<table>
<thead>
<tr>
<th>Priority</th>
<th>Governor’s Recommendations</th>
<th>Four Year Total (FY24-27)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Multimodal Transportation Package <em>(New $ from General Fund)</em></td>
<td>$722.1 M</td>
</tr>
<tr>
<td>2</td>
<td>Tab Fee Restructure <em>(New Tax Revenue)</em></td>
<td>~ $700 M</td>
</tr>
<tr>
<td>3</td>
<td>Maintain Current Service Levels</td>
<td>$304.4 M</td>
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<tr>
<td>4</td>
<td>Maximize Federal Climate Transportation Funding</td>
<td>$8 M</td>
</tr>
<tr>
<td>5</td>
<td>ARMER Tower and Building Replacement</td>
<td>$2 M</td>
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<tr>
<td>6</td>
<td>Strategic Technology System Investments</td>
<td>$19 M</td>
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<td>7</td>
<td>Local Transportation Disaster Support</td>
<td>$7.3 M</td>
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<tr>
<td>8</td>
<td>Rail Grade Crossing Safety <em>(Shift from Trunk Highway Fund)</em></td>
<td>$5.3 M</td>
</tr>
<tr>
<td>9</td>
<td>Aeronautics Systems and Investments</td>
<td>$15 M</td>
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<td>10</td>
<td>Tribal Affairs Training Program</td>
<td>$4 M</td>
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<tr>
<td>11</td>
<td>Twin Cities-Milwaukee-Chicago Rail Corridor</td>
<td>$15.1 M</td>
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<tr>
<td>12</td>
<td>Stone Arch Bridge</td>
<td>$5 M</td>
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<tr>
<td>13</td>
<td>Weigh Station Program</td>
<td>$4 M</td>
</tr>
<tr>
<td>14</td>
<td>Utility Aircraft Replacement</td>
<td>$7 M</td>
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<tr>
<td>15</td>
<td>Rail Safety Inspectors</td>
<td>-</td>
</tr>
<tr>
<td>16</td>
<td>Safe Routes to School Extension</td>
<td>-</td>
</tr>
<tr>
<td>17</td>
<td>Freight Network Optimization Tool</td>
<td>-</td>
</tr>
<tr>
<td>18</td>
<td>Meteorological Tower Registration Fee</td>
<td>-</td>
</tr>
<tr>
<td>19</td>
<td>Authority to Charge for Traffic Control</td>
<td>-</td>
</tr>
<tr>
<td>20</td>
<td>Pilot-Scale Sustainable Aviation Fuels Production</td>
<td>$11.6 M</td>
</tr>
<tr>
<td>21</td>
<td>Capital Budget Debt Service and Trunk Highway Cash <em>(Shift from Trunk Highway Fund)</em></td>
<td>$52 M</td>
</tr>
<tr>
<td>22</td>
<td>Impact on Transportation Funds for DPS HUTD Funding Recommendations</td>
<td>-$1.2 M</td>
</tr>
</tbody>
</table>
Multimodal Transportation Package

• $722 million general funds for transportation investments over the next 4 years
  • $358 million allocated to the trunk highway fund to match IIJA federal funding opportunities
    • Invests in project planning and support
  • $364 million general funds to match multimodal and non-trunk highway investments
    • Includes formula and discretionary funds

• $50 million authorized trunk highway bonds
Multimodal Transportation Package
$358M in Trunk Highway Funds

• $90 million per year trunk highway funds provide:
  • $50.5 million base increase for State Road Construction
    • To be used as state match for IIJA federal funds
  • $22 million base increase for Operations and Maintenance
  • $12 million base increase for Program Planning and Delivery
  • $5 million base increase for Agency Support

• $50 million trunk highway bonds to provide match for federal grants

• Budget authority to spend $315.5 million of federal funds was approved in HF26
Multimodal Transportation Package
$364M in General Funds

• $100 million one-time general funds to provide local match for federal grants
  • Also provides technical assistance and support for grant applications

• $66 million/year in general funds for non-highway project match
  • $3.4 million - EV charging infrastructure
  • $17 million - Greater Minnesota transit
  • $6.5 million - state airport infrastructure
  • $10 million - Small Cities program
  • $29 million – discretionary grants
Tab Fee Restructure

- Adjustment to the motor vehicle registration tax depreciation schedule

- Nearly $700 M in new HUTD revenue
  - $411 M to Trunk Highway
  - $227 M to County State Aid Highways (CSAH)
  - $60 M to Municipal State Aid Streets (MSAS)

