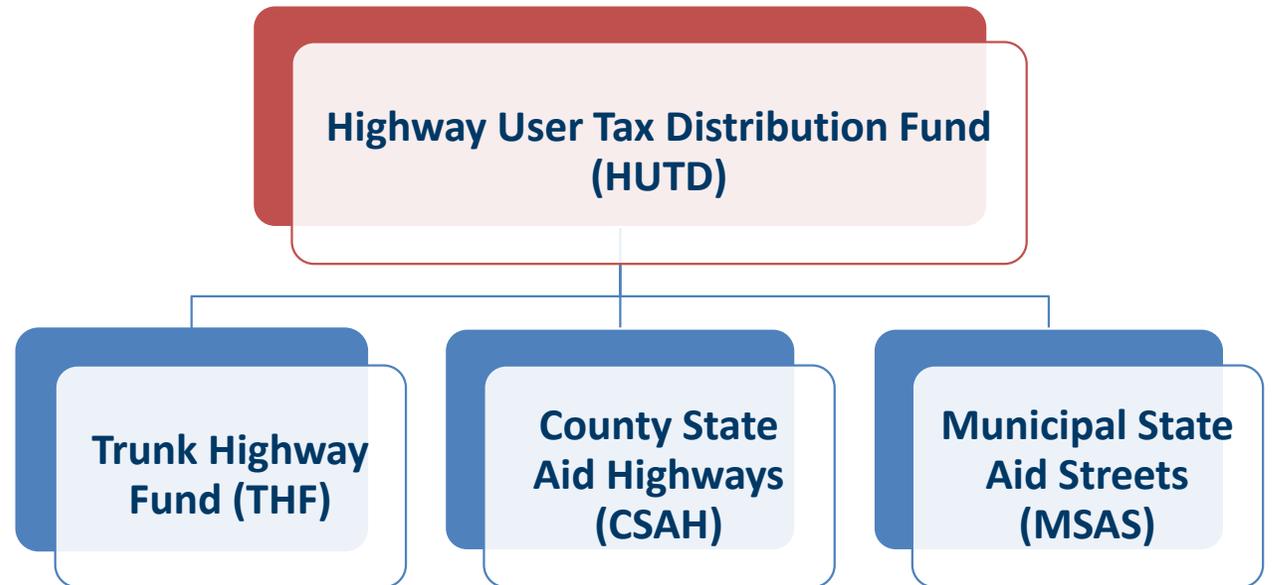


# November 2016 Transportation Funds Forecast

## House Transportation Finance Committee

Tracy Hatch  
Deputy Commissioner  
Chief Financial Officer / Chief Operating Officer  
January 10, 2017

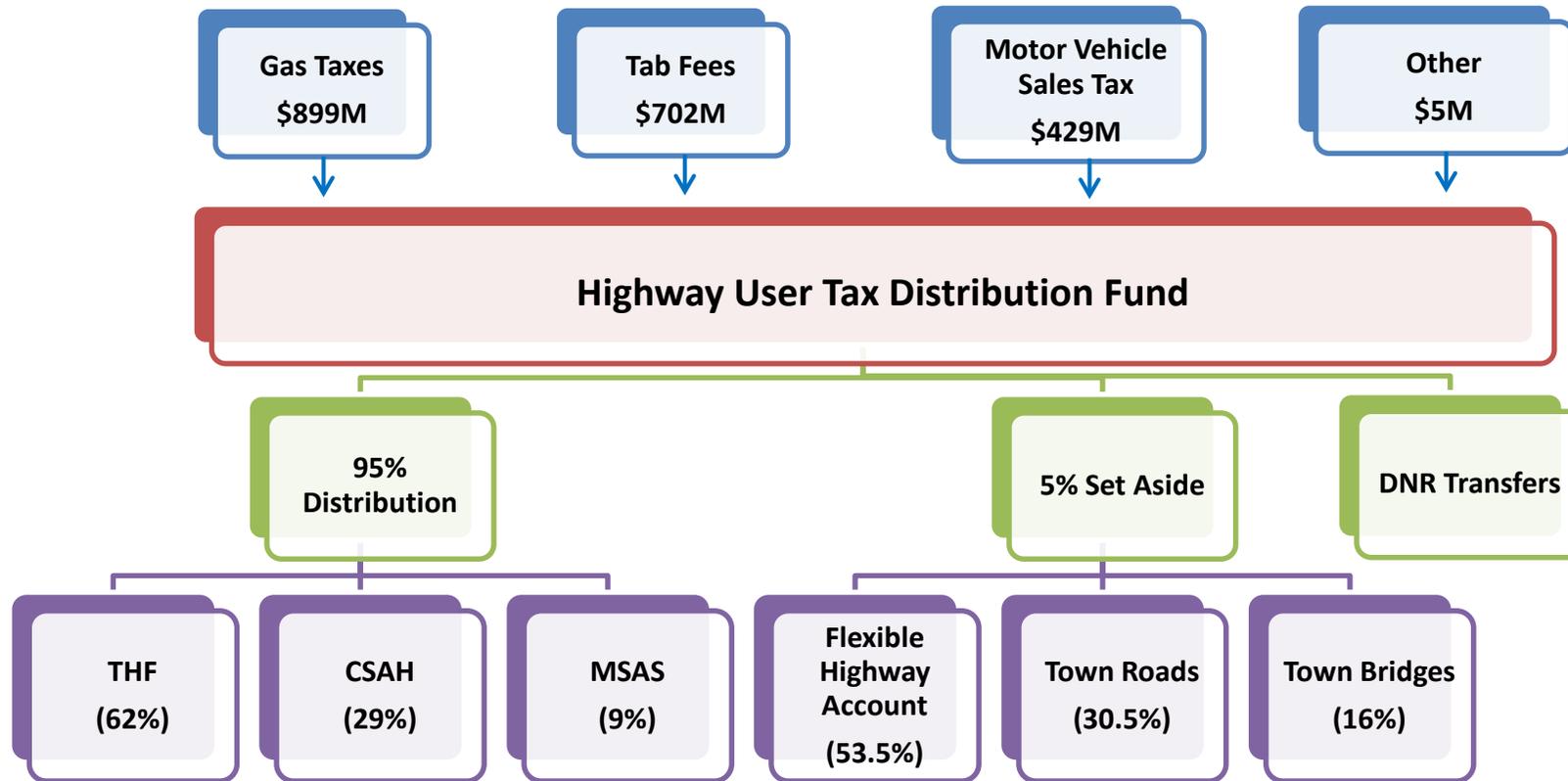
- Highway Funds
- State Airport Fund
- Transit Assistance Fund



- Motor Fuel Taxes (Gas Taxes)
- Registration Taxes (Tab Fees)
- Motor Vehicle Sales Taxes (MVST)

See p. 4 of November Forecast

# HUTD Sources and Uses FY 2016



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

See p. 3 of November Forecast

# HUTD Forecast

- FY 2016-17 HUTD revenues are down \$45 million (1.1%) compared to the 2016 EOS Forecast. The primary changes are:
  - Gas taxes are up \$6 million (0.3%)
  - Tab fees are down \$32 million (-2.2%)
  - MVST are down \$16 million (-1.8%)
- However, revenue continues to increase year-over-year

