



State Aid Update

Ted Schoenecker

Office of State Aid

September 13, 2024

Topics for Today

- Recap of Transportation Revenues from 2023 Session
- 2025 Legislative Proposals
- MnDOT Cost Participation Policy Update
- State Highway Turnback Program

New On-Going Transportation Revenues from 2023 Session

- Highway User Tax Distribution Fund (HUTDF)
 - Indexes the gas tax to inflation
 - Adjusts the motor vehicle registration tax
 - Increases the motor vehicle sales tax to 6.875%
 - Sales tax on auto parts (43.5% of total) – immediately (not new)
- Transportation Advancement Account (TAA)
 - 50-cent fee on deliveries over \$100 (with exceptions)
 - 56.5% of sales tax on auto parts by 2033
- Metro Regional Transportation Sales and Use Tax (0.75%)
 - 83% to Met Council
 - 17% to metro counties



Transportation Advancement Account (TAA)

| Distribution % | Recipient |
|----------------|-----------------------|
| 36% | Metro Counties |
| 10% | CSAH |
| 15% | Large Cities |
| 27% | Small Cities |
| 11% | Townships |
| 1% | Food Delivery Support |

- TAA webpage - [TAA - State Aid – MNDOT](#)
- FY 2024 revenues distributed
 - Approximately \$11.3M total
- FY 2025 Forecast - \$79.8M
 - July 1, 2024 start of delivery fee
 - Increase in percent of auto repair sales tax

Regional Transportation Sales and Use Tax (Metro Counties Portion)

| Distribution % | Recipient |
|----------------|----------------|
| 17% | Metro Counties |

- Webpage - [RTS - State Aid – MNDOT](#)
- FY 2024 revenues distributed
 - Approx. \$46.5M total
- FY 2025 forecast - \$92.2M

Note: Met Council receives the other 83%, with 5% of that to be used for Active Transportation as determined by the Transportation Advisory Board (TAB)

IIJA State Funds

- Matching funds for federal Discretionary Grants
 - \$216M total

| Type | IIJA Match \$ | Count | Avg Match | % of \$ | % of Awards |
|--------------------|--------------------|-----------|------------------|-------------|-------------|
| Local | 66,034,867 | 31 | 2,130,157 | 50% | 54% |
| MnDOT | 41,813,051 | 9 | 4,645,895 | 32% | 16% |
| Airports | 13,454,323 | 5 | 2,690,865 | 10% | 9% |
| Other | 8,800,528 | 5 | 1,760,106 | 7% | 9% |
| Tribes | 1,597,690 | 5 | 319,538 | 1% | 9% |
| Rail | 971,200 | 2 | 485,600 | 1% | 4% |
| Grand Total | 132,671,658 | 57 | 2,327,573 | 100% | 100% |

- Technical Assistance Funds to Develop Application
 - \$2M total

| Entity | # Applications Approved | IIJA Technical Assistance Funds |
|----------------|-------------------------|---------------------------------|
| County | 12 | \$359,916 |
| State Aid City | 14 | \$340,190 |
| Small City | 2 | \$60,000 |
| Tribe | 1 | \$30,000 |
| Total | 29 | \$790,106 |

LRIP, LBRP, AT and SRTS Solicitations

- Local Road Improvement Program (LRIP) - \$103M

| Selection Pool | Projects Selected | Sum of Total LRIP Selections | Percent of Selected Funding |
|--|-------------------|------------------------------|-----------------------------|
| Counties | 29 | \$35,424,729 | 34.4% |
| State Aid Cities | 22 | \$30,864,793 | 30.0% |
| Non-state aid cities, townships/tribes | 35 | \$36,675,411 | 35.6% |
| TOTAL | 86 | \$102,964,933 | 100.0% |

- Active Transportation (AT) - \$10.8M

| Selection Pool | Projects Selected | Total AT Infrastructure Selections | Percent of Selected Funding |
|---|-------------------|------------------------------------|-----------------------------|
| Greater MN Counties & State Aid Cities | 22 | \$8,220,139 | 63.51% |
| Greater MN Non-State Aid Cities & Townships | 6 | \$3,198,400 | 24.71% |
| Greater MN Federally Recognized Indian Tribes | 2 | \$1,523,990 | 11.78% |
| TOTAL | 30 | \$10,841,507 | 100.00% |

- Local Bridge Replacement Program (LBRP) - \$85M

| Agency Type | # Local Bridge Projects | Total LBRP Bond/General Funds |
|----------------|-------------------------|-------------------------------|
| County | 140 | \$56,597,378.00 |
| State Aid City | 5 | \$1,961,082.00 |
| Small City | 6 | \$3,139,332.00 |
| Township | 12 | \$6,388,847.00 |
| TOTAL | 163 | \$68,086,640.00 |