- Represents a 19% increase to tab fees over four years

- Represents a 6.5% increase to HUTD fund revenues overall over four years
Tab Fee Restructure

• **Current law:**
  - $10 plus 1.285% of MSRP of a passenger vehicle, adjusted for depreciation
  - Depreciation begins with **100%** of MSRP in the first year
  - Declines by 10 percentage points each year
  - Tax for vehicles 11+ years is **$35**

• **Proposed change:**
  - $10 plus 1.285% of MSRP of a passenger vehicle, adjusted for depreciation
  - Depreciation begins with **160%** of MSRP in the first year
  - Declines to 100% in the second year and then by 10 percentage points each year
  - Tax for vehicles 11+ years is **$30**
  - Effective January 1, 2024
# Tab Fee Restructure

- **On new $40k vehicle, increase of $308 in year 1 = 0.78% overall cost increase**

- **Nearly half of all vehicles would pay $5 less (vehicles 11+ years old would decrease from $35 to $30)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Current Depreciation</th>
<th>$40K New Purchase Current Example</th>
<th>Recommended Depreciation</th>
<th>$40K New Purchase Recommended Example</th>
<th>Difference</th>
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<tbody>
<tr>
<td>1</td>
<td>100%</td>
<td>$524</td>
<td>160%</td>
<td>$832</td>
<td>+ $308</td>
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<tr>
<td>2</td>
<td>90%</td>
<td>$473</td>
<td>100%</td>
<td>$524</td>
<td>+ $51</td>
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<tr>
<td>3</td>
<td>80%</td>
<td>$421</td>
<td>90%</td>
<td>$473</td>
<td>+ $51</td>
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<tr>
<td>4</td>
<td>70%</td>
<td>$370</td>
<td>80%</td>
<td>$421</td>
<td>+ $51</td>
</tr>
<tr>
<td>5</td>
<td>60%</td>
<td>$318</td>
<td>70%</td>
<td>$370</td>
<td>+ $51</td>
</tr>
<tr>
<td>6</td>
<td>50%</td>
<td>$267</td>
<td>60%</td>
<td>$318</td>
<td>+ $51</td>
</tr>
<tr>
<td>7</td>
<td>40%</td>
<td>$216</td>
<td>50%</td>
<td>$267</td>
<td>+ $51</td>
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<tr>
<td>8</td>
<td>30%</td>
<td>$164</td>
<td>40%</td>
<td>$216</td>
<td>+ $51</td>
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<tr>
<td>9</td>
<td>20%</td>
<td>$113</td>
<td>30%</td>
<td>$164</td>
<td>+ $51</td>
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<td>10</td>
<td>10%</td>
<td>$61</td>
<td>20%</td>
<td>$113</td>
<td>+ $51</td>
</tr>
<tr>
<td>11+</td>
<td>10%</td>
<td>$35</td>
<td>10%</td>
<td>$35</td>
<td>- $5</td>
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<tr>
<td>Total</td>
<td></td>
<td>$2,962</td>
<td></td>
<td>$3,728</td>
<td>+ $776</td>
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</table>

- On new $40k vehicle, increase of $308 in year 1 = 0.78% overall cost increase

- Nearly half of all vehicles would pay $5 less (vehicles 11+ years old would decrease from $35 to $30)
Wisconsin charges a flat fee of $85/yr

Iowa charges tab fees based on vehicle weight. For a “normal” vehicle (~3,000 lbs) the tax is $412/yr for 1st 7 years
Maintain Current Service Levels

- Preserves existing purchasing power and addresses compensation pressures
- $135 million base Trunk Highway Fund increase in FY 24-25
  - ~6% increase from FY 22/23 operating budget
- $800,000 base General Fund increase in FY 24-25
- $1.2 million base 911 Emergency Fund increase in FY24-25

<table>
<thead>
<tr>
<th>Component</th>
<th>FY 2024</th>
<th>FY 2025</th>
<th>Biennial</th>
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</thead>
<tbody>
<tr>
<td>Compensation</td>
<td>$46,309</td>
<td>$74,576</td>
<td>$120,885</td>
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<tr>
<td>IT Rates/Volume</td>
<td>$5,000</td>
<td>$8,000</td>
<td>$13,000</td>
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<tr>
<td>Rest Area Services</td>
<td>$750</td>
<td>$750</td>
<td>$1,500</td>
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<tr>
<td>EZ-Pass Operations</td>
<td>$380</td>
<td>$380</td>
<td>$760</td>
</tr>
<tr>
<td>Office of Environmental Stewardship</td>
<td>$200</td>
<td>$200</td>
<td>$400</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$52,639</strong></td>
<td><strong>$83,906</strong></td>
<td><strong>$136,545</strong></td>
</tr>
</tbody>
</table>
Maximize Federal Transportation Climate Funding

