



State Aid Update

Ted Schoenecker

State Aid for Local Transportation (SALT)

September 16, 2022



State Highway Turnback Program

Turnback Program

- Why a state highway Turnback program?
- What governs the program?
- How the Turnback program works?
- Program/Budget 2024 - 2025



Turnback Program

- Why a state highway Turnback program ?
 - Primary reasons - Our systems are dynamic, we are always striving to provide the best transportation system and we want roads owned and operated by the right governmental agency
 - Level of service – maintenance for example
 - Mobility vs access
 - Local vs state decision making
 - Funding priorities & competitiveness
 - Public expectations
 - Traffic volumes
 - System continuity preferences
 - System spacing & parallel routes
 - Agency boundary changes
 - System length or classification
 - State, regional or local points of interest
 - Many more reasons
 - State constitution



Turnback Program

What governs the program?

- [Constitution of the State of Minnesota](#)
- Article XIV - Public Highway System – Sec. 2

ARTICLE XIV PUBLIC HIGHWAY SYSTEM

Section 1. **Authority of state; participation of political subdivisions.** The state may construct, improve and maintain public highways, may assist political subdivisions in this work and by law may authorize any political subdivision to aid in highway work within its boundaries.

Sec. 2. **Trunk highway system.** There is hereby created a trunk highway system which shall be constructed, improved and maintained as public highways by the state. The highways shall extend as nearly as possible along the routes number 1 through 70 described in the constitutional amendment adopted November 2, 1920, and the routes described in any act of the legislature which has made or hereafter makes a route a part of the trunk highway system.

The legislature may add by law new routes to the trunk highway system. The trunk highway system may not exceed **12,200 miles** in extent, except the legislature may add trunk highways in excess of the mileage limitation as necessary or expedient to take advantage of any federal aid made available by the United States to the state of Minnesota.



Constitution of the State of Minnesota

Adopted October 13, 1857 Generally Revised November 5, 1974	
Article 1.	Bill of rights.
Article 2.	Name and boundaries.
Article 3.	Distribution of the powers of government.
Article 4.	Legislative department.
Article 5.	Executive department.
Article 6.	Judiciary.
Article 7.	Elective franchise.
Article 8.	Impeachment and removal from office.
Article 9.	Amendments to the constitution.
Article 10.	Taxation.
Article 11.	Appropriations and finances.
Article 12.	Special legislation; local government.
Article 13.	Miscellaneous subjects.
Article 14.	Public highway system.

Resources
Amendments proposed since 1858
Version List

Turnback Program

- Constitution of the State of Minnesota
- Article XIV Sec 2 Public Highway System

2014 Jurisdictional Realignment Project = 11,856 miles

www.dot.state.mn.us/stateaid/programlibrary/jrp-final-report.pdf

Table 7. Analysis tiers and mileage chart

Road System	Owner	Principal Arterial			Minor Arterial	Major Collector	Minor Collector	Local	Total	Total by Jurisdiction
		Interstate	Other Freeway/ Expressway	Other						
Interstate highway	State*	914							914	914
State highway	State		166	4,143	5,561	1,046	18	9	10,942	10,942
County state-aid highway	Counties			81	2,863	15,049	10,028	2,564	30,584	
County road	Counties				83	514	1,433	12,296	14,326	46,600
Unorganized territory road	Counties					4	4	1,682	1,690	
Municipal state-aid street	Cities			32	610	1,319		1,421	3,382	
Municipal street	Cities			0	41	351	30	18,395	18,816	22,199
Township road	Township				19	76	355	53,268	53,717	53,717
Parks and other roads	Parks or private				1	64	163	4,101	4,329	4,329
Total		914	166	4,256	9,178	18,422	12,030	93,735	138,702	138,702
Total without interstate and parks and other roads										133,459

*Policies dictated by FHWA, managed by State

Legend

Tier 1—High misalignment probability

Tier 2—Medium misalignment probability

Tier 3—Low misalignment probability

Not applicable

Excluded from analysis



Constitution of the State of Minnesota

[Pdf Authenticate](#)

