



**Date:** April 20, 2021

**To:** Commissioner Robert Doty

**From:** Commissioner Jim Schowalter

**RE:** Trunk Highway Debt Service Report

Dear Commissioner Doty,

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 \$60,269,000. The amount transferred from the trunk highway fund to pay the FY 2020 debt service on bonds authorized in Chapter 152 is \$123,897,000. Over the life of the Chapter 152 bonds, the surcharge will under collect the amount needed for debt service by \$317,347,000.

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

cc: Peter Meidal, MMB

Josh Knatterud-Hubinger, MnDOT

Liz Connor, MMB

Laura Lane, MMB

Randy Sanford, Revenue

Jeremy Neeck, Revenue

Legislative Reference Library

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	Ch. 152 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)
Actual	2019	113,955	23,274	2,858	111,097	65,436	122,530	579,730	695,072	(115,342)
Actual	2020	107,838	23,066	2,833	105,006	61,848	123,897	641,578	818,969	(177,391)
Forecast	2021	104,944	21,333	2,620	102,324	60,269	103,516	701,847	922,485	(220,638)
Forecast	2022	111,240	22,613	2,777	108,463	63,885	122,842	765,732	1,045,327	(279,595)
Forecast	2023	112,240	22,816	2,802	109,438	64,459	127,851	830,191	1,173,178	(342,987)
Forecast	2024	113,021	22,975	2,821	110,200	64,908	119,529	895,098	1,292,707	(397,609)
Forecast	2025	113,704	23,113	2,838	110,866	65,300	111,070	960,398	1,403,777	(443,379)
Forecast	2026-39	1,577,333	320,630	39,376	1,537,958	905,857	779,825	1,866,255	2,183,602	(317,347)
<b>Total</b>		<b>3,249,753</b>	<b>692,472</b>	<b>81,238</b>	<b>3,168,515</b>	<b>1,866,255</b>	<b>2,183,602</b>			

Notes:

<sup>(1)(2)</sup>Debt surcharge revenue and DNR transfer estimates from MnDOT: 2009-20 reflect actual revenue, and 2021+ reflects assumptions as of February 2021 forecast

2021-25 directly from Feb 2021 forecast, 2026+ uses blended average of long-term fuel consumption projections from two sources:

-IHS Markit national highway fuel consumption (Feb 2021)

-Energy Information Administration (EIA) motor gasoline consumption for West North Central census region (2021 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: 2009-20 reflect actual transfers, and 2021+ reflect projections as of February 2021 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