

March 13, 2024

Senator Sandra Pappas, Chair  
Senate Capital Investment Committee  
581 State Office Building  
Saint Paul, MN 55155

Chair Pappas and Senate Capital Investment Committee Members,

On behalf of the Minnesota Inter-County Association (MICA), which represents fifteen of Minnesota's larger and faster growing counties, thank you for the opportunity to share comments and concerns regarding SF3782.

SF3782 would require recipients of certain state capital investment grants to establish, and fund, project replacement accounts for projects constructed or improved with state capital investment grants. For counties, state capital funds are most often granted for heavily used infrastructure that is core to state-local operations, such as roads, bridges, transit, waste recovery and recycling, mental health infrastructure, and parks and trails. Such infrastructure is integral to the operations of government and communities, and typically declines rapidly through regular use.

We share the importance of prudently maintaining such capital assets over time. The reality, however, is that state resources are most often requested because the accumulating infrastructure needs overwhelm the annual local funding streams available and necessary to simultaneously support multiple core functions.

We appreciate the author's willingness to engage with counties to ensure that state supported capital investment is maintained. As the bill moves forward, we respectfully request the committee to consider:

- Local governments typically request funds for projects that have statewide or regional significance. The bill language relies on only the host community to contribute to the replacement fund.
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- The funds required to be deposited into capital projects replacement funds will divert funds from other projects over the life of the asset and diminish important flexibility and local control over how best to allocate limited public resources at the end of an asset's lifecycle.

We welcome continuing discussion regarding best practices in capital asset management in ways that also ensure local flexibility and control over limited capital resources.

Thank you for your consideration,



**Matt Massman**, *Executive Director*  
*Minnesota Inter-County Association*