- $2 million base general fund increase for federal climate programs
  - Leverages federal funds from the IIJA
  - IIJA focus on EV charging and fueling (NEVI), transportation resilience (PROTECT), and carbon reduction
  - Provides 5 FTE and adequate resources to plan and administer federally funded programs
  - This request is supported by the Sustainable Transportation Advisory Council (STAC) working group
ARMER Tower and Building Replacement

• $2 million one-time general funds to replace aging radio towers and buildings
  • ARMER is Minnesota’s shared public safety communication system
  • ARMER provides radio service to federal, state, tribal, and local agencies
  • ARMER serves:
    • Minnesota State Patrol
    • Department of Homeland Security
    • Federal Bureau of Investigations and Border Patrol
    • Fire, Police and Emergency Medical Services (Ambulance) providers
    • MN Department of Natural Resources
    • County Sheriff Departments
    • Tribal Police Departments
    • Metro Transit System
    • MnDOT
Strategic Technology System Investments

- $3 million one-time general funds
- $4 million base general fund increase
  - 9 FTE to deliver and support IT projects
- Priority initiatives: asset management, data and document transfer, research project management system
- One-time funds allow for implementation and modernization of core systems, applications, and platforms
- Base funds allow for ongoing support and maintenance
Local Transportation Disaster Support

- $3.3 million one-time general funds to reimburse Local Public Agencies (LPAs) for disaster spending
  - Provides the cost-share match for Federal Highway Administration (FHWA) Emergency Relief Program

- $1 million base general funds for future disaster relief
  - Funds will be put in a Disaster Assistance Contingency Account (DACA) to reimburse LPAs
Rail Grade Crossing Safety

- $750,000 in FY24 and $1.5 million starting in FY25 base Trunk Highway funds for the Rail Grade Crossing Safety Account (GCSA)
  - Used for rail safety improvements on the Trunk Highway and Local Road systems
  - GCSA is derived from a portion of State Patrol fine revenues
    - The GCSA currently receives $1 million annually
  - Increasing the GCSA results in an equivalent decrease to the Trunk Highway fund
  - Minnesota has more than 4,000 railroad-highway grade crossings
Aeronautics Systems and Investments

• $15 million one-time general funds to repair and replace Automated Weather Observing Systems (AWOS)
  • Many of Minnesota’s AWOS are out of production and past life expectancy
  • AWOS provide critical weather information for aviation activities including medical air, commercial, and freight flights
  • AWOS are used by the National Weather Service for general forecasting
  • Located at publicly-owned airports statewide
Utility Aircraft Replacement

- $7 million one-time general funds to replace two utility aircraft
- Used to transport MnDOT technicians and parts for time-sensitive repair work
- Necessary to minimize the impact of aviation equipment failure such as AWOS or other navigational systems
- MnDOT serves 133 publicly owned state-funded airports
Tribal Affairs Training Program

- $900,000 base general funds for a construction skills training program in Indian Country
  - Contractors will administer trainings to tribal members
  - 2 FTE to manage and administer the training program
- $100,000 base general fund increase for the Tribal-State Relations Training program
  - 1 FTE to enhance virtual training options
- Aligns with MMB evidence-based practice
Twin Cities-Milwaukee-Chicago Rail Corridor

• $893,200 in FY24 and $2.3 million in FY25 of one-time general funds for TCMC operating costs
• Provides matching funds for a federal grant
• $4.9 million base general funds starting in FY26 for Minnesota’s share of ongoing TCMC operating costs
• $940,000 in FY24 and $980,000 in FY25 of one-time general funds for capital improvements on the TCMC corridor
Stone Arch Bridge

- $5 million one-time general funds for Stone Arch Bridge repairs
  - Matching for secured $24 million total of federal funds
    - $30 million total project cost
  - Allows above-water and underwater work to happen during the same bridge closure
  - Not trunk highway eligible
  - MnDOT owns the Stone Arch bridge, and the City of Minneapolis is responsible for bridge deck maintenance
Weigh Station Program

