

**HF2550 - 0 - Construction Impacts Assistance Program Est.**

Chief Author: **Katie Jones**  
 Committee: **Transportation Finance and Policy**  
 Date Completed: **3/26/2025 9:21:13 AM**  
 Agency: **Transportation Dept**

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.

<b>State Cost (Savings)</b>		<b>Biennium</b>			<b>Biennium</b>
Dollars in Thousands		<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>
	<b>Municipal State Aid Street</b>	-	504	504	504
	<b>County State Aid Highway</b>	-	1,596	1,596	1,596
	<b>Total</b>	-	<b>2,100</b>	<b>2,100</b>	<b>2,100</b>
	<b>Biennial Total</b>			<b>4,200</b>	<b>4,200</b>

<b>Full Time Equivalent Positions (FTE)</b>		<b>Biennium</b>			<b>Biennium</b>
		<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>
	Municipal State Aid Street	-	-	-	-
	County State Aid Highway	-	-	-	-
	<b>Total</b>	-	-	-	-

**LBO Analyst's Comment**

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

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**State Cost (Savings) Calculation Details**

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

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>
<b>Dollars in Thousands</b>		<b>FY2025</b>	<b>FY2026</b>	<b>FY2027</b>	<b>FY2028</b>
					<b>FY2029</b>
Municipal State Aid Street	-	504	504	504	504
County State Aid Highway	-	1,596	1,596	1,596	1,596
<b>Total</b>	<b>-</b>	<b>2,100</b>	<b>2,100</b>	<b>2,100</b>	<b>2,100</b>
<b>Biennial Total</b>			<b>4,200</b>	<b>4,200</b>	
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>					
Municipal State Aid Street	-	504	504	504	504
County State Aid Highway	-	1,596	1,596	1,596	1,596
<b>Total</b>	<b>-</b>	<b>2,100</b>	<b>2,100</b>	<b>2,100</b>	<b>2,100</b>
<b>Biennial Total</b>			<b>4,200</b>	<b>4,200</b>	
<b>2 - Revenues, Transfers In*</b>					
Municipal State Aid Street	-	-	-	-	-
County State Aid Highway	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Biennial Total</b>			<b>-</b>	<b>-</b>	<b>-</b>

**Bill Description**

The bill seeks to mitigate business impacts caused by street and highway construction. Sec. 1 focuses on communication strategies, and sec. 2 establishes a financial assistance program.

Sec. 1, subd. 4 requires a transportation authority, in consultation with the business liaison, to implement a construction communication plan during project development for each project that is anticipated to include substantial business impacts. The plan must include

- Methods to distribute information
- Procedures to distribute notices
- Development of information on the project concerning duration and timetables, lane and road closures, detours, access impacts, customer parking impacts, visibility, noise, dust, vibration, and public participation opportunities
- A schedule and milestones for updates, including immediately prior to construction and following any change in the scheduled substantial completion

This applies to construction which commences on or after November 1, 2025.

Sec. 2 establishes a financial assistance protocol. Subd. 2 requires MnDOT to establish a program for financial assistance to eligible entities adversely impacted by street and highway construction. Subd. 3 requires MnDOT to establish program requirements, including application procedures that minimize applicant burdens, eligibility criteria, and procedures for distribution. The program must provide payments, to the extent practicable, before or during the extensive impacts. Subd. 5 requires a road authority that performs a project with extensive impacts to allocate 1% of the total project cost estimate for financial assistance. The road authority must provide this information to MnDOT. Subd. 6 has MnDOT identify award recipients, determine a distribution amount, and make payments. The distribution amount must be uniform and not exceed \$30,000 per recipient. Subd. 7 requires the road authority to identify a milestone date at which point extensive impacts are scheduled to be substantially concluded. The road authority may establish multiple dates. MnDOT must provide a supplemental assistance distribution when extensive impacts are not substantially concluded within 60 days after a milestone date. This section applies to construction which commences on or after October 1, 2026.

## **Assumptions**

District leadership, including planners, project managers, resident engineers and communications and engagement staff, develop communication and marketing plans to help businesses mitigate the construction impacts. Development often begins with market research to identify quantifiable data on the number and kind of businesses that may experience impacts. To better understand businesses' needs, MnDOT collects qualitative data from meetings and surveys. The business liaison position may be filled by MnDOT staff, but when there is not staff capacity, a consultant (preferably local public relations or communications expertise) often serves this role. During construction, MnDOT provides information months in advance that includes how road work will impact partners, suppliers, businesses and visitors. Work often includes meeting with chambers of commerce, small business organizations, trusted community partners and individual businesses. The business liaison works directly with businesses to provide allowable signage, directional maps, flyers, web content, etc. to mitigate impacts. Evidently, the scope of the work varies greatly on different plans and projects, and MnDOT cannot estimate a standard amount of staff time involved.

MnDOT estimates that there are approximately 50 projects, averaging \$4.2M in cost, each year that meet this bill's requirements for aid. Therefore, MnDOT estimates that approximately \$42,000 per project, totaling \$2.1M annually, will be put into a business payment account.

## **Expenditure and/or Revenue Formula**

\$2.1m per fiscal year, split 76% (\$1.596m) CSAH and 24% (\$504,000) MSAS

## **Long-Term Fiscal Considerations**

None

## **Local Fiscal Impact**

None

## **References/Sources**

MnDOT Office of State Aid

MnDOT Office of Communications and Public Engagement

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