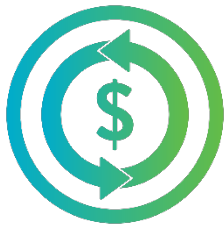


# One Minnesota Budget



Governor Walz and Lieutenant Governor Flanagan’s One Minnesota Budget invests in the things that matter most to Minnesotans: our children and families, economic future, health and safety, and a state government that works for all Minnesotans. The budget includes the largest tax cut in state history and direct checks for Minnesota families.



## TAXES & PENSIONS

*The One Minnesota Budget proposes the largest tax cut in state history at over \$8 billion – including direct payments and tax cuts for seniors and working families.*

### **Sending \$1,000 to \$2,600 Checks Directly to Minnesotans**

Minnesotans continue to drive the state’s economy forward and as a result, Minnesota has a historic surplus. The Governor and Lieutenant Governor recommend sending nearly \$4 billion of the state’s surplus directly back to Minnesotans in the form of checks up to \$2,600. More than 2.5 million Minnesota households would receive a check in the One Minnesota Budget.

These direct payments would be structured as an advanced income tax credit equal to \$2,000 for families with income below \$150,000 and \$1,000 for single filers making less than \$75,000. Minnesotans can also qualify for an additional \$200 for each dependent, up to three dependents.

This comes after the Governor and Lieutenant Governor proposed over \$1 billion over four years in tax credits to expand the Child and Dependent Care Credit and \$1.1 billion in tax cuts in 2024-2025 and \$1.2 billion in 2026-2027, creating a nation-leading Child Tax Credit and cutting child poverty by 25%. The Governor and Lieutenant Governor also proposed significant tax cuts through the Angel Tax Credit and the State Historic Structure Rehabilitation Tax Credit.

*With the One Minnesota Budget, a family of four making \$100,000 a year could get more than \$10,000 back in their pockets.*

### **Cutting Taxes for Seniors**

The Governor and Lieutenant Governor recommend \$219 million to reduce taxes on Social Security benefits for over 350,000 Minnesota households. This proposal would expand the number of seniors eligible for lower Social Security taxes, increase the maximum tax subtraction, and raise the thresholds at which the tax cuts start to phase out. Under this proposal 43% of Minnesota households receiving social security would save an average of \$278 in 2023.

## Increasing Public Pension Plans for Retirees

The Governor and Lieutenant Governor propose \$78 million to ensure all retirees on Minnesota public pension plans receive a 2.5% cost of living adjustment in 2024. This is a one-time non-compounding increase for retirees in the Minnesota State Retirement System (MSRS), Teacher’s Retirement Association (TRA), Public Employees Retirement Association (PERA), and St. Paul Teachers Retirement Fund Association (SPTRFA).

## Helping Keep Property Taxes Low for Minnesotans

The Governor and Lieutenant Governor recommend increasing the Local Government Aid and County Program Aid programs by \$30 million each. The permanent increase in aid to cities and counties would help pay for vital needs such as local roads and infrastructure where they otherwise rely on property taxes.

## Updating Taxes on Capital Gains

The Governor and Lieutenant Governor recommend a 1.5% surcharge on capital gains and dividends of individuals, trusts, and estates over \$500,000 up to \$1 million, and 4% on income over \$1 million for individuals, trusts, and estates.

## Supporting Rural School Facilities

The Governor and Lieutenant Governor recommend increasing the School Building Bond Agricultural Credit to help support schools in greater Minnesota and lower property taxes for farmers. The School Building Bond Ag Credit reduces school property taxes on agricultural, rural vacant, and managed forest land and applies to all school debt levies, regardless of whether they are voter approved. The credit started at 40% for taxes payable in 2018 and gradually increased to 70% for taxes payable in 2023. This proposal increases the credit to 80% for taxes payable in 2025.



## LEGALIZING ADULT-USE CANNABIS

*Prohibition doesn't work. By legalizing adult-use cannabis, Minnesota can **benefit economically, educate the public, and keep people and communities safe** through regulation.*

Prohibiting the use of cannabis in Minnesota hasn't worked. The Governor and Lieutenant Governor know that Minnesota needs a modernized approach to cannabis. Their One Minnesota Budget creates a regulatory framework for legalizing cannabis that would expand the economy, create jobs, allow law enforcement to focus on violent crime, and regulate the industry to keep kids safe.