Changes in the forecast reflect the difference from EOS fund statements

HUTD Fund Revenues (\$ in millions)				
FY	Nov '16	EOS '16	\$ Change	% Change
2014 (act)	1,918	1,918	-	0.0%
2015 (act)	1,996	1,996	-	0.0%
2016 (act)	2,035	2,053	(18.4)	(0.9%)
<b>2017</b>	<b>2,099</b>	<b>2,126</b>	<b>(26.1)</b>	<b>(1.2%)</b>
2018	2,165	2,189	(23.5)	(1.1%)
2019	2,224	2,239	(15.5)	(0.7%)
2020	2,268	-	-	-
2021	2,283	-	-	-

See p. 14 of November Forecast

# Total Impact of HUTD Revenue Forecast

## HUTD Allocations by Fund Biennial Totals and Change from EOS '16 Forecast (\$ in millions)

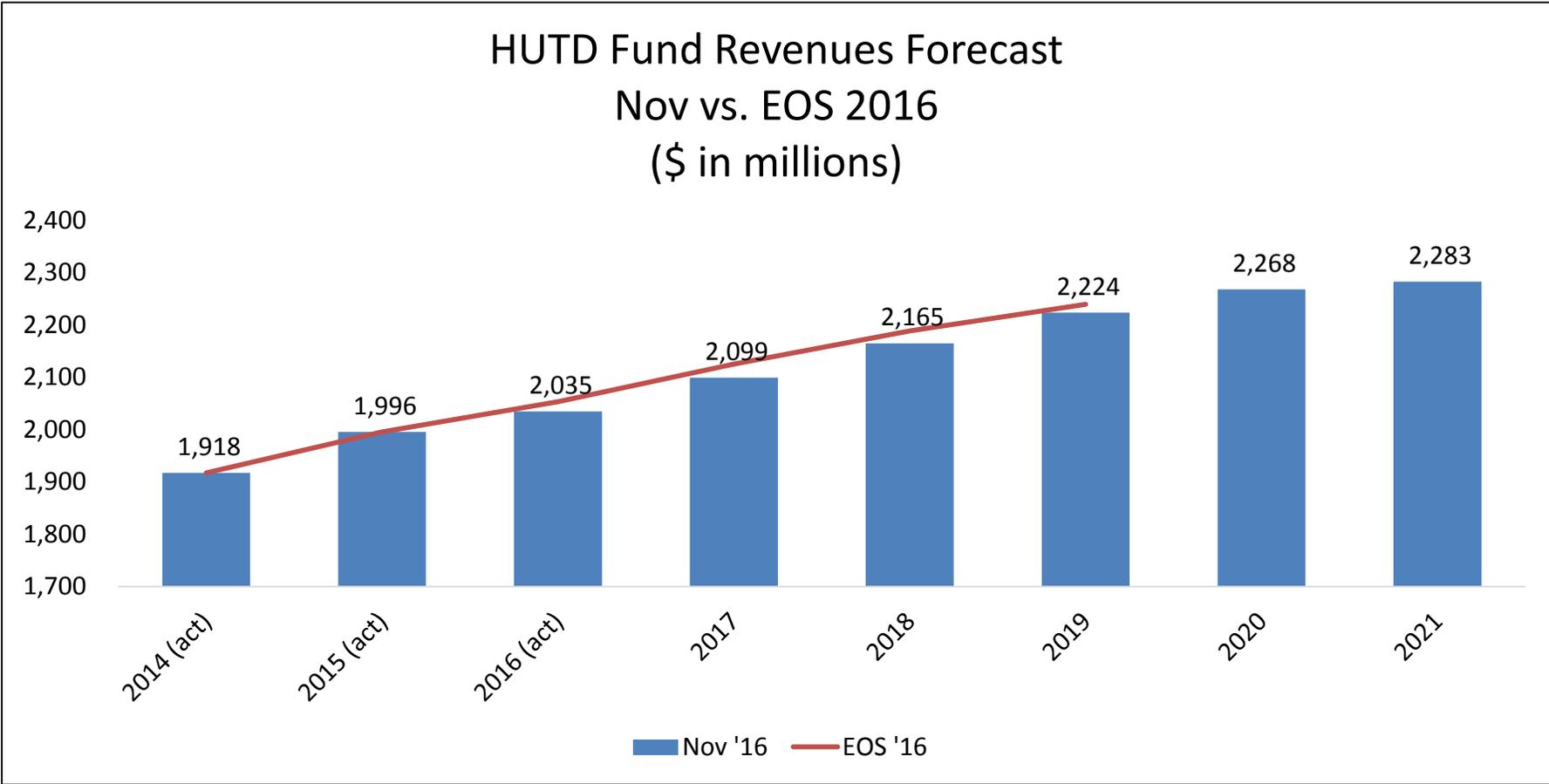
Revenue Source	FY 16-17*	Change	FY 18-19	Change
Trunk Highway	2,403	(26)	2,545	(21)
CSAH	1,328	(14)	1,406	(12)
MSAS	349	(4)	369	(3)
Other (DNR, DPS, Revenue)	52	(3)	69	(3)
<b>Total</b>	<b>4,131</b>	<b>(47)</b>	<b>4,389</b>	<b>(39)</b>

\*Note: FY 2016 allocations include prior year adjustments

Numbers in the text and table may not add to the totals due to rounding.

See p. 14 of November Forecast

# HUTD Forecast

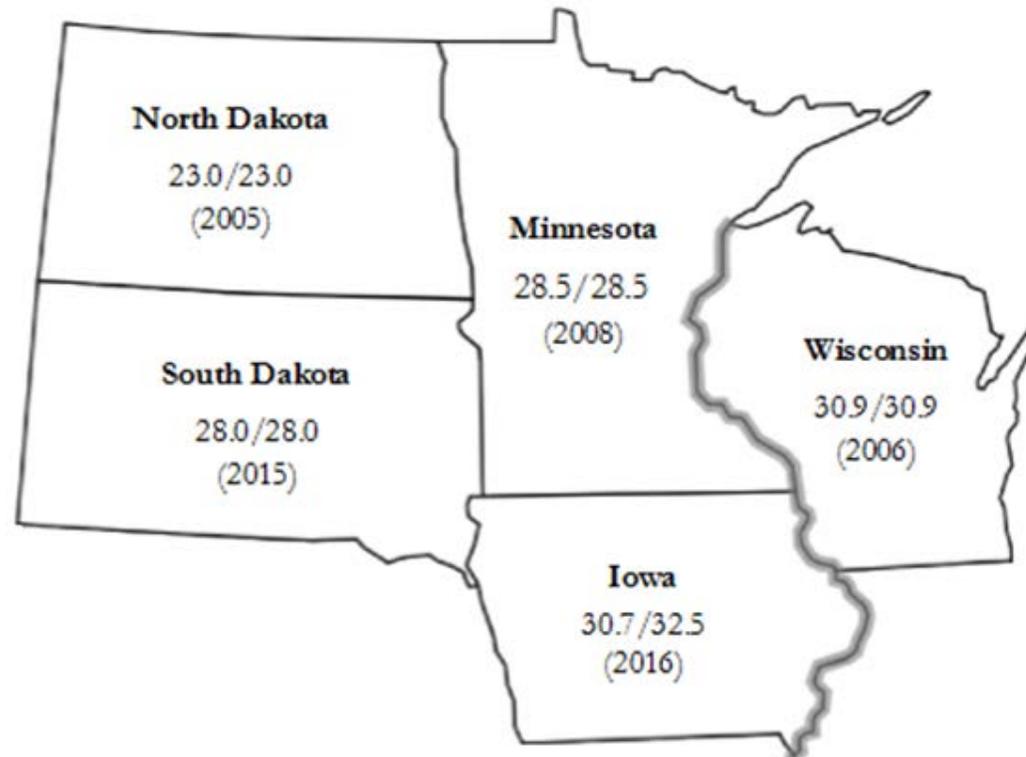


See p. 14 of November Forecast

# Gas Tax Rates

## Comparison of November 2016 Motor Fuel Tax Rates (per gallon)

Gasoline / Diesel  
(Year tax rate changed)



