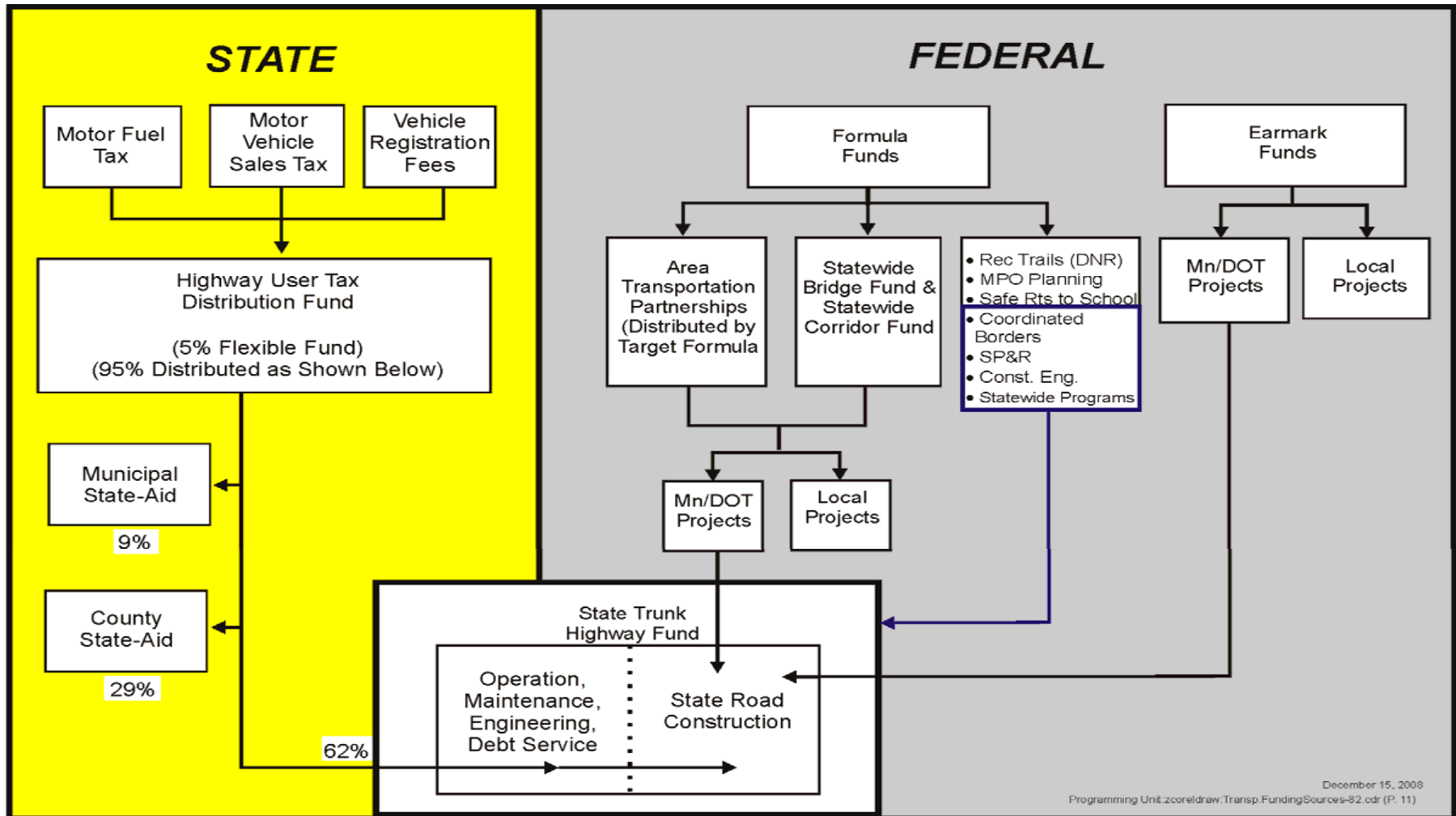


The Future of Transportation Funding and Financing  
Alternatives  
State Highway Funding & Finance  
May 1, 2009

