

HF3728 - 0 - Trunk Highway System Maintenance Expansion Est.

Chief Author: **Erin Koegel**
 Committee: **Transportation Finance and Policy**
 Date Completed: **3/23/2026 11:26:42 AM**
 Lead Agency: **Transportation Dept**
 Other Agencies:
 Metropolitan Council

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
Transportation Dept						
Trunk Highway	-	-	17,213	16,323	16,323	
State Total						
Trunk Highway	-	-	17,213	16,323	16,323	
Total	-	-	17,213	16,323	16,323	
Biennial Total			17,213			32,646

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
Transportation Dept					
Trunk Highway	-	-	4.67	3.29	3.29
Total	-	-	4.67	3.29	3.29

Lead LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Laura Cecko **Date:** 3/23/2026 11:26:42 AM
Phone: 651-284-6543 **Email:** laura.cecko@lbo.mn.gov

State Cost (Savings) Calculation Details

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State Cost (Savings) = 1-2		Biennium			Biennium	
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Transportation Dept						
Trunk Highway	-	-	17,213	16,323	16,323	
Total	-	-	17,213	16,323	16,323	
	Biennial Total		17,213		32,646	
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Transportation Dept						
Trunk Highway	-	-	17,213	16,323	16,323	
Total	-	-	17,213	16,323	16,323	
	Biennial Total		17,213		32,646	
2 - Revenues, Transfers In*						
Transportation Dept						
Trunk Highway	-	-	-	-	-	-
Total	-	-	-	-	-	-
	Biennial Total		-		-	-

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LBO Analyst's Comment

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Total	-	-	17,213	16,323	16,323	
Biennial Total			17,213		32,646	
2 - Revenues, Transfers In*						
Trunk Highway	-	-	-	-	-	
Total	-	-	-	-	-	
Biennial Total			-		-	

Bill Description

Section 1 prohibits expansion projects in the State Transportation Improvement Program (STIP) or Metropolitan Transportation Improvement Program if the Transportation Asset Management Plan (TAMP) identifies a performance gap in pavements or bridges asset categories. MnDOT must establish a maintenance plan for each segment of trunk highway included in a major highway project that covers either 60 years or the entire service life of the infrastructure, whichever is longer. Requirements are effective for projects submitted after July 1, 2030.

Section 2 requires MnDOT to create a 10-year Capital Highway Investment Plan (CHIP) annually that identifies trunk highway projects specified in the STIP and other planned projects. The CHIP must be based on expected funding, estimate needed funding to make optimal lifecycle investments, identify assets funded through the trunk highway capital program, and identify trunk highway segments for removal.

Section 3 requires MnDOT to maintain a risk-based TAMP that guides asset preservation, improvement, and effective management. This includes an inventory of assets, identifying responsible local units of government, performance measures and targets from the Statewide Multimodal Transportation Plan, and an explanation of performance gaps.

Section 4 specifies targets for the trunk highway system must be implemented annually and that the annual trunk highway performance measure report must be certified by relevant licensed professional engineers.

Section 5 requires MNDOT to develop a fiscal transparency dashboard for the current fiscal year and each year in the STIP. The dashboard must include total expenditures broken out by various reporting categories.

Assumptions

MnDOT assumes costs for developing major highway project maintenance plans will begin in FY 2027 to meet the requirements effective date of July 1, 2030. MnDOT assumes work for future projects will be done in the year the project enters the STIP, four years prior to construction. MnDOT assumes 45 projects per year will require a maintenance plan based on the number of relevant projects in the most recent STIP. While costs will range depending on the complexity of the projects, MnDOT assumes an average cost of \$350,000 per maintenance plan. This estimate is based on costs for a similar effort conducted for major river crossing bridges.

MnDOT assumes about 15 projects per year will need enhanced lifecycle investment analysis consistent with the requirements of section 2. MnDOT estimates 40 hours of work per project to be completed by a principal engineer. This is equivalent to 600 hours or 0.29 FTE. The hourly wage for this position averages \$60.93, plus an additional 50% to account for related overhead costs including fringe benefits.

In Section 2, defined progress towards state transportation goals is not clear from the language of the bill. MnDOT assumes any savings generated in the long-term from removing segments would be designated for goals related to the trunk highway system. MnDOT assumes identifying potential segments for removal could be accomplished via a study renewed every 10 years. Based on costs associated with a 2014 jurisdictional transfer study, MnDOT assumes this could cost about \$650,000.

MnDOT assumes identifying segments is not synonymous with the release and turnback of portions of the highway system to the appropriate levels of local government. There are significant short-term costs associated with bringing roadway up to standard. Costs to maintain that roadway in the future are shifted to local units of government.

The requirements for the TAMP in section 3 match current practice so MnDOT assumes no additional costs associated with this language.

MnDOT assumes 520 hours per district are needed for annual target implementation and report certification each year by a principal engineer. The hourly wage for this position averages \$60.93, plus an additional 50% to account for related overhead costs including fringe benefits.

