is not made available until the following fiscal year, the amount estimated for the current year is shown as an appropriation carry forward into the next year.

State Airports Fund

The revenue sources in the State Airports Fund are unique to this fund, and are not shared with any of the other five transportation funds. This fund was statutorily created (Minnesota Statutes 360.017) to carry out aviation functions. This includes costs for airport development and assistance grants, aeronautic planning, administration, and operations. Three funds make up the total consolidated State Airports Fund:

- State Airports Fund
- Hangar Revolving Loan Fund
- Air Transportation Services Revolving Fund

Ending balances in the two revolving funds are not included in the consolidated fund statement ending balance, because their receipts are dedicated to their specific functions. The remainder of the section only addresses the individual State Airports Fund.

Fund Balance Policy

A State Airports Fund Balance policy was recently developed by MnDOT to provide an appropriate level of reserve in the State Airports Fund to protect against major fluctuations in revenue. The Aeronautics Office, in consultation with their stakeholders, developed a long-range plan to comply with the policy that will take into consideration the General Fund payback of \$15 million that occurred in December 2013. \$4 million in additional spending was appropriated during the 2014 legislative session to begin spending down the \$15 million.

2013 Enacted Legislation Impacts

Prior to the changes enacted by the Legislature in 2013, the State Airports Fund received most of its revenue from three primary sources: airline flight property tax (46%), aircraft registration tax (34%), and aviation fuel tax (19%) across FY 2012-17. This policy was changed by adding a fourth revenue source – sales tax on aircraft purchases (previously credited to the General Fund), by increasing the aviation fuel tax, and by changing the policy for aircraft registration that



resulted in lower amounts of revenue from this source. The effective dates of these changes were July 1, 2013 for change in treatment of the sales tax on aircraft and July 1, 2014 for the aviation fuel tax and aircraft registration tax changes. An “Aviation Tax Report” will be prepared every four years, with the first report completed by June 30, 2016, summarizing all aviation tax revenues and expenditures.

Revenue Forecast

Compared with the November 2014 forecast, there were minor changes to the forecasts for three of these revenue sources: aircraft sales taxes, airline flight property taxes, and investment income (which was described previously). Based on taxes already collected in FY 2015, the forecast for aircraft sales taxes was increased from \$2.9 million to \$4 million. Future years were unchanged. MnDOT certifies the airline flight property tax to the Department of Revenue in accordance with Minnesota Statutes 270.075. This law requires MnDOT to determine the property tax portion of revenue for the State Airports Fund, which is defined as the difference between the “...total fund appropriation and the estimated total fund revenues from other sources for the state fiscal year in which the tax is payable...” The estimated amount for this revenue source for all of the forecast fiscal years is \$8 million per year, with the current FY 2015 amount slightly higher at \$8.1 million. These changes are shown in the tables below:

State Airports Fund Revenues (\$ in millions)

	FY 2014-15 Feb '15 Forecast over Nov '14			FY 2016-17 vs. FY 2014-15			FY 2018-19 vs. FY 2016-17		
	FY 2014-15	\$ Change	% Change	FY 2016-17	\$ Change	% Change	FY 2018-19	\$ Change	% Change
Airline Flight Property Tax	\$17	0.1	0.5%	\$16	(1.3)	(7.5%)	\$16	0.0	0.0%
Aviation Fuel Tax	9	0.0	0.0%	12	2.7	29.7%	12	0.4	3.8%
Sales Tax on Aircraft	7	1.1	17.8%	6	(1.5)	(20.2%)	6	0.0	0.0%
Aircraft Registration Tax	6	0.0	0.0%	5	(0.9)	(14.6%)	5	0.0	0.0%
Investment Income	0.3	0.0	0.4%	1.2	0.9	375%	2.4	1.2	100%
Other	15	0.0	0.0%	0.1	(15.0)	(99.5%)	0.1	0.0	0.0%
Total	\$55	1.2	2.2%	\$40	(15.0)	(27.4%)	\$41	1.6	4.1%



The total estimated revenue for the State Airports Fund, by fiscal year, is shown below:

State Airports Revenues and Transfers (State Airports Fund Only) (\$ in millions)				
State Fiscal Year	Feb '15 Fcst	Nov '14 Fcst	\$ Change	% Change
2013 (act)	\$23 M	\$23 M	\$0.0 M	0.0%
2014 (act)	34	34	0.0	0.0%
2015	20	19	1.2	6.1%
2016	20	20	(0.0)	(0.0%)
2017	20	20	(0.0)	(0.0%)
2018	21	21	(0.0)	(0.1%)
2019	\$21 M	\$21 M	\$(0.0) M	(0.1%)

State Airports Fund Expenditure Forecast Changes

The 2014 legislature approved additional spending of \$1 million in FY 2014 and \$3 million in FY 2015, which reflects spending down a portion of the \$15 million repayment from the General Fund.