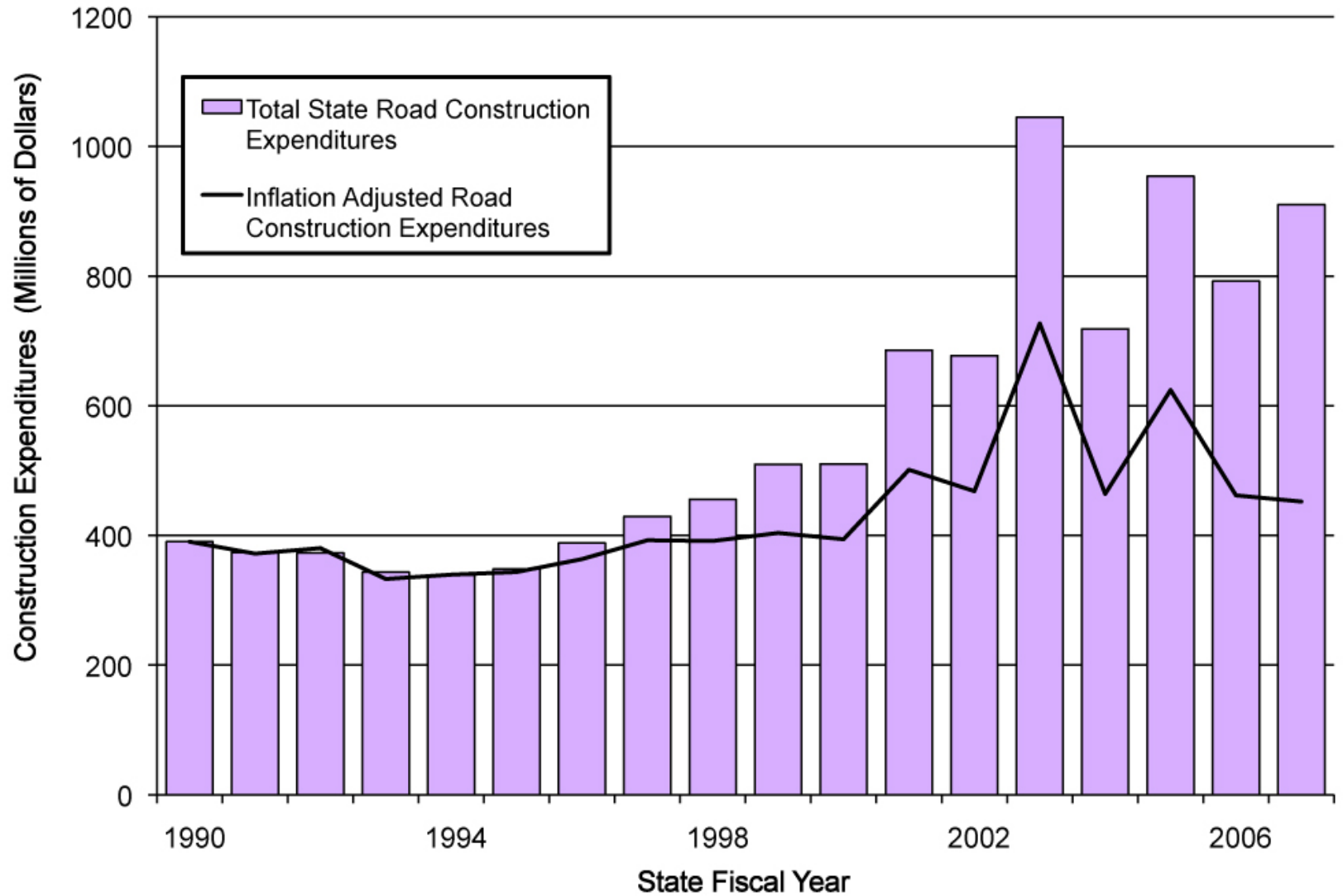
Brad Larsen, Traditional & Innovative Finance Director  
Mn/DOT, Office of Financial Management  
651/366-4821  
[brad.larsen@dot.state.mn.us](mailto:brad.larsen@dot.state.mn.us)



