

• 2025 LEGISLATIVE SESSION •

FISCAL DIGEST

A SUMMARY OF ENACTED FISCAL
PROVISIONS



SEPTEMBER 2026

MN House Fiscal Analysis

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Introduction

The 2025 Legislative Session Fiscal Digest summarizes major enacted fiscal provisions made by the 94th Legislature in the 2025 regular session and special session. Minnesota budgets on a biennial basis, enacting the budget in odd-numbered years for the next [biennium](#); this is the focus of this summary document. Given the requirements in the Minnesota Constitution, a balanced budget (Article 11, Section 4) must be enacted prior to the first Monday after the third Saturday in May (Article 4, Section 12), otherwise the governor may call a special session.

The 2025 sessions saw a return to a tied House of Representatives for the first time since 1979, and only the second time in Minnesota's history, with 67 Republican and 67 Democratic-Farmer-Labor (DFL) members. The Senate DFL held a slim majority of one vote, while Governor Walz (DFL) continued in the third year of his second four-year term. The narrow voting margins and need for negotiations across party lines as well as legislative and executive bodies resulted in the need for a one-day special session on June 9, 2025.¹

The 2025 Fiscal Digest begins with the [State Budget Overview](#), which is divided into the Budget Outlook and the Budget Summary. The Budget Outlook provides context for the fiscal conditions for the session, which includes data from the February 2025 [forecast](#) produced by Minnesota Management and Budget (MMB). The Budget Summary is a high-level analysis of the budget enacted by the 2025 Legislature.

This publication describes the changes enacted in both the 2025 regular and special sessions, primarily focusing on the changes that were made to existing [appropriations](#) rather than the entire amount of funding that is designated for an agency or subject area. Changes to the enacted budget are known as changes to the [base](#). The 2025 sessions established a new base budget for the [Fiscal Year](#) (FY) 2026-27 biennium and set base levels of funding for the FY 2028-29 biennium.

The following sections of this publication are divided into subject area summaries. These summaries provide detailed descriptions of the major enacted fiscal provisions by area and include tables of spending and revenue impacts for FY 2025, FY 2026-27, and FY 2028-29. The descriptions of these fiscal impacts, in most instances, are relative to the February 2025 forecast produced by Minnesota Management and Budget (MMB). In addition, where applicable, each summary contains a [general fund](#) table that shows the percentage change in general fund spending from the base. The percentage change is calculated by dividing enacted 2025 fiscal changes by the 2025 forecast base in each subject area.

Prior to the 2025 session there were also changes to the [budget rules](#). The most relevant for this publication are the treatment of [transfers](#) and the tracking of [carryforward](#). Transfers are not authorizations for spending; rather, they are simply the movement of funds between accounts or funds or movement of funds from one agency to another within the state treasury. Appropriations are

¹ Arguably, the events prior to and following the 2025 sessions are extensive and therefore not described here. They are well summarized by the [Legislative Reference Library](#), including the Minnesota Supreme Court decision regarding the number of House members required to constitute a quorum and the actual start date of the 2025 session.

required for the funds moved by transfers to leave the state treasury. The budget rules (please see [Section C, Rules Governing Transfers](#)) were updated to reflect this distinction.

A second change is the requirement that carryforward be tracked on legislative tracking sheets as a [cancellation](#) of the amount that would have otherwise canceled to the general fund, and a “reappropriation” of the same amount of funds that are to be carried forward.

Additional reference materials are contained in this publication. The [Appendix](#) contains tables describing all enacted session laws with a fiscal impact, and the [Glossary](#) contains definitions of the major terms used throughout this report as well as a table of [General Fiscal Acronyms](#). For more information, fiscal analysts are available to answer questions regarding this publication, as well as their subject areas. Please find their contact information in the [Staff Directory](#).

Finally, the poppies on the cover of this publication were chosen as a symbol of loss and remembrance. They are in honor of the victims of the tragic events that occurred shortly after the conclusion of the 2025 special session.

State Budget Overview

The 2025 legislative session was unusual in many ways; the previous year's election resulted in a tied House, and the start of session was delayed. The legislature ultimately got underway once both parties came to a leadership agreement on February 5 that outlined the [governance structure](#) of the Minnesota House of Representatives for the 2025-2026 Legislature.