Appendices

Appendix 1:	Highway User Distribution (HUTD) Fund Statement
Appendix 2:	Trunk Highway Fund Statement
Appendix 3:	Transit Assistance Fund Statement
Appendix 4:	State Airports Fund Statement
Appendix 5:	County State Aid Highway Fund Statement
Appendix 6:	Municipal State Aid Street Fund Statement
Appendix 7:	Minnesota Highway User Tax Revenue – 10-Year History 2005-14
Appendix 8:	Minnesota Highway User Tax Revenue – % of Total Revenues
Policy Links:	Policy Links

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Highway User Tax Distribution Fund

February 2015 Forecast

Comparison to November 2014 Forecast

(S in thousands)	February 2015 Forecast							Change from November 2014				
	Close	Close	Budget	Budget	Budget	Planning Est	Planning Est	Budget	Budget	Budget	Planning Est	Planning Est
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Balance Forward from prior year	\$2,025	\$8,691	\$11,948	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Prior year adjustments	4,595	443	0	0	0	0	0	0	0	0	0	0
Adjusted Balance Forward	6,620	9,134	11,948	0	0	0	0	0	0	0	0	0
Net Revenue and Transfers-In												
Motor Fuel Excise Tax	860,007	878,022	881,700	884,800	881,600	879,700	880,600	11,200	16,100	11,900	12,900	17,500
Motor Vehicle Registration Tax	622,586	652,281	689,400	723,100	756,000	786,000	809,800	700	1,100	2,900	6,600	8,300
Motor Vehicle Sales Tax	358,671	384,163	419,510	444,250	472,920	500,130	511,990	1,260	1,170	300	730	-4,400
Other income	2,280	3,088	3,360	3,662	4,899	5,918	5,934	411	108	108	108	108
Total Net Revenue and Transfers-In	1,843,544	1,917,555	1,993,970	2,055,812	2,115,419	2,171,748	2,208,324	13,571	18,478	15,208	20,338	21,508
Expenditures and Transfers-Out												
Appropriations to MnDOT, Revenue, DPS	11,126	11,014	11,758	11,414	11,422	11,422	11,422	7	0	0	0	0
Transfers--DNR	21,866	21,727	22,371	22,468	22,462	22,400	22,387	113	349	353	315	389
Transfers--5% Set-Aside	90,358	94,034	98,523	101,030	104,010	106,830	108,659	673	906	743	1,001	1,056
Transfers--County State-Aid Highway	497,870	518,126	542,863	556,676	573,098	588,633	598,714	3,706	4,995	4,093	5,516	5,818
Transfers--Municipal State-Aid Highway	154,511	160,798	168,475	172,762	177,858	182,679	185,808	1,150	1,550	1,270	1,712	1,806
Transfers--Trunk Highway	1,064,412	1,107,717	1,160,603	1,190,136	1,225,243	1,258,458	1,280,009	7,923	10,678	8,750	11,794	12,439
Other	1,330	1,326	1,326	1,326	1,326	1,326	1,326	0	0	0	0	0
Total Expenditures and Transfers-Out	1,841,473	1,914,741	2,005,918	2,055,812	2,115,419	2,171,748	2,208,324	13,571	18,478	15,208	20,338	21,508
Ending Balance	\$8,691	\$11,948	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Trunk Highway Fund
February 2015 Forecast
Comparison to November 2014 Forecast