- Safe Routes to School (SRTS) - \$10.8M

| Selection Pool | Projects Selected | Total SRTS Infrastructure Selections | Percent of Selected Funding |
|--|-------------------|--------------------------------------|-----------------------------|
| Cities of the First Class | 3 | \$1,325,710 | 12.23% |
| MnDOT Metro District Communities | 4 | \$3,290,725 | 30.35% |
| Greater MN Counties & State Aid Cities | 8 | \$3,387,483 | 31.25% |
| Greater MN Non-State Aid Cities & Townships | 5 | \$2,837,589 | 26.17% |
| Greater MN Federally Recognized Indian Tribes ³ | - | - | - |
| TOTAL | 20 | \$10,841,507 | 100.00% |

2025 Legislative Proposals

MnDOT Cost Participation Policy



What is the Cost Participation Policy?

- [Cost Participation for Cooperative Construction Projects and Maintenance Responsibilities - Policies - MnDOT \(state.mn.us\)](#)
- Two documents - Policy and Manual
 - Policy – Provides overall/umbrella direction for cost participation on construction projects
 - Manual – 78-page document with details on cost participation by specific items for construction and future maintenance responsibilities
- Internal Policy – binding only on MnDOT.
 - MnDOT's funding **through the** Trunk Highway Fund and (State Road Construction spending) can be for trunk highway purposes only
 - Exceeding policy guidance requires an exception
- Local agencies are not legally obligated to pay a local share until/unless they sign an agreement, except for city utilities
- The policy is not a guarantee/offer to pay. MnDOT decides if and how much it is willing/able to pay for each project.

Why Update the Policy Now?

- Last Major Revision to the Policy: 2016
 - 2015 Legislative direction to minimize costs to local units of government
- Minor revisions in 2021 to manual
- Practice of revisiting after Minnesota State Highway Investment Plan (MnSHIP) updates
 - MnSHIP updated Feb 2024
- Goals for this Update
 - Update policy and manual to reflect current agency plans, strategic direction, and updated guidance
 - Improve readability and reduce ambiguity
 - Integrate context more into the manual
 - Address transportation equity

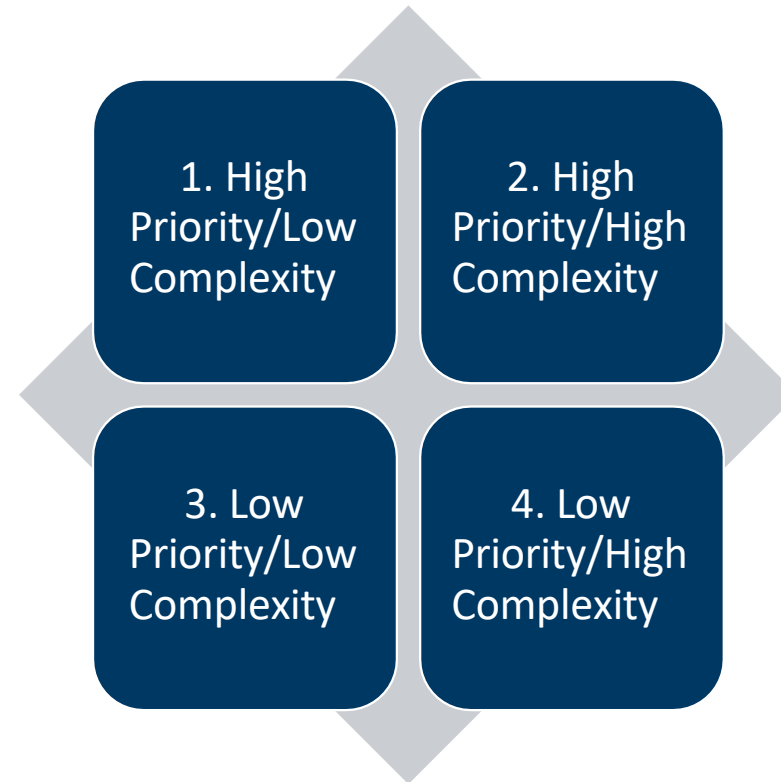
Lots of Perspectives

- “Consistency is important.”
- “Circumstances are different—context matters. Not every community is in the same place financially or in terms of capacity to maintain.”
- “It’s hard for small communities to cover their share of items. Even large cities struggle—especially when MnDOT moves work up. For example, we can’t just find \$125K or \$250K in one or two years to participate in a signal replacement.”
- “The policy should support the strategic direction of the agency.”
- “Does your stated values and your vision match your policy?”
- “Anything we pay more for is something else we have to do less of.”
- “MnDOT can more efficiently construct the infrastructure. Therefore, MnDOT is generally willing to pay more for construction. Local agencies are generally better situated to more efficiently provide maintenance. MnDOT hopes they will find it reasonable to contribute in the form of maintenance”

