



May 8, 2024

Chair Olson and Members of the House Ways and Means Committee:

On behalf of the Association of Minnesota Counties (AMC), we appreciate the opportunity to share our comments on HF5220 and HF5162, recommendations for a 2024 Capital Investment Bill. 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 Road Wetland Replacement Program (LGRWRP), and the Busway Capital Improvement Program.

We are disappointed that the current proposal does not include any funding for the **Local Road Improvement Program and the Local Bridge Replacement Program**. Counties are grateful for the record investment in these programs last session, but there are still considerable needs for both. During the 2023 LRIP competitive solicitation process, MnDOT State Aid received 378 applications requesting \$417.1 million in LRIP funding for the \$103 million appropriated last session. Additionally, over the next five years, local agencies have identified 948 priority bridge replacement projects, requesting \$282 million in state bridge funds, with approximately \$740 million in total construction costs.

There have been many times in recent years where a bonding bill or capital investment package has not passed before the end of session, including 2022, which made the investments in 2023 even more important. Since these transportation-related programs traditionally receive funding through a bonding bill, if another year is missed the backlog will only grow. For example, the LBRP remaining fund balance is anticipated to run out by mid-summer 2024 and with that replacement of local agency bridges will come to a dramatic reduction until additional funds are allocated.

While we want to acknowledge and thank Chair Lee for the investments included in the bill for the **Major Local Bridge Program**, our concern is that most bridges on the list of deficient local bridges do not qualify for this funding, and it won't go to as many projects as would be funded under the Local Bridge Replacement Program generally.

Earlier this session, we were pleased to see the governor increase his capital budget recommendations for the **Local Government Road Wetland Replacement Program** by an additional \$10 million, bringing the total recommendation up to \$14 million with most of it from general fund cash. We are glad to see some investment in this program included in HF5220 but would like to emphasize the need for cash for the program in order to address the immediate credit shortage in several bank service areas across the state and to ensure that local road construction projects can proceed as planned.

Finally, we have **significant concerns with the inclusion of the capital project replacement accounts language** that was added to HF5162 by amendment in the Capital Investment Committee. While the changes have narrowed the requirement to direct appropriations of state funding, counties are concerned with how this will impact local projects, many of which have a **statewide or regional significance**. Because of this, the local entity should not be fully responsible for the maintenance and replacement fund. Counties remain concerned that the requirements in the bill 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 of 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 thoughts on HF5220 and HF5162.

Sincerely,

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Association of Minnesota Counties