

County State-Aid Highway System

System overview

The county state-aid highway system is a network of key highways under the jurisdiction of Minnesota’s counties. It covers roughly 30,700 miles of roadway throughout all counties, composing over two-thirds of county highway miles. Counties receive formula-based state money to assist in the construction, improvement, and maintenance of highways included in the state-aid system.

Sources of revenue

Aid is provided through the County State-Aid Highway (CSAH) fund, which is established by the Minnesota Constitution. Revenue mainly comes from a share of taxes on motor fuels, vehicle registration, vehicle sales, and vehicle leases.

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

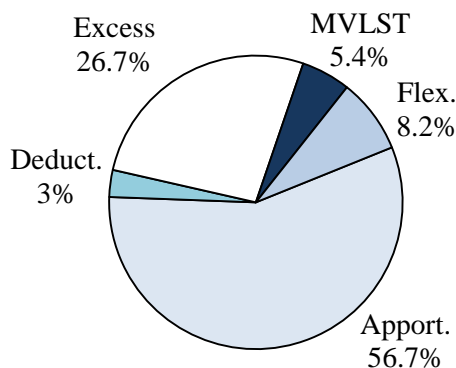
Among the requirements of the aid, counties typically expend 60 percent on construction projects and 40 percent on maintenance efforts. [Minn. Rules, part 8820.1400](#). Counties must also expend a share of aid on stretches of state-aid highways located within “small cities” having a population under 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.

CSAH funds

Total state funding is \$733.9 million in calendar year 2018, allocated as follows.

- Based on statutory requirements, \$21.9 million in **deductions** are made for county highway purposes, consisting of: (1) MnDOT administrative costs, (2) a disaster account, (3) a research account, and (4) a state park roads account. [Minn. Stat. § 162.06](#).
- A portion of general sales tax revenue, known as **motor vehicle lease sales tax (MVLST)**, is allocated by formula to Twin Cities metropolitan area counties. The distribution excludes Hennepin and Ramsey and is in proportion to the population of each county. [Minn. Stat. § 297A.815](#). Funds in calendar year 2018 amount to \$39.8 million.
- \$60.4 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 county state-aid highway system). [Minn. Stat. § 161.081](#).
- **Core aid** in calendar year 2018 is \$611.9 million. It is divided into two categories for distribution among the counties by formula: the **apportionment sum** and the **excess sum**.

County Aid Breakdown
CY 2018 (\$733.9 million)



Apportionment and excess sum

Core aid to counties had been allocated under one formula until 2008, when the excess sum was created as a second statutory distribution formula. The excess sum was basically designed to handle increased funding for transportation due to finance changes made over 2006 to 2008 (so that the additional funding was largely allocated through the excess sum formula). Legislation in 2015 eliminated the calculation methodology used to identify excess sum revenue, replacing it with straight percentages.

Since calendar year 2016, core aid dollars are provided 68 percent through the apportionment sum formula, and 32 percent through the excess sum formula. [Minn. Stat. § 162.07](#).

Apportionment sum formula

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). Needs calculations submitted by counties are reviewed by a screening board composed of county engineers. [Minn. Stat. § 162.07](#).

Excess sum formula

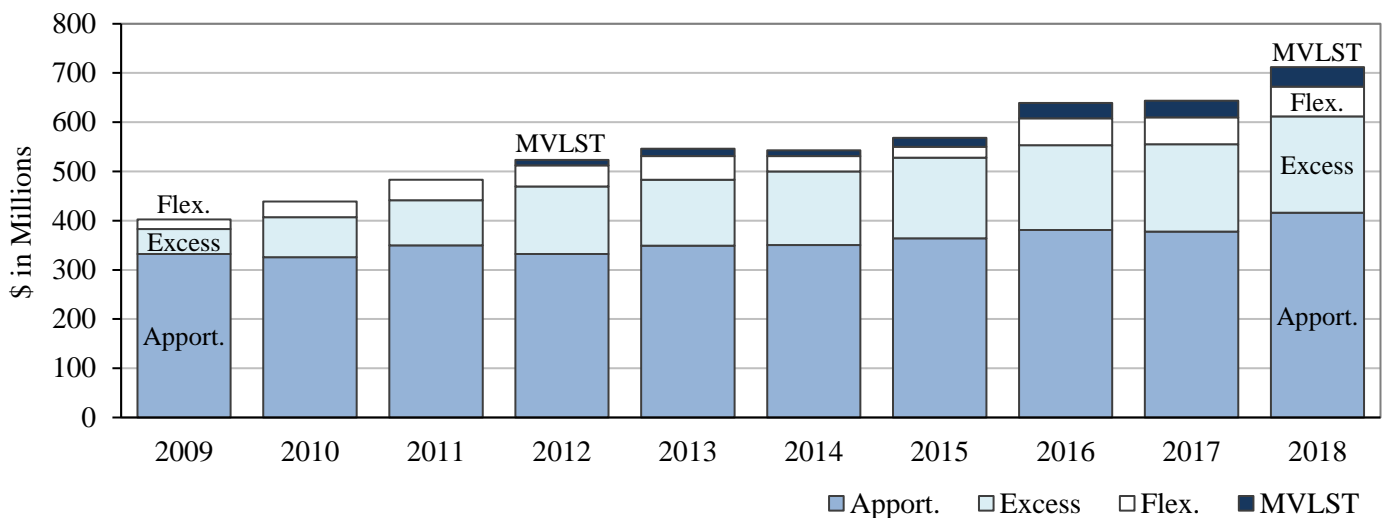
The excess sum is also distributed by formula:

- 60 percent is in proportion to each county’s share of construction needs
- 40 percent of funds are 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 calendar year, excluding deductions.

County Aid History
CY 2009-18



For more information: See the House Research publication *Highway Finance*, January 2018.

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