



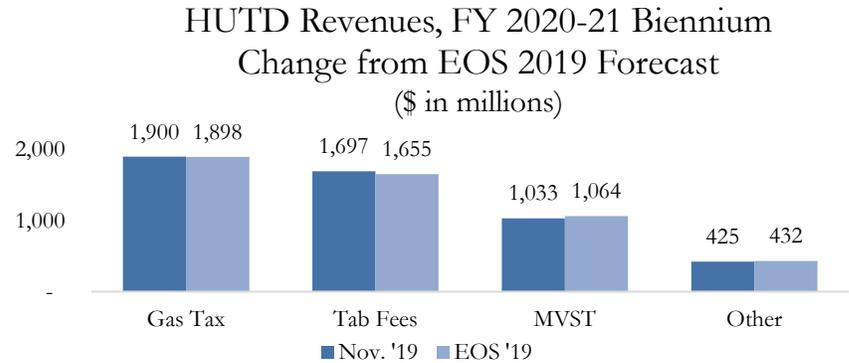
Transportation Funds Forecast November 2019

Released December 6th, 2019

Forecast Highlights

FY 2020-21 HUTD revenues are up \$6.5 million - 0.1 percent

Gas tax is up \$2.6 million (0.1 percent), registration tax is up \$41.4 million (2.5 percent) and motor vehicle sales tax is down \$30.8 million (2.9 percent) in the FY 2020-21 biennium compared to the End of Session (EOS) 2019 forecast.



HUTD Allocations by Fund
Biennial Totals and Change from EOS '19 Forecast
(\$ in millions)

| Fund | FY 18-19 | Change | FY 20-21 | Change |
|---------------------------|--------------|--------------|--------------|------------|
| Trunk Highway | 2,658 | (4.5) | 2,936 | 4.0 |
| CSAH | 1,469 | (2.5) | 1,623 | 2.2 |
| MSAS | 386 | (0.6) | 426 | 0.6 |
| Other (DNR, DPS, Revenue) | 72 | (0.2) | 70 | (0.3) |
| Total | 4,585 | (7.8) | 5,055 | 6.4 |

HUTD Allocations by Fund

HUTD revenues are transferred to the Trunk Highway, County State Aid Highway (CSAH) and Municipal State Aid Street (MSAS) funds based on formulas established in the Minnesota Constitution and statute.

New HUTD Revenues

In 2017, the Legislature statutorily dedicated several transportation related revenues to the HUTD Fund that were previously deposited in the General Fund. In the FY 2018-19 biennium, the new revenues totaled \$175.1 million, representing a 4 percent increase to the fund. The forecast for the new revenues in the FY 2020-21 biennium is \$414.6 million, representing an estimated 9 percent increase to the fund.

New HUTD Revenues FY 2020-21

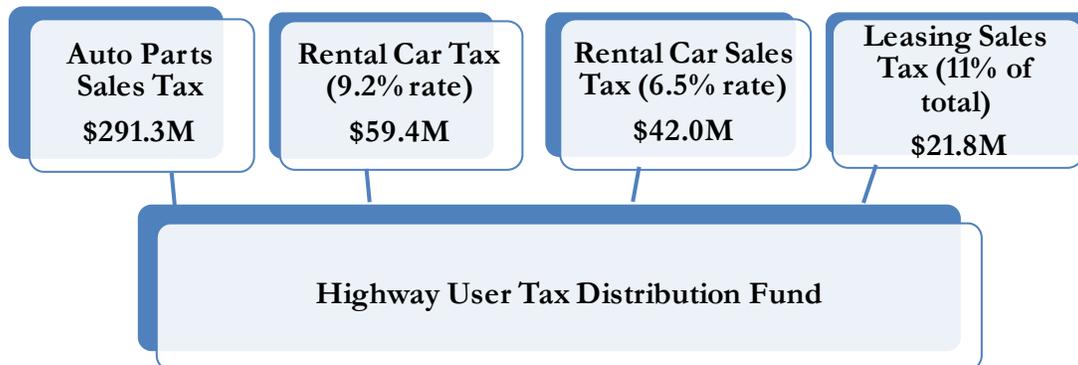


Table of Contents

Introduction to Transportation Funding3

Legal Authority for Collection of Revenue4

Revenue Forecast6

 Motor Fuel Excise Tax (Gas Tax).....6

 Motor Vehicle Registration Tax (Tab Fees)9

 Motor Vehicle Sales Tax (MVST) 11

 State Sales Taxes (previously deposited in General Fund) 11

 Motor Vehicle Lease Sales Tax (MVLST) 12

 Transit Assistance Fund Revenue 12

 State Airports Revenue 13

 Investment Income..... 15

Fund Statements 16

 Transfers from HUTD Fund..... 16

 Trunk Highway Fund 18

 Debt Service – Trunk Highway Fund 18

 County State Aid Highway (CSAH) Fund..... 23

 Municipal State Aid Street (MSAS) Fund 24

 Transit Assistance Fund (TAF) 25

 State Airports Fund (SAF)..... 27

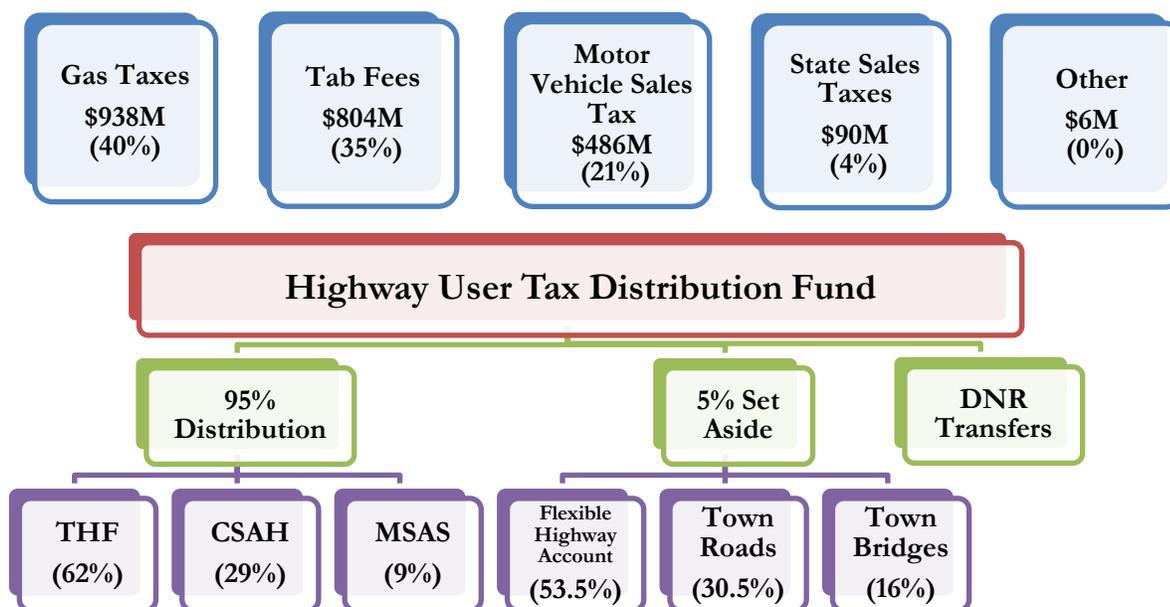
 Appendices 28

Introduction to Transportation Funding

MnDOT is a multimodal agency encompassing not only highway construction and maintenance but aeronautics, rail and transit activities. In consultation with the Department of Minnesota Management and Budget (MMB) and Minnesota Department of Revenue (DOR), we prepare fund statements for six transportation funds. The fund statements are prepared in November and February of each fiscal year (FY). An additional update is prepared at the end of each legislative session (EOS) to incorporate law change impacts to the transportation funds. Comparisons made in this document to the prior forecast reflect the difference from the EOS 2019 fund statements. This document also includes information for the FY 2022-23 biennium. 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)

HUTD Sources and Uses
FY 2019 Actuals
 (\$ in millions)



-Article XIV of the Minnesota Constitution

-General Fund Transfers include: fixed portion of sales tax on auto parts, 11 percent of total Motor Vehicle Lease Sales Tax (MVLST) and rental sales taxes (both 6.5 percent & 9.2 percent)

-DNR transfers for unrefunded gas taxes per Minn. Stat. 296A.18 (totals about 2.5 percent of gas taxes)

Note: Numbers in the text and tables may not add to the totals due to rounding. Unless otherwise noted, years used to describe the budget outlook are state fiscal years, from July 1 to June 30.

Legal Authority for Collection of Revenue

Article XIV of the Minnesota Constitution establishes three primary sources of revenue for transportation programs that are deposited into the HUTD:

Motor Fuel Excise Tax (Gas Tax): 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 levied on gasoline, diesel fuel, compressed natural gas and a variety of other special fuels.

Motor Vehicle Registration Tax (Tab Fees): A tax may be put in place, by law, on motor vehicles using public streets and highways. The current passenger motor vehicle registration tax policy was instituted in 2008, wherein vehicles are taxed based on \$10 plus 1.25 percent of the vehicle's value, depreciated over time through the 10th year of registration, after which the additional tax is \$25 (\$35 total). These rates are set according to Minn. Stat. 168.013, subdivision 1a. The tax for commercial vehicles is based on vehicle weight and age. As of January 1, 2018, there is also an additional \$75 surcharge for all-electric vehicles.

Motor Vehicle Sales Tax (MVST): There is a 6.5 percent tax on the sale of new and used motor vehicles. Revenue from a tax on the sale of a new or used motor vehicle must be allocated for the following transportation purposes:

- Not more than 60 percent must be deposited in the HUTD Fund
- Not less than 40 percent must be deposited in a fund dedicated solely to public transit

Current statute: 60 percent of this revenue is deposited in the HUTD Fund and 40 percent is deposited in the TAF.

Other Revenue:

MVLST: MVLST is a 6.5 percent tax on leased motor vehicles. According to Minn. Stat. 297A.815, the MVLST revenue is allocated in the following percentages beginning in FY 2018: 38 percent to CSAH, 38 percent to the TAF (Greater Minnesota Transit account), 13 percent to the Minnesota State Transportation Fund (for local bridges) and 11 percent to the HUTD.

Sales Tax on Auto Parts: Revenue from a portion of the general sales tax on motor vehicle repair or replacement parts must be transferred to the HUTD Fund on a monthly basis beginning in FY 2018. According to Minn. Stat. 297A.94, in FY 2018-19 the monthly deposit amount is \$2,628,000 and, subsequently, the monthly amount is \$12,137,000. Previously, this revenue remained in the General Fund.

Rental Sales Tax: Revenue collected for the short-term motor vehicle rental tax under Minn. Stat. 297A.64 (9.2 percent) and for the general sales tax from short-term motor vehicle rentals under Minn. Stat. 297A.62 (6.5 percent) is deposited in the HUTD Fund beginning in FY 2018 per Minn. Stat. 297A.94. Previously, this revenue remained in the General Fund.

State Airports Fund: The SAF receives revenue from four different dedicated revenue sources. These revenues are: sales tax on aircraft, airline flight property tax, aircraft registration tax and aviation gasoline and special fuels tax. This fund was statutorily created to carry out aviation functions in Minn. Stat. 360.017.

All of the funds, except the TAF, receive investment income earned on the cash balances in the funds.

