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Minnesota counties receive formula-based state assistance for construction and maintenance of county highways within a state-aid system. Funding in calendar year 2023 totals \$791.8 million.

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## System Overview

The county state-aid highway system is a collection of key highways under county jurisdiction. It covers roughly 30,700 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). Distribution is on a calendar-year basis, with aid apportionments released each January using a combination of tax receipts and future estimates. MnDOT also adopts administrative rules that govern the program (covering topics such as design standards). Road project prioritization, selection, and construction management are under the purview of each county.

Among the aid requirements, counties must typically expend 60 percent on construction projects and 40 percent on maintenance. [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 \$791.8 million in calendar year 2023 (which includes funds available due to a balance that exceeded the statutory cap in a disaster account, and excludes aid via state bonding).

- The core aid provided to counties totals \$686.2 million. It is divided into two parts: the **apportionment sum** and the **excess sum**. Both are allocated among counties following formulas specified in state statute (as outlined below). [Minn. Stat. § 162.07](#).
- \$17.6 million in **MVLST revenue** goes to counties in the Twin Cities metropolitan area, other than Hennepin and Ramsey. The allocation is based on population. [Minn. Stat. § 297A.815](#).
- \$65.6 million from a **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](#).

- \$22.5 million in net **deductions** are made for county highway purposes such as administrative costs and research, based on statutory requirements. [Minn. Stat. § 162.06](#).

**Apportionment Formulas**

The core aid is distributed 68 percent as the “apportionment sum” and 32 percent as the “excess sum.”

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

- 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 2008 Legislature created the **excess sum**, in essence to address funding increases due to transportation finance changes made over 2006 to 2008. It is distributed under 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](#).

**History of Aid**

The chart below summarizes state aid over the past ten years (excluding deductions).

**County State-Aid History, CY 2014-23**

