

Subsidies for Roads, Parking, Driving, and Transit Twin Cities Metropolitan Area



There is a common misconception that user fees pay for the majority of the costs of our transportation system. In truth, gas tax revenues, license tab fees, parking charges, and transit fares paid for by vehicle drivers and transit riders cover only a percentage of the total costs. The rest of the costs are in fact “subsidized” - by property taxes, the state general fund and other sources. This table documents the costs of driving, parking, public transit, and public health not paid for by user fees. The information in this table comes from reports by the U of M’s Center for Transportation Studies and the Office of the Legislative Auditor. References are listed on the reverse side of this document.

	Per Capita Annual Subsidy (1998)
Roads and Bridges Only a percentage of the cost of local roads and bridges is paid for with user fees – the state and federal motor fuels tax and state license tab fees. The Office of the Legislative Auditor estimates that 31% of the cost of county roads, 51% of the cost of city roads, and 63% of the cost of township roads is paid for with property taxes. ¹	\$202
Miscellaneous Costs Property taxes pay for city and county costs of police, fire (emergency response), and legal, judicial, and corrections related to traffic enforcement and vehicle crashes. ²	\$67
Government Parking and Drives Government builds and manages a percentage of off-street parking lots and ramps, much of it is provided at no cost or a reduced cost to employees and others. ³	\$89
Business Parking, Roads and Driveways Business subsidizes the cost of employee parking, roads and driveways so that it can be provided at low or no cost to employees and customers. ⁴	<u>\$527</u>
Total Annual Per Capita Subsidy	\$885

Subsidy for Public Transit The subsidy for public transit includes all capital and operating costs of public transit not paid for by rider fares. ⁵	\$47
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Air Pollution Related to Vehicle Emissions - External Costs State, federal, and local taxes pay for the costs of public health services, damage to crops, materials, and forests, and global climate change. ⁶	\$328
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Notes: This table includes costs that are not paid for with user fees - state and federal motor fuel taxes, state license tab fees, parking charges paid by drivers, and transit fares paid for by transit riders. The estimates in this table are taken from three reports:

- David Anderson and Gerald McCullough. *The Full Costs of Transportation in the Twin Cities Region*. Center for Transportation Studies, University of Minnesota. 2000.
- Barry Ryan and Thomas F. Stinson. *Road Finance Alternatives: An Analysis of Metro-Area Road Taxes*. Center for Transportation Studies, University of Minnesota. 2002.
- *Highway Spending: A Program Evaluation Report*. Office of the Legislative Auditor. State of Minnesota. 1997.

The Twin Cities region is defined in the Anderson and McCullough report as a 19-county area with a population of 3.1 million. All per-capita estimates are made using this 19-county area which has 500,000 more residents than the 7-county metro area. The data in the reports from the Center for Transportation Studies is from 1998.

Footnotes.

¹ Anderson and McCullough. Page 63. Adjusted using percentages from Ryan and Stinson on page 29 of their report (Local spending source of 24% property tax, 11% state general fund and 5% special assessments).

² Anderson and McCullough. Page 70 and iii.

³ Anderson and McCullough. Pages 75-76 and iii.

⁴ Anderson and McCullough. Pages 94-98 and iii.

⁵ Anderson and McCullough. Pages 63-67 and iii. Transit costs used in this table are exclusive of school bus transportation (not public transit) and rider fares (a user fee). Since buses run on roads, a small portion of road costs could be attributable to transit subsidy costs.

⁵ Anderson and McCullough. Pages 129-134 and iii.

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