




## Office Memorandum

**Date:** March 3, 2015

**To:** Cynthia Bauerly, Commissioner  
Minnesota Department of Revenue

**From:** Myron Frans, Commissioner 

**Phone:** (651) 201-8011

**Subject:** Trunk Highway Debt Service Report

The Laws of 2008, Chapter 152, Article 2, Section 1, Subdivision 2 stipulate that:

*On June 30, 2008, and each March 1 thereafter, the commissioner of finance shall report to the commissioner of revenue on trunk highway debt service. The report must include the annual amount of revenue from the surcharge previously deposited in the trunk highway fund, and a forecast of the total and annual amounts necessary to pay the remaining debt service.*

This letter is being sent in satisfaction of this requirement. The amount of revenue from the surcharge deposited into the fund in the current fiscal year is \$62,156,000. The amount transferred from the trunk highway fund to pay the FY 2015 debt service on bonds authorized in Chapter 152 is \$96,745,000. Over the life of the Chapter 152 bonds, the surcharge will under collect the amount needed for debt service by \$615,293,000.

A summary of the projected surcharge revenue and debt service payments is in the attached page.

### Attachment

cc: Sue Gurrola – MMB  
Randy Sanford – MDOR  
Jeremy Neeck - MDOR  
Keith Bogut – MMB  
Tracy Hatch – MnDOT

ALL AMOUNTS IN THOUSANDS										
		Highway User Tax Distribution Fund				Trunk Highway Fund		Cumulative Totals		
Type	Fiscal Year	Debt Surcharge Revenue <sup>(1)</sup>	DNR Transfers <sup>(2)</sup>	DNR Transfers Allocated to Debt Surcharge <sup>(3)</sup>	Net Debt Surcharge	Trunk Highway Portion (62% of 95%, or 58.9%) <sup>(4)</sup>	Debt Transfer <sup>(5)</sup>	TH Debt Surcharge	Debt Transfers	Variance
Actual	2009	12,632	16,397	282	12,350	7,274	1,709	7,274	1,709	5,565
Actual	2010	59,935	19,708	1,440	58,496	34,454	504	41,728	2,213	39,515
Actual	2011	75,839	21,432	1,927	73,912	43,534	(5,490)	85,262	(3,277)	88,539
Actual	2012	89,452	21,196	2,244	87,208	51,366	(12,823)	136,628	(16,100)	152,728
Actual	2013	104,374	21,784	2,649	101,725	59,916	59,689	196,544	43,589	152,955
Actual	2014	107,769	21,717	2,667	105,102	61,905	74,470	258,449	118,059	140,390
Forecast	2015	108,276	22,371	2,747	105,529	62,156	96,745	320,606	214,804	105,802
Forecast	2016	108,657	22,468	2,759	105,898	62,374	115,092	382,979	329,896	53,083
Forecast	2017	108,266	22,462	2,758	105,508	62,144	129,884	445,123	459,780	(14,657)
Forecast	2018	108,034	22,400	2,751	105,283	62,012	134,691	507,135	594,471	(87,336)
Forecast	2019	108,148	22,387	2,749	105,399	62,080	135,484	569,215	729,955	(160,740)
Forecast	2020-39	1,869,348	386,961	47,522	1,821,826	1,073,056	1,527,609	1,642,271	2,257,564	(615,293)
<b>Total</b>		<b>2,860,731</b>	<b>621,284</b>	<b>72,496</b>	<b>2,788,235</b>	<b>1,642,271</b>	<b>2,257,564</b>			

## Notes:

<sup>(1)(2)</sup> Debt surcharge revenue and DNR transfer estimates from MnDOT: 2009-14 reflect actual revenue, and 2015+ reflects assumptions as of February 2015 forecast

2015-19 directly from Feb 2015 forecast, 2020+ uses blended average of long-term fuel consumption projections from two sources:

-IHS Economics national highway fuel consumption (Feb 2015)

-Energy Information Administration (EIA) motor gasoline consumption for West North Central census region (2014 Annual Energy Outlook)

<sup>(3)</sup> Portion of DNR transfers attributable to debt surcharge estimated at average annual rate for debt surcharge divided by total average annual gasoline tax rate

DNR receives percentage of all gasoline taxes for six accounts, which total ~3.096% per M.S. 296A.18

<sup>(4)</sup> Trunk Highway portion of debt service surcharge is 62% of 95%, or 58.9%, of surcharge revenues net of DNR transfers, per Minnesota Constitution Article XIV

<sup>(5)</sup> Debt transfer amounts from MMB: 2009-15 reflect actual transfers, and 2016+ reflect projections as of February 2015 forecast (net of premium and interest)

Per M.S. 296A.083, for setting the surcharge rate in FY 2013+, portion of debt surcharge deposited in the Trunk Highway Fund must be compared to Chapter 152 debt transfers for 2009-39