Note: Federal gas tax rate is 18.4 cents per gallon

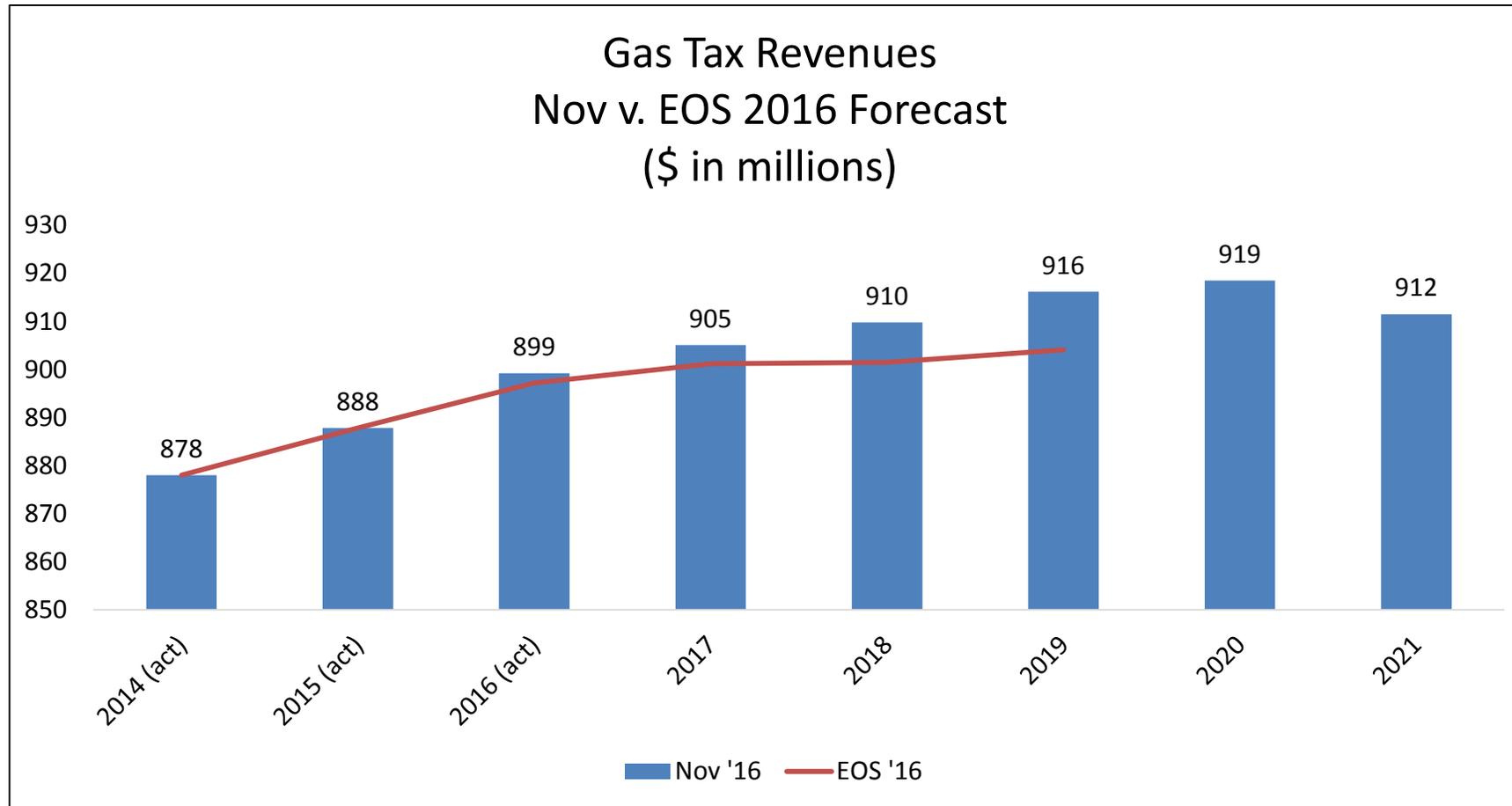
# Gas Tax Forecast

Gas Tax Revenues (\$ in millions)				
FY	Nov '16	EOS '16	\$ Change	% Change
2014 (act)	878	878	-	0.0%
2015 (act)	888	888	-	0.0%
2016 (act)	899	897	2.1	0.2%
2017	905	901	3.9	0.4%
2018	910	902	8.3	0.9%
2019	916	904	12.1	1.3%
2020	919	-	-	-
2021	912	-	-	-

- MnDOT uses an average of IHS Markit's national and the U.S. Energy Information Administration's regional gas consumption forecasts.
- Gas consumption projections are applied to Minnesota's historical and year-to-date consumption.

