

Counties receive formula-based assistance for construction and maintenance of county highways within the state-aid system. Funding in calendar year 2019 totals \$735.1 million.

## System Overview

The county state-aid highway system is a collection of key highways under county jurisdiction. It covers roughly 30,600 centerline miles throughout all Minnesota counties, composing over two-thirds of county highway miles.

## Sources of Revenue

Aid is provided through the County State-Aid Highway (CSAH) fund, which is established by the Minnesota Constitution. The bulk of the revenue comes from a formula-based share of taxes on motor fuels, vehicle registration, and vehicle sales. A portion of state general sales tax revenue, known as the motor vehicle lease sales tax (MVLST), is also directed to some Twin Cities metropolitan area counties.

## Program Administration

Money in the CSAH fund is administered by the Minnesota Department of Transportation (MnDOT). Using a combination of tax receipts and future estimates, aid apportionments are released each January with distribution on a calendar-year basis. MnDOT also adopts administrative rules governing the program (covering topics such as design standards). Road project prioritization, selection, and construction management are under the purview of each county.

## Aid Requirements

Among the aid requirements, counties must typically expend 60 percent on construction projects and 40 percent on maintenance efforts. [Minn. Rules, part 8820.1400](#). Counties must also expend a share of aid on stretches of state-aid highways located within “small cities” having a population under 5,000, generally in amounts proportional to the share of construction needs for county state-aid highway segments located in the small cities. [Minn. Stat. § 162.08](#), subd. 1.

## Allocation and Use of Funds

Total state funding is \$735.1 million in calendar year 2019 (which excludes state bonding).

- **Core aid** provided to counties is \$615.6 million in calendar year 2019. It is divided into two categories: the apportionment sum and the excess sum. Each sum is allocated among the counties following formulas specified in state statute. [Minn. Stat. § 162.07](#).
- \$37.8 million in **MVLST** revenue is allocated based on population to counties in the Twin Cities metropolitan area, other than Hennepin and Ramsey. [Minn. Stat. § 297A.815](#).
- \$59.9 million from a “set-aside” in the **flexible highway account** is provided for county road turnbacks (generally, trunk highway segments that are improved and turned over to become part of the state-aid system). [Minn. Stat. § 161.081](#).

- Based on statutory requirements, \$21.8 million in **deductions** are made for county highway purposes. The deductions are for: (1) MnDOT administrative costs, (2) a disaster account, (3) a research account, and (4) a state park roads account. [Minn. Stat. § 162.06](#).

### Apportionment Formulas

Available core aid dollars are distributed 68 percent through the apportionment sum and 32 percent through the excess sum. [Minn. Stat. § 162.07](#).

The formula to distribute the **apportionment sum** among counties is:

- 10 percent of the apportionment sum is divided equally
- 10 percent is proportional based on the number of motor vehicles registered in each county (compared to the total for all counties)
- 30 percent is proportional based on a county’s state aid lane-miles
- 50 percent is proportional based on construction needs for each county, with the calculation structured to enable comparison across the counties (so that it does not identify total costs to bring county state-aid highways up to state standards). Counties submit needs amounts for review by a screening board composed of county engineers. [Minn. Stat. § 162.07](#).

The **excess sum** was basically created to capture increased funding for transportation due to finance changes made over 2006 to 2008. It is distributed through a separate formula:

- 60 percent of the excess sum is in proportion to each county’s share of construction needs
- 40 percent is allocated in proportion to each county’s share of the total number of motor vehicles registered. [Minn. Stat. § 162.07](#).

### Historical Aid

The following chart summarizes aid by source (excluding deductions) over recent years.