February 2015 Forecast-Transportation

(\$ in thousands)	February 2015 Forecast							Change from November 2014				
	Close	Close	Budget	Budget	Budget	Planning Est	Planning Est	Budget	Budget	Budget	Planning Est	Planning Est
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Balance Forward from prior year	\$397,785	\$316,756	\$415,353	\$152,880	\$240,870	\$349,190	\$495,881	\$0	\$7,908	\$22,423	\$34,230	\$48,610
Prior year adjustments	25,299	34,774	0	0	0	0	0	0	0	0	0	0
Adjusted Balance Forward	423,084	351,530	415,353	152,880	240,870	349,190	495,881	0	7,908	22,423	34,230	48,610
Net Revenue and Transfers-In												
Transfer from HUTD	1,064,412	1,107,717	1,160,603	1,190,136	1,225,243	1,258,458	1,280,009	7,923	10,678	8,750	11,794	12,439
Federal aid agreements	550,712	506,527	444,328	362,980	361,980	361,980	361,980	0	0	0	0	0
Other income and transfers-in	63,154	50,358	74,384	59,255	71,383	81,348	81,513	-9	-448	-1,117	-1,257	-1,257
Total Net Revenue and Transfers-In	1,678,278	1,664,602	1,679,315	1,612,371	1,658,606	1,701,785	1,723,501	7,914	10,230	7,633	10,537	11,182
Expenditures and Transfers-Out												
Transportation Department	1,573,451	1,374,357	1,688,153	1,242,526	1,242,348	1,241,542	1,241,528	6	0	0	0	0
Public Safety and Other Depts.	90,850	89,933	99,042	95,901	96,446	96,446	96,446	0	0	0	0	0
Debt service	120,305	136,488	154,593	185,953	211,492	217,106	215,579	0	-4,285	-4,174	-3,843	-3,210
Total Expenditures and Transfers-Out	1,784,606	1,600,778	1,941,788	1,524,380	1,550,286	1,555,094	1,553,553	6	-4,285	-4,174	-3,843	-3,210
Balance before reserves	316,756	415,353	152,880	240,870	349,190	495,881	665,829	7,908	22,423	34,230	48,610	63,002
Less Appropriation Carryforward	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	0	0	0	0
Ending Balance	\$316,756	\$415,353	\$152,880	\$240,870	\$349,190	\$495,881	\$665,829	7,908	22,423	34,230	48,610	63,002
Reserved Fund Balance per Policy	\$88,398	\$89,983	\$88,838	\$82,574	\$81,268	\$81,736	\$81,691	475	614	458	632	671
Unreserved Fund Balance per Policy	\$228,358	\$325,369	\$64,042	\$158,296	\$267,922	\$414,144	\$584,138	7,433	21,809	33,772	47,978	62,331
Debt Service Percentage Compared to State Revenue	11.2%	12.5%	13.3%	15.6%	17.0%	16.9%	16.5%	-0.1%	-0.5%	-0.4%	-0.4%	-0.4%

Reserved Fund Balance reflects reserved amounts to mitigate risk from state revenue fluctuations, federal funding uncertainty, severe winters, etc.
Unreserved Fund Balance reflects amounts available to be appropriated for specific purposes

February 2015 Forecast-Transportation

Transit Assistance Fund
February 2015 Forecast
Comparison to November 2014 Forecast

(\$ in thousands)	February 2015 Forecast							Change from November 2014				
	Close	Close	Budget	Budget	Budget	Planning Est	Planning Est	Budget	Budget	Budget	Planning Est	Planning Est
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Balance Forward from prior year	\$15,622	\$34,816	\$32,170	\$18,410	\$20,755	\$22,370	\$22,755	\$0	-\$240	-\$495	-\$380	-\$395
Prior year adjustments	212	160	0	0	0	0	0	0	0	0	0	0
Adjusted Balance Forward	15,834	34,976	32,170	18,410	20,755	22,370	22,755	0	-240	-495	-380	-395
Net Revenue and Transfers-In												
Metropolitan Area transit account	215,202	230,498	251,700	266,550	283,750	300,080	307,190	750	700	180	440	-2,640
Greater Minnesota transit account	23,911	25,611	27,970	29,620	31,530	33,340	34,130	90	80	20	50	-300
Total Motor Vehicle Sales Tax	239,114	256,109	279,670	296,170	315,280	333,420	341,320	840	780	200	490	-2,940
Leased Vehicle Sales Tax	14,438	22,612	18,410	20,755	22,370	22,755	22,755	-240	-495	-380	-395	-395
Total Net Revenue and Transfers-In	253,552	278,721	298,080	316,925	337,650	356,175	364,075	600	285	-180	95	-3,335
Expenditures and Transfers-Out												
Metropolitan Council	210,929	234,915	251,700	266,550	283,750	300,080	307,190	750	700	180	440	-2,640
Transportation Department	23,641	46,612	60,140	48,030	52,285	55,710	56,885	90	-160	-475	-330	-695
Total Expenditures and Transfers-Out	234,570	281,527	311,840	314,580	336,035	355,790	364,075	840	540	-295	110	-3,335
Balance before reserves	34,816	32,170	18,410	20,755	22,370	22,755	22,755	-240	-495	-380	-395	-395
Less Appropriation Carryforward	0	32,170	18,410	20,755	22,370	22,755	22,755	-240	-495	-380	-395	-395
Less Met Council Balance	4,273	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	\$30,543	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

