



Date: 4/8/2025

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 2025 is estimated to be \$62,868,000, for a cumulative total since fiscal year 2009 of \$950,192,000. The amount transferred from the trunk highway fund to pay the fiscal year 2025 debt service on bonds authorized in Chapter 152 was \$108,700,000, for a cumulative total since fiscal year 2009 of \$1,398,946,000. The total estimated proceeds from the surcharge deposited in the trunk highway fund from fiscal year 2009 through the upcoming fiscal year (fiscal year 2026) is \$1,012,710,000. The total estimated debt service from fiscal years 2009 to 2039 is \$2,169,677,000.

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

cc: Jennifer Hassemer, MMB
Nick Lardinois, MMB
Jeffrey Schnobrich, MMB
Josh Knatterud-Hubinger, MnDOT
Samuel Brown, MnDOT
Martha Burton, Revenue
Jeremy Neeck, Revenue
Tracy Lenius, Revenue
Steven Diaz, Revenue
Joshua Sandey, Revenue
Legislative Reference Library

| ALL AMOUNTS IN THOUSANDS | | | | | | | | | | |
|--------------------------|-------------|---------------------------------------|------------------------------|--|--------------------|---|------------------------------|-------------------|------------------------|-----------|
| Type | Fiscal Year | Highway User Tax Distribution Fund | | | | Trunk Highway Fund | | Cumulative Totals | | |
| | | 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) |
| Actual | 2024 | 108,473 | 21,614 | 2,654 | 105,819 | 62,327 | 117,797 | 887,324 | 1,290,246 | (402,922) |
| Forecast | 2025 | 109,238 | 22,722 | 2,501 | 106,737 | 62,868 | 108,700 | 950,192 | 1,398,946 | (448,754) |
| Forecast | 2026 | 108,760 | 24,381 | 2,618 | 106,142 | 62,518 | 105,399 | 1,012,710 | 1,504,345 | (491,635) |
| Forecast | 2027 | 107,524 | 24,527 | 2,617 | 104,907 | 61,790 | 102,116 | 1,074,500 | 1,606,461 | (531,961) |
| Forecast | 2028 | 106,440 | 24,633 | 2,558 | 103,882 | 61,186 | 98,934 | 1,135,686 | 1,705,395 | (569,709) |
| Forecast | 2029 | 105,447 | 24,979 | 2,610 | 102,837 | 60,571 | 92,857 | 1,196,257 | 1,798,252 | (601,995) |
| Forecast | 2030-39 | 1,016,682 | 240,839 | 24,575 | 992,107 | 584,351 | 371,425 | 1,780,608 | 2,169,677 | (389,069) |
| Total | | 3,099,006 | 705,921 | 75,903 | 3,023,104 | 1,780,608 | 2,169,677 | | | |

Notes:

⁽¹⁾⁽²⁾Debt surcharge revenue and DNR transfer estimates from MnDOT: 2009-24 reflect actual revenue, and 2025+ reflects assumptions as of February 2025 forecast

2025-29 directly from Feb 2025 forecast, 2030+ uses long-term fuel consumption projections from S&P Global national highway fuel consumption (Feb 2025)

⁽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: 2009-24 reflect actual transfers, and 2025+ reflect projections as of February 2025 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