Governor Walz and Lieutenant Governor Flanagan recommend funding for the safe and responsible legalization of cannabis for adult use in Minnesota. A new Office of Cannabis Management would be responsible for the implementation of the regulatory framework for adult-use cannabis and hemp-derived products, along with the medical cannabis program. The recommendation also includes funding for grants to assist individuals entering the legal cannabis market, additional resources for substance use disorder treatment and prevention, funding to launch statewide education campaigns on the adverse health effects associated with the use of cannabis, expungement of non-violent offenses involving cannabis, and taxes on adult-use cannabis.



## HIGHER EDUCATION

*The One Minnesota Budget invests in **building pathways to, through, and beyond college** for students across Minnesota.*

### **Supporting Public Higher Education Institutions**

Governor Walz and Lieutenant Governor Flanagan propose increased funding for the state's two public higher education systems, Minnesota State and the University of Minnesota. They also propose funding for Minnesota State to increase student supports in areas such as mental health. By supporting the whole student and ensuring they have the resources they need to succeed outside of the classroom, students will be able to better focus on their studies and are more likely to finish their degree program.

### **Investing in Tribal Colleges and Indigenous Students**

Governor Walz and Lieutenant Governor Flanagan propose additional funding for the state's tribal colleges by expanding the Tribal College Supplemental Grant Assistance program, ensuring tribal colleges receive the same per student funding as other Minnesota public higher education institutions. The Governor and Lieutenant Governor also propose an American Indian Scholars program to provide tuition-free pathways for any Minnesota Tribal Nation member, or any federally recognized American Indian or Canadian First Nation tribe member, attending a public college in Minnesota.



## TRANSPORTATION

*Roads, bridges, and public transportation help Minnesotans stay connected all across the state. Investing in **a clean transportation system** helps us prepare for the future.*

### **Developing a Clean Transportation System**

Governor Walz and Lieutenant Governor Flanagan propose \$29.2 million to purchase up to 30 battery electric buses with charging infrastructure in place of replacement diesel buses. This investment helps develop a reliable and clean transit system that supports children, youth, and families through improved access and healthier air quality. These state matching funds tap into greenhouse gas reduction dollars from the federal Infrastructure Investment and Jobs Act and help the Metropolitan Council exceed their goal of having at least 20% of the bus replacements be zero emissions buses by 2027.

### **Reducing Carbon Emissions**

Governor Walz and Lieutenant Governor Flanagan recommend \$2 million each year to leverage federal Infrastructure Investment and Jobs Act (IIJA) funds that invest in efforts to reduce carbon emissions, expand the state's electric vehicle charging network, and build a more resilient transportation system. Minnesota is expected to receive more than \$200 million in IIJA funds over the next five years to ensure safe, effective, and

reliable transportation options are available for families to access child care, education, health care, jobs, and recreation.

### **Developing a Multimodal Transportation Plan**

Governor Walz and Lieutenant Governor Flanagan recommend \$722 million to provide the state match for IJJA-funded multimodal transportation projects across Minnesota. This proposal takes an important step toward preserving the state’s transportation system and improving its quality and performance. This funding provides mode-specific investments as MnDOT partners with the federal government, tribal governments, counties, cities, and townships on critical projects around the state.

### **Investing in Electric Vehicle Infrastructure**

Investing in EV fast charging stations across the state gives more Minnesotans the option to drive electric vehicles safely and easily. The National Electric Vehicle Infrastructure (NEVI) Formula Program provides federal funds to state government agencies to invest in charging stations – this proposal allows MnDOT to share these funds with other entities to install EV charging stations, including in locations off of the state trunk highway system.



## **MODERNIZING STATE GOVERNMENT**

*Government services should be easy to access and secure.  
Modernizing state government services helps  
better serve the people of Minnesota.*

### **Modernizing IT Infrastructure**

Minnesota families and organizations increasingly interact with state government through digital services, and they expect a modern, secure digital service. Governor Walz and Lieutenant Governor Flanagan’s budget invests in critical cybersecurity protections to secure those services. Their proposals make historic investments in modernizing state technology systems – helping state agencies adopt more efficient, modern, and secure ways of working to position Minnesota for continued success in the digital age. The IT proposals will improve public safety outcomes, the delivery of health care and human services, how jobseekers connect to modern workforce services, and more.

### **Focusing on Behavioral Health Services**

Governor Walz and Lieutenant Governor Flanagan propose separating Direct Care and Treatment, the state-operated behavioral health care system, from the Minnesota Department of Human Services. About 12,000 people with mental illness, developmental disabilities, and substance use disorders receive services each year in DCT programs. Creating a new agency recognizes the different operational needs, regulatory requirements, and areas of expertise between DHS and the direct-care programs. It also erases any perceived or real conflicts of interest connected with being both a regulator and treatment provider.