2025 Budget Outlook

The fiscal picture for the 2025 Legislature showed revenue growth over time, but declines in spending were limited to the end of the FY 2026-27 biennium. The [February 2025 Budget and Economic Forecast](#) showed an increase in expenditures of \$5.228 billion between FY 2026-27 and FY 2028-29, and that was before accounting for inflation. In addition, the \$16.516 billion balance that supported increased spending in FY 2024-25 would be reduced to \$3.983 billion by FY 2028-29.

The February 2025 forecast projected a positive balance, or surplus, of \$1.601 billion in the FY 2026-27 biennium, and a negative balance of \$2.379 billion in FY 2028-29. These numbers were reduced with the inclusion of inflation. The structural imbalance² was projected to narrow from FY 2024-25 to FY 2028-29, but projected expenditures continue to outpace revenue by \$3.98 billion by FY 2028-29.

The amounts in Table 1 provide details across the three biennia based on the February 2025 forecast. The state sets aside funds in a budget reserve and a cash flow account annually. The cash flow account reserves \$350 million, which facilitates the availability of funds throughout the fiscal year. The budget reserve amount is determined as a percentage of non-dedicated general fund revenue. The amount set aside in the February 2025 forecast for the budget reserve was \$3.177 billion, which was an increase of \$264 million over the previous amount. The availability of over \$3.5 billion in case of an emergency or an economic downturn contributes to Minnesota's AAA bond credit rating.

Table 1: General Fund February 2025 Forecast Update

(Dollars in Thousands)

	FY2024-25	FY2026-27	FY2028-29
Beginning Balance*	16,516,196	7,268,995	3,983,147
Revenue/Resources	61,727,560	64,493,706	67,881,673
Expenditures	70,974,761	66,634,249	71,861,866
Expenditures with Inflation	70,974,761	67,779,554	74,332,427
Balance Before Reserves	7,268,995	5,128,452	2,954
Budget Reserve	3,177,370	3,177,370	3,177,370
Cash Flow	350,000	350,000	350,000
Budgetary Balance	3,741,625	1,601,082	(2,379,111)
Budgetary Balance with Inflation	3,741,625	455,777	(5,994,977)

*For the budgetary balance lines, positive numbers indicate a state budgetary surplus, while negative numbers (in parentheses) indicate a budgetary deficit.