Adopted October 13, 1857

Generally Revised November 5, 1974

Resources

Amendments proposed since 1858

Version List

[Article 1](#)
[Article 2](#)
[Article 3](#)
[Article 4](#)
[Article 5](#)
[Article 6](#)
[Article 7](#)
[Article 8](#)
[Article 9](#)
[Article 10](#)
[Article 11](#)
[Article 12](#)
[Article 13](#)
[Article 14](#)

Bill of rights.
 Name and boundaries.
 Distribution of the powers of government.
 Legislative department.
 Executive department.
 Judiciary.
 Elective franchise.
 Impeachment and removal from office.
 Amendments to the constitution.
 Taxation.
 Appropriations and finances.
 Special legislation; local government.
 Miscellaneous subjects.
 Public highway system.

Turnback Program

- MN Statute 161.081 Highway User Tax, Distribution, Investment
 - 5% Funding distribution, 53.5% apportionment to the flexible highway account, Metro County distribution, 50 percent Metro / 50 percent Greater MN
 - Restoration of former trunk highways and the meaning of restoration

The screenshot displays the official website of the Minnesota Revisor of Statutes. The header includes navigation links for House, Senate, Joint, Schedules, Legislators, Committees, Bills, Law, Multimedia, and Publications. Below the header is a banner for 'THE OFFICE OF THE REVISOR OF STATUTES'. The main content area shows the path: 2017 Minnesota Statutes > TRANSPORTATION > Chapter 161 > Section 161.081. The statute title is '161.081 HIGHWAY USER TAX, DISTRIBUTION, INVESTMENT.' The text of the statute is as follows:

Subdivision 1. Distribution of five percent. (a) Pursuant to article 14, section 5, of the Constitution, five percent of the net highway user tax distribution fund is set aside, and apportioned to the county state-aid highway fund.

(b) That apportionment is further distributed as follows:

(1) 30.5 percent to the town road account created in section 162.081;

(2) 16 percent to the town bridge account, which is created in the state treasury; and

(3) 53.5 percent to the flexible highway account created in subdivision 3.

Subd. 2. Investment. Upon the request of the commissioner, money in the highway user tax distribution fund shall be invested by the State Board of Investment in those securities authorized for that purpose in section 118.21. All interest and profits from the investments must be credited to the highway user tax distribution fund. The commissioner of management and budget shall be the custodian of all securities purchased under this section.

Subd. 3. Flexible highway account; turnback accounts. (a) The flexible highway account is created in the state treasury. Money in the account must be allocated as follows:

(1) 16 percent of the amount available in the flexible highway account for counties in the metropolitan area, as defined in section 473.121, subdivision 4, distributed proportionally based on the most recent estimate of county population excluding the population of any city of the first class; and

(2) of the amount available in the flexible highway account less the amount under clause (1), as determined by the commissioner under this section for:

(i) restoration of former trunk highways that have reverted to counties or to statutory or home rule charter cities, or for trunk highways that will be restored and subsequently turned back by agreement between the commissioner and the local road authority;

(ii) safety improvements on county highways, municipal highways, streets, or town roads; and

(iii) routes of regional significance.

(b) For purposes of this subdivision, "restoration" means the level of effort required to improve the route.

On the right side of the page, there is a 'Resources' section with links to 'Search Minnesota Statutes', 'About Minnesota Statutes', '2017 Statutes New, Amended or Repealed', '2017 Table of Chapters', and '2017 Statutes Topics (Index)'. Below that is a 'Chapter 161' section with links to 'Table of Sections', 'Full Chapter Text', and 'Version List'. At the bottom, there is a 'Section 161.081' section with a 'Version List' link. The URL at the bottom of the page is <https://www.revisor.mn.gov/statutes/cite/161.081/2018.10.26.51.ABQ>.