State Airports Fund
February 2015 Forecast
Comparison to November 2014 Forecast

February 2015 Forecast-Transportation

(\$ in thousands)	February 2015 Forecast							Change from November 2014				
	Close	Close	Budget	Budget	Budget	Planning Est	Planning Est	Budget	Budget	Budget	Planning Est	Planning Est
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Balance Forward from prior year	\$2,605	\$4,113	\$20,826	\$16,909	\$16,549	\$16,763	\$17,610	\$0	\$1,181	1,178	1168	1150
Prior Year adjustments	144	1,532	0	0	0	0	0	0	0	0	0	0
Adjusted Balance Forward	2,749	5,645	20,826	16,909	16,549	16,763	17,610	0	1,181	1,178	1,168	1,150
Net Revenue and Transfers-In												
Transfer from General Fund	\$0	\$15,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales Tax on Aircraft	0	\$3,272	4,000	2,900	2,900	2,900	2,900	\$1,100	\$0	\$0	\$0	\$0
Airline Flight Property Tax	12,017	\$9,208	8,080	8,000	8,000	8,000	8,000	\$80	\$0	\$0	\$0	\$0
Aircraft Registration Tax	8,704	\$3,358	2,500	2,500	2,500	2,500	2,500	\$0	\$0	\$0	\$0	\$0
Gasoline & Special Fuel Tax	2,522	\$3,317	5,663	5,770	5,880	5,992	6,106	\$0	\$0	\$0	\$0	\$0
Other Income	797	\$835	900	1,117	1,562	1,932	1,938	1	-3	-10	-18	-18
Total Net Revenue and Transfers-In	24,039	34,991	21,143	20,287	20,842	21,324	21,444	1,181	-3	-10	-18	-18
Expenditures and Transfers-Out												
Transportation Department	21,888	20,313	25,265	20,441	20,507	20,431	20,375	0	0	0	0	0
Revenue Department	0	0	1	1	1	1	1	0	0	0	0	0
Total Expenditures and Transfers-Out	21,888	20,313	25,266	20,442	20,508	20,432	20,376	0	0	0	0	0
Net change in Loan Fund	-788	503	206	-205	-120	-45	42	0	0	0	0	0
Balance before reserves	4,112	20,826	16,909	16,549	16,763	17,610	18,720	1,181	1,178	1,168	1,150	1,132
Less Appropriation Carryforward	1,487	2,043	2,217	1,914	1,630	1,498	1,509	0	0	0	0	0
Ending Balance	\$2,625	\$18,783	\$14,692	\$14,635	\$15,133	\$16,112	\$17,211	\$1,181	\$1,178	\$1,168	\$1,150	\$1,132

This fund statement consists of three funds: State Airports Fund, Hangar Revolving Loan Fund, and Air Transportation Services Fund. Ending balances in the two revolving funds are not included in the consolidated fund statement ending balance since their receipts are dedicated to their specific functions.

February 2015 Forecast-Transportation

County State Aid Fund
February 2015 Forecast
Comparison to November 2014 Forecast