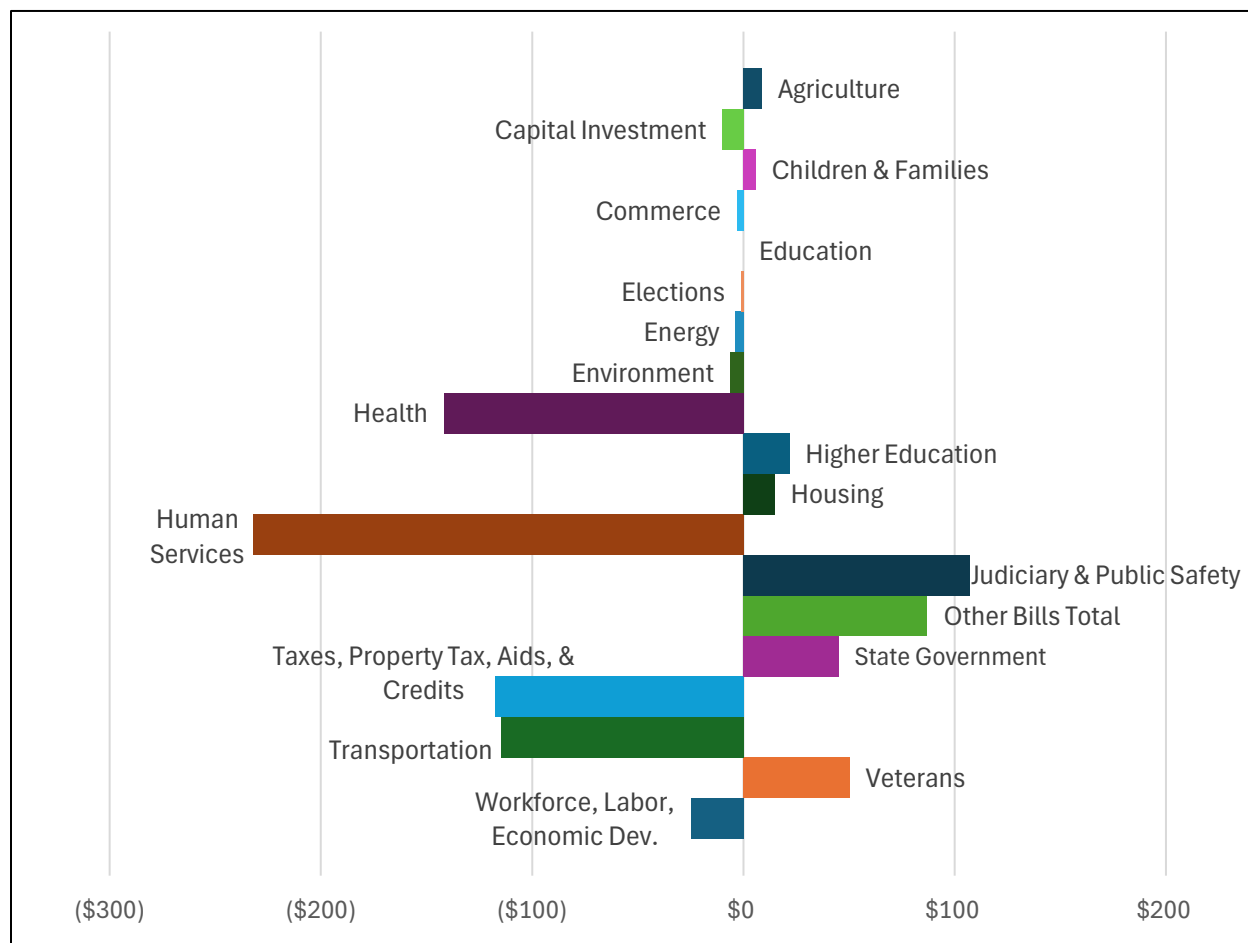
²A structural imbalance occurs when estimated spending levels exceed estimated revenues. A structural balance is calculated by subtracting projected expenditures from projected revenues/resources and does not include funds carried forward from the previous biennium (shown as Beginning Balance in Table 1).

2025 Budget Summary

Once the legislative session was underway, the House and Senate initially published separate targets, which had not been the case the previous two years. Joint targets were eventually reached in May with agreement among the House, Senate, and Executive Branch.

The overall FY 2026-27 enacted budget had a net negative impact on the general fund, but several budget areas received additional spending. The largest increases were in public safety, pensions and retirement, veterans and military affairs, and state government. There were negative targets in human services, health, transportation, and taxes. The bar chart below shows the net change in spending and revenue by committee for the FY 2026-27 biennium.

Chart 1: FY 2026-27 Net General Fund Changes by Finance Committee
(Dollars in Millions)



A number of bills were passed by the last day of the regular session on May 20, but the work of the legislature was not complete and a single-day special session wrapped up the remaining bills on June 9. The combined change in spending between FY 2024-25 and FY 2026-27 is \$44.323 million (less than 0.1 percent increase) and there is a reduction of \$1.331 billion in base spending in FY 2028-29 (a 1.79 percent reduction). After accounting for all expenditure and revenue changes in FY 2026-27, including FY 2025 reductions, the overall impact to the general fund is a savings of \$284.764 million. In FY 2028-29 the overall impact to the general fund is a savings of \$1.805 billion.

Table 2 shows the enacted changes in both spending and revenue, and adjustments regarding the calculation of inflation. Inflation estimates drop off when budgeting for the current biennium, so the FY 2026-27 adjustment in Table 2 reflects this. The impact is also reflected in the inflation adjustment line for FY 2028-29, which was further reduced as a result of lowered spending in FY 2028-29.

Table 2: 2025 General Fund Budget

(Dollars in Thousands)

	FY2024-25	FY2026-27	FY2028-29
Balance Available [^]	3,741,625	651,258	(4,564,908)
<u>Expenditures</u> *			
Spending Change	(195,481)	239,804	(1,330,672)
Inflation Adjustments	0	(1,145,305)	(1,654,637)
<u>Revenue</u>			
Non-Tax Revenue Change	0	120,288	92,486
Tax Revenue Change	0	208,799	381,997
Net Change	(195,481)	(89,283)	(1,805,155)
Net Change, FY24-25 + FY26-27		(284,764)	
Balance After Changes	3,937,106	1,885,846	(1,105,116)

[^]Positive numbers indicate a state budgetary surplus, while negative numbers indicate a budgetary deficit. The FY 2028-29 balance includes inflation estimates of \$815.924 million. The FY 2028-29 balance without inflation is a deficit of \$289.192 million.