Topic Review and Prioritization

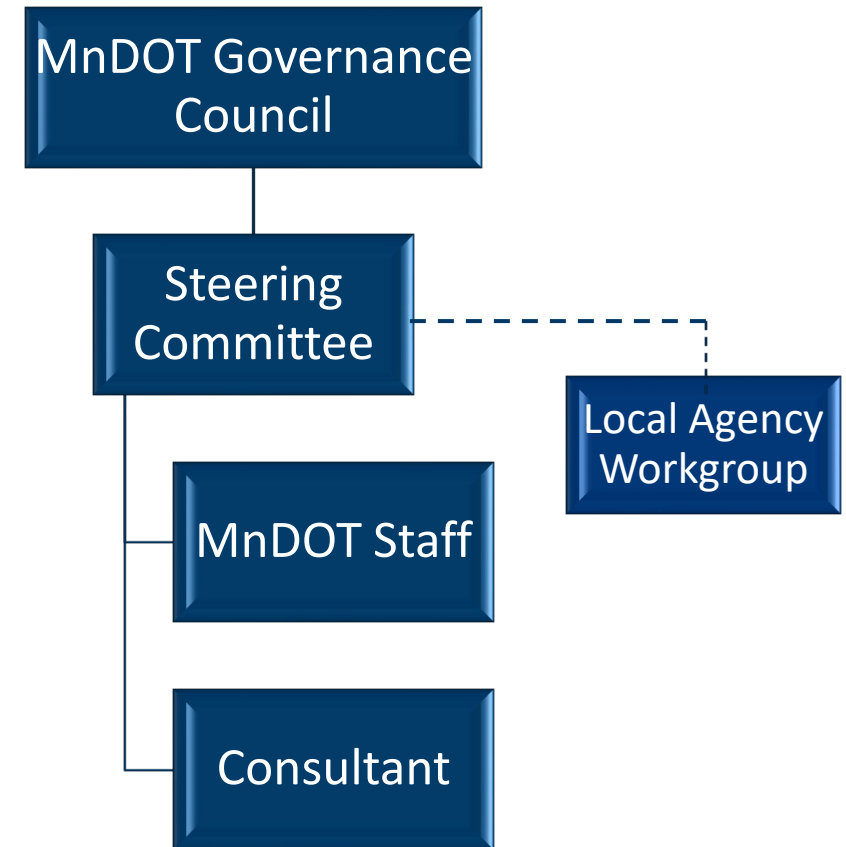
- Clustered topics (not a perfect science)

- Active Transportation
- Alternative Uses of ROW
- Bridge
- Drainage and Wetland Credits
- Equity
- Lighting and Signals
- Parking
- Roundabouts, Intersections & Interchanges
- Process
- Misc
- Clarity



Decision Making and Roles

- MnDOT Governance Council and Leadership
 - Ultimately approve and adopt policies and policy updates
- Steering Committee
 - MnDOT and Local Reps
 - Debate and review potential changes to the manual and policy
 - Seek consensus on recommended changes
- Staff
 - Facilitate, research, provide suggestions, track progress, communicate
- Consultant Support



MnDOT Steering Committee

| Representative | Agency |
|-----------------------------------|---|
| Philip Schaffner, Project Manager | MnDOT, Sustainability, Planning and Prog Mgmt |
| Chris Roy | MnDOT, Operations |
| Jeff Perkins | MnDOT, Operations |
| Lynn Clarkowski | MnDOT, Engineering Services |
| Jon Solberg | MnDOT, Sustainability, Planning and Prog Mgmt |
| Josh Knatterud-Hubinger | MnDOT, CFO |
| Tom Styrbicki | MnDOT, Project Mgmt and Technical Support |
| Malaki Ruranika | MnDOT, Project Mgmt and Technical Support |

| Representative | Agency |
|----------------|-----------------------------|
| Jim Foldesi | St Louis County |
| Tony Winiecki | Scott County |
| Julie Long | Bloomington |
| Deb Heiser | St Louis Park |
| Bob Zimmerman | Moorhead |
| Madeline Cash | MN Association of Townships |

| Representative | Agency |
|-----------------|------------------|
| Ted Schoenecker | MnDOT, State Aid |

Local Agency Workgroup (CPP LAW)

Counties

| Name | Agency |
|------------------|--------------------------|
| Darrick Anderson | Cass County |
| AJ Pirkl | Lake of the Woods County |
| Brian Giese | Pope County |
| Rich Sanders | Polk County |
| Tony Winiecki* | Scott County |
| Jim Foldesi* | St Louis County |
| Dave Kramer | Winona County |

MnDOT State Aid

| Name | Agency |
|------------------|----------|
| Andjela Tomovic | MnDOT D3 |
| Nathan Gannon | MnDOT D4 |
| Todd Broadwell | MnDOT D8 |
| Ted Schoenecker* | MnDOT CO |
| Jay Owens | MnDOT CO |
| Mark Vizecky | MnDOT CO |

