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February 19, 2024

Representative Ginny Klevorn, Chair
House State and Local Government Finance and Policy Committee
581 State Office Building
St. Paul, MN 55155

Representative Fue Lee, Chair
House Capital Investment Committee
485 State Office Building
St. Paul, MN 55155

Chair Klevorn and House State and Local Government Finance and Policy Committee Members,

Thank you for the opportunity to share comments and concerns regarding [HF3582](#) DE2 amendment, requiring recipients of certain state capital investment grants to establish, and fund, a project replacement fund as a condition of receiving state capital assistance.

The Minnesota Inter-County Association (MICA) represents fifteen of Minnesota's larger and faster growing counties, including four suburban and eleven Greater Minnesota counties.

A key priority of our members for 2024 is the passage of bonding bill that includes needed investment across a range of local infrastructure, such as roads, bridges, transit, waste recovery and recycling, mental health infrastructure, and parks and trails. We recognize the importance of prudently maintaining the resulting capital assets over time but have concerns regarding the applicability of the proposed language, including:

- County governments typically request funds for projects that have state and regional significance, and that are beyond the capacity of the grantee to fully fund from local resources. The proposed language, however, would call upon the host government to fully fund replacement and maintenance of infrastructure that has state and regional significance.

- County governments are routinely balancing the allocation of limited resources to multiple infrastructure investment and maintenance needs. Over time, the proposed legislation would require limited local resources to be allocated to funding replacement accounts, thereby reducing funds available for other priorities, or increasing local effort.
- Requiring approval from a state granting agency prior to use of funds from a locally funded capital replacement fund diminishes local control over capital infrastructure.

We appreciate and agree with the importance of maintaining local capital infrastructure, including state and regional projects funded through state capital assistance grants.

We welcome opportunities to continue discussing how to promote best practices in capital asset management in ways that also ensure local flexibility and control over limited capital resources.

Thank you for your consideration,



Matt Massman, *Executive Director*
Minnesota Inter-County Association