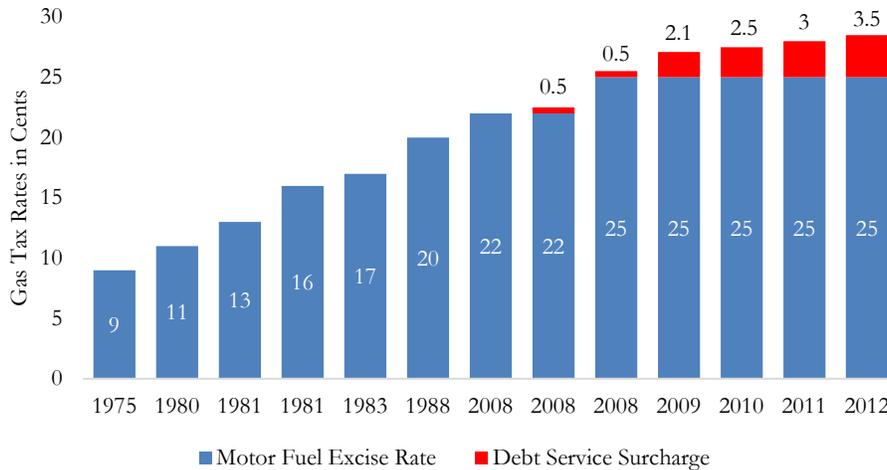
| Legal Citation – Quick Reference Guide | |
|--|---|
| Motor Fuel Tax | <ul style="list-style-type: none"> • Article XIV of the Minnesota Constitution • Minn. Stat. 296A - Tax on petroleum and other fuels • Minn. Stat. 296A.083 - Debt service surcharge |
| Vehicle Registration Tax | <ul style="list-style-type: none"> • Article XIV of the Minnesota Constitution • Minn. Stat. 168.013 - Tax on passenger vehicles |
| Motor Vehicle Sales Tax | <ul style="list-style-type: none"> • Article XIV of the Minnesota Constitution • Minn. Stat. 297B.09 - Allocation of revenue |
| General Fund Transfers | <ul style="list-style-type: none"> • Minn. Stat. 297A.94 – Sales tax on auto parts and transfer of rental tax • Minn. Stat. 297A.64 – Tax on rental vehicles (9.2 percent) • Minn. Stat. 297A.62 subd. 1– Sales tax on rental vehicles (6.5 percent) |
| Motor Vehicle Lease Sales Tax | <ul style="list-style-type: none"> • Minn. Stat. 297A.815 - Allocation of revenue |
| Transit Assistance Fund | <ul style="list-style-type: none"> • Minn. Stat. 297B.09 - Allocation of motor vehicle sales tax revenue • Minn. Stat. 297A.815 - Allocation of motor vehicle lease sales tax revenue |
| State Airport Fund | <ul style="list-style-type: none"> • Minn. Stat. 360.017 – Creates State Airport Fund • Minn. Stat. 270.075 – Air flight property tax • Minn. Stat. 296A.09 – Aviation gasoline and special fuel taxes • Minn. Stat. 360.531 – Aircraft registration taxes • Minn. Stat. 297A.82 – Sales tax on aircraft |
| Transportation Fund | <ul style="list-style-type: none"> • Minn. Stat. 297A.815 - Allocation of motor vehicle lease sales tax revenue |

Revenue Forecast

Motor Fuel Excise Tax (Gas Tax)

The current gas tax rate in Minnesota is 28.5 cents per gallon: 25 cents plus a 3.5 cent debt service surcharge. This surcharge is intended to partially cover the debt obligations for capital projects on the trunk highway system¹.

Historical Motor Fuels Excise Tax

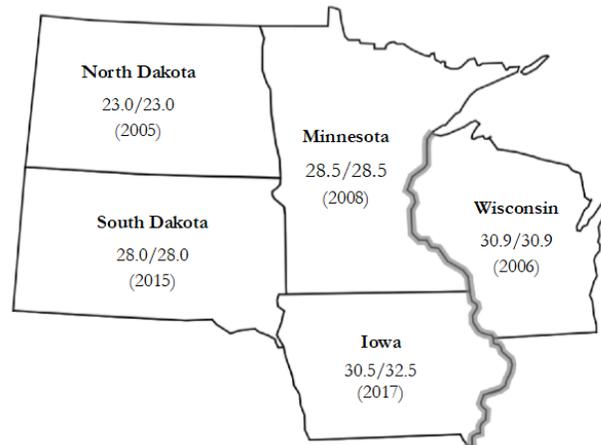


The map below provides information about how Minnesota’s gas tax rates compare with those in the surrounding states and with federal tax rates:

Comparison of October 2019 Motor Fuel Tax Rates (per gallon)

American Petroleum Institute

Gasoline / Diesel
(Year tax rate changed)



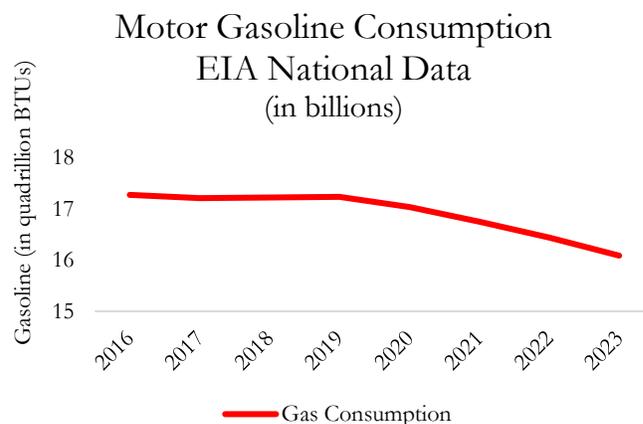
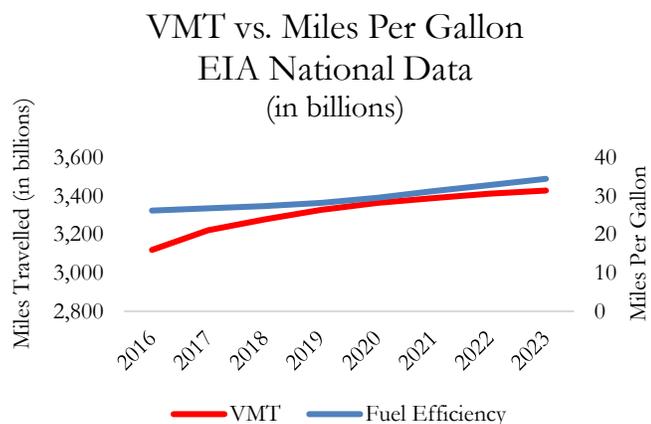
Note: Federal gas tax rate is 18.4 cents per gallon

¹ Authorized in the Laws of 2008, Chapter 152. The final debt service surcharge increase of a half cent was implemented on July 1, 2012.

Fuel Consumption Outlook

The outlook for fuel consumption is affected by vehicle miles traveled (VMT) and the fuel efficiency of vehicles, which are impacted 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 gas tax, MnDOT reviews regional forecast information from the U.S. Energy Information Administration (EIA), the federal agency that collects and analyzes energy information. MnDOT also consults the macroeconomic national forecast of U.S. gasoline consumption produced by IHS Markit (IHS). IHS provides economic information and analysis, and is the same macroeconomic consultant that MMB uses to assist with forecasting the General Fund. Finally, this information is compared with actual fuel consumption history in Minnesota.

IHS Forecast

The most current IHS forecast, from November 2019, projects an increase in fuel consumption in 2020 and 2021 as compared to the prior forecast, and then consumption begins to decrease in later forecast years.

EIA Forecast

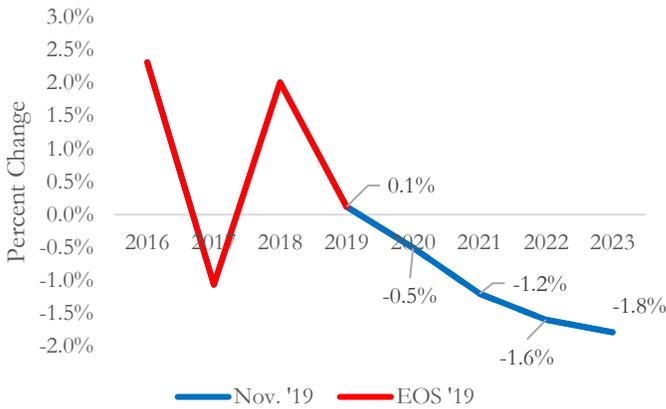
The most current forecast from EIA, the Annual Energy Outlook released once a year in January, projects declining consumption in the forecast years. This forecast did not change compared to the February forecast.

The specific forecasts are shown in the tables below:

IHS Market Changes,
Highway Consumption of Fuel
Nov. 2019 vs. EOS 2019 Forecast



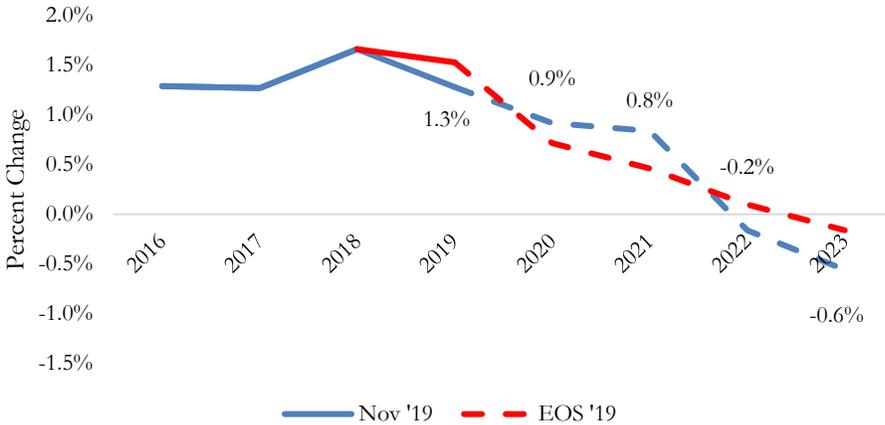
EIA Changes,
Highway Consumption of Fuel
Nov. 2019 vs. EOS 2019 Forecast



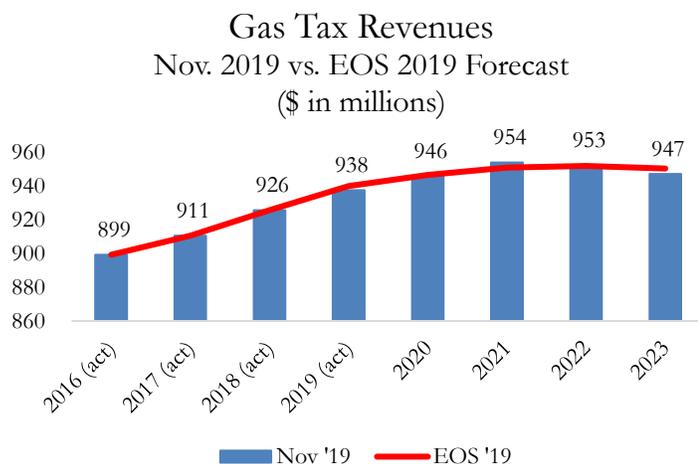
MnDOT Blended Average

MnDOT uses a blended average of the consumption forecasts by EIA and IHS for the forecast period. Although the two forecasts are somewhat divergent for the current biennium, the long-term projections from both agencies are for reduced fuel consumption as vehicle fuel efficiencies increase at a faster pace than vehicle miles traveled. When combined, the year-over-year consumption projections from EIA and IHS have decreased slightly. These amounts are then multiplied by the motor fuel tax rate, resulting in the estimated revenue.

MnDOT Consumption Forecast Changes
Nov. 2019 vs. EOS 2019



*EIA/IHS blended average for FY 2020 of 0.01 percent was adjusted to 0.9 percent to account for actual year-to-date revenues.



| Gas Tax Revenues (\$ in millions) | | | | |
|--------------------------------------|---------|---------|-----------|----------|
| FY | Nov '19 | EOS '19 | \$ Change | % Change |
| 2016 (act) | 899 | 899 | - | - |
| 2017 (act) | 911 | 911 | - | - |
| 2018 (act) | 926 | 926 | - | - |
| 2019 (act) | 938 | 940 | (2.3) | (0.2%) |
| 2020 | 946 | 947 | (0.5) | (0.1%) |
| 2021 | 954 | 951 | 3.1 | 0.3% |
| 2022 | 953 | 952 | 0.6 | 0.1% |
| 2023 | 947 | 950 | (3.2) | (0.3%) |

Motor Vehicle Registration Tax (Tab Fees)

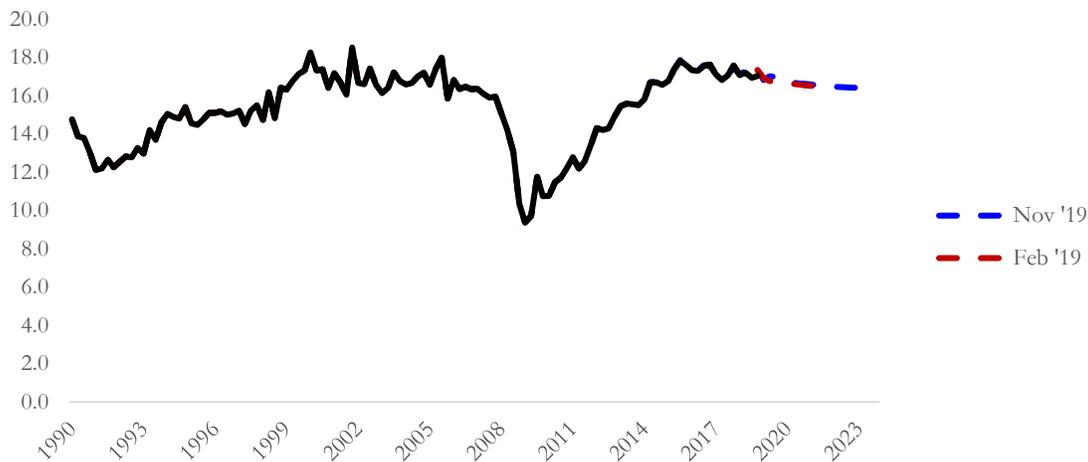
Revenue collected on passenger vehicles comprises about 80 percent of the total revenue from registration taxes, based on the value and age of the vehicle. The remaining revenue is provided primarily by taxes on commercial vehicles, such as trucks and buses. This revenue is based on weight and age of the vehicle.

