



Date: 03/25/2019

To: Commissioner Cynthia Bauerly

From: Commissioner Myron Frans *mf*

RE: Trunk Highway Debt Service Report

Dear Commissioner Bauerly,

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 \$66,281,000. The amount transferred from the trunk highway fund to pay the FY 2018 debt service on bonds authorized in Chapter 152 is \$131,878,000. Over the life of the Chapter 152 bonds, the surcharge will under collect the amount needed for debt service by \$352,072,000.

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

cc: Peter Meidal, MMB
Josh Knatterud-Hubinger, MnDOT
Alisha Cowell, MMB
Laura Logsdon, MMB
Randy Sanford, Revenue
Jeremy Neeck, Revenue

ALL AMOUNTS IN THOUSANDS										
		Highway User Tax Distribution Fund				Trunk Highway Fund		Cumulative Totals		
Type	Fiscal Year	Debt Surcharge Revenue ⁽¹⁾	DNR Transfers ⁽²⁾	DNR Transfers Allocated to Debt Surcharge ⁽³⁾	Net Debt Surcharge	Trunk Highway Portion (62% of 95%, or 58.9%) ⁽⁴⁾	Debt Transfer ⁽⁵⁾	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	505	41,728	2,214	39,514
Actual	2011	75,839	21,432	1,927	73,912	43,534	(5,490)	85,262	(3,276)	88,538
Actual	2012	89,452	21,196	2,244	87,208	51,366	(12,823)	136,628	(16,099)	152,727
Actual	2013	104,374	21,866	2,659	101,715	59,910	59,689	196,538	43,590	152,948
Actual	2014	107,769	21,717	2,667	105,102	61,905	74,470	258,443	118,060	140,383
Actual	2015	109,062	21,994	2,701	106,361	62,647	96,746	321,090	214,806	106,284
Actual	2016	110,730	22,514	2,765	107,965	63,592	108,993	384,682	323,799	60,883
Actual	2017	112,039	22,800	2,800	109,239	64,341	116,865	449,023	440,664	8,359
Actual	2018	113,644	23,028	2,828	110,816	65,271	131,878	514,294	572,542	(58,248)
Forecast	2019	115,421	23,530	2,890	112,531	66,281	123,185	580,575	695,727	(115,152)
Forecast	2020	116,248	23,640	2,903	113,345	66,760	127,835	647,335	823,562	(176,227)
Forecast	2021	116,781	23,750	2,917	113,864	67,066	128,049	714,401	951,611	(237,210)
Forecast	2022	116,898	23,850	2,929	113,969	67,128	125,389	781,529	1,077,000	(295,471)
Forecast	2023	116,710	23,750	2,917	113,793	67,024	121,889	848,553	1,198,889	(350,336)
Forecast	2024-39	1,785,838	363,411	44,629	1,741,209	1,025,572	1,027,308	1,874,125	2,226,197	(352,072)
Total		3,263,373	694,583	81,497	3,181,876	1,874,125	2,226,197			

Notes:

⁽¹⁾⁽²⁾Debt surcharge revenue and DNR transfer estimates from MnDOT: 2009-18 reflect actual revenue, and 2019+ reflects assumptions as of February 2019 forecast

2019-23 directly from Feb 2019 forecast, 2024+ uses blended average of long-term fuel consumption projections from two sources:

-IHS Markit national highway fuel consumption (Feb 2019)

-Energy Information Administration (EIA) motor gasoline consumption for West North Central census region (2019 Annual Energy Outlook)

⁽³⁾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

⁽⁴⁾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

⁽⁵⁾Debt transfer amounts from MMB: 2009-19 reflect actual transfers, and 2020+ reflect projections as of February 2019 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