Cities

| Name | Agency |
|------------------|---------------|
| Steve Jahnke | Albert Lea |
| Julie Long* | Bloomington |
| Will Manchester | Minnetonka |
| Jeni Hagar | Minneapolis |
| Bob Zimmerman* | Moorhead |
| Michael Thompson | Plymouth |
| Kristin Asher | Richfield |
| Deb Heiser* | St Louis Park |
| Steve Bot | St Michael |

Townships

| Name | Agency |
|----------------|-----------------------------|
| Madeline Cash* | MN Association of Townships |

* Steering Committee Members

General Timeline of Activities

- Anticipated 18-month process (May 2024 thru October 2025)
- MnDOT Steering Committee
 - Kick-off meeting – May 2024
 - Generally, meet monthly
- CPP LAW
 - Kick-off meeting – May 2024
 - Generally, meet monthly in-between Steering Committee meetings
- On-going engagement throughout process
 - County/City Fall and Spring prescreening meetings
 - Other opportunities?



State Highway Turnback Program

Turnback Program

- Why a state highway Turnback program?
- What governs the program?
- How the Turnback program works?
- Program/Budget 2026 - 2027



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



What governs the program?

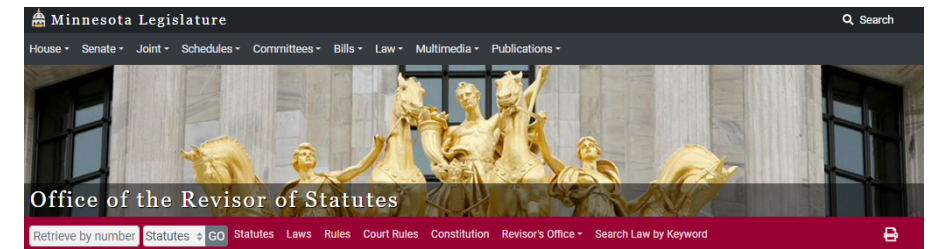
- Constitution of the State of Minnesota
- Article XIV - Public Highway System – Sec. 2

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

Authenticate PDF

Adopted October 13, 1857
Generally Revised November 5, 1974

[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.

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

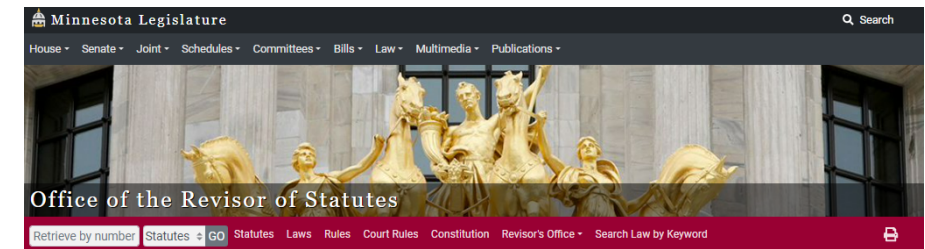
Table 7. Analysis tiers and mileage chart

| 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 | |
| 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 | |
| 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 | |
| Township road | Township | | | | 19 | 76 | 355 | 53,268 | 53,717 | |
| Parks and other roads | Parks or private | | | | 1 | 64 | 163 | 4,101 | 4,329 | |
| Total | | 914 | 166 | 4,256 | 9,178 | 18,422 | 12,030 | 93,735 | 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

Authenticate PDF

Adopted October 13, 1857
 Generally Revised November 5, 1974

- [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.

Resources

- Amendments proposed since 1858
- Version List

- 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 Minnesota Legislature website's page for Statute 161.081. The page title is "2023 Minnesota Statutes" and the specific statute is "161.081 HIGHWAY USER TAX, DISTRIBUTION, INVESTMENT." The text of the statute is as follows:

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 account.** (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 217.121, 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 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.

(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.

(d) Money that will be used for the restoration of trunk highways that have reverted or that will revert to cities must be deposited in the municipal turnback account, which is created in the state treasury.

(e) Money that will be used for the restoration of trunk highways that have reverted or that will revert to counties must be deposited in the county turnback account, which is created in the state treasury.

(f) Money that will be used for safety improvements must be deposited in the highway safety improvement account, which is created in the state treasury to be used as grants to statutory or home rule charter cities, towns, and counties to assist in paying the costs of constructing or reconstructing city streets, county highways, or town roads to reduce crashes, deaths, injuries, and property damage.

(g) Money that will be used for routes of regional significance must be deposited in the routes of regional significance account, which is created in the state treasury, and used as grants to statutory or home rule charter cities, towns, and counties to assist in paying the costs of constructing or reconstructing city streets, county highways, or town roads with statewide or regional significance that have not been fully funded through other state, federal, or local funding sources.