The forecast for the sale of new passenger vehicles is based on long term trends such as:

- households spending behavior
- increased length of vehicle ownership
- shrinking population of licensed drivers
- utilization of alternative transportation options

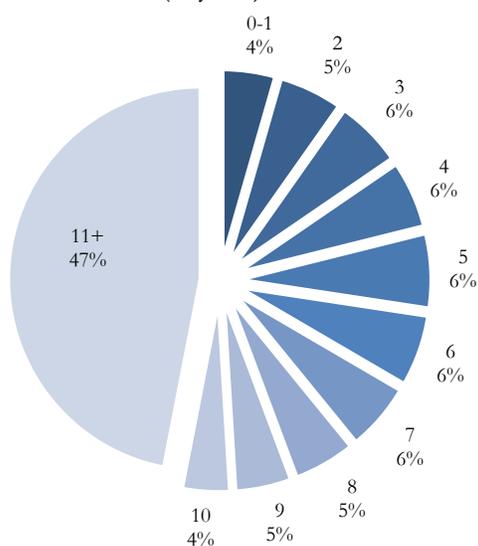
MnDOT has a model to forecast revenue from passenger vehicle sales that is largely based on the forecast of the purchase of new passenger vehicles. Forecasts of the sales of new vehicles are provided by IHS and reflect national levels.

Unit Sales of New Light Vehicles History and IHS Economics Forecast (Millions of Units, Annual Rate)



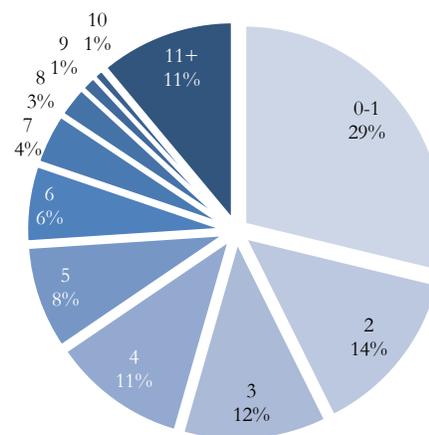
In addition to IHS data, the forecast reflects detailed information on the state’s existing fleet of vehicles by base value and age. The data is supplied by the Department of Public Safety (DPS). This forecast is based on DPS detail from November 2019. Despite slightly reduced new vehicle sales projections from IHS, the combination of year-to-date revenues in FY 2020 being significantly ahead of the prior year and the updated current mix of vehicles from DPS resulted in increased revenue projections in all years. In addition to passenger vehicles, MnDOT assumes registration tax revenue received from taxes on various other types of vehicles, primarily commercial vehicles, will continue to grow. This revenue is projected to grow at 2 percent per year; increasing from \$143 million FY 2020 to \$151 million in FY 2023.

Minnesota Passenger Vehicle Fleet Age
As of Nov. 2019
(in years)

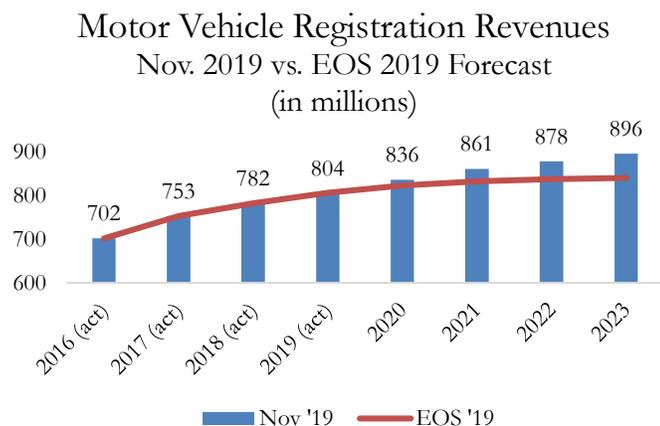


Total Fleet: 4.9 million

Minnesota Passenger Vehicle Fleet Revenue
As of Nov. 2019
(percent of revenue by age of vehicle)



The current forecast of revenues is shown below:

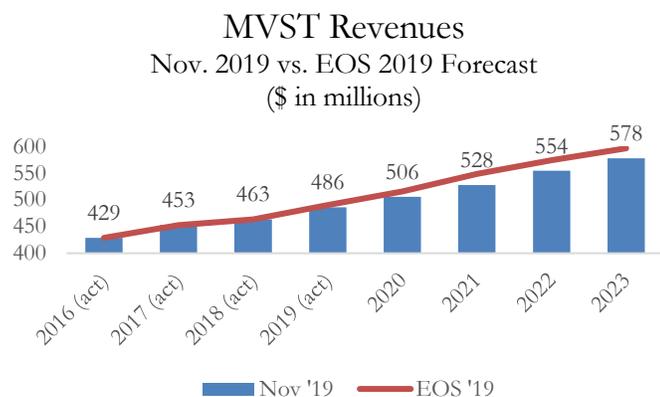


| Motor Vehicle Registration Revenues (\$ in millions) | | | | |
|---|---------|---------|-----------|----------|
| FY | Nov '19 | EOS '19 | \$ Change | % Change |
| 2016 (act) | 702 | 702 | - | - |
| 2017 (act) | 753 | 753 | - | - |
| 2018 (act) | 782 | 782 | - | - |
| 2019 (act) | 804 | 806 | (2.4) | (0.3%) |
| 2020 | 836 | 823 | 13.1 | 1.6% |
| 2021 | 861 | 833 | 28.3 | 3.4% |
| 2022 | 878 | 838 | 40.6 | 4.8% |
| 2023 | 896 | 840 | 55.4 | 6.6% |

Motor Vehicle Sales Tax (MVST)

The sale of motor vehicles is exempt from the general sales tax. Instead, most vehicles are subject to a 6.5 percent motor vehicle sales tax. This includes sales by car dealers and private individuals.

DOR prepares the official forecast of this revenue, which is based on data provided by IHS. Overall, MVST revenue is projected to decrease compared to the EOS 2019 forecast. The current forecast of revenues is shown below:



| MVST Revenues (\$ in millions) | | | | |
|-----------------------------------|---------|---------|-----------|----------|
| FY | Nov '19 | EOS '19 | \$ Change | % Change |
| 2016 (act) | 429 | 429 | - | - |
| 2017 (act) | 453 | 453 | - | - |
| 2018 (act) | 463 | 463 | - | - |
| 2019 (act) | 486 | 490 | (4.1) | (0.8%) |
| 2020 | 506 | 516 | (9.8) | (1.9%) |
| 2021 | 528 | 548 | (20.9) | (3.8%) |
| 2022 | 554 | 574 | (19.9) | (3.5%) |
| 2023 | 578 | 596 | (18.8) | (3.1%) |

State Sales Taxes (previously deposited in General Fund)

Beginning in FY 2018, a portion of general sales tax revenues was allocated to the HUTD Fund as a transfer from the General Fund. This revenue includes the 9.2 percent tax collected on short-term motor vehicle rentals and the 6.5 percent general sales tax on short-term motor vehicle rentals. The revenue collected on both taxes is forecast by MMB. A fixed portion of revenue from the general sales tax on motor vehicle repair or replacement parts is deposited in the HUTD Fund each month. This includes revenue collected on all motor vehicle parts, tires, and accessories. The fixed statutory amount totals \$31.5 million annually in FY 2018-19 and, beginning in FY 2020, totals \$145.6 million annually. The current forecast for these three new General Fund revenues are shown below:

State Sales Taxes
Nov. 2019 vs. EOS. 2019 Forecast
(\$ in millions)



| State Sales Taxes (\$ in millions) | | | | |
|---------------------------------------|---------|---------|-----------|----------|
| FY | Nov '19 | EOS '19 | \$ Change | % Change |
| 2016 (act) | N/A | N/A | - | - |
| 2017 (act) | N/A | N/A | - | - |
| 2018 (act) | 74 | 74 | - | - |
| 2019 (act) | 80 | 80 | (0.8) | (1.0%) |
| 2020 | 195 | 197 | (1.3) | (0.6%) |
| 2021 | 197 | 199 | (1.3) | (0.6%) |
| 2022 | 200 | 201 | (1.3) | (0.6%) |
| 2023 | 202 | 203 | (1.3) | (0.6%) |

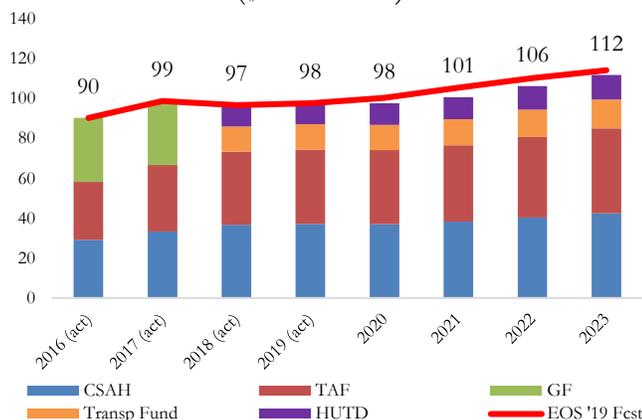
Motor Vehicle Lease Sales Tax (MVLST)

The MVLST forecast is prepared by the DOR. The 6.5 percent sales tax is collected by the lessor and reported and paid directly to DOR. The forecast in all future years decreased compared to the EOS 2019 forecast. As of FY 2018, all revenue from MVLST is reallocated for transportation purposes. MVLST revenues are deposited in the General Fund and transferred as follows at the end of the fiscal year:

- 38 percent to CSAH
- 38 percent to Greater Minnesota Transit
- 13 percent to Minnesota Transportation Fund (to be used for Local Bridge Program)
- 11 percent to the HUTD Fund (to be used for Trunk Highway Fund, CSAH, MSAS)

The current forecast of revenues is shown below:

MVLST Revenues
Nov. 2019 vs. EOS 2019 Forecast
(\$ in millions)



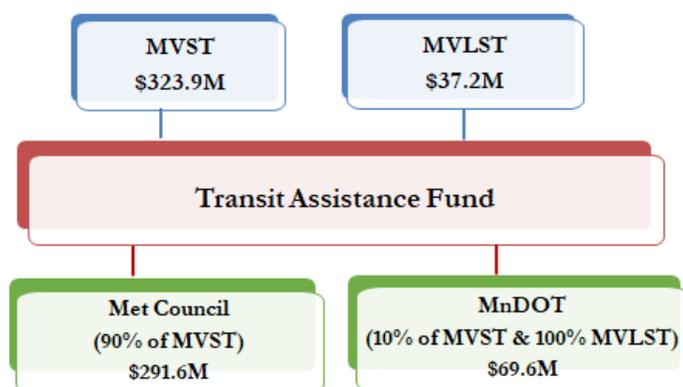
| MVLST Revenues (\$ in millions) | | | | |
|------------------------------------|---------|---------|-----------|----------|
| FY | Nov '19 | EOS '19 | \$ Change | % Change |
| 2016 (act) | 90 | 90 | - | - |
| 2017 (act) | 99 | 99 | - | - |
| 2018 (act) | 97 | 97 | - | - |
| 2019 (act) | 98 | 98 | 0.1 | 0.1% |
| 2020 | 98 | 100 | (2.7) | (2.7%) |
| 2021 | 101 | 106 | (4.7) | (4.5%) |
| 2022 | 106 | 110 | (4.1) | (3.7%) |
| 2023 | 112 | 114 | (2.3) | (2.0%) |

Transit Assistance Fund Revenue

The TAF receives revenue from MVST and MVLST. The MVST appropriation must be at least 40 percent of the total revenue according to the Minnesota Constitution, and is currently set at 40 percent by statute (Minn. Stat.

297B.09). Of this revenue, 90 percent is allocated to metropolitan transit (36 percent of total MVST) and 10 percent is allocated to Greater Minnesota Transit (four percent of total MVST). As of FY 2018, 38 percent of all MVLST revenue is allocated to the Transit Assistance Fund for Greater Minnesota Transit. Previously, the fund received 50 percent of the total MVLST revenues above the first \$32 million that was dedicated to the General Fund.

**Transit Assistance Fund Sources of Revenue
FY 2019**



*38 percent of MVLST is allocated to TAF.

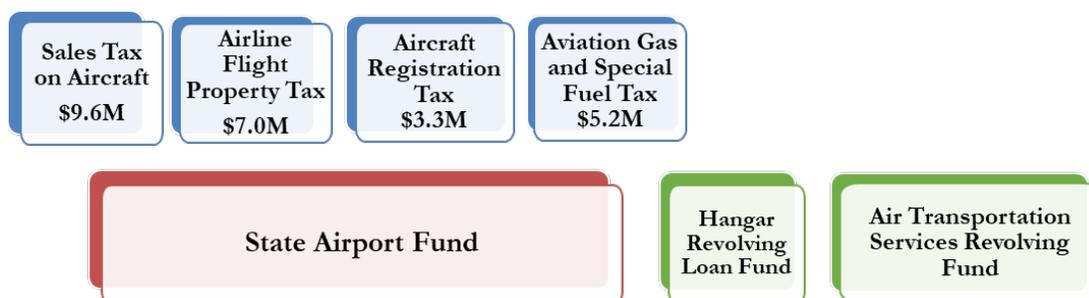
State Airports Revenue

Three funds make up the total consolidated SAF:

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

The two revolving funds (Hangar and Air Transportation Services) are not included in the consolidated fund statement ending balance because their receipts are dedicated to specific functions.