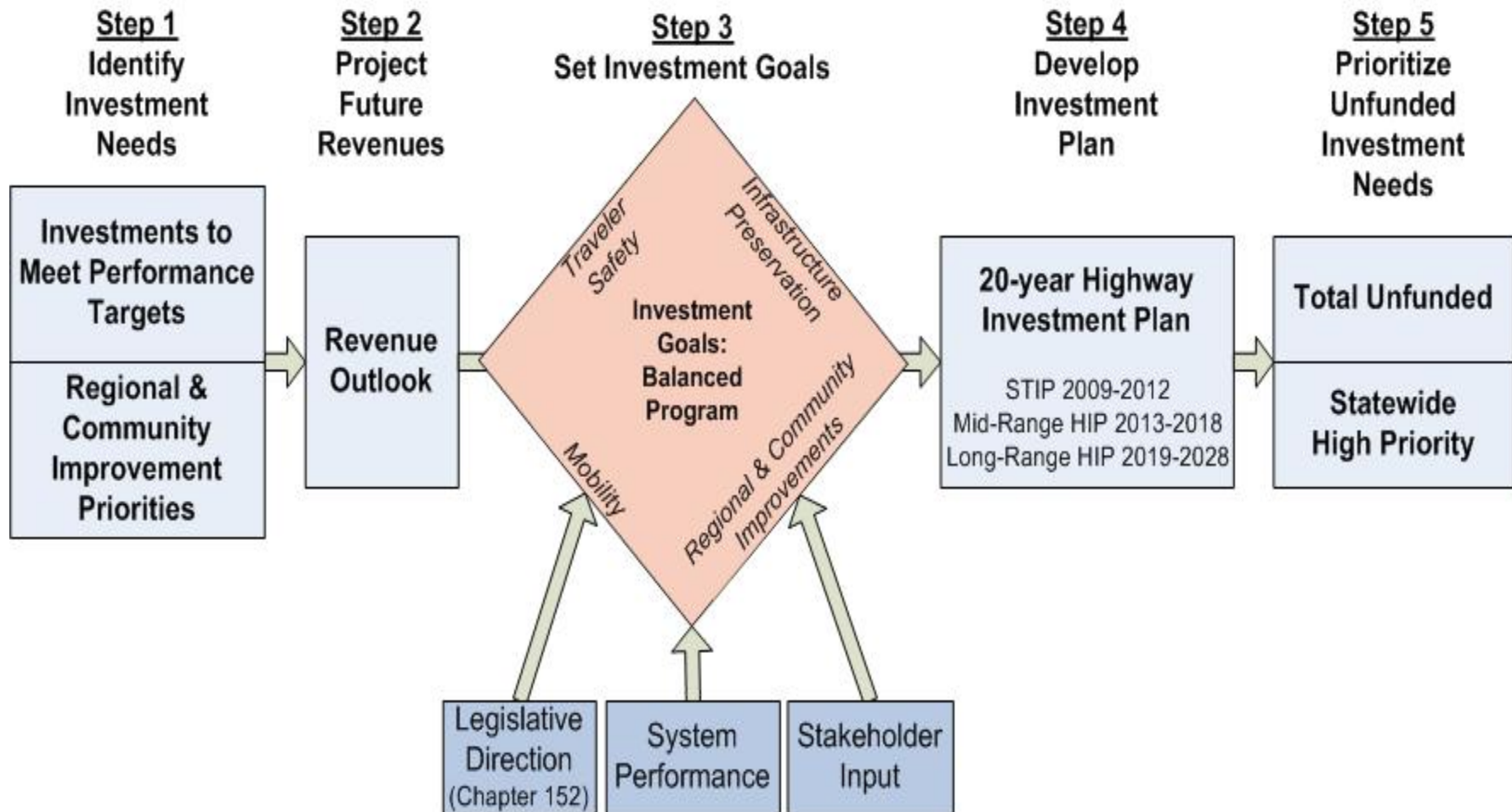
# Minnesota's Primary Transportation Funding Sources for State Highways