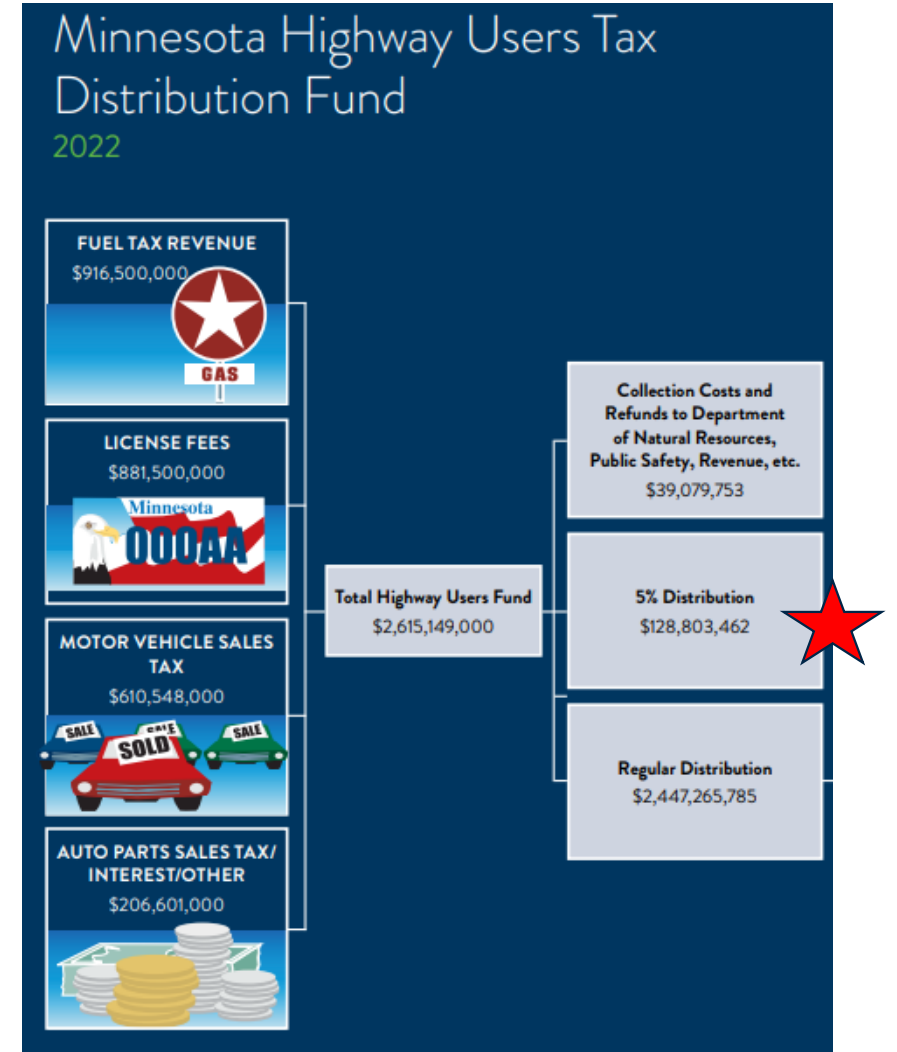
Turnback Program

- MN Statute 161.081 Highway User Tax, Distribution, Investment
 - 5% Distribution, 53.5% apportionment to the flexible highway account, Metro County distribution, 50/50

2017 Minnesota Statutes

161.081 HIGHWAY USER TAX, DISTRIBUTION, INVESTMENT.

Subdivision 1. **Distribution of five percent.** (a) Pursuant to article 14, section 5, of the Constitution, five percent of the net highway user tax distribution fund is set aside, and apportioned to the county state-aid highway fund.