**State Airports Sources of Revenue
FY 2019**

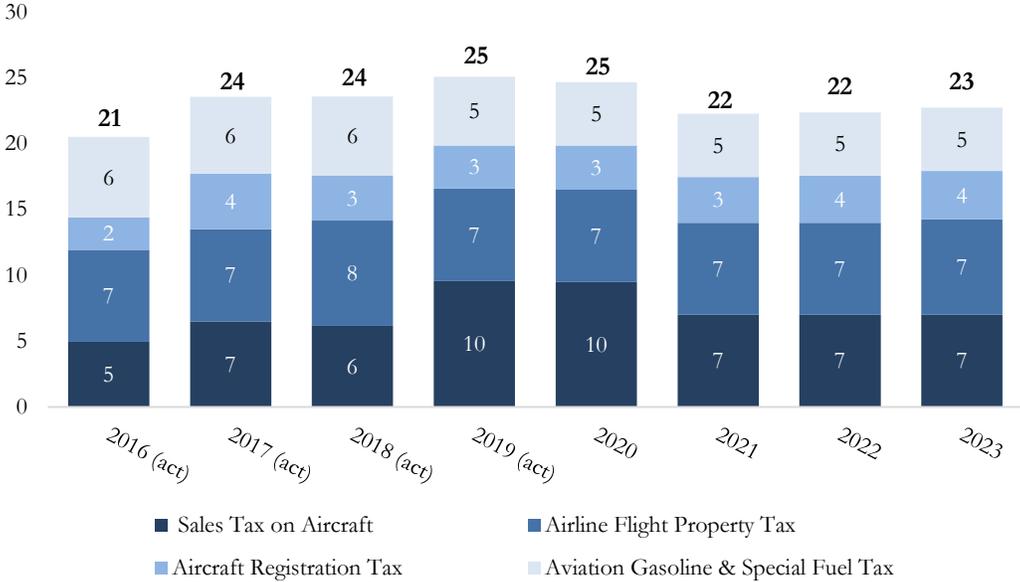


The forecast for the SAF is focused on aviation gasoline and special fuel taxes, sales taxes on aircraft, aircraft registration taxes and investment income. The forecast for sales tax on aircraft and registration taxes are both based primarily on prior history, but have varied significantly by year. The aviation fuel tax forecast decreased significantly

due to increased refunds paid to airlines. The airline flight property tax amount is a calculation specified in Minn. Stat. 270.075. This statute requires MnDOT to determine the amount 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 current forecast of revenues is shown below:

Primary State Airports Fund Revenues
(\$ in millions)



Investment Income

All of the transportation funds discussed in this document, with the exception of the TAF, earn investment income on cash balances in the fund. The amount of revenue is based on the amount of cash anticipated to be in the funds and the forecast interest rates for the invested cash.

Interest rates are currently just under 2 percent and are projected to grow slightly over the next four years. The rates are slightly lower than EOS 2019 in all forecast years. Cash balances in all funds are expected to be similar to the EOS 2019 forecast, so the net impact is decreased interest income in all funds in all years.

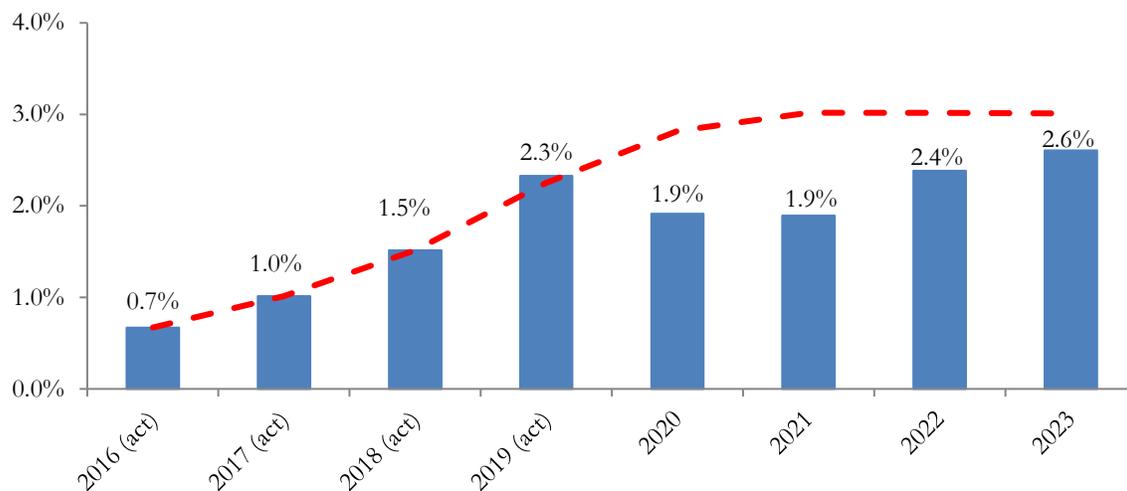
Projected Interest Rates

Nov. 2019 Forecast

Prepared by MMB

■ Nov. '19

--- EOS '19



Fund Statements

Transfers from HUTD Fund

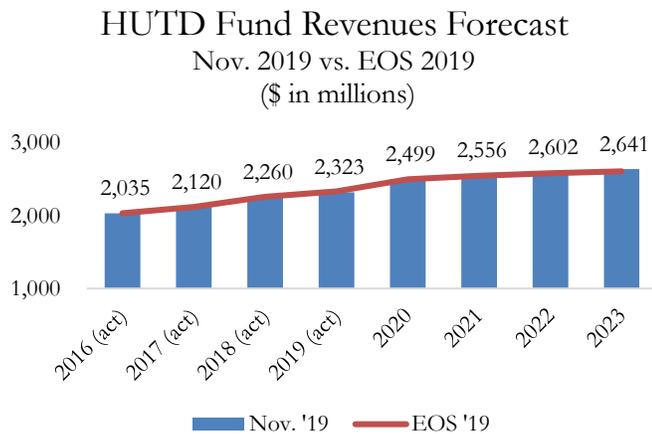
The HUTD Fund receives revenues from the three sources dedicated to highways and transit (gas tax, tab fees and MVST), as well as several minor sources of revenue. With the exception of the 40 percent of MVST dedicated to public transit, revenues from these three taxes are deposited into the HUTD Fund. In addition, beginning in FY 2018 four new revenues sources are statutorily dedicated from the General Fund to the HUTD Fund, including a fixed portion of the sales tax on auto parts, 11 percent of MVLST, and all of both the 6.5 percent and 9.2 percent tax on rental vehicles. The revenues are transferred to the TH, CSAH, and MSAS Funds, with small distributions specified in statute to the Department of Natural Resources (DNR).

Of the total revenue to the HUTD Fund, after distributions to the DNR, 95 percent is allocated by the following formula specified in the Minnesota Constitution (visual provided on page 3):

- TH Fund – 62 percent
- CSAH Fund – 29 percent
- MSAS Fund – 9 percent

The remaining five percent, referred to as the five percent set-aside, is allocated to the CSAH Fund. This funding is further allocated to Township Roads, Township Bridges, and the Flexible Highway Account.

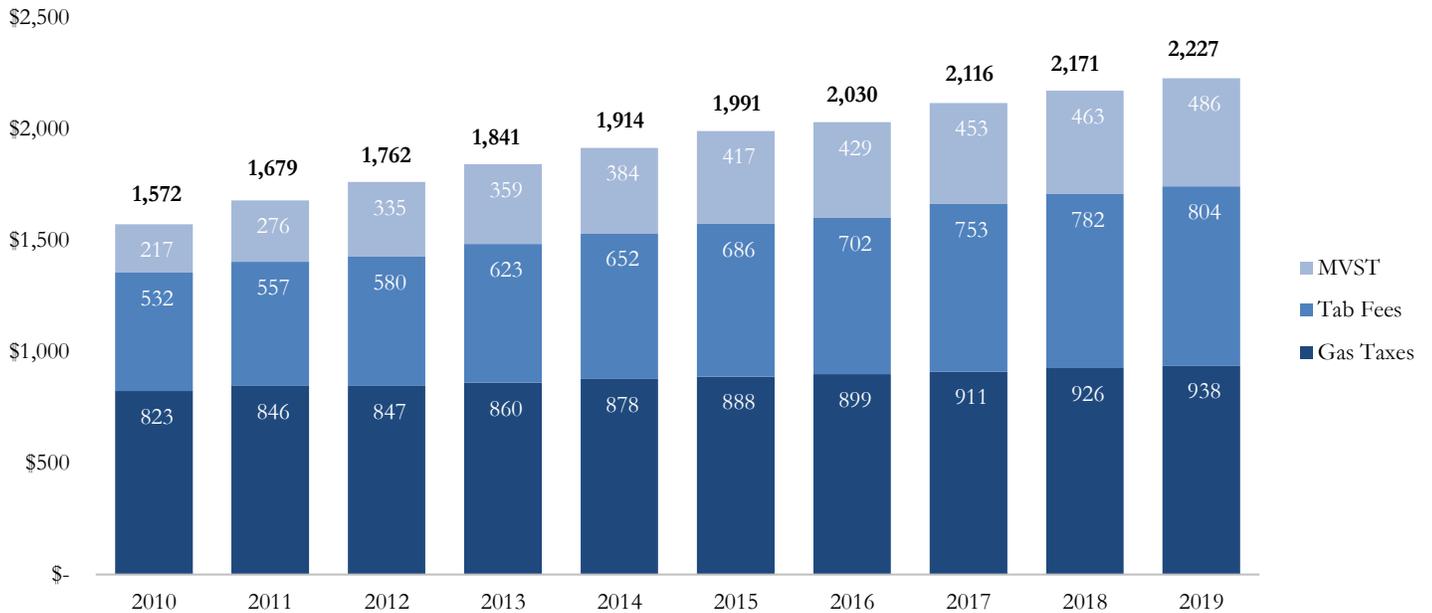
The current forecast is shown below:



| HUTD Fund Revenues (\$ in millions) | | | | |
|--|---------|---------|-----------|----------|
| FY | Nov '19 | EOS '19 | \$ Change | % Change |
| 2016 (act) | 2,035 | 2,035 | - | - |
| 2017 (act) | 2,120 | 2,120 | - | - |
| 2018 (act) | 2,260 | 2,260 | - | - |
| 2019 (act) | 2,323 | 2,333 | (9.6) | (0.4%) |
| 2020 | 2,499 | 2,499 | (0.3) | (0.0%) |
| 2021 | 2,556 | 2,550 | 6.8 | 0.3% |
| 2022 | 2,602 | 2,584 | 18.5 | 0.7% |
| 2023 | 2,641 | 2,610 | 31.1 | 1.2% |

The bar chart below details a 10-year history of actual revenues for the HUTD Fund (2010-19), and the relative shares of revenue attributed to gas taxes, tab fees and MVST over that period. During the last ten years, gas taxes have decreased as a percentage of total revenue, while tab fees and MVST provide increased percentages of total revenue.

**MINNESOTA HIGHWAY USER TAX REVENUE
(3 PRIMARY SOURCES)
FY 2010-2019 ACTUALS**

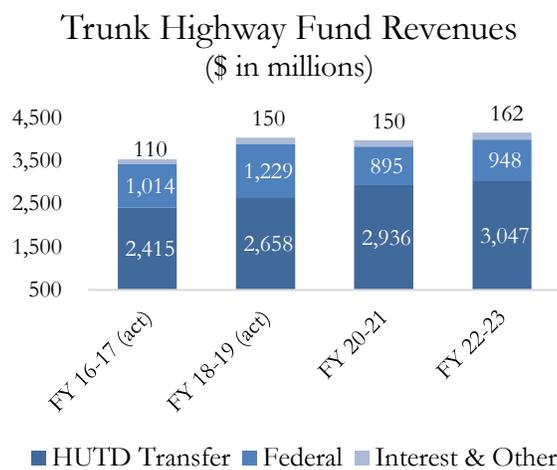


Trunk Highway Fund

The TH Fund receives transfers from the HUTD Fund and revenue from investment income. One other substantial source of revenue is federal aid agreements with the Federal Highway Administration (FHWA), where reimbursements for the federal share of highway construction projects are received. The current federal authorization act, known as FAST Act, ends on September 30, 2020. The federal government has never reduced the major federal transportation spending programs in the past, so the potential for Minnesota to receive less federal funds in the future remains relatively low. Over the forecast period, the estimated reimbursements vary greatly each year based on the projected mix of state and federal funds recognized on specific projects. The one-month continuing resolution passed in November 2019 also included a repeal of the \$7.6 billion cut in highway contract authority that had been scheduled for July 2020. Minnesota's share of this rescission was \$76 million. While the repeal of this rescission is not new money, it does allow MnDOT to maintain its existing flexibility between the various federal programs.