# Minnesota State Highway Construction Expenditures (1990 to 2007)



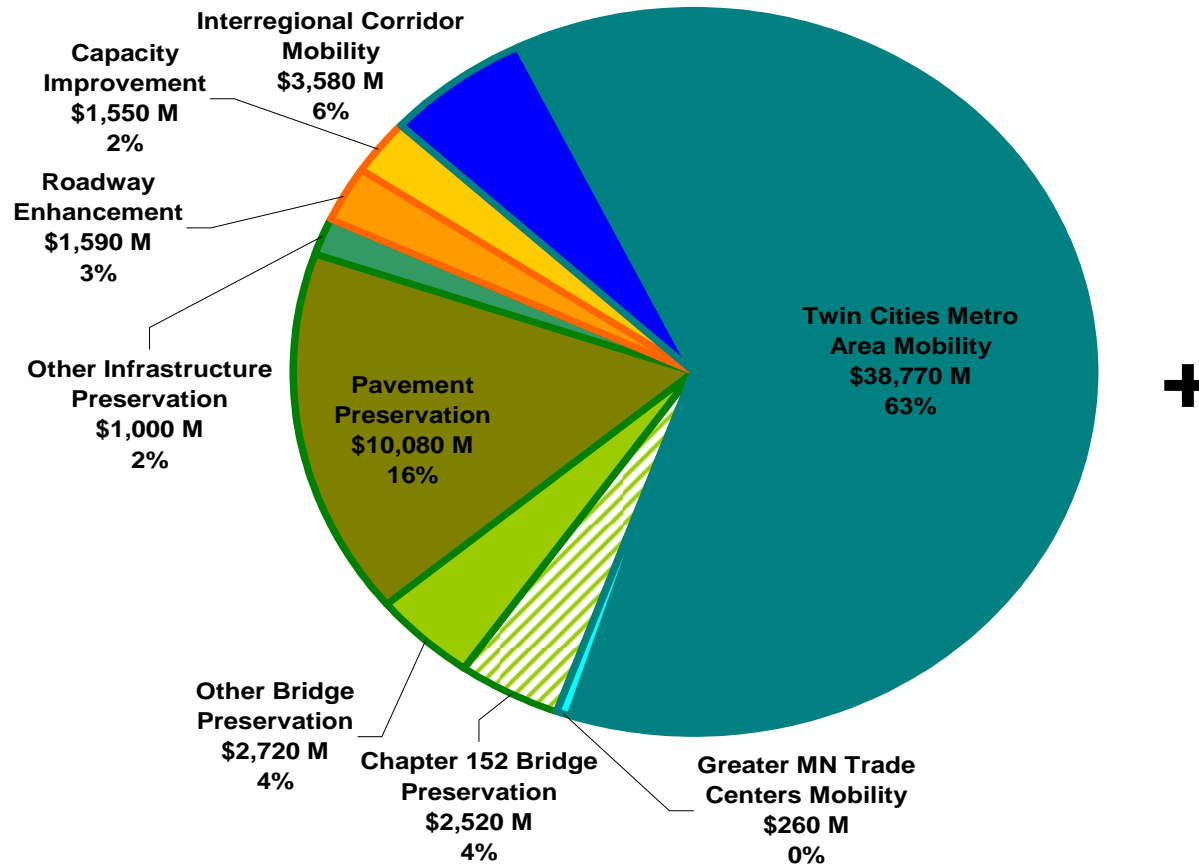
# State Highway Investment Plan Development