Turnback Program

- MN Statute 161.081 Highway User Tax, Distribution, Investment
 - 5% Distribution, 53.5% apportionment to the flexible highway account, Metro County distribution, 50/50

2017 Minnesota Statutes

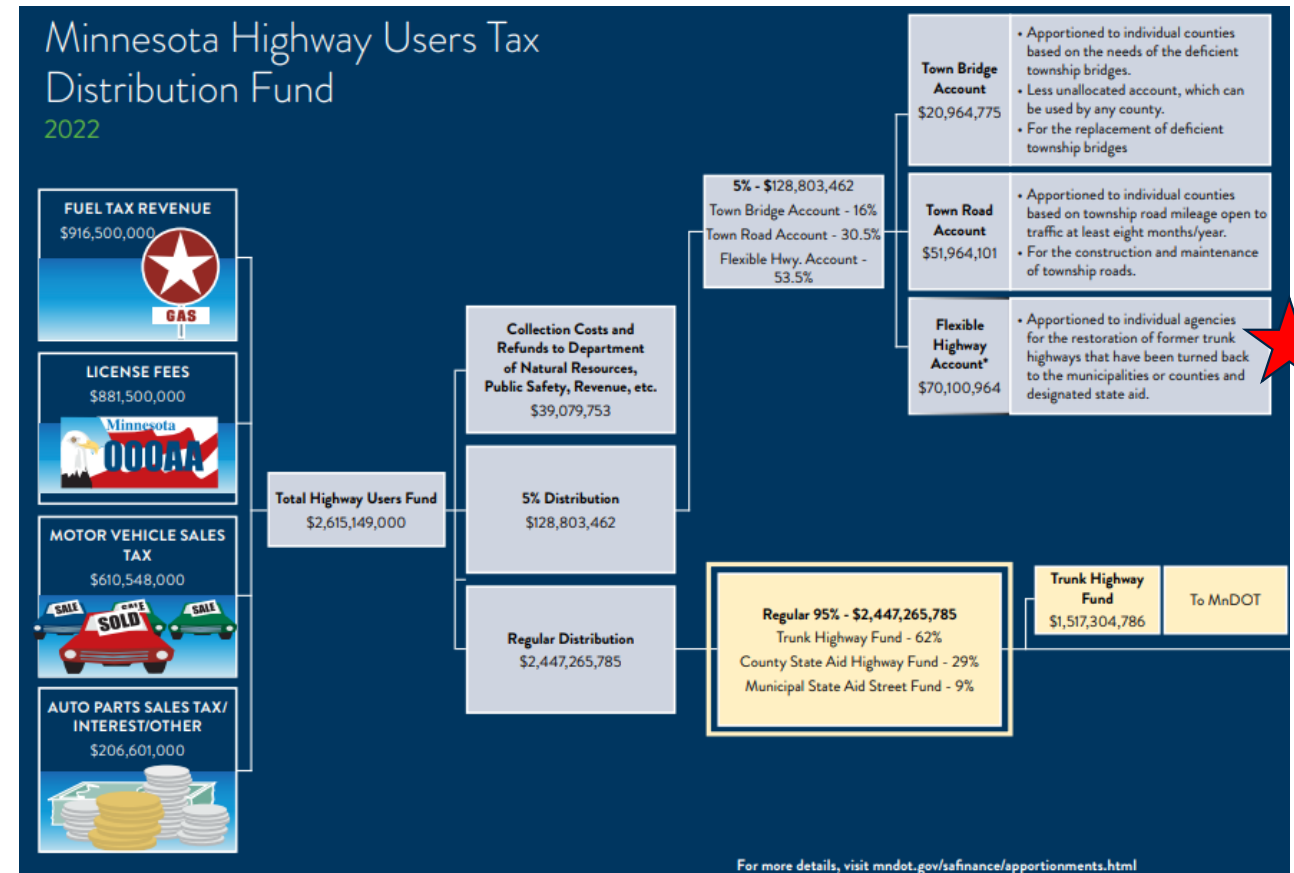
161.081 HIGHWAY USER TAX, DISTRIBUTION, INVESTMENT.

Subdivision 1. **Distribution of five percent.** (a) Pursuant to article 14, section 5, of the Constitution, five percent of the net highway user tax distribution fund is set aside, and apportioned to the county state-aid highway fund.

