



Date: 4/25/2024

To: Commissioner Paul Marquart

From: Commissioner Erin Campbell *EC*

RE: Trunk Highway Debt Service Report

Dear Commissioner Marquart,

Minnesota Statutes, Section 296A.083, Subdivision 2 stipulates that:

On April 1 each year, the commissioner of management and budget 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 to report the required information. The amount of revenue from the surcharge deposited into the trunk highway fund in fiscal year 2024 is estimated to be \$61,237,000, for a cumulative total since fiscal year 2009 of \$886,234,000. The amount transferred from the trunk highway fund to pay the fiscal year 2024 debt service on bonds authorized in Chapter 152 was \$117,197,000, for a cumulative total since fiscal year 2009 of \$1,290,246,000. Over the life of the Chapter 152 bonds, the surcharge is estimated to under-collect the amount needed for debt service by \$359,534,000.

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

cc: Jennifer Hassemer, MMB

Josh Knatterud-Hubinger, MnDOT

Samuel Brown, MnDOT

Josh Riesen, MMB

Nick Lardinois, MMB

Martha Burton, Revenue

Jeremy Neeck, Revenue

Tracy Lenius, Revenue

Legislative Reference

Library

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	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)
Actual	2021	103,235	20,317	2,495	100,740	59,336	103,516	700,914	922,485	(221,571)
Actual	2022	108,293	21,397	2,628	105,666	62,237	121,641	763,151	1,044,126	(280,975)
Actual	2023	107,644	21,520	2,643	105,001	61,845	128,323	824,996	1,172,449	(347,453)
Forecast	2024	106,652	21,855	2,684	103,968	61,237	117,797	886,234	1,290,246	(404,012)
Forecast	2025	110,510	22,646	2,492	108,018	63,622	108,194	949,856	1,398,440	(448,584)
Forecast	2026	117,794	24,138	2,592	115,202	67,854	105,651	1,017,710	1,504,091	(486,381)
Forecast	2027	119,043	24,394	2,549	116,495	68,615	103,388	1,086,325	1,607,479	(521,154)
Forecast	2028-39	1,263,812	258,979	27,058	1,236,754	728,448	566,829	1,814,774	2,174,308	(359,534)
Total		3,071,800	654,972	76,633	2,995,167	1,764,153	2,164,626			

Notes:

⁽¹⁾⁽²⁾Debt surcharge revenue and DNR transfer estimates from MnDOT: 2009-23 reflect actual revenue, and 2024+ reflects assumptions as of February 2024 forecast

2023-27 directly from Feb 2024 forecast, 2028+ uses long-term fuel consumption projections from IHS Markit national highway fuel consumption (Feb 2024)

⁽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: 2009-23 reflect actual transfers, and 2024+ reflect projections as of February 2024 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