

January 23, 2026

The Honorable Scott Dibble
Chair
Senate Transportation Committee
3107 Minnesota Senate Building
St. Paul, Minnesota 55155

The Honorable John Jasinski
Ranking Minority Member
Senate Transportation Committee
2227 Minnesota Senate Building
St. Paul, Minnesota 55155

The Honorable Jon Koznick
Co-Chair
House Transportation Finance and Policy Committee
2nd Floor Centennial Office Building
St. Paul, Minnesota 55155

The Honorable Brad Tabke
Co-Chair
House Transportation Finance Committee
5th Floor Centennial Office Building
St. Paul, Minnesota 55155

Re: State Airports Fund Contingent Appropriations, State Fiscal Year 2026

Dear Legislators,

This letter is notification that the Minnesota Department of Transportation will use existing contingency language in the Laws of 2025, 1st Special Session, Chapter 8, Article 1, Section 2, Subdivision 2(a)(1):

If the commissioner of transportation determines that a balance remains in the state airports fund following the appropriations made in this article and that the appropriations made are insufficient for advancing airport development and assistance projects, an amount necessary to advance the projects, not to exceed the balance in the state airports fund, is appropriated in each year to the commissioner and must be spent according to Minnesota Statutes, section 360.305, subdivision 4. Within two weeks of a determination under this contingent appropriation, the commissioner of transportation must notify the commissioner of management and budget and the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance concerning the funds appropriated. Funds appropriated under this contingent appropriation do not adjust the base for fiscal years 2028 and 2029.

Based on the November 2025 forecast, the fund balance is projected to be approximately \$9.4 million above the required reserve level for Fiscal Year 2027, as established by the State Airports Fund Balance Policy (MnDOT Policy #FM012). MnDOT is contingently appropriating \$7.5 million to help close the \$1.2 billion funding gap identified for Minnesota airports to meet aviation system goals set out in the Minnesota State Aviation System Plan (MnSASP). This approval would maintain a \$2.1 million balance in the fund above and beyond the required reserves.

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Specifically, these funds will be used for the continuation of MnDOT's Navigation Systems modernization program initiated in 2023 with a one-time \$15 million appropriation from the State Airports Fund, addressing about half of the identified need at that time. Access to these contingency funds will allow MnDOT to maintain momentum from the initial one-time investment by addressing an urgent need to replace many state-owned systems that have served well beyond their useful life.

The available surplus is largely due to an increase in aircraft sales tax revenue collected in Fiscal Year 2025, along with sustained growth throughout the forecast period. If no action is taken, forecasted revenues will exceed appropriations, resulting in a projected fund balance of \$12.4 million by the end of Fiscal Year 2029.

MnDOT will take any necessary precautions and continue to track the balance of the State Airport Fund to ensure the additional spending is sustainable within existing resources, and if needed, react accordingly.

Please feel free to contact me if you have any questions.

Sincerely,



Nancy Daubenberger, Commissioner, P.E. (MN)

cc: Erin Campbell, Commissioner, Minnesota Management and Budget
Ahna Minge, Assistant Commissioner/State Budget Director, Minnesota Management and Budget
Jeff Schnobrich, Director of Budget Policy and Analysis, Minnesota Management and Budget
Shawn Sippin, Office of Governor Tim Walz and Lt. Governor Peggy Flanagan
Ryan Gaug, Director, Aeronautics, Minnesota Department of Transportation
Josh Knatterud-Hubinger, Chief Financial Officer, Minnesota Department of Transportation