(b) That apportionment is further distributed as follows:

- (1) 30.5 percent to the town road account created in section 162.081;
- (2) 16 percent to the town bridge account, which is created in the state treasury; and
- (3) 53.5 percent to the flexible highway account created in subdivision 3.

Flexible Highway Account = Turnback Program



Turnback Program

- MN Statute 161.081 Highway User Tax, Distribution, Investment
 - 5% Distribution, 53.5% apportionment to the flexible highway account, Metro County distribution, 50/50

2017 Minnesota Statutes

161.081 HIGHWAY USER TAX, DISTRIBUTION, INVESTMENT.

Subdivision 1. **Distribution of five percent.** (a) Pursuant to article 14, section 5, of the Constitution, five percent of the net highway user tax distribution fund is set aside, and apportioned to the county state-aid highway fund.

(b) That apportionment is further distributed as follows:

- (1) 30.5 percent to the town road account created in section 162.081;
- (2) 16 percent to the town bridge account, which is created in the state treasury; and
- (3) 53.5 percent to the flexible highway account created in subdivision 3.

Subd. 2. **Investment.** Upon the request of the commissioner, money in the highway user tax distribution fund shall be invested by the State Board of Investment in those securities authorized for that purpose in section 11A.21. All interest and profits from the investments must be credited to the highway user tax distribution fund. The commissioner of management and budget shall be the custodian of all securities purchased under this section.

Subd. 3. **Flexible highway account; turnback accounts.** (a) The flexible highway account is created in the state treasury. Money in the account must be allocated as follows:

(1) 16 percent of the amount available in the flexible highway account for counties in the metropolitan area, as defined in section 473.121, subdivision 4, distributed proportionally based on the most recent estimate of county population excluding the population of any city of the first class; and

2022 Flexible Apportionments			
			Total
Income			
Flexible Account			\$ 68,909,852
(5% Distribution x 53.5%)			
Income-FY2019 actuals vs estimates			1,191,112
Turnback Available for Distribution			\$ 70,100,964
Accounts	Greater MN	Metro District	Total
Municipal Turnback L2021 1SS 5 01 02 06c	\$ 5,000,000	-	5,000,000
Trunk Highway Turnback L2021 1SS 5 01 02 06c	10,000,000	-	10,000,000
County Turnback (Remaining Balance)	-	43,884,810	43,884,810
	\$ 15,000,000	\$ 43,884,810	\$ 58,884,810
Metro Distribution			
(16% of amount available for distribution)			
County	Population	Population Percentage	Apportionment
Anoka	363,887	15.026575%	1,685,404
Carver	106,922	4.415303%	495,227
Dakota	439,882	18.164760%	2,037,387
Hennepin*	851,611	35.166952%	3,944,380
Ramsey*	240,825	9.944777%	1,115,421
Scott	150,928	6.232514%	699,048
Washington	267,568	11.049119%	1,239,286
	2,421,623	100.000000%	11,216,154
		TOTAL	70,100,964
*Reduced by cities of the First Class (Minneapolis & St. Paul)			
From Minnesota State Demographer - 2020 Census			



Turnback Program

- MN Statute 161.081 Highway User Tax, Distribution, Investment
 - 5% Distribution, 53.5% apportionment to the flexible highway account, Metro County distribution, 50/50

(c) The commissioner shall review the need for funds to restore highways that have been or will be turned back. The commissioner shall determine, on a biennial basis, the percentage of funds in the flexible highway account to be distributed to each district, and within each district the percentage to be used for each of the purposes specified in paragraph (a). Money in the account may be used for safety improvements and routes of regional significance only after money is set aside to restore the identified turnbacks. The commissioner shall make these determinations only after meeting and holding discussions with committees selected by the statewide associations of both county commissioners and municipal officials. The commissioner shall, to the extent feasible, annually allocate 50 percent of the funds in the flexible highway account to the department's metropolitan district, and 50 percent to districts in greater Minnesota.