See p. 8 of November Forecast

# Gas Tax Forecast



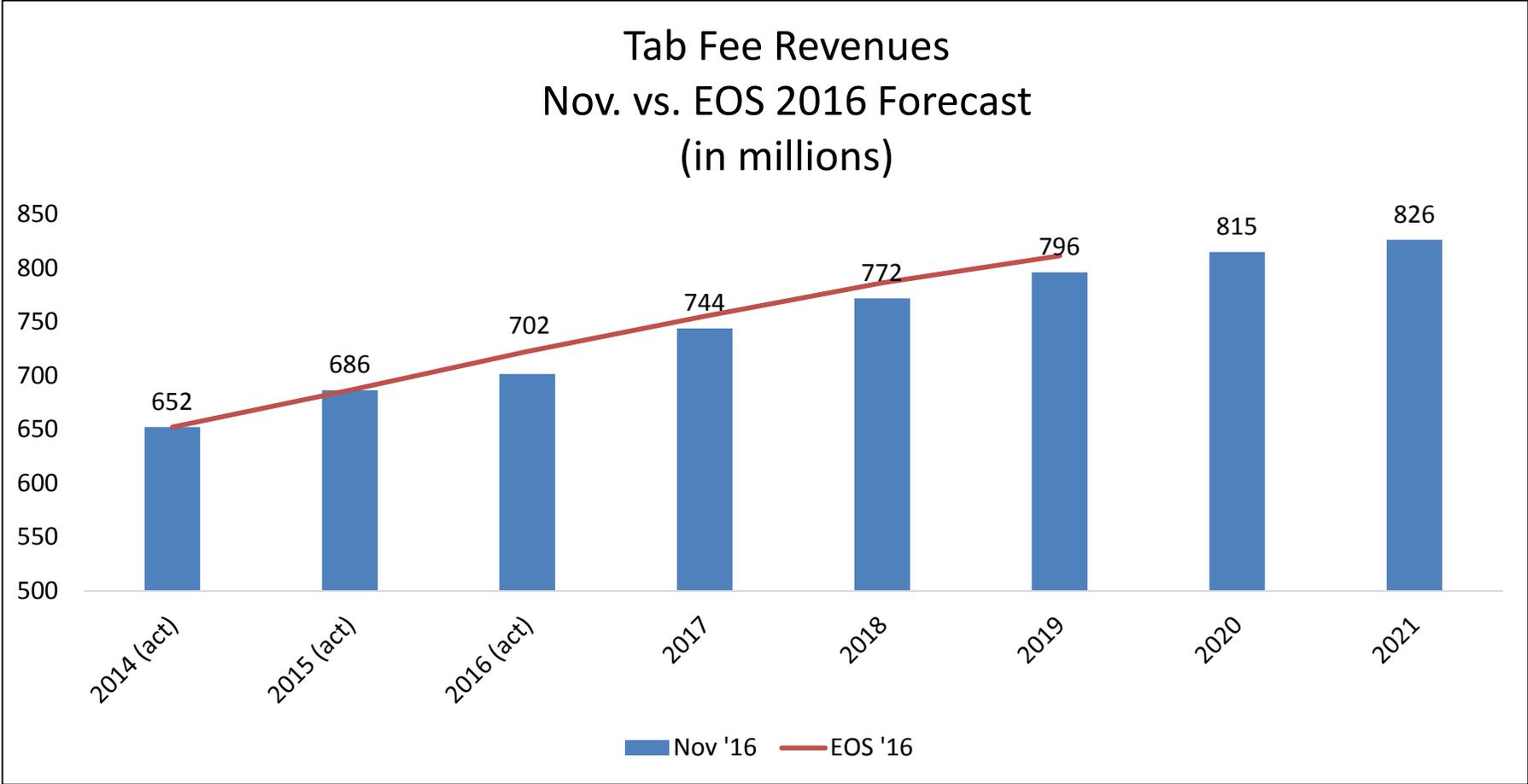
See p. 8 of November Forecast

# Tab Fees Forecast

Tab Fee Revenues (\$ in millions)				
FY	Nov '16	EOS '16	\$ Change	% Change
<b>2014 (act)</b>	652	652	-	0.0%
<b>2015 (act)</b>	686	686	-	0.0%
<b>2016 (act)</b>	702	722	(20.7)	(2.9%)
<b>2017</b>	744	755	(11.5)	(1.5%)
<b>2018</b>	772	786	(14.3)	(1.8%)
<b>2019</b>	796	811	(15.3)	(1.9%)
<b>2020</b>	815	-	-	-
<b>2021</b>	826	-	-	-

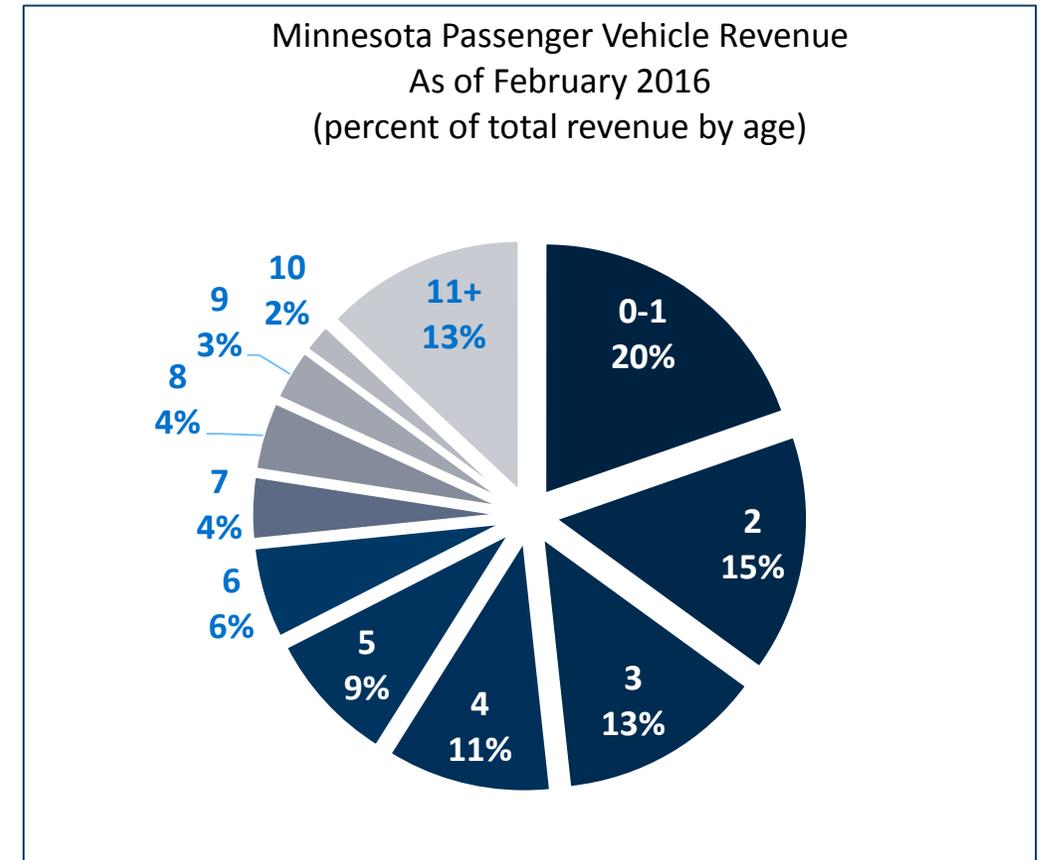
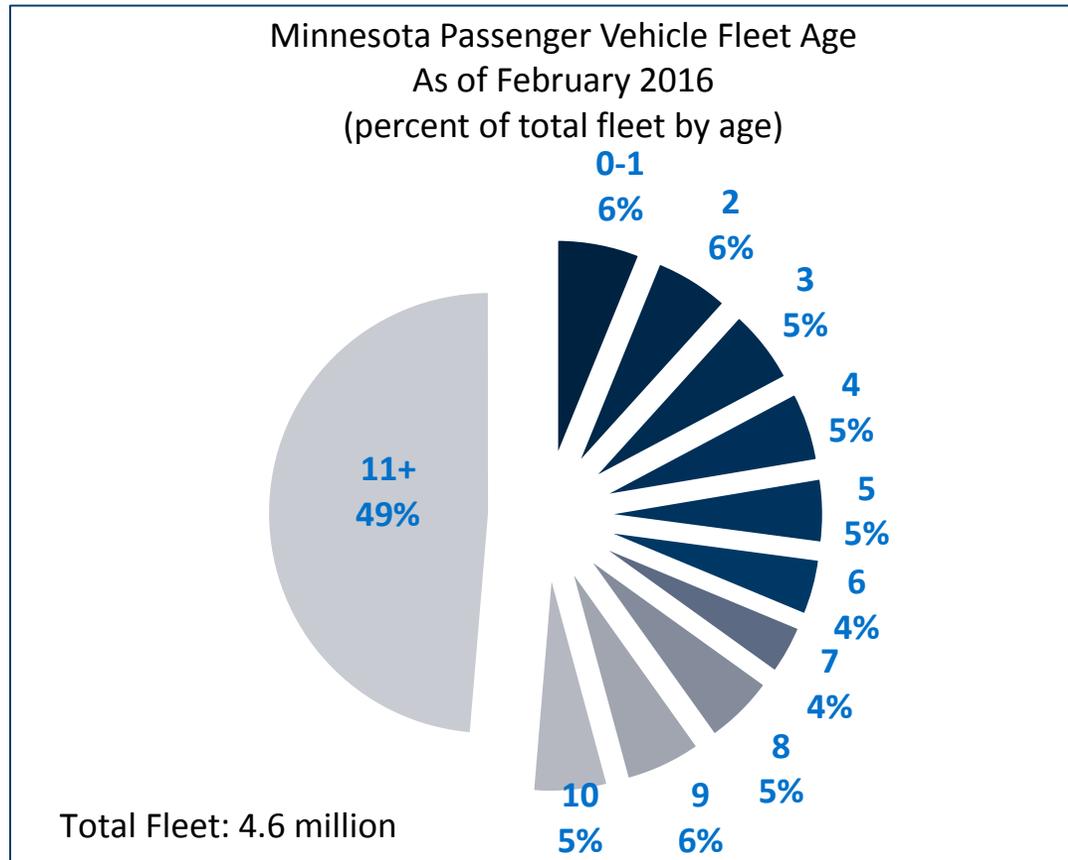
See p. 9 of November Forecast