In addition, the fund receives revenues and transfers from several other smaller sources. For FY 2020-23, 74 percent of resources are transfers from the HUTD Fund, 23 percent of resources are federal aid agreements and 3 percent of resources are other sources such as investment income.

The current forecast, by biennium, is shown below:



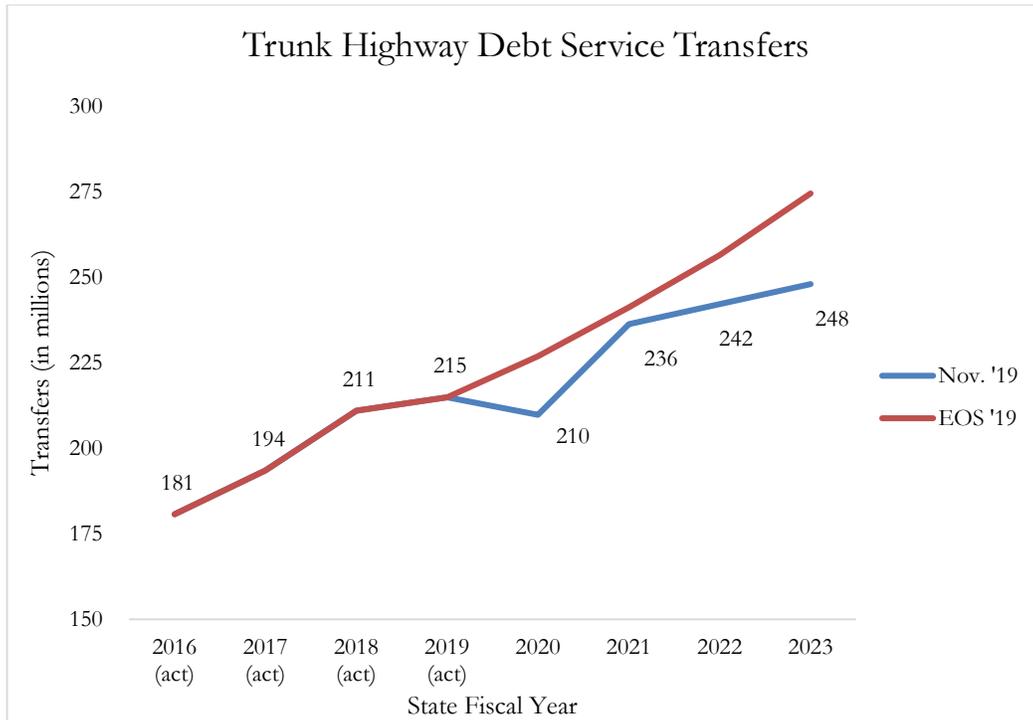
Debt Service – Trunk Highway Fund

The forecast for expenditures is generally based on the previously enacted biennial budget, so there are typically no significant changes in forecasted spending. However, the TH Fund has unique constitutional authority to sell authorized Trunk Highway bonds². The debt service on these bonds (payment of principal and interest) is specified as the first obligation of the fund. The biennial budget includes appropriation 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 EOS 2019 forecast, the debt service estimates for future years have decreased slightly. The primary change is an increase in the projected premiums received on future bond sales due to lower projected interest costs on the bonds. Cash flow estimates, used in forecasting future bond sales and debt service amounts, are revised for scheduled bond sales and also impact the estimated debt service payments.

² See Article XIV, section 11 of the Minnesota Constitution

The graph below depicts the debt service transfer amounts by year, compared to the EOS 2019 forecast:



The TH Fund is governed by four financial policies: Debt Management, Fund Balance, Cash Balance, and Advance Construction (a link to all of the policies is included in the appendices index). The Debt Management Policy states that debt service should not exceed 20 percent of annual state revenues to the TH Fund³. This includes transfers to the state bond fund for debt service on Trunk Highway bonds, repayments of local government advances (LGA) in accordance with Minn. Stat. 161.361 and Transportation Revolving Loan Fund (TRLF) repayments in accordance with Minn. Stat. 161.04, subdivision 4. Due to the current minimal usage of TRLF and LGA, the projected annual spending has been reduced from \$9.5 million to \$3 million.

The debt management policy estimates include FY 2024-25 to be consistent with the approach MMB uses when publishing the Debt Capacity Forecast. The table below demonstrates that estimated debt service costs from the TH Fund range from nearly 14 percent to almost 17 percent through the end of FY 2025, increasing each year and peaking at 16.6 percent in FY 2025.

³ Developed to comply with Minn. Stat. 167.60

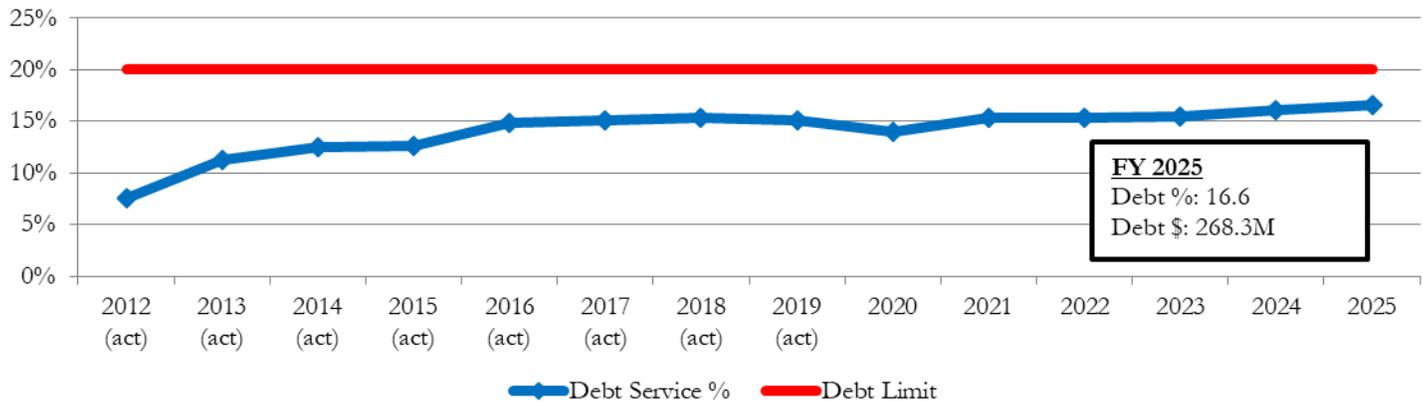
Debt Management Policy
 (\$ in millions)

| Year | Total Debt Service ⁽¹⁾ | Estimated Current % | Variance from 20% Policy Limit ⁽²⁾ |
|------------|-----------------------------------|---------------------|---|
| 2014 (act) | 144.2 | 12.5% | 87.4 |
| 2015 (act) | 157.0 | 12.6% | 92.2 |
| 2016 (act) | 183.2 | 14.9% | 62.9 |
| 2017 (act) | 195.7 | 15.1% | 63.2 |
| 2018 (act) | 211.4 | 15.3% | 65.0 |
| 2019 (act) | 215.3 | 15.1% | 69.9 |
| 2020 | 212.8 | 13.9% | 92.5 |
| 2021 | 239.3 | 15.3% | 72.7 |
| 2022 | 245.2 | 15.4% | 73.3 |
| 2023 | 251.0 | 15.5% | 72.3 |
| 2024 | 260.5 | 16.1% | 62.8 |
| 2025 | 268.3 | 16.6% | 55.0 |

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

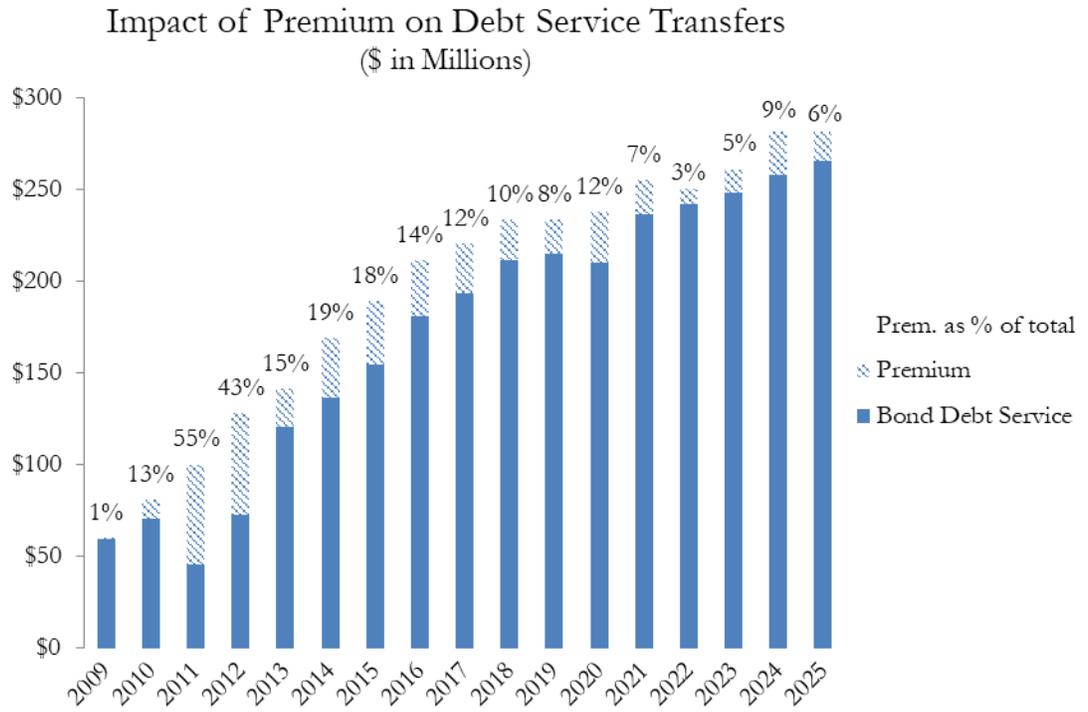
(2) Represents amount of additional debt service to reach 20 percent limit – a general guideline is to multiply this amount by 10 for an estimate of the additional bond capacity e.g. \$55.0M x 10 = \$550M in additional bond capacity.

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



As MnDOT manages to this policy, there are variables to the debt management calculation outside the control of the agency. One of the largest variables is interest rate fluctuation, which can lead to large debt service expenditure fluctuations. Due to low interest rates, the fund balance has benefited the past several years. When bond interest rates drop below 5 percent, 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 large bonding programs in 2008 (Laws of 2008, Chapter 152 - \$1.8 billion) as well as bonding from subsequent years, including 2017 (Laws of 2017, First Special Session, Chapter 3 - \$940 million) and 2018 (Laws of 2018, Chapter 214 - \$416 million). MnDOT anticipates bond sales from the 2008 program to end in FY 2023 and sales from all current authorized debt to end in FY 2026.

The bar chart below illustrates the reduction to debt service as the result of bond sale premiums:



Fund Balance Impacts

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

Trunk Highway Fund Balance Changes

Nov. '19 vs. EOS '19

(\$ in millions)

| | FY18-19 | FY20-21 | FY22-23 |
|--|--------------|---------------|----------------|
| Transfers from HUTD | (4.5) | 4.0 | 29.5 |
| Federal Aid Agreements | 159.5 | (23.0) | (134.0) |
| Interest | 1.9 | (10.5) | (1.5) |
| Other Revenues and Transfers | 1.5 | 0.7 | 0.7 |
| Prior Year Adjustments | 31.7 | - | - |
| Total Revenue and Transfer Impact | 190.2 | (28.8) | (105.2) |
| Transportation Expenditures | 21.0 | 48.0 | (13.0) |
| Other Agencies | 0.6 | 0.0 | - |
| Transfers Out | - | - | - |
| Debt Service Transfer | 0.0 | (22.1) | (40.8) |
| Total Expenditure and Transfer Impact | 21.6 | 25.9 | (53.8) |
| Fund Balance Change | 168.6 | (54.7) | (51.4) |
| Total Cumulative Change | 168.6 | 113.9 | 62.5 |
| EOS '19 Forecast | 255.7 | 126.1 | 212.5 |
| Nov. '19 Forecast | 424.3 | 240.0 | 275.0 |
| Change | 168.6 | 113.9 | 62.5 |
| <i>Reserved Fund Balance (Nov. '19)</i> | <i>92.5</i> | <i>105.1</i> | <i>108.6</i> |
| <i>Unreserved Fund Balance (Nov. '19)</i> | <i>331.8</i> | <i>135.0</i> | <i>166.4</i> |

County State Aid Highway (CSAH) Fund

The CSAH Fund receives transfers from the HUTD Fund and revenues from investment income and MVLST. Minnesota Statutes, Chapter 162 provides the criteria by which funds are allocated to statutory accounts within the CSAH fund and 87 counties in Minnesota. Beginning in 2016, estimated revenues for counties are split between “apportionment sum” and “excess sum” based on fixed percentages. 68 percent is allocated to apportionment sum and 32 percent is allocated to excess sum. These two amounts are then allotted to counties using different formulas specified in statute. These allotments are calculated each year based primarily on revenue estimates for the CSAH Fund.

