

County Road & Bridge Funding: An Overview

A publication of the Association of Minnesota Counties and the Minnesota County Engineers Association.

County Highway Departments in Minnesota utilize a variety of funding sources to construct and maintain the county road and bridge infrastructure under their jurisdiction. Most resources are available for a very specific purpose, while others may allow full discretion by the county board in how they are used. This overview provides a brief summary of the most common resources and reference information to provide further detail.

Local Property Taxes

Local Property Taxes are levied annually by the county board and may be used for any lawful purpose in the pursuit of maintaining and constructing the county's road and bridge infrastructure. Most counties will develop a budget of planned expenditures, determine the amount of other available resources for those expenditures, and then determine the appropriate amount of local property taxes needed to balance those expenditures with predicted revenues.

Local Option Wheelage Taxes

Local Option Wheelage Taxes may be levied by any county in the state. Currently the amount is the same across the state at \$10 per registered vehicle. It is the same for all vehicles and does not include trailers or motorcycles. Beginning in 2018, counties will have the option to raise the wheelage tax up to \$20 in even dollar amounts. The tax is collected by the state during collection of motor vehicle registration and can be used at the county's discretion for road and bridge purposes.

More information is available at: <https://dps.mn.gov/divisions/dvs/Pages/Wheelage-Tax.aspx>

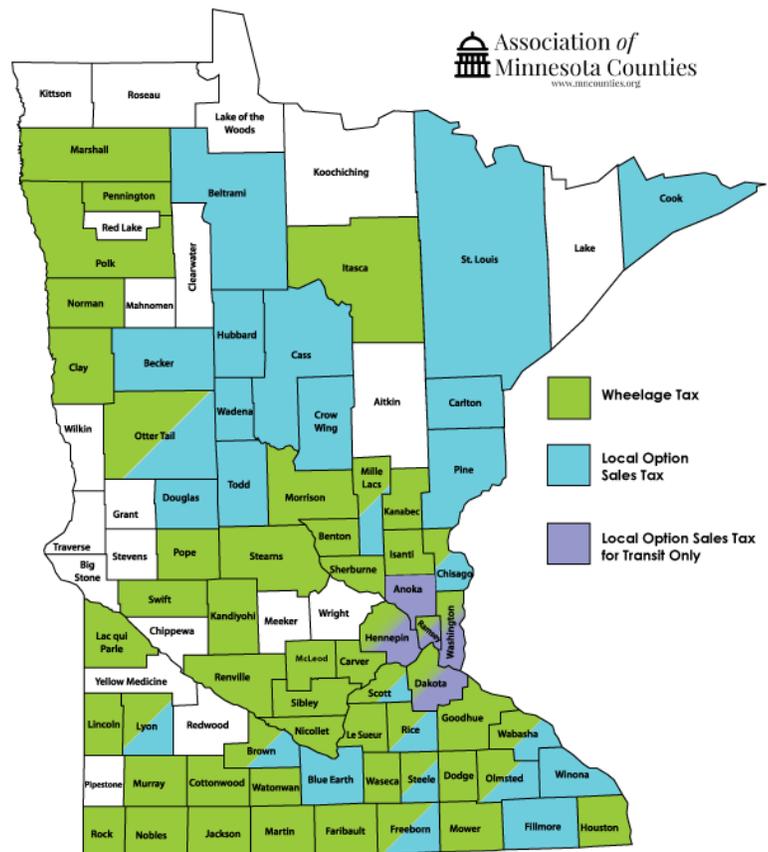
Transportation Sales Taxes

Transportation Sales Taxes of 0.5% may be levied for transportation purposes by any county not participating in the Metropolitan Transportation Area Sales Tax (currently Hennepin, Ramsey, Anoka, Washington and Dakota). These taxes must be directly applied to specific projects outlined in the action taken by the County Board to levy the local sales tax. Within the counties taking part in the Metropolitan Transportation Area Sales Tax, a 0.25% sales tax is imposed for transit projects selected by a regional board.

More information is available at: <http://www.house.leg.state.mn.us/hrd/issinfo/transtax.aspx?src=27>

Local Option Taxes for Transportation

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Highway User Tax Distribution Fund

The Highway User Tax Distribution Fund (HUTDF) is comprised of state gas tax, vehicle registration fees, and motor vehicle sales tax. Each of these sources are constitutionally dedicated to the HUTDF, which is exclusively for roads and bridges under state, county, city, and township jurisdiction. The taxes are collected statewide and distributed to counties based on a couple of formulas. Statewide, counties receive 29% of the regular distribution annually. Of the amount each county receives, 40% is dedicated for maintenance purposes and 60% is dedicated for construction purposes on the County State Aid Highway (CSAH) system. The maintenance funds are generally distributed in halves around February and July each year. The construction funding is made available to the county at the time an eligible state aid construction project is awarded to a contractor. This funding source may only be used for the benefit of the CSAH system and may not be used for local roads or bridges. Additionally, there are other requirements that must be met when using these funding sources.

More information on the distribution of the HUTDF can be found at: <http://www.dot.state.mn.us/stateaid/admin/sa-hutdf-2016.pdf>

Motor Vehicle Leased Sales Tax

Motor Vehicle Leased Sales Tax (MVLST) is similar to the motor vehicle sales tax, but is not constitutionally dedicated to the Highway User Tax Distribution Fund. Rather, the first \$32 million stays within the General Fund and then 50% is distributed to the counties in the metropolitan area, excluding Hennepin and Ramsey Counties. The remainder is provided to Greater Minnesota transit.

There are a number of regular State Bonding Programs that are used for the betterment of county road and bridge infrastructure including: *Local Bridge Replacement Program, Local Road Improvement Program, Safe Routes to School Program, Comprehensive Highway Safety Improvement Program and Wetland Replacement Program*. Generally, these programs are administered by the Minnesota Department of Transportation Office of State Aid and funds are allocated to county applicants based on program criteria. These funds are generally project specific and have specific requirements for the use of the funds and necessary match funding.

More information is available at: <http://www.dot.state.mn.us/stateaid/programs.html>

The Wetland Replacement Program is administered by the Board of Water and Soil Resources, and provides wetland credits to local agencies for certain road projects that impact wetlands. No direct funding comes to local agencies through this program.

Federal Aid Transportation Funding

Federal Aid Transportation Funding is packaged in a number of various programs that are administered through the State of Minnesota in cooperation with the Federal Highway Administration. The funding is generally distributed by region. The primary federal aid programs impacting county highways and bridges are: *Surface Transportation Program, Highway Safety Improvement Program, and Transportation Alternatives Program*. Funding under these programs are project specific and selected by Area Transportation Partnerships regionally across the state.

More information is available at: <http://www.fhwa.dot.gov/fastact/>.

Aggregate Material Taxes

Aggregate Material Taxes may be imposed by any county in the state. The aggregate production tax shall impose upon every operator a production tax of 21.5 cents per cubic yard or 15 cents per ton of aggregate material excavated and transported in the county. 42.5 % of the proceeds collected go to the county road and bridge fund for expenditure for the maintenance, construction and reconstruction of roads, highways and bridges.



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