(h) As part of each biennial budget submission to the legislature, the commissioner must: (1) describe how the money in the flexible highway account will be apportioned among the county turnback account, the municipal turnback account, the trunk highway fund for routes turned back to local governments by agreement, the highway safety improvement account, and the routes of regional significance account; and (2) specify the turnback projects likely to be funded with the amounts available in the county turnback account and municipal turnback account, and provide the cost associated with each project.

History: 1965 c. 672 s. 1; 1974 c. 203 s. 22; 1985 c. 17 s. 1; 1989 c. 266 s. 1; 1991 c. 266 s. 15; 1998 c. 372 s. 1; 2008 c. 112 s. 2 s. 10; 2008 c. 157 s. 8 s. 4; 2009 c. 101 s. 2 s. 109; 19a2017 c. 3 s. 3 s. 10.

Official Publication of the State of Minnesota
Revisor of Statutes

Turnback Program

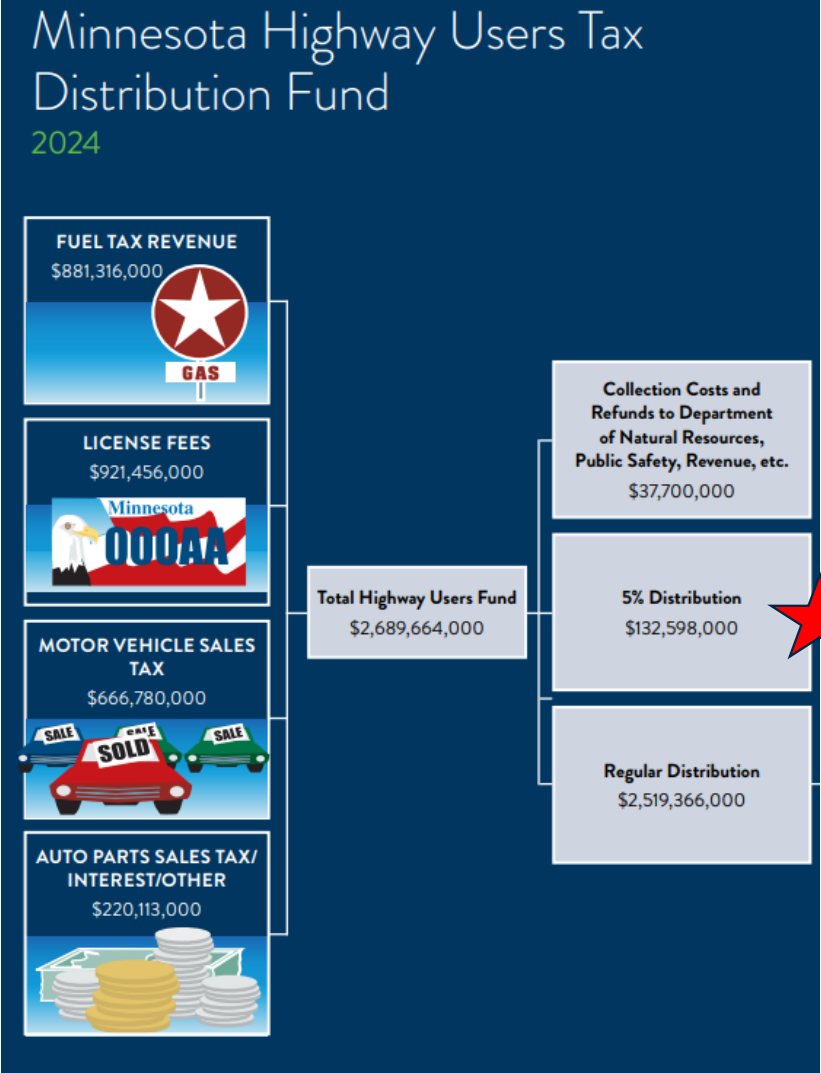
- MN Statute 161.081 Highway User Tax, Distribution, Investment
 - 5% Distribution, 53.5% apportionment to the flexible highway account, Metro County distribution, 50/50