# Tab Fees Forecast



# Tab Fees

## Minnesota Passenger Vehicles



See p. 9 of November Forecast

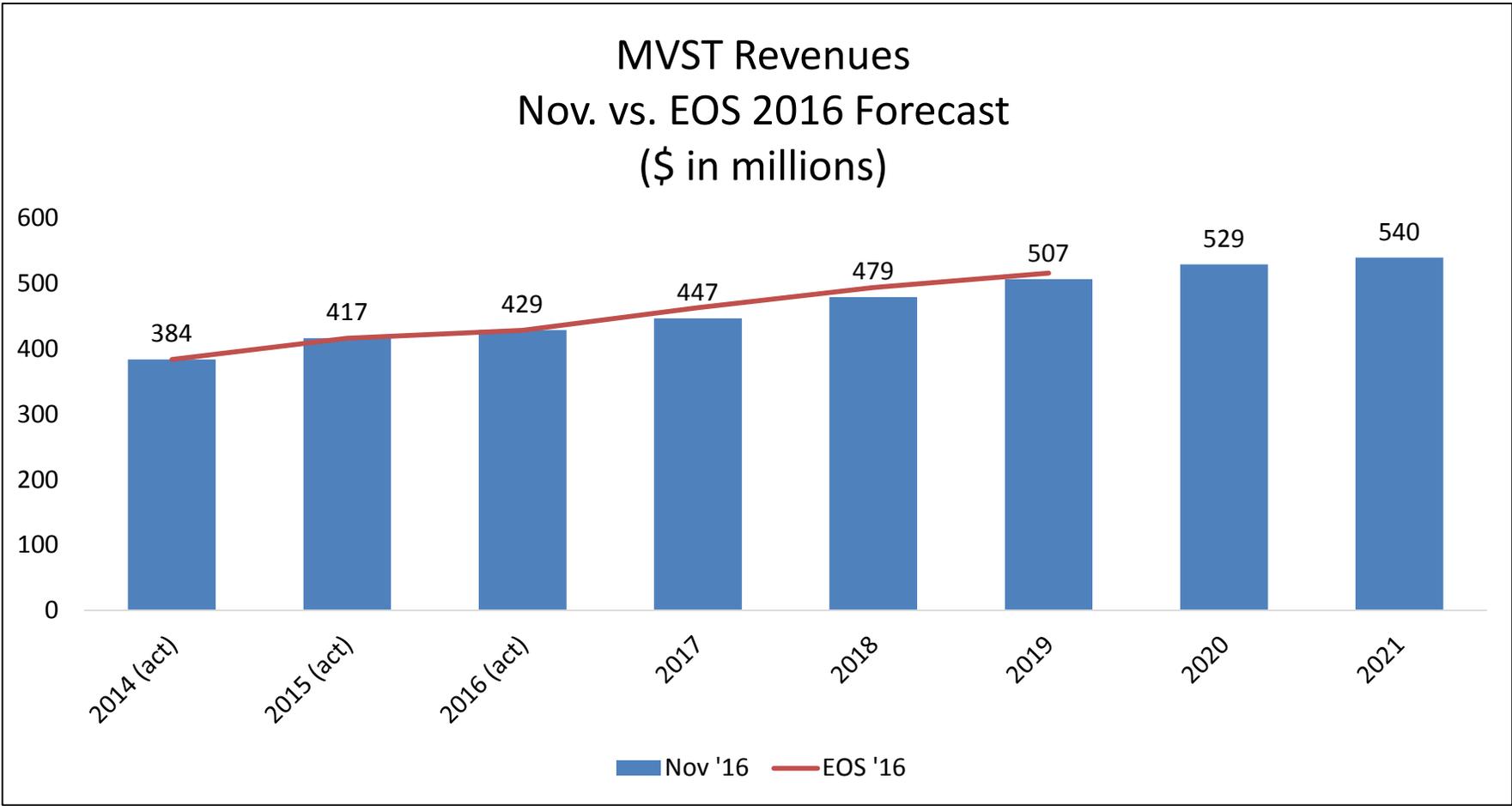
# MVST Forecast

MVST Revenues (\$ in millions)				
FY	Nov '16	EOS '16	\$ Change	% Change
<b>2014 (act)</b>	384	384	-	0.0%
<b>2015 (act)</b>	417	417	-	0.0%
<b>2016 (act)</b>	429	428	0.4	0.1%
<b>2017</b>	447	463	(16.4)	(3.5%)
<b>2018</b>	479	494	(14.8)	(3.0%)
<b>2019</b>	507	516	(9.3)	(1.8%)
<b>2020</b>	529	-	-	-
<b>2021</b>	540	-	-	-

- MVST revenue decreased due to the projected decline in new vehicle sales.
- MVST forecast is based on estimated sales of passenger vehicles.
- This forecast is prepared by the Department of Revenue.