# State Highway Investment Needs 2009-2028 : ~\$65 Billion

**Investments to Meet Performance Targets: \$62,000 Million**

*Year of Construction Dollars*

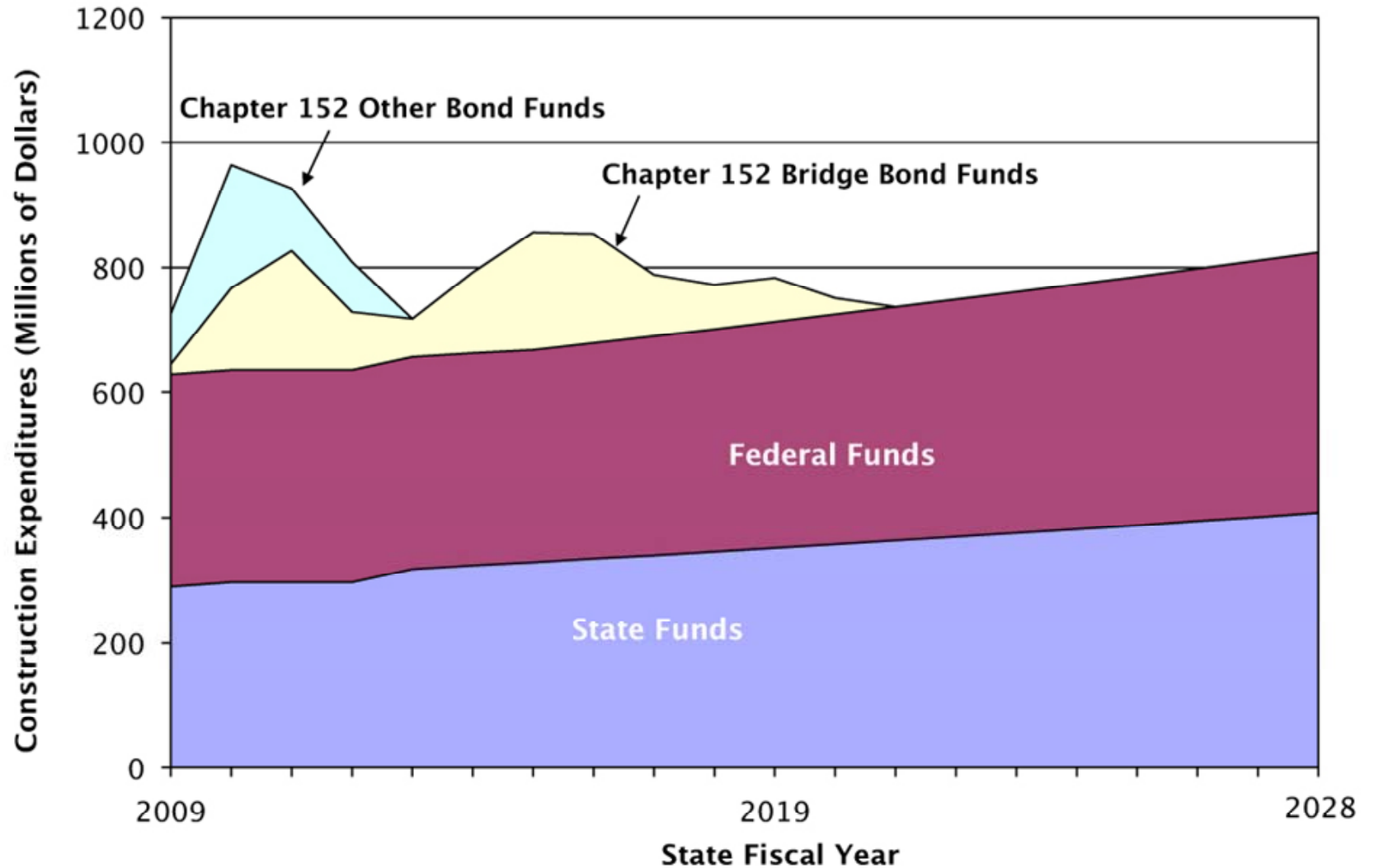