2023 Minnesota Statutes

Authenticate  PDF

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

2023 Minnesota Statutes

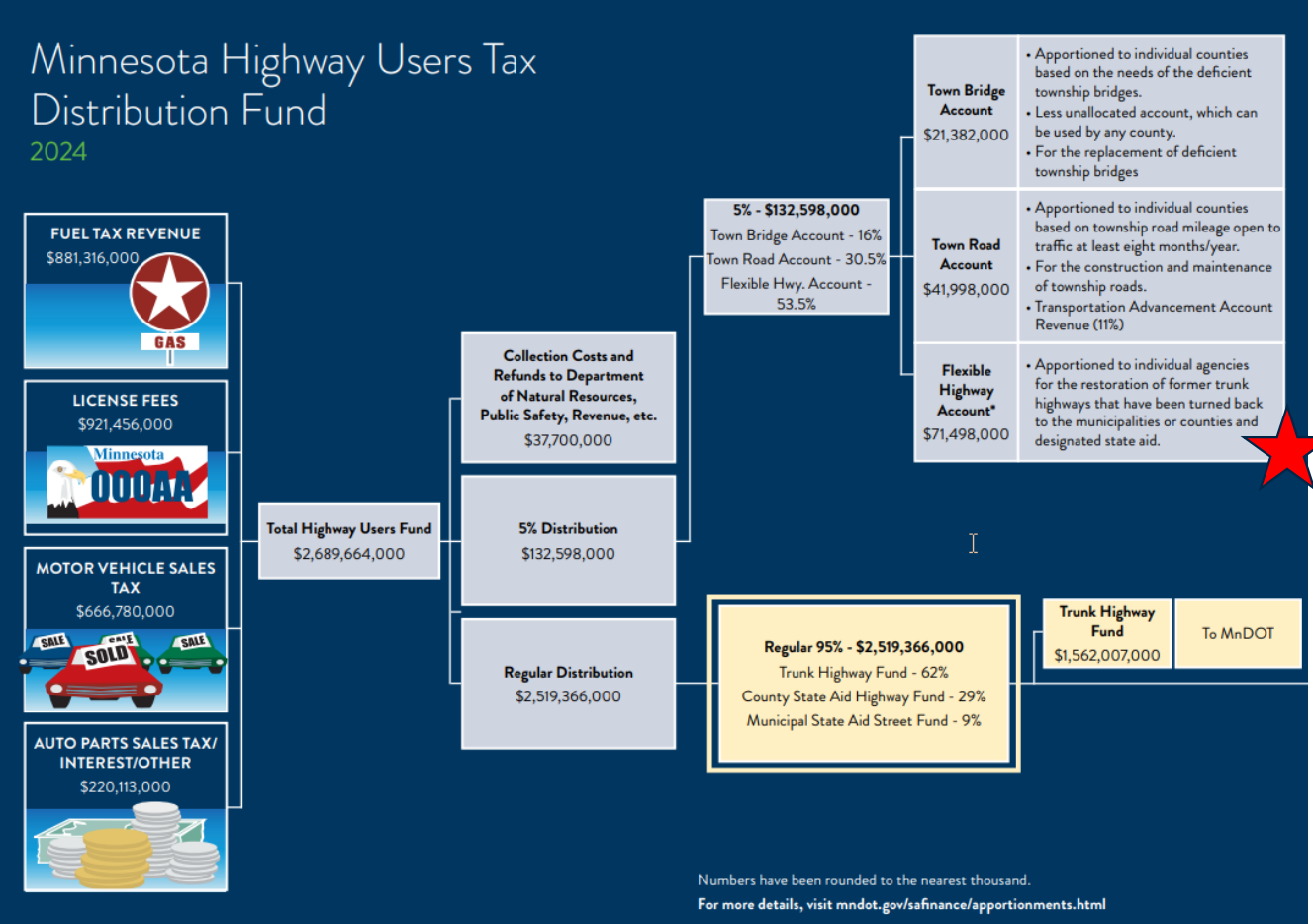
161.081 HIGHWAY USER TAX, DISTRIBUTION, INVESTMENT.

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

ORDER NO. 100424

FLEXIBLE APPORTIONMENTS

The following apportionment has been made in accordance with provisions specified in M.S. 161.081, Subd 3.

| | |
|--|--------------------------|
| <u>INCOME</u> | <u>Total</u> |
| Flexible Account | \$ 70,940,053 |
| (5% Distribution x 53.5%) | |
| Income -FY 2023 actual vs. estimate | <u>557,468</u> |
| Total Flexible amount available for distribution | <u>\$ 71,497,521</u> |

Metro Distribution
(16% of amount available for distribution)

| <u>County</u> | <u>Population</u> | <u>Population Percentage</u> | <u>Apportionment</u> |
|---------------|-------------------|------------------------------|----------------------|
| Anoka | | 15.035672% | \$ 1,720,021 |
| Carver | 110,136 | 4.496494% | 514,381 |
| Dakota | 444,985 | 18.167288% | 2,078,266 |
| Hennepin | 856,717 | 34.976964% | 4,001,226 |
| Ramsey | 240,273 | 9.809564% | 1,122,175 |
| Scott | 154,395 | 6.303445% | 721,089 |
| Washington | <u>274,589</u> | <u>11.210574%</u> | <u>1,282,445</u> |
| | <u>2,449,375</u> | <u>100.000000%</u> | <u>\$ 11,439,603</u> |



| <u>Accounts</u> | <u>Greater MN</u> | <u>Metro District</u> | <u>Total</u> |
|-------------------------------------|----------------------|-----------------------|----------------------|
| Municipal Turnback | \$ 5,000,000 | | \$ 5,000,000 |
| Trunk Highway Turnback | 1,850,000 | - | 1,850,000 |
| County Turnback (Remaining Balance) | <u>28,898,761</u> | <u>24,309,157</u> | <u>53,207,918</u> |
| | <u>\$ 35,748,761</u> | <u>\$ 24,309,157</u> | <u>\$ 60,057,918</u> |