2022 Flexible Apportionments			
			Total
Income			
Flexible Account			\$ 68,909,852
(5% Distribution x 53.5%)			
Income-FY2019 actuals vs estimates			1,191,112
Turnback Available for Distribution			\$ 70,100,964
Accounts			
		Greater MN	Metro District
			Total
Municipal Turnback L2021 1SS 5 01 02 06c	\$ 5,000,000	-	5,000,000
Trunk Highway Turnback L2021 1SS 5 01 02 06c	10,000,000	-	10,000,000
County Turnback (Remaining Balance)	-	43,884,810	43,884,810
	\$ 15,000,000	\$ 43,884,810	\$ 58,884,810
Metro Distribution			
(16% of amount available for distribution)			
County	Population	Population Percentage	Apportionment
Anoka	363,887	15.026575%	1,685,404
Carver	106,922	4.415303%	495,227
Dakota	439,882	18.164760%	2,037,387
Hennepin*	851,611	35.166952%	3,944,380
Ramsey*	240,825	9.944777%	1,115,421
Scott	150,928	6.232514%	699,048
Washington	267,568	11.049119%	1,239,286
	2,421,623	100.000000%	11,216,154
		TOTAL	70,100,964
*Reduced by cities of the First Class (Minneapolis & St. Paul)			
From Minnesota State Demographer - 2020 Census			

Turnback Program

- MN Statute 161.081 Highway User Tax, Distribution, Investment

- Restoration of former trunk highways and the meaning of restoration

(i) restoration of former trunk highways that have reverted to counties or to statutory or home rule charter cities, or for trunk highways that will be restored and subsequently turned back by agreement between the commissioner and the local road authority;

(ii) safety improvements on county highways, municipal highways, streets, or town roads; and

(iii) routes of regional significance.

(b) For purposes of this subdivision, "restoration" means the level of effort required to improve the route that will be turned back to an acceptable condition as determined by agreement made between the commissioner and the county or city before the route is turned back.

The screenshot shows the Minnesota Legislature website. The top navigation bar includes links for House, Senate, Joint, Schedules, Legislators, Committees, Bills, Law, Multimedia, and Publications. Below this is a banner for 'THE OFFICE OF THE REVISOR OF STATUTES'. The main content area displays the statute 161.081, titled '161.081 HIGHWAY USER TAX, DISTRIBUTION, INVESTMENT.' The text of the statute is shown, including Subdivision 1, Subdivision 2, and Subdivision 3. The right sidebar contains a 'Resources' section with links to Search Minnesota Statutes, About Minnesota Statutes, 2017 Statutes New, Amended or Repealed, 2017 Table of Chapters, 2017 Statutes Topics (Index), Chapter 161, Table of Sections, Full Chapter Text, Version List, Section 161.081, Version List, Topics, County state-aid highway fund, County state-aid highways, General fund, and Highway user tax distribution fund. The URL at the bottom is https://www.revisor.mn.gov/statutes/cite/161.001/14/2018/10/26/51.ABQ.

Turnback Program

- Negotiations will always include:

- Type of restoration
- Level of effort
- Improve the route
- Acceptable condition
- By agreement

(b) For purposes of this subdivision, "restoration" means the level of effort required to improve the route that will be turned back to an acceptable condition as determined by agreement made between the commissioner and the county or city before the route is turned back.