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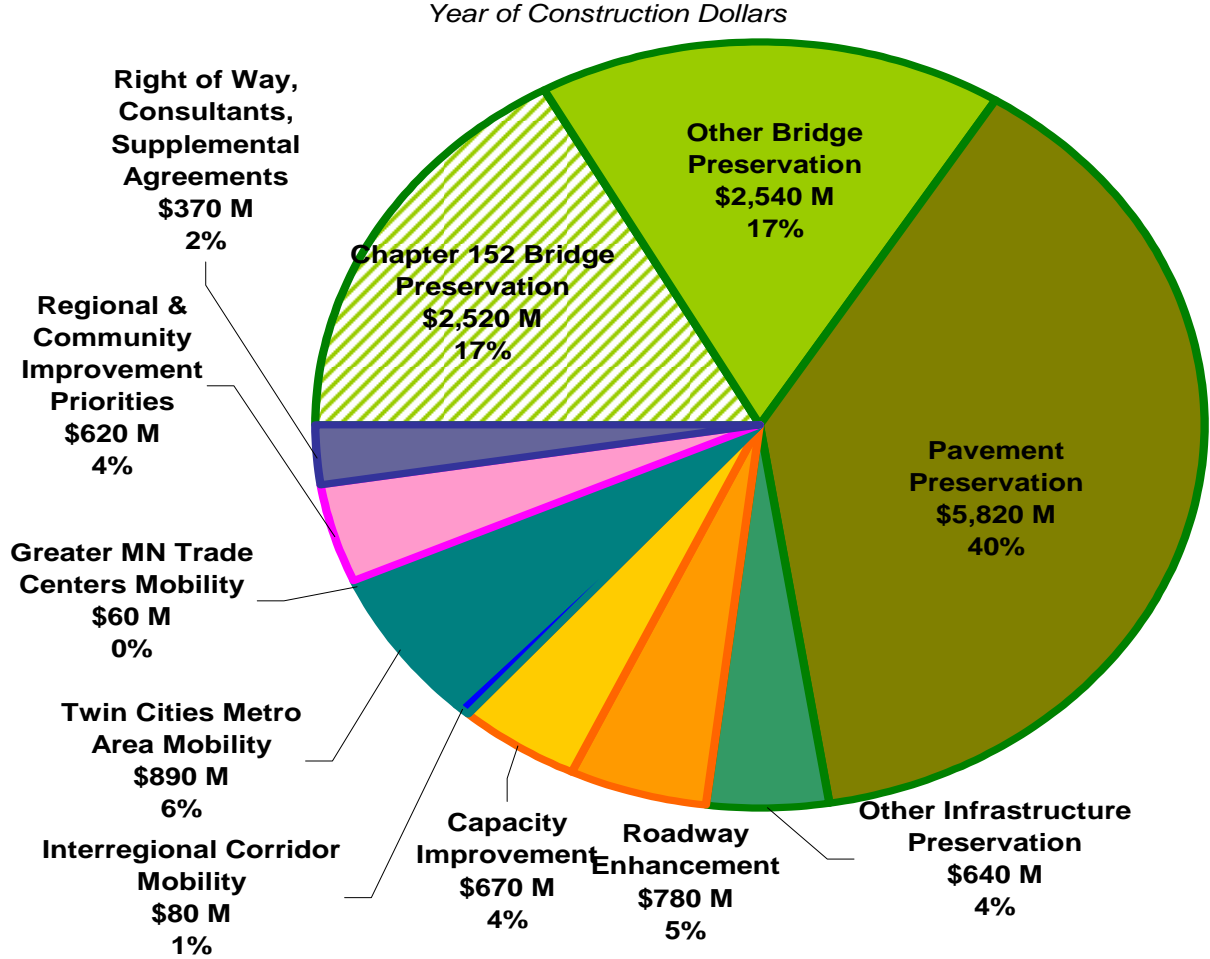
**Regional & Community  
Improvement Priorities  
\$3,000 to \$5,000 Million**