TOTAL \$ 71,497,521

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

2023 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

ORDER NO. 100424

FLEXIBLE APPORTIONMENTS

The following apportionment has been made in accordance with provisions specified in M.S. 161.081, Subd 3.

| | |
|--|--------------------------|
| <u>INCOME</u> | <u>Total</u> |
| Flexible Account | \$ 70,940,053 |
| (5% Distribution x 53.5%) | |
| Income -FY 2023 actual vs. estimate | <u>557,468</u> |
| Total Flexible amount available for distribution | <u>\$ 71,497,521</u> |

Metro Distribution (16% of amount available for distribution)

| <u>County</u> | <u>Population</u> | <u>Population Percentage</u> | <u>Apportionment</u> |
|---------------|-------------------|------------------------------|----------------------|
| Anoka | | 15.035672% | \$ 1,720,021 |
| Carver | 110,136 | 4.496494% | 514,381 |
| Dakota | 444,985 | 18.167288% | 2,078,266 |
| Hennepin | 856,717 | 34.976964% | 4,001,226 |
| Ramsey | 240,273 | 9.809564% | 1,122,175 |
| Scott | 154,395 | 6.303445% | 721,089 |
| Washington | <u>274,589</u> | <u>11.210574%</u> | <u>1,282,445</u> |
| | <u>2,449,375</u> | <u>100.000000%</u> | <u>\$ 11,439,603</u> |



| <u>Accounts</u> | <u>Greater MN</u> | <u>Metro District</u> | <u>Total</u> |
|-------------------------------------|----------------------|-----------------------|----------------------|
| Municipal Turnback | \$ 5,000,000 | | \$ 5,000,000 |
| Trunk Highway Turnback | 1,850,000 | - | 1,850,000 |
| County Turnback (Remaining Balance) | <u>28,898,761</u> | <u>24,309,157</u> | <u>53,207,918</u> |
| | <u>\$ 35,748,761</u> | <u>\$ 24,309,157</u> | <u>\$ 60,057,918</u> |

TOTAL \$ 71,497,521

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.**

ORDER NO. 100424

FLEXIBLE APPORTIONMENTS

The following apportionment has been made in accordance with provisions specified in M.S. 161.081, Subd 3.

| | |
|---|-----------------------------|
| <u>INCOME</u> | <u>Total</u> |
| Flexible Account | \$ 70,940,053 |
| (5% Distribution x 53.5%) | |
| Income -FY 2023 actual vs. estimate | <u>557,468</u> |
| Total Flexible amount available for distribution | \$ <u>71,497,521</u> |

Metro Distribution
(16% of amount available for distribution)

| <u>County</u> | <u>Population</u> | <u>Population Percentage</u> | <u>Apportionment</u> |
|---------------|-------------------|------------------------------|----------------------|
| Anoka | | 15.035672% | \$ 1,720,021 |
| Carver | 110,136 | 4.496494% | 514,381 |
| Dakota | 444,985 | 18.167288% | 2,078,266 |
| Hennepin | 856,717 | 34.976964% | 4,001,226 |
| Ramsey | 240,273 | 9.809564% | 1,122,175 |
| Scott | 154,395 | 6.303445% | 721,089 |
| Washington | <u>274,589</u> | <u>11.210574%</u> | <u>1,282,445</u> |
| | <u>2,449,375</u> | <u>100.00000%</u> | <u>\$ 11,439,603</u> |



| <u>Accounts</u> | <u>Greater MN</u> | <u>Metro District</u> | <u>Total</u> |
|-------------------------------------|----------------------|-----------------------|----------------------|
| Municipal Turnback | \$ 5,000,000 | | \$ 5,000,000 |
| Trunk Highway Turnback | 1,850,000 | - | 1,850,000 |
| County Turnback (Remaining Balance) | <u>28,898,761</u> | <u>24,309,157</u> | <u>53,207,918</u> |
| | <u>\$ 35,748,761</u> | <u>\$ 24,309,157</u> | <u>\$ 60,057,918</u> |



TOTAL **\$ 71,497,521**



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.

