



Association of Minnesota Counties

March 20, 2024

Chair Lee and Members of the House Capital Investment Committee:

On behalf of the Association of Minnesota Counties (AMC), we appreciate the opportunity to share our concerns with HF3582, a bill that would require local governments to establish a replacement fund to maintain and replace capital projects that receive state funding.

AMC is a voluntary association representing all of Minnesota's 87 counties. One of our top priorities for the 2024 Legislative Session is to advocate for a bonding bill that includes funding for transportation-related programs, including the Local Road Improvement Program (LRIP), the Local Bridge Replacement Program (LBRP), the Local Government Roads Wetland Replacement Program (LGRWRP), and the Busway Capital Improvement Program. While more information is needed from Minnesota Management and Budget to confirm which capital projects HF3582 applies to as well as the annual minimum deposit amounts that would need to go into the replacement fund by capital project type, we assume HF3582 would impact all county projects requesting state bond funds that do not already require a replacement fund under the exceptions in Subd. 4. Because of our AMC bonding priority this year, we will focus our comments on how it would impact the Local Road Improvement Program.

Created in 2002, the purpose of the Local Road Improvement Program is to provide funding assistance to local agencies for local road construction or reconstruction projects with **statewide or regional significance** that cannot reasonably be funded through other revenue sources.

During the 2023 LRIP competitive solicitation process, MnDOT State Aid received 379 applications totaling \$418 million in LRIP funding for the \$103 million that was available for the program. This funding will be awarded to counties, large cities, small cities, townships, and tribes. Programs like LRIP help address the gap in state funding and provide an additional way to fund local road projects that do not qualify for State Aid funding.

Because many of these projects have a **statewide or regional significance**, the local entity initially requesting the funds should not be fully responsible for the maintenance and replacement fund. In addition, counties remain concerned that the requirements in HF3582 would divert taxpayer dollars throughout the life cycle of the project that could be used for other local projects or needed purposes, hindering counties flexibility to address the most pressing needs of their communities. This kind of rigidity limits local government's ability to make the most out of limited state and local resources and could result in project delays or fewer projects being completed in a similar timeframe.

We appreciate the opportunity to share our concerns with HF3582 and look forward to continued conversation.

Sincerely,



Emily Murray
Transportation & Infrastructure Policy Analyst
Association of Minnesota Counties