

Memo

Date: August 21, 2026

To:

The Honorable Jon Koznick, Co-Chair
House Transportation Finance & Policy Committee
658 Cedar St.
Saint Paul, MN 55155

The Honorable Brad Tabke, Co-Chair
House Transportation Finance & Policy Committee
658 Cedar St.
Saint Paul, MN 55155

The Honorable Scott Dibble, Chair
Senate Transportation Committee
3107 Minnesota Senate Building
Saint Paul, MN 55155

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

From: Josh Knatterud-Hubinger, MnDOT Chief Financial Officer

Trunk Highway Reprogramming Notification and State Airports Funds Contingent Appropriation, State Fiscal Year 2026

Trunk Highway Fund Transfers

This memo is notification that MnDOT has utilized the budget transfer language in [Minnesota Session Laws of 2025, 1st Special Session, Chapter 8, Article 1, Section 2, Subdivision 6:](#)

Subd. 6. Transfers; General Authority

(a) With the approval of the commissioner of management and budget, the commissioner of transportation may transfer unencumbered balances among the appropriations from the trunk highway fund and the state airports fund made in this section. Transfers under this paragraph must not be made: (1) between funds; (2) from the appropriations for state road construction or debt service; or (3) from

the appropriations for operations and maintenance or program delivery, except for a transfer to state road construction or debt service.

(b) The commissioner of transportation must immediately report transfers under paragraph (a) to the chairs and ranking minority members of the legislative committees with jurisdiction over transportation finance. The authority for the commissioner of transportation to make transfers under Minnesota Statutes, section 16A.285, is superseded by the authority and requirements under this subdivision.

The transfers reflect available balances in the Freight and Tort Claims appropriations in the Trunk Highway Fund at the end of FY 2026 being reallocated to Operations and Maintenance. These additional funds will be used for one-time investments required to operate and maintain the trunk highway system, including, but not limited to, commodities and equipment needed for snow and ice operations; fleet currently or near out of life cycle; and/or guardrail and other various safety materials and supplies. The Commissioner of Minnesota Management and Budget has approved these transfers. The amounts being transferred are available balances from FY 2026 appropriations, though the actual transfers will occur in FY 2027.

Summary of Transfers by Appropriation

Appropriation	Transfer From	Transfer To
Freight (Approp ID T790077)	(\$1,500,000)	
Tort Claims (Approp ID T790082)	(\$800,000)	
Operations and Maintenance (Approp ID T790081)		\$2,300,000

State Airports Fund Contingent Appropriation

There is also a contingent appropriation from the balance in the state airports funds using authority in [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 End of 2026 Legislative Session forecast, the fund balance is projected to be \$1.5 million above the required reserve level for FY 2027 (and projected to grow to \$4.7 million in fiscal year 2029), as established by the State Airports Fund Balance Policy ([MnDOT Policy #FM012](#)). MnDOT is contingently appropriating \$1.2

million of this available balance in FY 2027 to help close a greater than \$1 billion funding gap identified for Minnesota airports to meet aviation systems goals set out in the Minnesota State Aviation System Plan (MnSASP). The agency specifically plans to spend this funding on navigation system investments.

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

CC:

Nancy Daubenger, MnDOT Commissioner
Erin Campbell, MMB Commissioner
Ahna Minge, MMB State Budget Director
Jeff Schnobrich, MMB Executive Budget Officer
Shawn Sippin, Governor's Office