See p. 10 of November Forecast

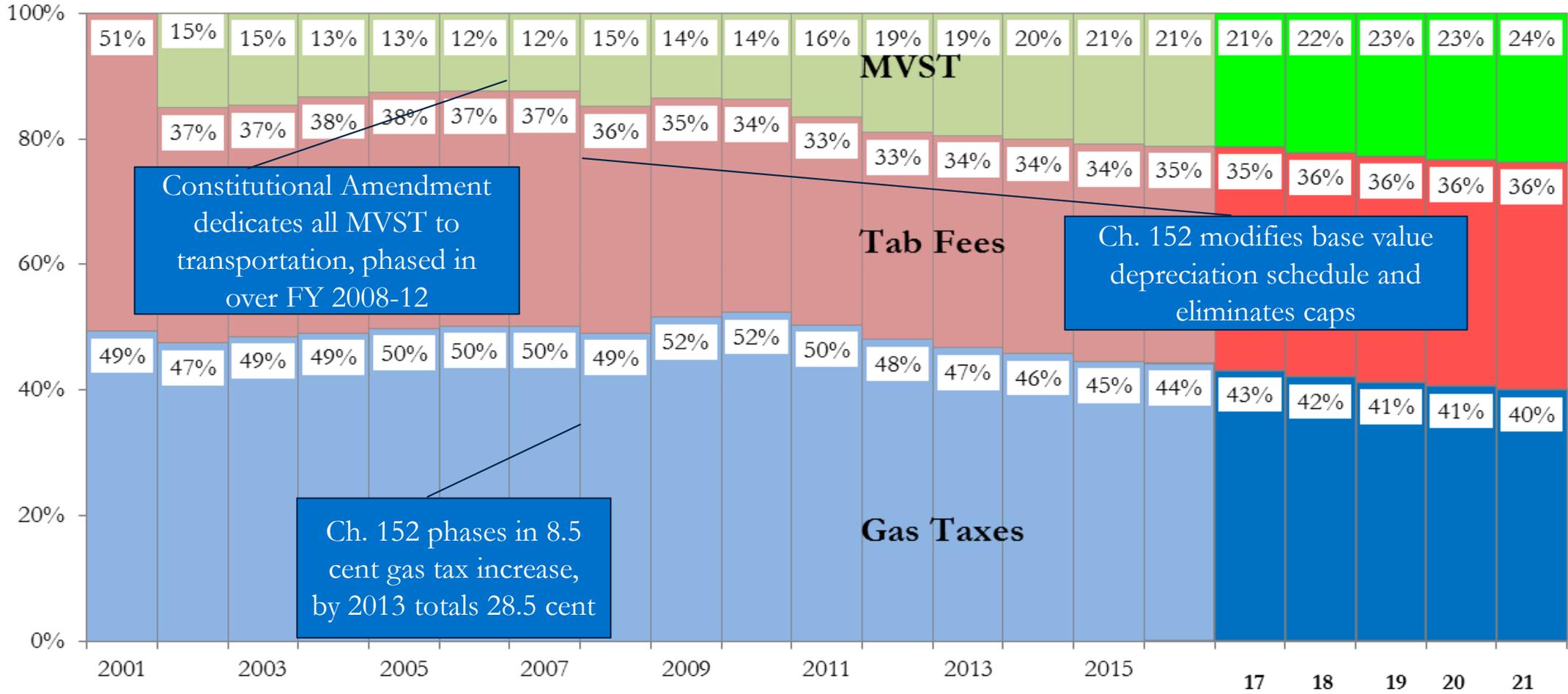
# MVST Forecast



# Minnesota Highway User Tax Revenue

## FY 2001-16 Actuals, 2017-21 Based on Nov 2016 Forecast

### Percentage of Total Revenues



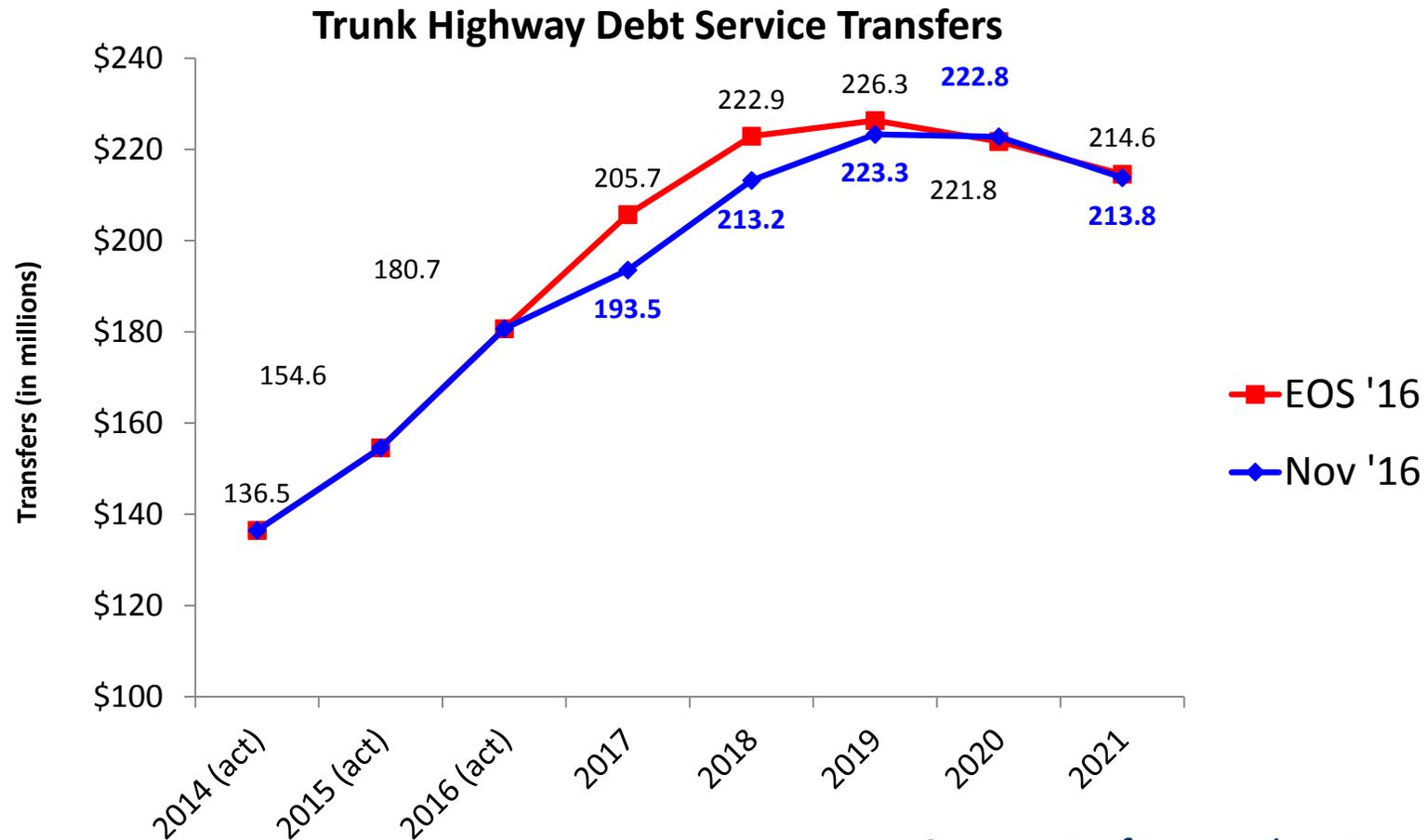
Source: Minnesota Department of Transportation, Office of Financial Management  
 Annual Revenues and Expenditures for Transportation Purposes (Budgetary Basis) and Nov '16 forecast

See p.32 of November Forecast

# TH Fund Financial Policies Per Minnesota Statute 167.60

- Debt Management: Debt service for the Trunk Highway Fund should not exceed 20% of annual state revenues to the Trunk Highway Fund.
- Fund Balance: Maintain a balance of 6% of annual state revenues in the Trunk Highway Fund + 2% of authorized but unissued debt.
- Cash Balance: Maintain 15 days of cash flow needs.
- Advance Construction: Should not exceed target amounts in policy statement.