# Highway Construction Program Outlook incl. Chapter 152 Bonds (2009 to 2028)



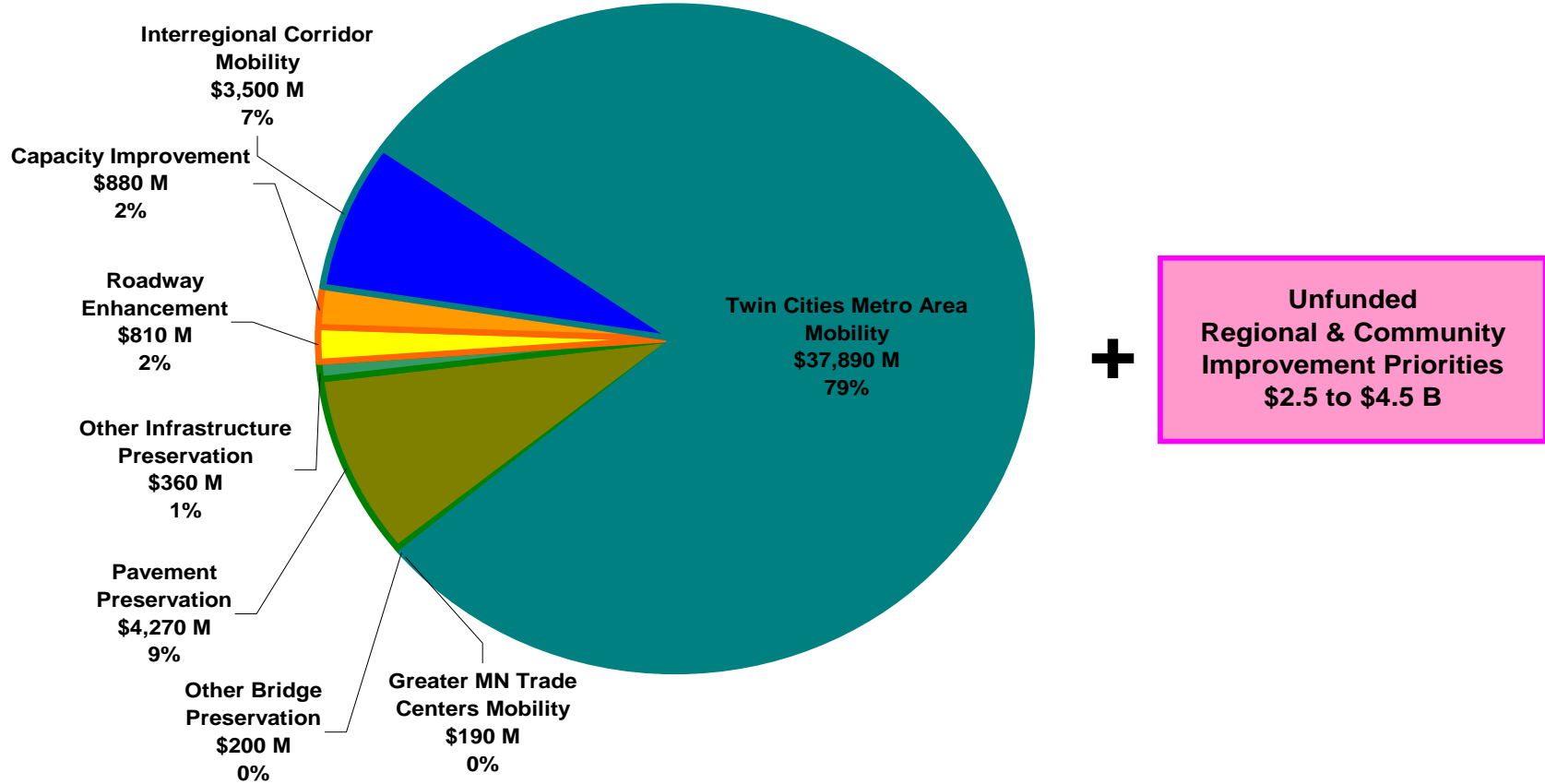
# Proposed 2009-2028 State Highway Investment Plan: ~\$15 Billion



