

Minnesota Transportation Funding Redistribution: 2015–2020

Transportation funding comes from all levels of government: federal, state, and local. While taxes directly generated by local governments stay in those jurisdictions, federal and state transportation funding may be collected in one area and redistributed to others.

TPEC researchers continued their ongoing study of transportation funding redistribution in Minnesota. Their most recent analysis looked at the six-year period between 2015 and 2020.

METHODOLOGY

Federal transportation revenues include the fuel tax and other special taxes. State transportation revenues include the state fuel tax, motor vehicle registration tax, and motor vehicle sales tax.

Counties in Minnesota are divided into eight transportation districts. For the analysis, the researchers aggregated or allocated data to the county level using the TPEC [Transportation Finance Database](#). They then presented the aggregated results at the district level for both roadways and transit.

FINDINGS

The team found that in 2015–2020, the Twin Cities Metro District contributed more than it received: It

contributed about 50 percent of federal and state transportation revenues (\$2,544 M) and received about 45 percent back in expenditures (\$2,503 M).

District 3, in the central part of the state, also received less than it contributed. All other districts received more than they contributed, probably due to much lower population density in these counties.

The average funding per vehicle-mile traveled (VMT) in Minnesota was 8.7 cents; of this amount, 4.4 cents came from federal and state transportation special revenues and 4.3 cents from local contributions. The amount spent per VMT was higher in counties with lower population densities and many miles of roads—especially those

located in the north: 11 cents in District 1 and 11.2 cents in District 2.

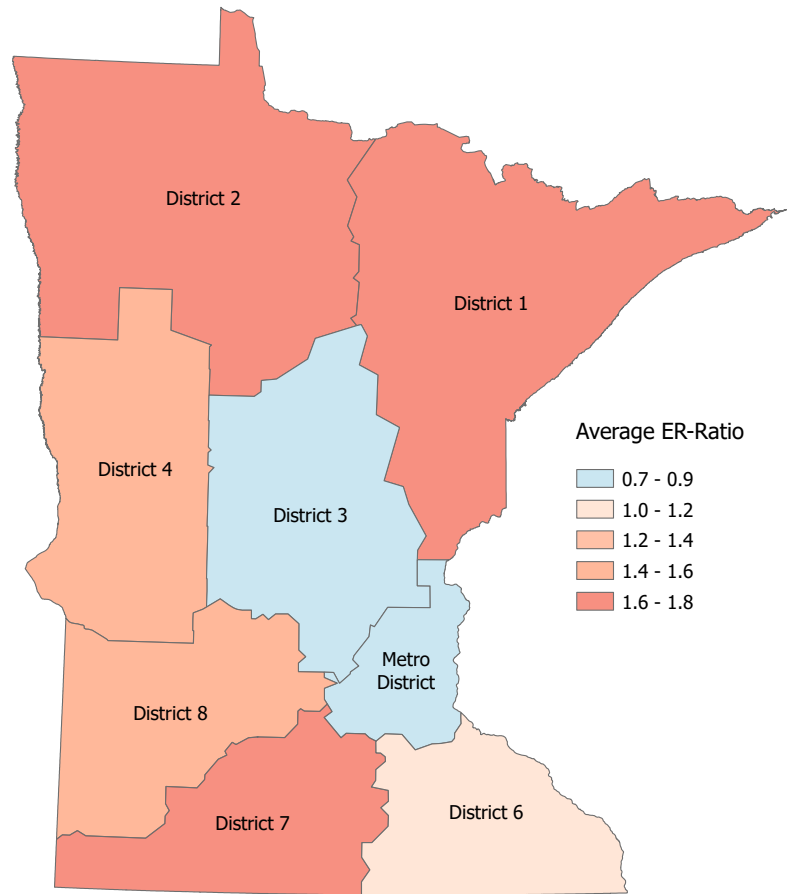
The team also found that local governments fund a growing proportion of the transportation infrastructure in Minnesota—primarily through the property taxes they collect. (Wheelage taxes and sales taxes are also part of the local contribution in some areas.)

During 2015–2020, federal and state special revenues accounted for about 50.4 percent of total transportation funding in Minnesota, while local efforts accounted for about 49.6 percent. During 2010-2015, local efforts accounted for about 45.5 percent.

The team’s transit analysis showed that about 55 percent of public transit expenditures in Minnesota came from federal and state special revenues. Fare revenue paid for about 13 percent of expenditures, while other local efforts covered about 32 percent. Overall, Metro District counties received almost 90 percent of total public transit spending in Minnesota.

RESEARCH TEAM

The work was led by Camila Fonseca, director of fiscal research with the Institute for Urban and Regional Infrastructure Finance (IURIF) at the Humphrey School of Public Affairs, and sponsored under the TPEC Program. Other members of the research team were Raihana Zeerak (IURIF research associate), Jerry Zhao (IURIF founder and advisor), and Adeel Lari (IURIF director).



Average expenditure to revenue ratio. If the ratio is higher than 1, it means the district receives more than it contributes.

TPEC is a program of the Institute for Urban and Regional Infrastructure Finance at the Humphrey School of Public Affairs and the Center for Transportation Studies.