The portion of revenue received from MVLST is allocated to five of the seven metropolitan counties, excluding Hennepin and Ramsey counties. These funds are added to the regular allocation for these counties.

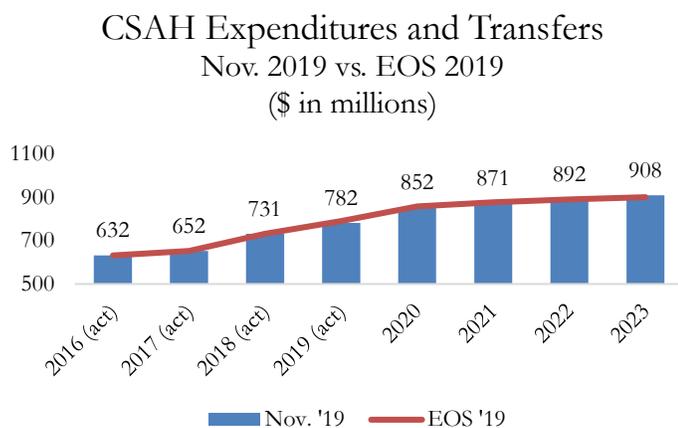
These allocations also include the five percent set-aside portion of the total revenues from the HUTD Fund. The Constitution allows the legislature to allocate this five percent in a manner different from the constitutional formula (62 percent to the TH Fund, 29 percent to the CSAH Fund and nine percent to the MSAS Fund). The current allocation is 100 percent to the CSAH Fund (Minn. Stat. 161.081). This funding is further allocated to Township Roads (30.5 percent), Township Bridges (16.0 percent) and the Flexible Highway Account (53.5 percent). The portion allocated to the Flexible Highway Account is also available for transfer to the TH and MSAS Funds, if so designated in the appropriation law. Any transfers authorized by the current appropriation law are included in the totals shown below.

The CSAH Fund is directly appropriated based on the most current revenue forecast at the time the biennial budget is prepared. The [Commissioner’s Order](http://www.dot.state.mn.us/safinance/appmt/commorder2019.pdf) (http://www.dot.state.mn.us/safinance/appmt/commorder2019.pdf) is on a calendar year basis and allocates the funds based on revenue estimates in the preceding November forecast each year. The result is an increase or decrease to the direct appropriation amount each year after the Commissioner’s Order is executed in January.

CSAH Expenditure Forecast

Once allocations are made to the counties the funds are considered committed. Actual spending is at the discretion of the counties, with guidance from MnDOT’s State Aid Division.

The current forecast is shown below:



| CSAH Expenditures and Transfers (\$ in millions) | | | | |
|---|---------|---------|-----------|----------|
| FY | Nov '19 | EOS '19 | \$ Change | % Change |
| 2016 (act) | 632 | 632 | - | - |
| 2017 (act) | 652 | 652 | - | - |
| 2018 (act) | 731 | 731 | - | - |
| 2019 (act) | 782 | 789 | (7.6) | (1.0%) |
| 2020 | 852 | 858 | (5.8) | (0.7%) |
| 2021 | 871 | 877 | (5.3) | (0.6%) |
| 2022 | 892 | 890 | 1.9 | 0.2% |
| 2023 | 908 | 900 | 8.2 | 0.9% |

Municipal State Aid Street (MSAS) Fund

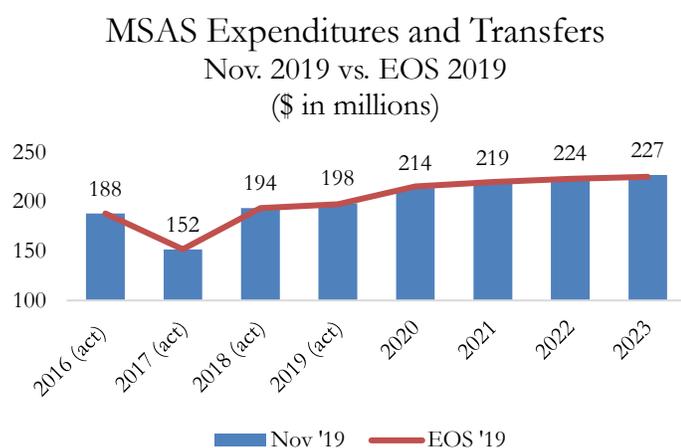
The MSAS Fund receives transfers from the HUTD Fund, authorized transfers from the CSAH Fund and revenues from investment income. Minnesota Statutes, Chapter 162 provides the criteria by which funds are allocated to statutory accounts within the MSAS fund and to each of the Minnesota State Aid cities defined as having a population of 5,000 or greater. The allocations are calculated based primarily on revenue estimates for the MSAS Fund, not including transfers from the CSAH Fund.

The MSAS Fund is also directly appropriated based on the most current revenue forecast at the time the biennial budget is prepared. The [Commissioner's Order](http://www.dot.state.mn.us/safinance/appmt/commorder2019.pdf) (<http://www.dot.state.mn.us/safinance/appmt/commorder2019.pdf>) is on a calendar year basis and allocates the funds based on revenue estimates in the preceding November forecast each year. The result is an increase or decrease to the direct appropriation amount each year after the Commissioner's Order is executed in January.

MSAS Expenditure Forecast

Once allocations are made to the municipalities, the funds are considered committed. Actual spending is at the discretion of the municipalities, with guidance from MnDOT's State Aid Division.

The current forecast is shown below:

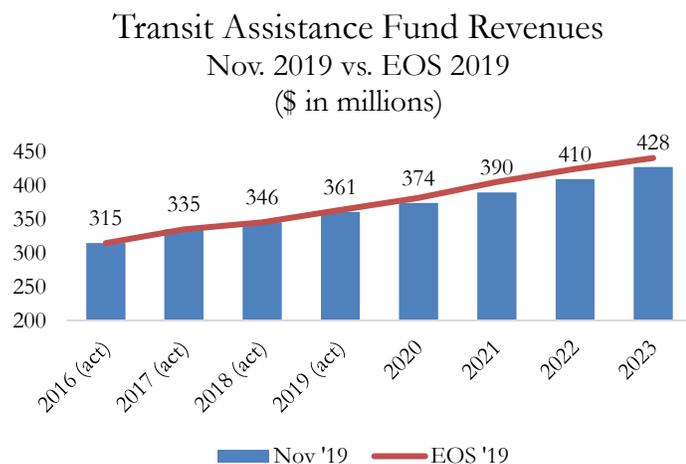


| MSAS Expenditures and Transfers (\$ in millions) | | | | |
|---|---------|---------|-----------|----------|
| FY | Nov '19 | EOS '19 | \$ Change | % Change |
| 2016 (act) | 188 | 188 | - | - |
| 2017 (act) | 152 | 152 | - | - |
| 2018 (act) | 194 | 194 | - | - |
| 2019 (act) | 198 | 197 | 1.0 | 0.5% |
| 2020 | 214 | 216 | (1.6) | (0.7%) |
| 2021 | 219 | 220 | (1.4) | (0.6%) |
| 2022 | 224 | 223 | 0.5 | 0.2% |
| 2023 | 227 | 225 | 1.9 | 0.8% |

Transit Assistance Fund (TAF)

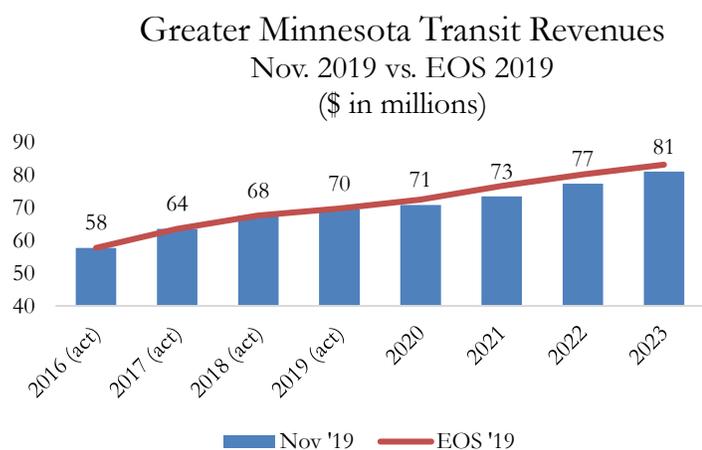
Beginning in FY 2018, 38 percent of MVLST revenue is allocated to the TAF – Greater Minnesota Transit account. In previous years, half of the MVLST revenues (net of \$32 million that remained in the General Fund) were allocated to this fund. The fund also receives 40 percent of MVST revenues.

The total estimated revenue for the TAF is shown below:



| Transit Assistance Fund Revenues (\$ in millions) | | | | |
|--|---------|---------|-----------|----------|
| FY | Nov '19 | EOS '19 | \$ Change | % Change |
| 2016 (act) | 315 | 315 | - | - |
| 2017 (act) | 335 | 335 | - | - |
| 2018 (act) | 346 | 346 | - | - |
| 2019 (act) | 361 | 364 | (2.6) | (0.7%) |
| 2020 | 374 | 382 | (7.6) | (2.0%) |
| 2021 | 390 | 406 | (15.7) | (3.9%) |
| 2022 | 410 | 425 | (14.8) | (3.5%) |
| 2023 | 428 | 441 | (13.4) | (3.0%) |

Of this total revenue, the estimated revenue for the Greater Minnesota portion of the TAF is shown below:



| Greater Minnesota Transit Revenues (\$ in millions) | | | | |
|--|---------|---------|-----------|----------|
| FY | Nov '19 | EOS '19 | \$ Change | % Change |
| 2016 (act) | 58 | 58 | - | - |
| 2017 (act) | 64 | 64 | - | - |
| 2018 (act) | 68 | 68 | - | - |
| 2019 (act) | 70 | 70 | (0.2) | (0.3%) |
| 2020 | 71 | 73 | (1.7) | (2.3%) |
| 2021 | 73 | 77 | (3.2) | (4.2%) |
| 2022 | 77 | 80 | (2.9) | (3.6%) |
| 2023 | 81 | 83 | (2.1) | (2.6%) |

Transit Assistance Fund Expenditure Forecast

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. For the Metropolitan Council allocation, this means that forecast revenues are typically the same as forecast expenditures in the fund statement. For the MnDOT allocation, a spending plan was developed by the Office of Transit and Active Transportation to spend down the available resources over the next four years. For MVLST, because revenue is not transferred until the following fiscal year, the amount estimated for the current year is shown as an appropriation carry forward into the next year.

Account Balance Policy

A Greater Minnesota Transit Account policy was developed in 2018 to provide an appropriate amount of reserves in the fund to protect against significant shifts in revenue or spending. The policy specifies the fund maintain a minimum of 10 percent of the total balance forward from the previous year. For the current forecast years 2020-23, this translates to \$4-5 million. As of this forecast, the fund is in compliance with this policy in all fiscal years.

State Airports Fund (SAF)

The SAF receives revenues from aviation gasoline and special fuel taxes, aircraft registration taxes, sales taxes on aircraft and other small sources such as investment income. These revenues must be sufficient to support the direct appropriations from the Legislature, which are used to carry out aviation functions such as airport development and assistance grants, aeronautic planning, administration and operations.

The total estimated revenues and transfers for the SAF are shown below (note these amounts reflect only the State Airports Fund, and do not include the activity in the two revolving funds):

State Airports Revenue and Transfers
(SAF Only)
Nov. 2019 vs. EOS 2019
(\$ in millions)



| State Airports Fund Revenues and Transfers (\$ in millions) | | | | |
|--|---------|---------|-----------|----------|
| FY | Nov '19 | EOS '19 | \$ Change | % Change |
| 2016 (act) | 21 | 21 | - | - |
| 2017 (act) | 24 | 25 | - | - |
| 2018 (act) | 24 | 25 | - | - |
| 2019 (act) | 26 | 23 | 2.4 | 10.5% |
| 2020 | 25 | 24 | 1.6 | 6.6% |
| 2021 | 23 | 24 | (1.2) | (5.0%) |
| 2022 | 23 | 24 | (1.3) | (5.4%) |
| 2023 | 23 | 25 | (1.2) | (4.9%) |

Fund Balance Policy

A State Airports Fund Balance policy exists to provide an appropriate level of reserve in the SAF to protect against major fluctuations in revenue. The policy requires that the State Airports Fund (not including the revolving funds) maintain a minimum of 5 percent of the total appropriations in each fiscal year. For the current forecast years 2020-23, this translates to \$1-2 million. As of this forecast, the fund is in compliance with this policy in all fiscal years.