• $1 million base general funds for a weigh station program at MnDOT
  • Weigh stations are built and maintained by MnDOT and operated by Minnesota State Patrol’s Commercial Vehicle Enforcement Division
  • Weigh stations are essential for the federally-mandated size, weight, and safety enforcement program
  • Reliable base funding allows for consistent maintenance and repairs of state assets
• Assess the cost of 2 additional rail safety inspectors to Class I and II railroads
  • $300,000 additional cost to be assessed
  • 4 of 6 rail inspectors are already being assessed to Class I and II railroads
  • This request changes the funding source and does not add new inspectors
Safe Routes to School Extension

• Extend the Safe Routes to School appropriation
  • Funding was granted in 2021 1st Special Session
  • Appropriation is available until June 30, 2023
  • Seeking to extend to June 30, 2025
  • SRTS creates safe walking and biking paths to schools
Freight Network Optimization Tool

• Extend the Freight Network Optimization Tool (FNOT) appropriation
  
  • Funding was granted in 2021 1st Special Session
  
  • Appropriation is available until June 30, 2023
  
  • Seeking to extend to June 30, 2025
  
  • FNOT will be used for transportation planning, economic development, and communication through a visual display
Meteorological Towers Registration Fee

- Remove the $50 fee to register meteorological towers
  - Collecting the fee costs more than MnDOT receives in revenue
  - Removing the fee may increase registration compliance
  - Meteorological towers pose a potential aviation obstruction
Authority to Charge for Traffic Control

• Permit MnDOT to collect traffic control costs
  • MnDOT incurs staff time and equipment usage costs when responding to a crash or traffic incident
  • Seeking express permission to collect costs from at-fault drivers and insurance companies
Sustainable Aviation Fuel

• $3.2 million one-time general funds in FY24 and $2.1 million base general funds starting in FY24
  • Develop a pilot-scale Sustainable Aviation Fuel program in conjunction with other State Agencies
  • Create a Sustainable Aviation Fuel development fund to pay incentives for production
  • Establish state Sustainable Aviation Fuel production goals
One Minnesota Budget

Questions?
# Governor’s Recommended Capital Budget

<table>
<thead>
<tr>
<th>Recommendation</th>
<th>Funding Source</th>
<th>Amount</th>
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</thead>
<tbody>
<tr>
<td>High Priority Bridges*</td>
<td>THB</td>
<td>$80 M</td>
</tr>
<tr>
<td>Local Bridge Replacement Program*</td>
<td>GO</td>
<td>$144 M</td>
</tr>
<tr>
<td>Local Road Improvement Program*</td>
<td>GO</td>
<td>$108 M</td>
</tr>
<tr>
<td>Highway Railroad Grade Crossing-Warning Devices Replacement</td>
<td>GO</td>
<td>$6 M</td>
</tr>
<tr>
<td>Port Development Assistance Program*</td>
<td>GO</td>
<td>$6 M</td>
</tr>
<tr>
<td>Safe Routes to School</td>
<td>GO</td>
<td>$1.8 M</td>
</tr>
<tr>
<td>Active Transportation*</td>
<td>GO/GF</td>
<td>$6 M</td>
</tr>
<tr>
<td>Statewide Freight Safety Investments</td>
<td>THF</td>
<td>$5 M</td>
</tr>
<tr>
<td>Minnesota Rail Service Improvement Program</td>
<td>GO</td>
<td>$2.4 M</td>
</tr>
<tr>
<td>Greater Minnesota Transit Capital Program*</td>
<td>GO</td>
<td>$1.2 M</td>
</tr>
<tr>
<td>Facilities Capital Improvement Program</td>
<td>THB/THF</td>
<td>$90.9 M</td>
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<tr>
<td>Rail Corridor Capacity Improvements*</td>
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<td>$19.9 M</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>Abbreviation</th>
<th>Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund General Obligation Bonds</td>
<td>GO</td>
<td>$294.1 M</td>
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<tr>
<td>Trunk Highway Fund General Obligation Bonds</td>
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</tr>
<tr>
<td>General Fund Cash</td>
<td>GF</td>
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<tr>
<td>Trunk Highway Fund Cash</td>
<td>THF</td>
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</tr>
<tr>
<td><strong>Total Project Funding</strong></td>
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<td><strong>$471.2 M</strong></td>
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</tbody>
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*Potential IIJA Match*