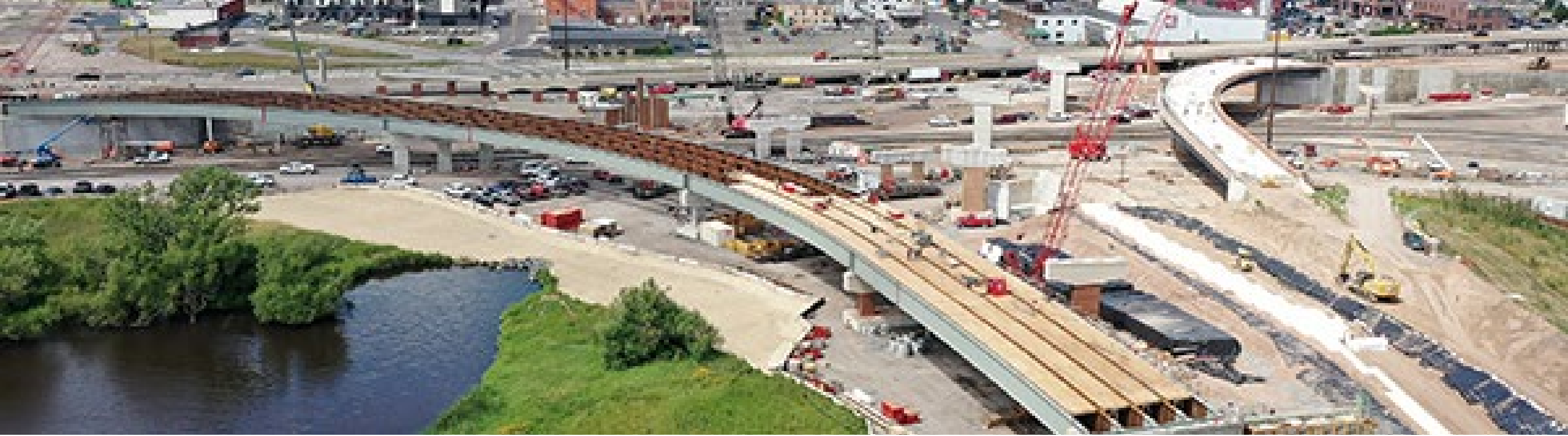
Turnback Program

- How the turnback program works
 - State/County/City can bring an idea forward
 - Alignment of agency goals
 - Willing buyer and willing seller
 - Negotiations of project elements
 - Do the right thing
 - Nothing is forced
 - Win/Win outcomes
 - Alignment of annual funding with project development
 - Consider multiple sources of revenue
 - Manage the program funding
 - Project vs in-lieu payment option
 - Report to legislature



2024 - 2025 County and Municipal Turnback Account Budget

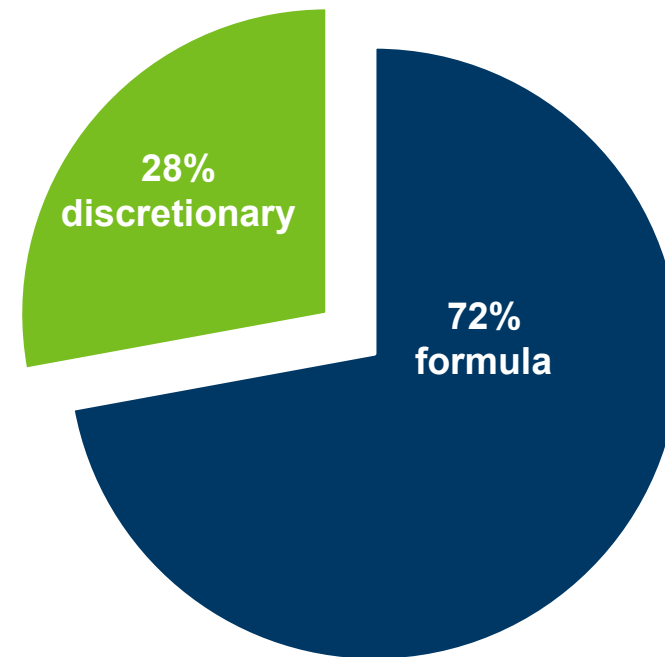
Restoration/Reconstruction						
Trunk Highway	Receiving Agency	Project Location (TO/FROM)	SP/SAP	PROGRAM NEED (M\$)		
				Calendar 2024	Calendar 2025	BIENNIUM TOTAL
12	Hennepin Co	reconstruction - CSAH 6 to Willow	027-712-003	10.35	5.38	15.73
13	City of Mendota Heights	reconstruction - TH 13 to TH 13 (Sibley Memorial Hwy)	TBD	0.75	0.00	0.75
237	Stearns Co	reconstruction - New Munich to I-94	AGR#1036416	4.27	1.83	6.10
In Lieu Payments						
Trunk Highway	Receiving Agency	Project Location (TO/FROM)	SP/SAP	PROGRAM NEED (M\$)		
				Calendar 2024	Calendar 2025	BIENNIUM TOTAL
21	Le Sueur/Rice	TH 99 to TH 13	TBD	4.56	9.43	13.99
96	Washington Co	TH 244 to TH 95	AGR#1050364	2.41	0.70	3.11
212	Carver Co	Yellow Brick Road to CSAH 15	AGR#93384	5.74	7.74	13.48
212	Carver Co	Intersection of CSAH 15 to CSAH 10	AGR#93384	6.11	0.00	6.11
212	Carver Co	CSAH 11 to CSAH 44	AGR#93384	0.00	15.05	15.05
212	Carver Co	CSAH 10 to Stoughton	AGR#93384	0.00	5.84	5.84
67/274	Yellow Medicine Co	MN 23 to Echo/Wood Lake	AGR#	10.10	0.00	10.30
246	Goodhue Co	Rice Co line to TH 56	TBD	5.95	3.80	9.75
246	Rice County	Northfield to Rice County Line	TBD	0.00	18.00	18.00
264	Nobles/Jackson	Round Lake to I-90	TBD	3.20	7.00	10.20
952	City of St. Paul	Robert Street	MOU#1036575	5.00	5.00	10.00