Minnesota Legislature
House Senate Joint Schedules Committees Bills Law Multimedia Publications

Office of the Revisor of Statutes
Retrieve by number Statutes GO Statutes Laws Rules Court Rules Constitution Revisor's Office Search Law by Keyword

2023 Minnesota Statutes > TRANSPORTATION > Chapter 161 > Section 161.081

161.081
2023 Minnesota Statutes 161.081

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.01. 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 account.** (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 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.
(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 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.
(d) Money that will be used for the restoration of trunk highways that have reverted or that will revert to cities must be deposited in the municipal turnback account, which is created in the state treasury.
(e) Money that will be used for the restoration of trunk highways that have reverted or that will revert to counties must be deposited in the county turnback account, which is created in the state treasury.
(f) Money that will be used for safety improvements must be deposited in the highway safety improvement account, which is created in the state treasury to be used as grants to statutory or home rule charter cities, towns, and counties to assist in paying the costs of constructing or reconstructing city streets, county highways, or town roads to reduce crashes, deaths, injuries, and property damage.
(g) Money that will be used for routes of regional significance must be deposited in the routes of regional significance account, which is created in the state treasury, and used as grants to statutory or home rule charter cities, towns, and counties to assist in paying the costs of constructing or reconstructing city streets, county highways, or town roads with statewide or regional significance that have not been fully funded through other state, federal, or local funding sources.
(h) As part of each biennial budget submission to the legislature, the commissioner must: (1) describe how the money in the flexible highway account will be apportioned among the county turnback account, the municipal turnback account, the trunk highway fund for routes turned back to local governments by agreement, the highway safety improvement account, and the routes of regional significance account; and (2) specify the turnback projects likely to be funded with the amounts available in the county turnback account and municipal turnback account, and provide the cost associated with each project.

History: 1965 c. 672 s. 1; 1975 c. 209 s. 22; 1983 c. 17 s. 1; 1989 c. 266 s. 1; 1993 c. 266 s. 15; 1998 c. 372 art. 2 s. 1; 2009 c. 112 art. 2 s. 30; 2008 c. 122 art. 8 s. 4; 2002 c. 101 art. 2 s. 102; 1920 c. 117 s. 12

Official Publication of the State of Minnesota
Revisor of Statutes

Resources
Search Minnesota Statutes
About Minnesota Statutes
2023 Statutes New, Amended or Repealed
2023 Table of Chapters
2023 Statutes Topics (Index)
Chapter 161
Table of Sections
Full Chapter Text
Version List
Section 161.081
Version List
Recent History
2017 Act 3, Amended 2017 c. 3 art. 4 s. 14
2024 Act 3, Amended 2024 c. 122 art. 8 s. 4
1996 Act 1, Amended 1996 c. 272 art. 2 s. 1
1996 Act 3, New 1996 c. 272 art. 2 s. 1

Topics
County state-aid Highway Fund
County state-aid Highways
General fund
Highway user tax distribution fund
Securities
State funds and accounts

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



2026 - 2027 Trunk Highway, County, Municipal Turnback Account Budget

| Restoration/Reconstruction | | | | | | |
|----------------------------|-------------------------|---|--------------|--------------------|---------------|----------------|
| Trunk Highway | Receiving Agency | Project Location (TO/FROM) | SP/SAP | PROGRAM NEED (M\$) | | |
| | | | | Calendar 2026 | Calendar 2027 | BIENNIUM TOTAL |
| 13 | City of Mendota Heights | TH 13 to TH 13 (Sibley Memorial Hwy) | SP 1901-195 | 1.45 | 1.05 | 2.50 |
| 12 | Hennepin Co | CSAH 6 to Willow | 027-712-003 | 1.60 | 0.00 | 1.60 |
| 59 | City of Worthington | TH 60 to I-90 | SP 5304-41 | 9.50 | 1.50 | 11.00 |
| 101 | Carver Co | Pioneer Tr to Flying Cloud Dr | 010-701-004 | 0.47 | 0.00 | 0.47 |
| 212 | Carver Co | TH 41 to Yellow Brick Rd | 010-761-010 | 1.20 | 0.00 | 1.20 |
| 952A | Hennepin Co | I35W to TH 65 (University Ave and 4th St) | SP2726-87 | 8.50 | 2.30 | 10.80 |
| | | | | | | |
| | | | | | | |
| In Lieu Payments | | | | | | |
| Trunk Highway | Receiving Agency | Project Location (TO/FROM) | SP/SAP | PROGRAM NEED (M\$) | | |
| | | | | Calendar 2026 | Calendar 2027 | BIENNIUM TOTAL |
| 212 | Carver Co | Yellow Brick Road to the W jct MN 101 | AGR#9384 | 15.60 | 26.50 | 42.10 |
| 244 | City of Mahtomedi | CR 12 to Dellwood City Limits | TBD | 8.03 | 0.00 | 8.03 |
| 246 | City of Northfield | CSAH 1 to TH 3 | RES#2024-078 | 11.50 | 2.70 | 14.20 |
| 264 | Nobles/Jackson Co | I-90 to Round Lake | TBD | 0.00 | 24.30 | 24.30 |
| 267 | Murray Co | reconstruction - MN 30 to Iona | TBD | 5.81 | 2.45 | 8.26 |

Thank you

Ted Schoenecker

State Aid for Local Transportation

ted.schoenecker@state.mn.us