Debt service transfer amounts by year, compared to the EOS 2016 forecast:



See p. 17 of November Forecast

# Financial Policy

## Trunk Highway Debt Service

Debt Management Policy			
(\$ in millions)			
Year	Total Debt Service <sup>(1)</sup>	Estimated Current %	Variance from 20% Policy Limit <sup>(2)</sup>
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	203.0	15.9%	52.1
2018	222.7	17.0%	40.0
2019	232.8	17.2%	37.9
2020	232.3	16.8%	44.7
2021	223.3	16.0%	55.5
2022	213.8	15.3%	65.0
2023	209.2	15.0%	69.6

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

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

See p. 17 of November Forecast

# Financial Policy

## Trunk Highway Fund Balance

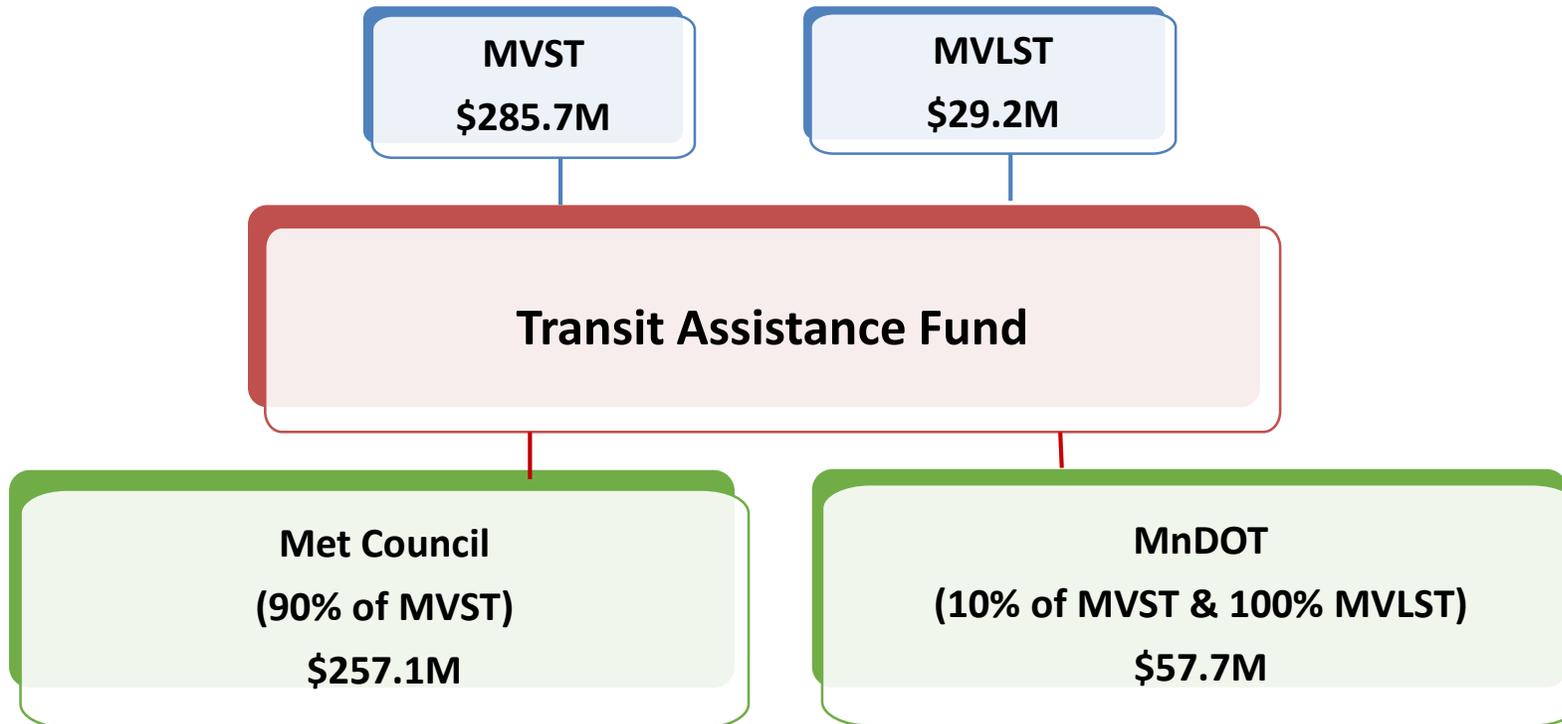
Based on the Trunk Highway Fund statement found in the November Forecast the Trunk Highway Fund balances are:

	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<b>Ending Balance</b>	<b>\$152,101</b>	<b>\$216,392</b>	<b>\$292,512</b>	<b>\$400,472</b>	<b>\$525,741</b>
<b>Reserved Fund Balance per Policy</b>	83,489	81,788	82,022	83,103	83,649
<b>Unreserved Fund Balance per Policy</b>	\$68,612	\$134,604	\$210,491	\$317,369	\$442,093

\*Unreserved Fund Balances for FY 2017-21 are cumulative  
 Numbers in the text and table may not add to the totals due to rounding.

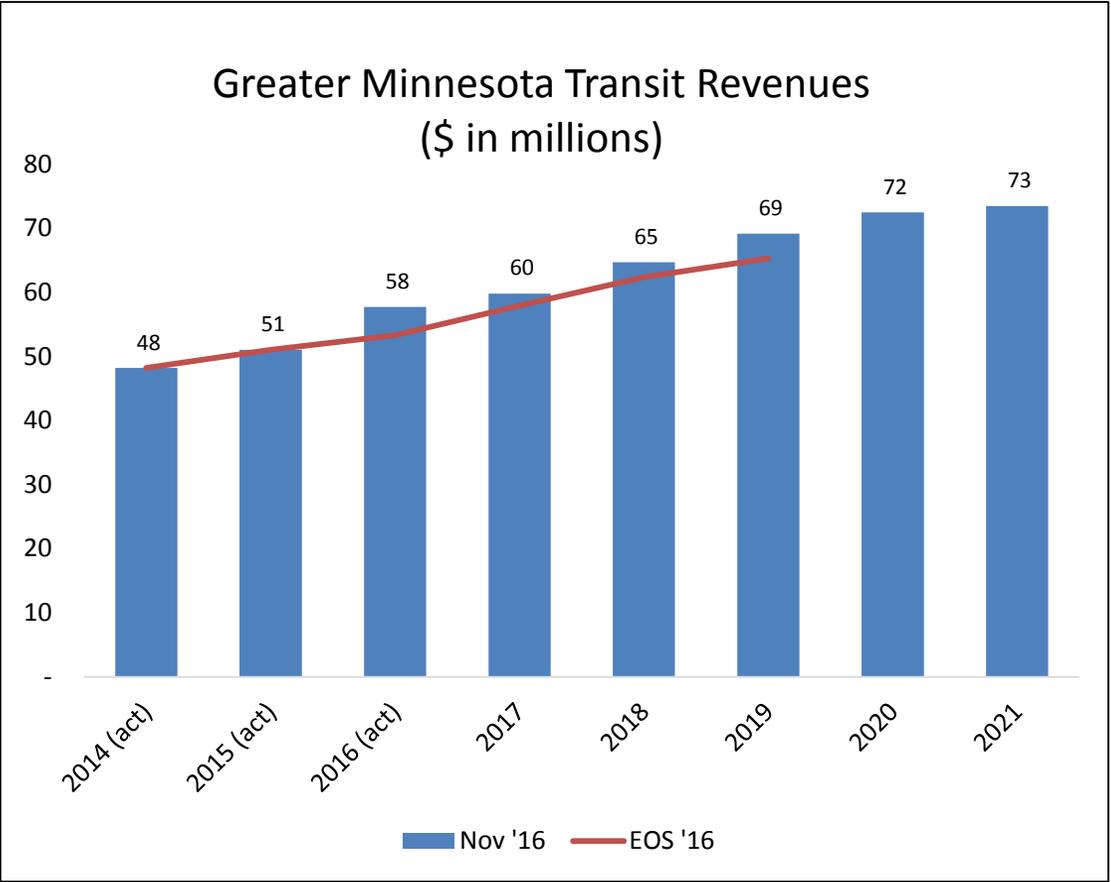
See Trunk Highway Fund statement on p. 26  
 of November Forecast