Appendices

- Appendix 1: Highway User Tax Distribution Fund Statement
- Appendix 2: Trunk Highway Fund Statement
- Appendix 3: County State Aid Highway Fund Statement
- Appendix 4: Municipal State Aid Street Fund Statement
- Appendix 5: Transit Assistance Fund Statement
- Appendix 6: State Airports Fund Statement
- Appendix 7: Minnesota Highway User Tax Revenue – Percentage of Total Revenues
- Appendix 8: HUTD Revenues Year-over-Year Growth Percentage Trend
- Policy Links: [Policy Links](#)

Contacts

Kristi Schroedl, Chief Financial Officer
Robin Sylvester, Financial Management Director
Josh Knatterud-Hubinger, Budget Director

651-366-4859
651-366-3165
651-366-4913

kristi.schroedl@state.mn.us
robin.sylvester@state.mn.us
josh.knatterud-hubinger@state.mn.us

Highway User Tax Distribution Fund

November 2019 Forecast

Comparison to EOS 2019 Forecast

| (\$ in thousands) | November 2019 Forecast | | | | | | | | Change from EOS 2019 | | | | |
|--|------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------------|----------|----------|--------------|--------------|
| | Close | Close | Close | Close | Budget | Budget | Planning Est | Planning Est | Close | Budget | Budget | Planning Est | Planning Est |
| | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
| Balance Forward from Prior Year | \$11,617 | \$11,042 | \$11,403 | \$12,050 | \$11,932 | \$12,000 | \$12,000 | \$12,000 | - | (68) | - | - | - |
| Prior Year Adjustments | (2,341) | (28) | 177 | 1,763 | - | - | - | - | 1,763 | - | - | - | - |
| Adjusted Balance Forward | 9,276 | 11,014 | 11,581 | 13,812 | 11,932 | 12,000 | 12,000 | 12,000 | 1,763 | (68) | - | - | - |
| Net Revenue and Transfers-In | | | | | | | | | | | | | |
| Motor Fuel Excise Tax | 899,251 | 910,640 | 925,737 | 937,561 | 946,100 | 954,000 | 952,500 | 947,200 | (2,339) | (500) | 3,100 | 600 | (3,200) |
| Motor Vehicle Registration Tax | 701,635 | 752,676 | 781,867 | 803,733 | 835,900 | 861,000 | 878,200 | 895,700 | (2,416) | 13,135 | 28,285 | 40,609 | 55,423 |
| Motor Vehicle Sales Tax | 428,831 | 452,578 | 463,435 | 485,904 | 505,680 | 527,520 | 554,280 | 577,560 | (4,056) | (9,840) | (20,940) | (19,860) | (18,780) |
| Sales Tax on Auto Parts | - | - | 31,536 | 31,536 | 145,644 | 145,644 | 145,644 | 145,644 | - | - | - | 1 | 2 |
| Motor Vehicle Rental Tax (9.2%) | - | - | 25,927 | 28,108 | 29,086 | 30,359 | 31,636 | 32,915 | (492) | (744) | (741) | (744) | (775) |
| Motor Vehicle Rental Tax (6.5%) | - | - | 16,706 | 19,859 | 20,550 | 21,449 | 22,351 | 23,255 | (351) | (530) | (521) | (529) | (545) |
| Leased Vehicle Sales Tax | - | - | 10,641 | 10,772 | 10,747 | 11,088 | 11,693 | 12,320 | 14 | (297) | (517) | (451) | (253) |
| Other Income | 5,035 | 3,630 | 4,471 | 6,024 | 5,383 | 5,315 | 6,100 | 6,464 | 45 | (1,481) | (1,891) | (1,104) | (734) |
| Total Net Revenue and Transfers-In | 2,034,751 | 2,119,524 | 2,260,320 | 2,323,498 | 2,499,090 | 2,556,375 | 2,602,404 | 2,641,058 | (9,594) | (258) | 6,775 | 18,521 | 31,136 |
| Expenditures and Transfers-Out | | | | | | | | | | | | | |
| Appropriations to MnDOT, Revenue, DPS | 2,962 | 3,366 | 11,746 | 13,977 | 11,026 | 12,290 | 10,927 | 12,202 | 87 | - | - | - | - |
| Transfers--DNR | 22,514 | 22,800 | 23,028 | 23,274 | 23,464 | 23,659 | 23,622 | 23,491 | (256) | (176) | (91) | (228) | (259) |
| Transfers--5% Set-Aside | 100,375 | 104,648 | 111,254 | 114,406 | 123,227 | 126,021 | 128,393 | 130,268 | (380) | (7) | 343 | 937 | 1,570 |
| Transfers--County State-Aid Highway | 553,069 | 576,613 | 613,009 | 630,379 | 678,979 | 694,377 | 707,444 | 717,778 | (2,092) | (41) | 1,891 | 5,165 | 8,649 |
| Transfers--Municipal State-Aid Highway | 171,642 | 178,949 | 190,244 | 195,635 | 210,718 | 215,496 | 219,552 | 222,759 | (649) | (13) | 587 | 1,603 | 2,684 |
| Transfers--Trunk Highway | 1,182,423 | 1,232,758 | 1,310,570 | 1,347,707 | 1,451,610 | 1,484,531 | 1,512,467 | 1,534,560 | (4,473) | (88) | 4,044 | 11,043 | 18,491 |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenditures and Transfers-Out | 2,032,986 | 2,119,135 | 2,259,851 | 2,325,378 | 2,499,022 | 2,556,375 | 2,602,404 | 2,641,058 | (7,763) | (325) | 6,775 | 18,521 | 31,136 |
| Ending Balance | \$11,042 | \$11,403 | \$12,050 | \$11,932 | \$12,000 | \$12,000 | \$12,000 | \$12,000 | (68) | - | - | - | - |

Beginning in FY 2016, the ending balance in all forecast years will equal \$12 million, to align with MnDOT practices to maintain positive cash and fund balances

s

Trunk Highway Fund
November 2019 Forecast
Comparison to EOS 2019 Forecast

| (\$ in thousands) | November 2019 Forecast | | | | | | | | Change from EOS 2019 | | | | |
|---|------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|----------------------|----------------|------------------|------------------|-----------------|
| | Close | Close | Close | Close | Budget | Budget | Planning Est | Planning Est | Close | Budget | Budget | Planning Est | Planning Est |
| | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
| Balance Forward from Prior Year | \$275,790 | \$381,830 | \$376,507 | \$436,605 | \$424,314 | \$393,533 | \$240,036 | \$170,448 | - | 168,649 | 227,066 | 113,923 | 1,378 |
| Prior Year Adjustments | 30,857 | 41,612 | 33,366 | 61,699 | 30,000 | 30,000 | 30,000 | 30,000 | 31,699 | - | - | - | - |
| Adjusted Balance Forward | 306,647 | 423,441 | 409,872 | 498,304 | 454,314 | 423,533 | 270,036 | 200,447 | 31,699 | 168,649 | 227,066 | 113,923 | 1,378 |
| Net Revenue and Transfers-In | | | | | | | | | | | | | |
| Transfer from HUTD | 1,182,423 | 1,232,758 | 1,310,570 | 1,347,707 | 1,451,610 | 1,484,531 | 1,512,467 | 1,534,560 | (4,473) | (88) | 4,044 | 11,043 | 18,491 |
| Federal Aid Agreements | 426,391 | 587,537 | 601,332 | 627,708 | 540,995 | 353,995 | 397,995 | 549,995 | 159,533 | 100,000 | (123,000) | (143,000) | 9,000 |
| Other Income and Transfers-In | 48,008 | 61,569 | 71,558 | 78,228 | 75,125 | 75,260 | 79,756 | 81,979 | 3,453 | (4,090) | (5,668) | (1,390) | 631 |
| Total Net Revenue and Transfers-In | 1,656,822 | 1,881,864 | 1,983,461 | 2,053,643 | 2,067,729 | 1,913,786 | 1,990,218 | 2,166,534 | 158,513 | 95,822 | (124,624) | (133,347) | 28,122 |
| Expenditures and Transfers-Out | | | | | | | | | | | | | |
| Transportation Department | 1,307,532 | 1,624,366 | 1,640,971 | 1,796,050 | 1,804,356 | 1,743,516 | 1,731,535 | 1,725,739 | 20,979 | 54,500 | (6,500) | (6,500) | (6,500) |
| Public Safety and Other Depts. | 93,382 | 110,895 | 104,748 | 116,680 | 114,332 | 117,482 | 116,100 | 118,200 | 584 | 23 | - | - | - |
| Transfers-Out and Other | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Debt Service | 180,725 | 193,539 | 211,009 | 214,903 | 209,821 | 236,285 | 242,171 | 248,007 | - | (17,118) | (4,981) | (14,301) | (26,504) |
| Total Expenditures and Transfers-Out | 1,581,640 | 1,928,799 | 1,956,728 | 2,127,633 | 2,128,510 | 2,097,283 | 2,089,806 | 2,091,946 | 21,563 | 37,405 | (11,481) | (20,802) | (33,006) |
| Balance Before Reserves | 381,830 | 376,507 | 436,605 | 424,314 | 393,533 | 240,036 | 170,447 | 275,033 | 168,649 | 227,066 | 113,923 | 1,378 | 62,507 |
| Ending Balance | \$381,830 | \$376,507 | \$436,605 | \$424,314 | \$393,533 | \$240,036 | \$170,448 | \$275,036 | 168,649 | 227,066 | 113,923 | 1,378 | 62,507 |
| Reserved Fund Balance per Policy | 85,142 | 84,616 | 90,633 | 92,467 | 101,323 | 105,080 | 107,568 | 108,627 | (61) | 172 | 875 | 5,758 | 7,787 |
| Unreserved Fund Balance per Policy | 296,687 | 291,891 | 345,972 | 331,847 | 292,211 | 134,956 | 62,880 | 166,408 | 168,710 | 226,894 | 113,049 | (4,379) | 54,720 |
| Debt Service Percentage Compared to State Revenue | 14.9% | 15.1% | 15.3% | 15.1% | 13.9% | 15.3% | 15.4% | 15.5% | -0.6% | -1.5% | -0.7% | -1.4% | -2.3% |

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

Appendix 3

County State Aid Fund
November 2019 Forecast
Comparison to EOS 2019 Forecast

| (\$ in thousands) | November 2019 Forecast | | | | | | | | Change from EOS 2019 | | | | |
|---------------------------------------|------------------------|-----------|-----------|-----------|-----------|-----------|--------------|--------------|----------------------|---------|---------|--------------|--------------|
| | Close | Close | Close | Close | Budget | Budget | Planning Est | Planning Est | Close | Budget | Budget | Planning Est | Planning Est |
| | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
| Balance Forward from Prior Year | \$508,749 | \$563,509 | \$631,865 | \$673,186 | \$690,463 | \$690,387 | \$690,311 | \$690,235 | - | 6,326 | 6,326 | 6,326 | 6,326 |
| Prior Year Adjustments | 139 | 246 | 165 | 320 | - | - | - | - | 320 | - | - | - | - |
| Adjusted Balance Forward | 508,889 | 563,754 | 632,030 | 673,506 | 690,463 | 690,387 | 690,311 | 690,235 | 320 | 6,326 | 6,326 | 6,326 | 6,326 |
| Net Revenue and Transfers-In | | | | | | | | | | | | | |
| Leased Vehicle Sales Tax | 29,171 | 33,388 | 36,761 | 37,212 | 37,126 | 38,304 | 40,394 | 42,560 | 48 | (1,026) | (1,786) | (1,558) | (874) |
| Other Income | 3,583 | 5,917 | 9,270 | 14,549 | 12,464 | 12,560 | 15,703 | 17,146 | 821 | (4,676) | (5,756) | (2,603) | (1,128) |
| Transfer from HUTD | 653,444 | 681,261 | 724,263 | 744,786 | 802,205 | 820,399 | 835,837 | 848,046 | (2,472) | (49) | 2,235 | 6,103 | 10,219 |
| Transfer from General | | | 2,000 | 2,000 | | | | | - | - | - | - | - |
| Total Net Revenue and Transfers-In | 686,199 | 720,565 | 772,294 | 798,547 | 851,795 | 871,263 | 891,934 | 907,752 | (1,603) | (5,751) | (5,307) | 1,942 | 8,217 |
| Expenditures and Transfers-Out | | | | | | | | | | | | | |
| Grants to Local Governments | 621,664 | 641,945 | 720,530 | 770,121 | 835,214 | 854,056 | 874,389 | 889,936 | (3,270) | (5,750) | (5,345) | 1,829 | 8,018 |
| MnDOT Administrative and Research | 9,880 | 10,479 | 10,558 | 11,393 | 16,581 | 17,206 | 17,545 | 17,817 | (4,339) | (1) | 38 | 113 | 199 |
| Transfers to MSAS Fund | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Transfers to Special Revenue | 35 | 30 | 51 | 76 | 76 | 76 | 76 | 76 | - | - | - | - | - |
| Transfers to Trunk Highway Fund | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Expenditures and Transfers-Out | 631,579 | 652,454 | 731,138 | 781,590 | 851,871 | 871,339 | 892,010 | 907,828 | (7,609) | (5,751) | (5,307) | 1,942 | 8,217 |
| Balance Before Reserves | 563,509 | 631,865 | 673,186 | 690,463 | 690,387 | 690,311 | 690,235 | 690,159 | 6,326 | 6,326 | 6,326 | 6,326 | 6,326 |
| Less Appropriation Carryforward | 563,509 | 631,865 | 673,186 | 690,463 | 690,387 | 690,311 | 690,235 | 690,159 | 6,326 | 6,326 | 6,326 | 6,326 | 6,326 |
| Ending Balance | - | - | - | - | - | - | - | - | - | - | - | - | - |

