

Transportation Funding Sources and Uses

Transit Funding Sources and Uses

Motor Vehicle Sales Tax (MVST)

- 40% constitutionally dedicated to transit purposes
- 36% statutorily allocated to metropolitan area transit
- Provides 42-45% of metro transit operating costs

Fares

- User fee dedicated to transit operations
- Provides 22-24% of transit operating costs

State General Fund

- Legislatively appropriated for bus and rail operations
- Provides 17-18% of transit operating costs

State Bonds

- Legislatively authorized/appropriated for specific capital projects
- Typically 10% of major transitway projects



Transit Funding cont.

Counties Transit Improvement Board Sales Tax

- Statutorily authorized for metropolitan transitway capital and operating purposes
- Council applies for CTIB funds through annual grant process
- CTIB provides:
 - 30% of most transitway capital projects
 - 50% of net costs of transitway operations (approx. 5% of total transit operating costs)

Transit Funding cont.

Federal Formula Funds

- Earned/allocated through a federal formula that accounts for population and amount of transit service provided in the region
- Under federal law transit formula funds are available for **transit capital purposes only**
- Council is the designated recipient and allocates the funds to specific capital projects – primarily bus replacement and other preservation projects

Transit Funding cont.

Competitive Federal Funds

- Awarded through various competitive federal programs
- Amount varies from year-to-year
- Primarily for capital purposes
- New Starts/Small Starts Funds
 - Available for major transitway capital investments
 - Limited amount available nationally
 - Twin Cities successfully competed for Blue Line, Green Line and Northstar New Starts funding
 - Pursuing Small Starts for Orange Line

Transit Funding cont.

Competitive Federal Funds

- Congestion Mitigation Air Quality (CMAQ)
 - Awarded through local Transportation Advisory Board Regional Solicitation process
 - Competitive criteria data-driven scoring process
 - Typically about \$20 M annually available to transit
- Other Competitive Funds
 - Other programs (UPA, TIGER, TIGGER, etc..) arise through new federal program authorizations
 - Council competes with eligible projects



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Highway Funding

- Major funding sources for MnDOT are State Highway User Taxes and Federal highway formula funds

State Highway User Taxes

- Gas tax, vehicle registration tax, 60% of motor vehicle sales tax
- Constitutionally dedicated to highway purposes
- Constitutionally allocated 62% state highways, 29% county highways, 9% municipal streets

Highway Funding cont.

Federal highway formula funds

- National Highway Performance Program
 - Eligible on designated National Highway System (primarily principal arterial system)
 - Allocated to MnDOT capital programs
- Surface Transportation Program (STP)
 - Allocated 50% to MnDOT system and 50% to Area Transportation Partnerships
 - TAB distributes metro funds through Regional Solicitation
 - Primarily allocated to local roadway projects
 - Approx. \$40 M annually for metro area

Highway Funding cont.

- CMAQ Program
 - Available to air quality non-attainment or maintenance areas
 - Funds distributed by TAB through Regional Solicitation
 - Projects must demonstrate air quality impact
 - Primarily allocated to transit, travel demand management and roadway system management projects
 - Approx. \$27 M annually
- Transportation Alternatives Program (TAP)
 - Available for alternative transportation, primarily bicycle and pedestrian projects
 - Funds distributed by TAB through Regional Solicitation
 - Approx. \$7 M annually