Infrastructure Investment and Jobs Act (IIJA)

Infrastructure Investment and Jobs Act (IIJA)

- Estimated to bring \$240M/year to MN from formula funding
 - \$170M/year to MnDOT
 - \$70M/year to local agencies
- Estimated another \$60M/year to match discretionary funding
 - \$40M/year for MnDOT
 - \$20M/year for local agencies



IJA Discretionary Grant Programs

MnDOT State Aid Website - [Bipartisan Infrastructure Bill - Infrastructure Investments and Jobs Act - State Aid – MNDOT](#)

- Bridge Investment Program (BIP)
- Multimodal Projects Discretionary Grants (MPDG)
- Nationally Significant Freight and Highway Projects (INFRA)
- National Infrastructure Project Assistance (Mega)
- Rural Surface Transportation Grant (Rural)
- National Scenic Byways Program Grants
- Railroad Crossing Elimination Program
- RAISE Grants
- Reconnecting Communities
- Safe Streets for All Grants
- Tribal Transportation Program Safety Fund (TTPSF)
- Advanced Transportation Technology & Innovative Mobility Deployment
- Charging and Fueling Infrastructure Grants
- Congestion Relief Program
- National Culvert Removal, Replace & Restoration Grant
- Promoting Resilient Operations for Transformative, Efficient, and Cost-Saving Transportation (PROTECT)
- Strengthening Mobility and Revolutionizing Transportation (SMART)

- RAISE grants awarded to MN
 - 6 projects awarded approx. \$100M in federal funding
 - \$37M identified as non-federal commitment from applications
 - MN – 1.7% of national population. Awarded 4.4% of RAISE federal funds. WE CAN COMPETE.
- Local agency discretionary funding application submittals (as of 9/12/2022)
 - 20 projects
 - Approx. \$250M in federal funding requested
 - Approx. \$260M non-federal funding gap or match needed



Corridors of Commerce

Corridors of Commerce

- Build state highway projects that foster economic growth, enable goods to be transported through a commerce-friendly network, and provide additional mobility to users.
- \$250M in funding
- Solicitation currently open until November 30
- Any government entity, including a corridor coalition, can submit 1 project
- Projects scored on 8 criteria identified in statute
- Project award announcements in May 2023



Thank you

Ted Schoenecker

State Aid for Local Transportation

ted.schoenecker@state.mn.us