# Unfunded 2009-2028 State Highway Investment Needs: ~\$50 Billion

Unfunded Investments to Meet Performance Targets: \$48,000 Million

*Year of Construction Dollars*



# Mn/DOT State Transportation Funding Sources & Financing Techniques

## Funding Sources

*Utilized*

*Not Utilized*

<b>Motor Vehicle Fuel Tax</b>	<b>Mileage Based Fees or Weight-Distance Fees</b>
<b>Vehicle Registration Tax</b>	<b>Value Capture Study Sources</b> -Land Value Tax -Tax Increment Financing -Special Assessments -Transportation Utility Fees/ Districts -Negotiated Exactions -Development Impact Fees -Joint Development Agreements -Air Rights Leasing
<b>Motor Vehicle Sales Tax</b>	<b>Indexing Motor Vehicle Fuel Tax</b>
<b>Lease vehicle Tax</b>	<b>Other Taxes/Fees (e.g. sales tax on fuel)</b>
<b>Federal Funding (Fuel Taxes, Tire Tax, Truck &amp; Trailer Sales Tax, Heavy Vehicle Use Tax, and Federal General Fund)</b> -Formula -Earmarks -Competitive Grants (e.g UPA, VPP) -Economic Stimulus	<b>New Federal Funding Sources</b> -National Infrastructure Bank -Mileage Based Fees -Carbon Tax/Cap & Trade Revenue -Freight Related Taxes/Fees -Fuel Tax Exemption Reimbursement -Interest on HTF Balances



## Funding Sources continued...

*Utilized*

*Not Utilized*

<b>State General Fund (Income Tax, General Sales Tax , others)</b>	<b>Public/Private Asset Sales/Leases</b>
<b>License Fees</b>	<b>Private Contributions</b>
<b>Tolling/Congestion Pricing (HOT Lanes/Shoulders)</b>	<b>Motor Vehicle Violation Surcharge</b>
<b>Local Government Contributions: monetary, real estate, and service donations; joint facilities</b>	<b>Asset Revenue Generating Approaches (e.g. advertising, product/service sales/leasing, etc)</b>
<b>Investment Interest</b>	<b>Joint Transit Development Agreements</b>
<b>Aeronautics Taxes</b> -Airflight Property Tax -Aircraft Registration Tax	<b>Transportation Development Corporations or Transportation Improvement Districts</b>
<b>Transit Fares</b> _____	<b>Cordon Pricing</b> _____
	<b>Emissions Fees</b>



# Financing Techniques

## *Utilized*

## *Not Utilized*

<p><b>Federal Advance Construction (AC)</b></p>	<p><b>Private Financing (Public-Private Partnerships with or without tolling - shadow tolling, availability payments, etc.)</b></p>
<p><b>Debt Financing</b>                      -TH Bonds                      -GO Bonds (transit – not state trunk highways)                      -Transportation Revolving Loan Fund (TRLF)                      Local Government Advances                      Met Council RALF Program</p>	<p><b>Private Activity Bonds</b></p>
<p><b>Flexible Match</b></p>	<p><b>GARVEE Bonds</b></p>
	<p><b>TIFIA</b></p>
	<p><b>Section 129 Loans</b></p>
	<p><b>Potential New Federal Financing Techniques</b>                      -National Infrastructure Bank                      -Tax Credit Bonding</p>
	<p><b>Joint Transit Development Agreements</b></p>

OFM Draft 4/17/09



# What is Innovative Transportation Finance?

- Utilizing 1) new funding sources and techniques and 2) existing funding sources and financing techniques in new ways to deliver more projects quicker and more cost-effectively
- Good sources to learn more about Innovative Transportation Finance are:

<http://www.innovativefinance.org/> - AASHTO

<http://www.fhwa.dot.gov/ppp/> - FHWA



# What is Mn/DOT's Innovative Finance Initiative?

- Commissioner's Forum on Innovative Transportation Finance – December 12, 2008
- Keys to a Successful Innovative Finance Program
- Next Steps