# Transit Assistance Fund Sources of Revenue FY 2016



See p. 11 of November Forecast

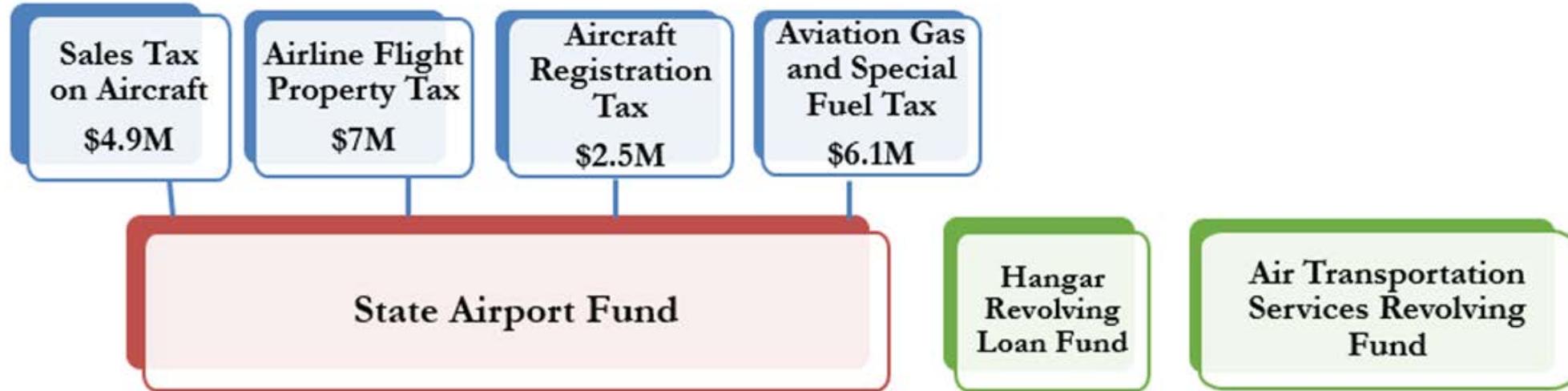
# Greater Minnesota Transit



Greater Minnesota Transit Revenues (\$ in millions)				
FY	Nov '16	EOS '16	\$ Change	% Change
<b>2014 (act)</b>	48	48	-	0.0%
<b>2015 (act)</b>	51	51	-	0.0%
<b>2016 (act)</b>	58	53	4.4	8.3%
<b>2017</b>	60	58	1.9	3.3%
<b>2018</b>	65	62	2.3	3.7%
<b>2019</b>	69	65	3.9	5.9%
<b>2020</b>	72	-	-	-
<b>2021</b>	73	-	-	-

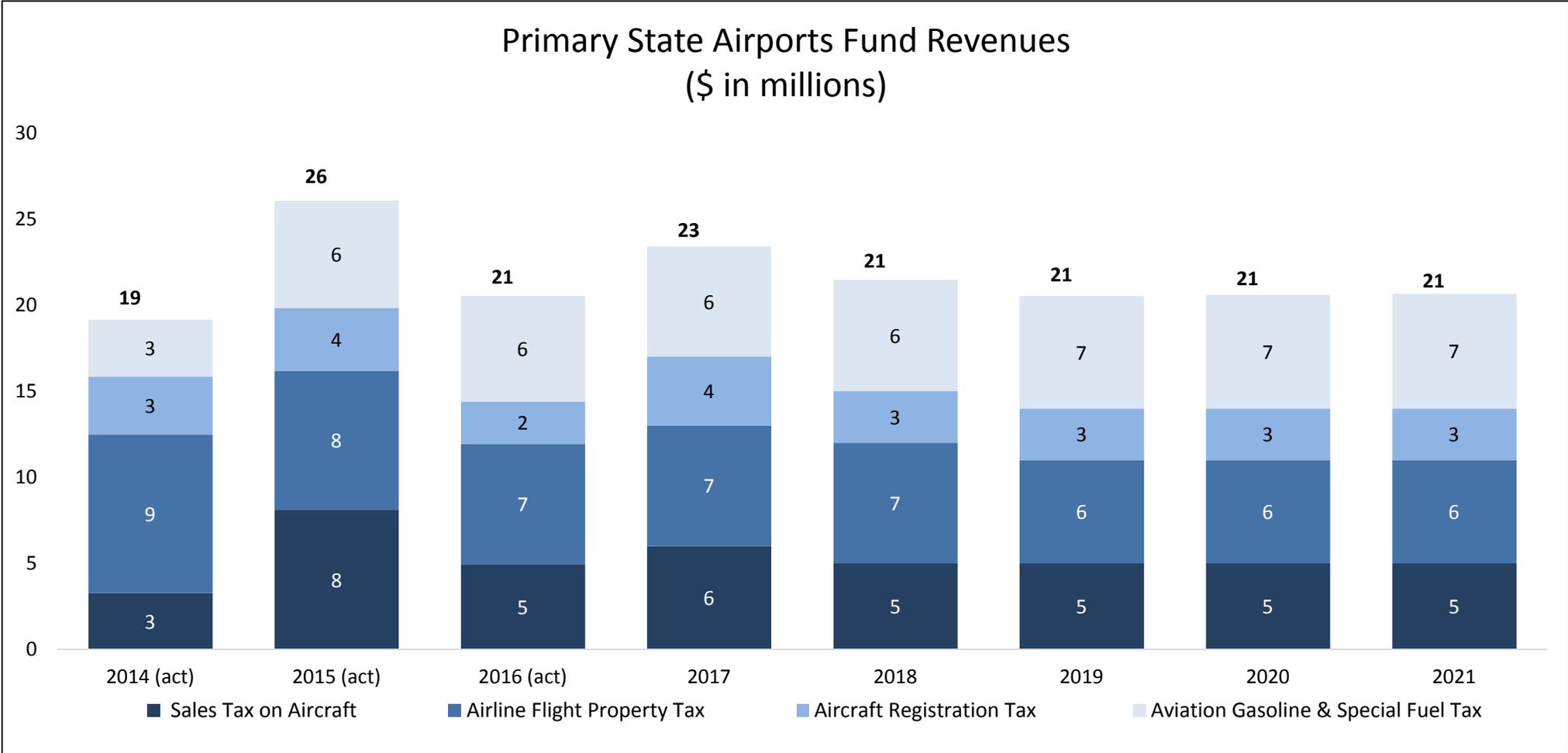
See p. 22 of November Forecast

# State Airport Fund Sources of Revenue FY 2016



See p. 11 of November Forecast

# State Airport Fund



Numbers in the text and table may not add to the totals due to rounding.

See p. 1 and 23 of November Forecast

- [MnDOT forecast](#)
- [MnDOT financial snapshot](#)
- [MnDOT financial policies](#)

# Thank you again!

**Tracy Hatch**

*tracy.hatch@state.mn.us*

651-366-4811