Municipal State Aid Fund
November 2019 Forecast
Comparison to EOS 2019 Forecast

| (\$ in thousands) | November 2019 Forecast | | | | | | | | Change from EOS 2019 | | | | |
|---------------------------------------|------------------------|-----------|-----------|-----------|-----------|-----------|--------------|--------------|----------------------|---------|---------|--------------|--------------|
| | Close | Close | Close | Close | Budget | Budget | Planning Est | Planning Est | Close | Budget | Budget | Planning Est | Planning Est |
| | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
| Balance Forward From Prior Year | \$167,954 | \$152,926 | \$181,968 | \$181,431 | \$183,006 | \$183,006 | \$183,006 | \$183,006 | - | (1,253) | (1,253) | (1,253) | (1,253) |
| Prior Year Adjustments | 42 | 81 | 53 | 78 | - | - | - | - | 78 | - | - | - | - |
| Adjusted Balance Forward | 167,996 | 153,008 | 182,021 | 181,509 | 183,006 | 183,006 | 183,006 | 183,006 | 78 | (1,253) | (1,253) | (1,253) | (1,253) |
| Net Revenue and Transfers-In : | | | | | | | | | | | | | |
| Other Income | 1,286 | 1,876 | 2,804 | 4,269 | 3,330 | 3,319 | 4,106 | 4,469 | 280 | (1,602) | (1,937) | (1,147) | (775) |
| Transfer From HUTD | 171,642 | 178,949 | 190,244 | 195,635 | 210,718 | 215,496 | 219,552 | 222,759 | (649) | (13) | 587 | 1,603 | 2,684 |
| Transfer From CSAH | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Net Revenue and Transfers In | 172,928 | 180,824 | 193,048 | 199,904 | 214,048 | 218,815 | 223,658 | 227,228 | (369) | (1,615) | (1,350) | 456 | 1,909 |
| Expenditures and Transfers-Out | | | | | | | | | | | | | |
| Grants to Local Governments | 184,751 | 148,677 | 190,378 | 194,879 | 208,804 | 213,369 | 218,090 | 221,565 | 2,345 | (1,582) | (1,315) | 454 | 1,869 |
| MnDOT Administrative and Research | 3,237 | 3,177 | 3,245 | 3,504 | 5,219 | 5,423 | 5,543 | 5,639 | (1,382) | (32) | (35) | 2 | 40 |
| Transfers to Special Revenue | 10 | 9 | 16 | 24 | 24 | 24 | 24 | 24 | - | - | - | - | - |
| Total Expenditures and Transfers-Out | 187,998 | 151,864 | 193,639 | 198,407 | 214,048 | 218,815 | 223,658 | 227,228 | 962 | (1,615) | (1,350) | 456 | 1,909 |
| Balance before Reserves | 152,926 | 181,968 | 181,431 | 183,006 | 183,006 | 183,006 | 183,006 | 183,006 | (1,253) | (1,253) | (1,253) | (1,253) | (1,253) |
| Less Appropriation Carryforward | 152,926 | 181,968 | 181,431 | 183,006 | 183,006 | 183,006 | 183,006 | 183,006 | (1,253) | (1,253) | (1,253) | (1,253) | (1,253) |
| Ending Balance | - | - | - | - | - | - | - | - | - | - | - | - | - |

Transit Assistance Fund
November 2019 Forecast
Comparison to EOS 2019 Forecast

| (\$ in thousands) | November 2019 Forecast | | | | | | | | Change from EOS 2019 | | | | | |
|---------------------------------------|------------------------|----------|----------|----------|----------|----------|--------------|--------------|----------------------|---------|----------|--------------|--------------|--|
| | Close | Close | Close | Close | Budget | Budget | Planning Est | Planning Est | Close | Budget | Budget | Planning Est | Planning Est | |
| | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | |
| Balance Forward from Prior Year | \$56,246 | \$69,634 | \$71,445 | \$53,073 | \$47,064 | \$41,833 | \$42,487 | \$44,643 | - | (820) | (1,107) | (1,897) | (1,747) | |
| Prior Year Adjustments | 672 | 2,766 | 2,406 | 2,163 | - | - | - | - | 2,163 | - | - | - | - | |
| Adjusted Balance Forward | 56,917 | 72,399 | 73,851 | 55,236 | 47,064 | 41,833 | 42,487 | 44,643 | 2,163 | (820) | (1,107) | (1,897) | (1,747) | |
| Net Revenue and Transfers-In | | | | | | | | | | | | | | |
| Metropolitan Area Transit Account | 257,099 | 271,535 | 278,035 | 291,554 | 303,408 | 316,512 | 332,568 | 346,536 | (2,422) | (5,904) | (12,564) | (11,916) | (11,268) | |
| Greater Minnesota Transit Account | 28,567 | 30,171 | 30,888 | 32,393 | 33,712 | 35,168 | 36,952 | 38,504 | (271) | (656) | (1,396) | (1,324) | (1,252) | |
| Total Motor Vehicle Sales Tax | 285,665 | 301,706 | 308,923 | 323,948 | 337,120 | 351,680 | 369,520 | 385,040 | (2,692) | (6,560) | (13,960) | (13,240) | (12,520) | |
| Leased Vehicle Sales Tax | 29,171 | 33,388 | 36,761 | 37,212 | 37,126 | 38,304 | 40,394 | 42,560 | 48 | (1,026) | (1,786) | (1,558) | (874) | |
| Other Income | | | | 5 | | | | | 5 | | | | | |
| Total Net Revenue and Transfers-In | 314,836 | 335,094 | 345,684 | 361,165 | 374,246 | 389,984 | 409,914 | 427,600 | (2,639) | (7,586) | (15,746) | (14,798) | (13,394) | |
| Expenditures and Transfers-Out | | | | | | | | | | | | | | |
| Metropolitan Council | 257,172 | 271,535 | 278,040 | 291,617 | 303,408 | 316,512 | 332,568 | 346,536 | (2,376) | (5,904) | (12,564) | (11,916) | (11,268) | |
| Transportation Department | 44,948 | 64,513 | 88,422 | 77,719 | 76,069 | 72,818 | 75,190 | 78,683 | 2,719 | (1,395) | (2,392) | (3,032) | (2,824) | |
| Total Expenditures and Transfers-Out | 302,120 | 336,048 | 366,462 | 369,337 | 379,477 | 389,330 | 407,758 | 425,219 | 344 | (7,299) | (14,956) | (14,948) | (14,092) | |
| Balance Before Reserves | 69,634 | 71,445 | 53,073 | 47,064 | 41,833 | 42,487 | 44,643 | 47,024 | (820) | (1,107) | (1,897) | (1,747) | (1,049) | |
| Less Appropriation Carryforward | 69,634 | 33,388 | 36,761 | 37,212 | 37,126 | 38,304 | 40,394 | 42,560 | 48 | (1,026) | (1,786) | (1,558) | (874) | |
| Less Met Council Balance | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| Ending Balance | - | \$38,057 | \$16,311 | \$9,852 | \$4,707 | \$4,183 | \$4,249 | \$4,464 | (868) | (81) | (111) | (189) | (175) | |
| Reserved Balance | - | - | 7,144 | 5,307 | 4,706 | 4,183 | 4,249 | 4,464 | - | (82) | (111) | (190) | (175) | |
| Unreserved Fund Balance | - | - | 9,167 | 4,544 | - | - | - | - | (868) | 1 | - | 1 | - | |

State Airports Fund
November 2019 Forecast
Comparison to EOS 2019 Forecast

| (\$ in thousands) | November 2019 Forecast | | | | | | | | Change from EOS 2019 | | | | |
|---------------------------------------|------------------------|-----------------|-----------------|-----------------|----------------|----------------|----------------|----------------|----------------------|--------------|--------------|--------------|--------------|
| | Close | Close | Close | Budget | Budget | Budget | Planning Est | Planning Est | Budget | Budget | Budget | Planning Est | Planning Est |
| | FY 2016 | FY 2017 | FY 2018 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 | FY 2019 | FY 2020 | FY 2021 | FY 2022 | FY 2023 |
| Balance Forward from Prior Year | \$24,346 | \$17,629 | \$19,222 | \$13,139 | \$14,170 | \$9,209 | \$7,579 | \$6,184 | - | 6,789 | 2,514 | 1,207 | (192) |
| Prior Year Adjustments | 642 | 593 | 458 | 1,947 | 500 | 500 | 500 | 500 | 1,447 | - | - | - | - |
| Adjusted Balance Forward | 24,988 | 18,222 | 19,680 | 15,086 | 14,670 | 9,709 | 8,079 | 6,684 | 1,447 | 6,789 | 2,514 | 1,207 | (192) |
| Net Revenue and Transfers-In | | | | | | | | | | | | | |
| Transfer from General Fund | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Sales Tax on Aircraft | 4,941 | 6,501 | 6,153 | 9,572 | 9,500 | 7,000 | 7,000 | 7,000 | 3,572 | 3,380 | 758 | 633 | 505 |
| Airline Flight Property Tax | 7,000 | 7,006 | 8,000 | 7,026 | 7,000 | 7,000 | 7,000 | 7,250 | 26 | - | - | - | 250 |
| Aircraft Registration Tax | 2,455 | 4,202 | 3,440 | 3,273 | 3,372 | 3,473 | 3,577 | 3,684 | (127) | (96) | (65) | (31) | 4 |
| Gasoline & Special Fuel Tax | 6,118 | 5,843 | 5,987 | 5,223 | 4,800 | 4,800 | 4,800 | 4,800 | (1,077) | (1,626) | (1,755) | (1,886) | (2,019) |
| Other Income | 955 | 950 | 1,303 | 1,529 | 1,662 | 1,655 | 1,785 | 1,844 | 84 | (100) | (150) | (20) | 40 |
| Total Net Revenue and Transfers-In | 21,469 | 24,503 | 24,883 | 26,623 | 26,334 | 23,928 | 24,162 | 24,578 | 2,478 | 1,558 | (1,212) | (1,304) | (1,220) |
| Expenditures and Transfers-Out | | | | | | | | | | | | | |
| Transportation Department | 29,074 | 23,907 | 31,767 | 26,778 | 32,095 | 26,357 | 26,357 | 26,357 | (3,225) | 5,733 | (5) | (5) | (5) |
| Transfer Out (General Fund) | - | - | - | 31 | - | - | - | - | - | - | - | - | - |
| Total Expenditures and Transfers-Out | 29,074 | 23,907 | 31,767 | 26,778 | 32,095 | 26,357 | 26,357 | 26,357 | (3,225) | 5,733 | (5) | (5) | (5) |
| Net Change in Loan Fund | 246 | 405 | 344 | (761) | 300 | 300 | 300 | 300 | (361) | (100) | (100) | (100) | (100) |
| Balance Before Reserves | 17,629 | 19,222 | 13,139 | 14,170 | 9,209 | 7,579 | 6,184 | 5,205 | 6,789 | 2,514 | 1,207 | (192) | (1,507) |
| Less Appropriation Carryforward | 2,817 | 3,264 | 2,833 | 2,239 | 2,661 | 3,083 | 3,505 | 3,927 | (912) | (1,010) | (1,108) | (1,206) | (1,304) |
| Ending Balance | \$14,812 | \$15,957 | \$10,306 | \$11,931 | \$6,548 | \$4,496 | \$2,679 | \$1,279 | 7,701 | 3,523 | 2,315 | 1,014 | (203) |
| Reserved Balance | 1,416 | 1,166 | 1,504 | 1,254 | 1,556 | 1,269 | 1,269 | 1,269 | (235) | 287 | - | - | - |
| Unreserved Fund Balance | 13,394 | 14,790 | 8,801 | 10,675 | 4,990 | 3,226 | 1,409 | 8 | 7,936 | 3,237 | 2,315 | 1,014 | (203) |

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.