(\$ in thousands)	February 2015 Forecast							Change from November 2014				
	Close	Close	Budget	Budget	Budget	Planning Est	Planning Est	Budget	Budget	Budget	Planning Est	Planning Est
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Balance Forward from prior year	\$453,538	\$488,869	\$534,626	\$529,035	\$529,035	\$529,035	\$529,035	\$0	-\$29,679	-\$29,679	-29,679	-29,679
Prior Year adjustments	188	569	0	0	0	0	0	0	0	0	0	0
Adjusted Balance Forward	453,726	489,438	534,626	529,035	529,035	529,035	529,035	0	-29,679	-29,679	-29,679	-29,679
Net Revenue and Transfers-In												
Leased Vehicle Sales Tax	14,438	9,000	18,410	20,755	22,370	22,755	22,755	-240	-495	-380	-395	-395
Other income	2,431	2,483	2,930	6,628	14,129	20,125	20,213	38	13	-34	-83	-84
Transfer from HUTD	588,227	612,159	641,386	657,707	677,108	695,463	707,373	4,378	5,901	4,835	6,517	6,874
Transfer from MSAS	0	0	0	0	0	0	0	0	0	0	0	0
Total Net Revenue and Transfers-In	\$605,096	\$623,643	\$662,726	\$685,090	\$713,607	\$738,343	\$750,341	\$4,176	\$5,419	\$4,421	6,039	6,395
Expenditures and Transfers-Out												
Grants to local governments	560,979	549,524	622,795	670,768	698,495	722,665	734,350	33,859	5,492	4,325	5,920	6,263
MnDOT Administrative and Research	8,975	10,230	14,522	14,322	15,112	15,678	15,991	-3	-73	96	119	132
Transfers to MSAS	0	13,000	10,000	0	0	0	0	0	0	0	0	0
Transfers to Trunk Highway Fund	0	5,700	21,000	0	0	0	0	0	0	0	0	0
Total Expenditures and Transfers-Out	569,954	578,455	668,317	685,090	713,607	738,343	750,341	33,856	5,419	4,421	6,039	6,395
Balance before reserves	488,869	534,626	529,035	529,035	529,035	529,035	529,035	-29,679	-29,679	-29,679	-29,679	-29,679
Less Appropriation Carryforward	488,869	534,626	529,035	529,035	529,035	529,035	529,035	-29,679	-29,679	-29,679	-29,679	-29,679
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Municipal State Aid Fund
February 2015 Forecast
Comparison to November 2014 Forecast

February 2015 Forecast-Transportation

(\$ in thousands)	February 2015 Forecast							Change from November 2014				
	Close	Close	Budget	Budget	Budget	Planning Est	Planning Est	Budget	Budget	Budget	Planning Est	Planning Est
	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Balance Forward From Prior Year	\$139,869	\$161,492	\$172,486	\$171,043	\$171,043	\$171,043	\$171,043	\$0	-\$10,185	-\$10,185	-\$10,185	-\$10,185
Prior Year Adjustments	84	281	0	0	0	0	0	0	0	\$0	\$0	\$0
Adjusted Balance Forward	139,953	161,772	172,486	171,043	171,043	171,043	171,043	0	-10,185	-\$10,185	-\$10,185	-\$10,185
Net Revenue and Transfers-In :												
Other Income	918	1,006	1,125	2,337	4,812	6,817	6,848	21	24	\$32	\$42	42
Transfer From HUTD	154,511	160,798	168,475	172,762	177,858	182,679	185,808	1,150	1,550	\$1,270	\$1,712	\$1,806
Transfer From CSAH	0	13,000	10,000	0	0	0	0	0	0	\$0	\$0	\$0
Net Revenue and Transfers In	\$155,429	\$174,804	\$179,600	\$175,099	\$182,670	\$189,496	\$192,656	\$1,171	\$1,574	\$1,302	\$1,754	\$1,848
Expenditures and Transfers-Out												
Grants to local governments	130,723	160,638	176,508	170,743	178,141	184,793	187,855	11,448	1,581	\$1,268	\$1,712	\$1,802
MnDOT Administrative and Research	3,167	3,453	4,535	4,355	4,529	4,703	4,801	-92	-7	\$34	\$42	\$46
Transfers to CSAH	0	0	0	0	0	0	0	0	0	\$0	\$0	\$0
Total Expenditures and Transfers-Out	133,891	164,091	181,043	175,099	182,670	189,496	192,656	11,356	1,574	\$1,302	\$1,754	\$1,848
Balance before Reserves	161,492	172,486	171,043	171,043	171,043	171,043	171,043	-10,185	-10,185	-\$10,185	-\$10,185	-\$10,185
Less Appropriation Carryover	161,492	172,486	171,043	171,043	171,043	171,043	171,043	-10,185	-10,185	-\$10,185	-\$10,185	-\$10,185
Ending Balance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

