



February 7, 2025

The Honorable Jon Koznick, Chair
House Transportation Finance and Policy Committee
2nd Floor, Centennial Office Building
St. Paul, MN 55155

Dear Chair Koznick,

I would like to express serious concerns about the transportation revenue reductions that would result from House File 5. To remain competitive in the national and world economy and continue to provide a high quality of life for its citizens, Minnesota must address ongoing challenges to generate sufficient funding for transportation infrastructure construction and maintenance. As the department recently reported to the legislature, even with existing revenues there is a significant funding gap for our Minnesota's roads and bridges. This is the result of some key factors:

- Inflationary pressures will continue to increase the cost of road and bridge construction and maintenance. The construction cost index has increased by 231 percent since 1999. Current forecasts project continued CCI growth over the next decade at levels that continue to exceed projected growth in revenues.
- System usage is returning to pre-pandemic levels and once again is on the rise.
- Additional factors such as demographic changes, economic growth and advancing technology also place demands on our transportation system.
- Despite increased revenues from the Infrastructure Investment and Jobs Act (IIJA), ongoing support from the federal government is unclear. The federal highway trust fund has been in shortfall every year since 2008, and Congress has filled the funding gap with general fund revenues. With renewed attention on the federal deficit, there is the potential for reduced federal funding in the next reauthorization bill. Additionally, the Trump administration has been clear they will attempt to claw back funding for some existing IIJA programs.

Without sufficient resources, costs for maintenance and upkeep will continue to rise. Long-term repair costs increase significantly when road and bridge maintenance is deferred as deterioration accelerates later in the service life of a transportation facility and requires more costly repairs.

Over the next 20 years, MnDOT estimates there will be \$36.7 billion in available revenues to address \$52-57 billion in identified transportation needs on the trunk highway system, resulting in a funding gap of approximately \$15-20 billion. Recent increases in revenue have substantially reduced the unmet need for transportation funding, but the cuts in House File 5 would undo the recent progress we've made to finally

address some of the many critical road and bridge needs around the state. These road and bridge projects provide good-paying construction jobs, and the impacts of an improved transportation system resulting from these projects enhance economic conditions for Minnesotans and businesses around the state.

If the legislature enacts the reductions in planned transportation investments that would result from House File 5, pavement, bridge and other roadway infrastructure conditions will suffer and we will not be able to meet the expectations of Minnesotans for a transportation system that maximizes the health of people, the environment and our economy.

Sincerely,

A handwritten signature in blue ink that reads "Nancy Daubenberger". The signature is written in a cursive style with a large, prominent initial "N".

Nancy Daubenberger, P.E.
Commissioner

Ecc: The Honorable Jim Joy, House File 5 Chief Author