Most data to meet the requirements in Section 5 is available to the agency. MnDOT assumes this applies only to trunk highway let projects. MnDOT assumes a working group of planners and engineers across districts would be needed to create a methodology to identify total expenditures associated with each objective in the SMTP. MnDOT assumes 32 meetings of 2-hour length would be needed to map investment categories to objective areas and identify impact to performance. These meetings would include 20 principal engineers and 24 principal planners. The hourly wage for principal engineers averages \$60.93 and for principal planners averages \$50.00, plus an additional 50% to account for related overhead costs including fringe benefits. MnDOT assumes 60 hours of review will be needed by agency senior and executive leadership to approve the methodology. MnDOT estimates an average hourly wage for leadership of \$85.80 plus an additional 50% to account for related overhead costs including fringe benefits.

MnDOT assumes one FTE is needed to develop, publish, update, and maintain the dashboard. MnDOT assumes data will be published each fiscal year after the adoption of the STIP. The hourly wage for a research analyst of this level is \$44.33, plus an additional 50% to account for related overhead costs including fringe benefits.

Expenditure and/or Revenue Formula

Section 1:

$\$350,000 \times 45 = \$15,750,000$ annually

Section 2:

$15 \text{ projects} \times 40 \text{ hrs} \times (\$60.93 \times 1.5 \text{ overhead}) = \$54,837$ annually for .29 FTE

\$650,000 first jurisdictional transfer study in year 1

Section 4:

$520 \text{ hours} \times 8 \text{ districts} \times (\$60.93 \times 1.5 \text{ overhead}) = \$380,203.20$ annually for 2 FTE

Section 5:

$32 \text{ meetings} \times 2 \text{ hrs} \times 20 \text{ engineers} \times (\$60.93 \times 1.5 \text{ overhead}) = \$116,985.60$

$32 \text{ meetings} \times 2 \text{ hrs} \times 24 \text{ planners} \times (\$50 \times 1.5 \text{ overhead}) = \$115,200$

$60 \text{ hrs leadership review} \times (\$85.80 \times 1.5 \text{ overhead}) = \$7,722$

= \$239,907.60 one-time costs to develop methodology in year 1

$2080 \times (\$44.33 \times 1.5) = \$138,309.60$ annually for 1 FTE to make and maintain dashboard

Long-Term Fiscal Considerations

A jurisdictional transfer study would be needed every 10 years to remain accurate and relevant. The estimated cost per study is \$650,000. Costs may increase over time.

Local Fiscal Impact

In cases of jurisdictional transfers, costs to maintain the transportation system are passed to local units of government.

References/Sources

MnDOT Office of Transportation System Management

MnDOT Office of Financial Management

Agency Contact:

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Chief Author: **Erin Koegel**
 Committee: **Transportation Finance and Policy**
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 Agency: **Metropolitan Council**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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Total	-	-	-	-	-	-
Biennial Total				-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2025	FY2026	FY2027	FY2028	FY2029
Total	-	-	-	-	-	-

LBO Analyst's Comment

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

LBO Signature: Laura Cecko **Date:** 3/12/2026 9:56:52 AM
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Total	-	-	-	-	-	-
Biennial Total			-			-
1 - Expenditures, Absorbed Costs*, Transfers Out*						
Total	-	-	-	-	-	-
Biennial Total			-			-
2 - Revenues, Transfers In*						
Total	-	-	-	-	-	-
Biennial Total			-			-

Bill Description

This bill is related to transportation. Amending MN Statutes 2024, section 174.03, subd. 12, by adding subdivisions and proposing coding for new law in MN Statutes, chapter 161.

Section 1. Requirements in this section are effective for a project that first enters the appropriate state or metropolitan transportation improvement program for fiscal year 2031. This section does not apply to programs submitted prior to July 1, 2030. In subd. 3 has limitations on expansion if a performance gap in the pavements or bridges are identified under section 174.03 subd 1f. And subd 4 the commissioner must establish a maintenance plan for each trunk highway segment included in a major highway project.

Section 2. MN Statute 2024, section 174.03, Adds subd 1e where the commissioner must annually prepare a ten-year capital highway investment plan that identifies trunk highway projects specified in the state transportation improvement program.

Section 3. MN Statute 2024, section 174.03 adds subd 1f where the commissioner must maintain a risk-based transportation asset management plan that provides guidance for the preservation, improvement, and effective management of transportation system investments and assets under the jurisdiction of the DOT.

Section 4. MN Statute 2024, section 174.03, subdivision 12, is amended to what needs to be included in the Trunk Highway performance, resiliency and sustainability report.

Section 5. MN Statute 2024, section 174.03, adds Subd 13. Fiscal transparency dashboard. By January 1, 2027, the commissioner must provide a fiscal transparency dashboard in the department’s website that summarizes fiscal information for the current fiscal year and each year in the STIP and what needs to be included.

Assumptions

This bill was reviewed and will have no fiscal impact on the Metropolitan Council.

Expenditure and/or Revenue Formula

This bill was reviewed and will have no fiscal impact on the Metropolitan Council.

Long-Term Fiscal Considerations

N/A

Local Fiscal Impact

N/A

References/Sources

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