*In the expenditures section, positive numbers indicate costs and negative numbers indicate savings. In the revenue section, positive numbers indicate revenue gain.

Table 3 shows how the \$195.481 million in net savings to the general fund in FY 2024-25 and an additional \$89.283 million in net savings in FY 2026-27 was spread out among the various House finance committees, along with individual bills, for a combined savings between both biennia of \$284.764 million. It also shows the FY 2028-29 net savings to the general fund of \$1.805 billion.

The end of session (EOS) column amounts include the impact of enacted legislation from the 2025 sessions, and the change from base column describes the difference between the EOS amount and the amounts in the February 2025 forecast.

Chapter 39 allows executive branch agencies to carry forward unexpended and unencumbered non-grant [operating balances](#) from one biennium to the next. This impacts MMB's calculation of the amount that would cancel at the end of each biennium, reducing cancellation savings to the general fund. The fiscal impact of this change is shown on the cancellations line in Table 3. More information about this provision can be found in the [State Government summary](#) in this publication.

Table 3: All Subject Areas - Net General Fund Changes

(Dollars in Thousands)

	EOS 25 FY2024-25	Change from Base	EOS 25 FY2026-27	Change from Base	EOS 25 FY2028-29	Change from Base
<u>Finance Committee*</u>						
Agriculture	324,688	(4,000)	164,786	13,000	154,786	3,000
Children & Families	2,147,101	(25,163)	2,141,786	31,163	2,258,700	(15,000)
Commerce	338,338	200	147,804	(3,200)	141,598	(12,000)
Education	24,067,598	(4,243)	25,725,652	4,243	27,038,628	(420,000)
Elections	23,788	(2,103)	8,369	1,039	22,688	106
Energy	168,200	0	47,439	(4,000)	46,286	(4,000)
Environment	1,019,881	(14,735)	444,142	8,235	444,026	2,500
Health	2,538,168	(100)	2,899,497	(141,580)	3,351,221	(324,878)
Higher Education	4,183,845	(15,762)	4,007,854	37,762	3,974,656	4,500
Housing	1,184,338	(2,450)	261,618	17,450	253,767	3,800
Human Services	16,991,999	(38,340)	18,642,286	(193,660)	20,325,916	(778,000)
Judiciary & Public Safety	3,636,041	(18,700)	3,510,235	126,123	3,496,561	112,079
State Government	2,378,517	(1,700)	1,354,241	46,700	1,350,350	50,000
Taxes, PTAC	5,556,245	106	4,635,459	(117,790)	4,750,870	(190,130)
Transportation	1,388,953	(9,425)	370,997	(105,575)	392,562	(133,000)
Veterans	380,280	0	365,226	50,508	370,310	54,538
Workforce, Labor, Economic Dev	2,227,703	(5,925)	312,547	(19,075)	277,885	(38,800)
Finance Committee Total	68,555,683	(142,340)	65,039,938	(248,657)	68,650,810	(1,685,285)
Debt Service	1,066,178	0	1,205,280	(17,423)	1,230,178	(168,066)
Capital Projects	1,274,561	0	216,451	6,500	214,527	0
Capital Investment Total	2,340,739	0	1,421,731	(10,923)	1,444,705	(168,066)
<u>Other Bills</u>						
Ch. 19 DOC Deficiency	9,091	9,091	0	0	0	0
Ch. 26 Claims	0	0	73	73	0	0
Ch. 33 NLX Cancel, Hourly UI, SPED Reduction	(77,232)	(77,232)	77,232	77,232	(47,392)	(47,392)
Ch. 37 Pensions	0	0	77,992	77,992	80,588	80,588
Other Bills Total	(68,141)	(68,141)	155,297	155,297	33,196	33,196
Cancellations (Ch. 39)	(49,000)	15,000	(72,000)	15,000	(72,000)	15,000
Total	70,779,281	(195,481)	66,544,966	(89,283)	70,056,711	(1,805,155)
Total FY24-25 + FY26-27				(284,764)		

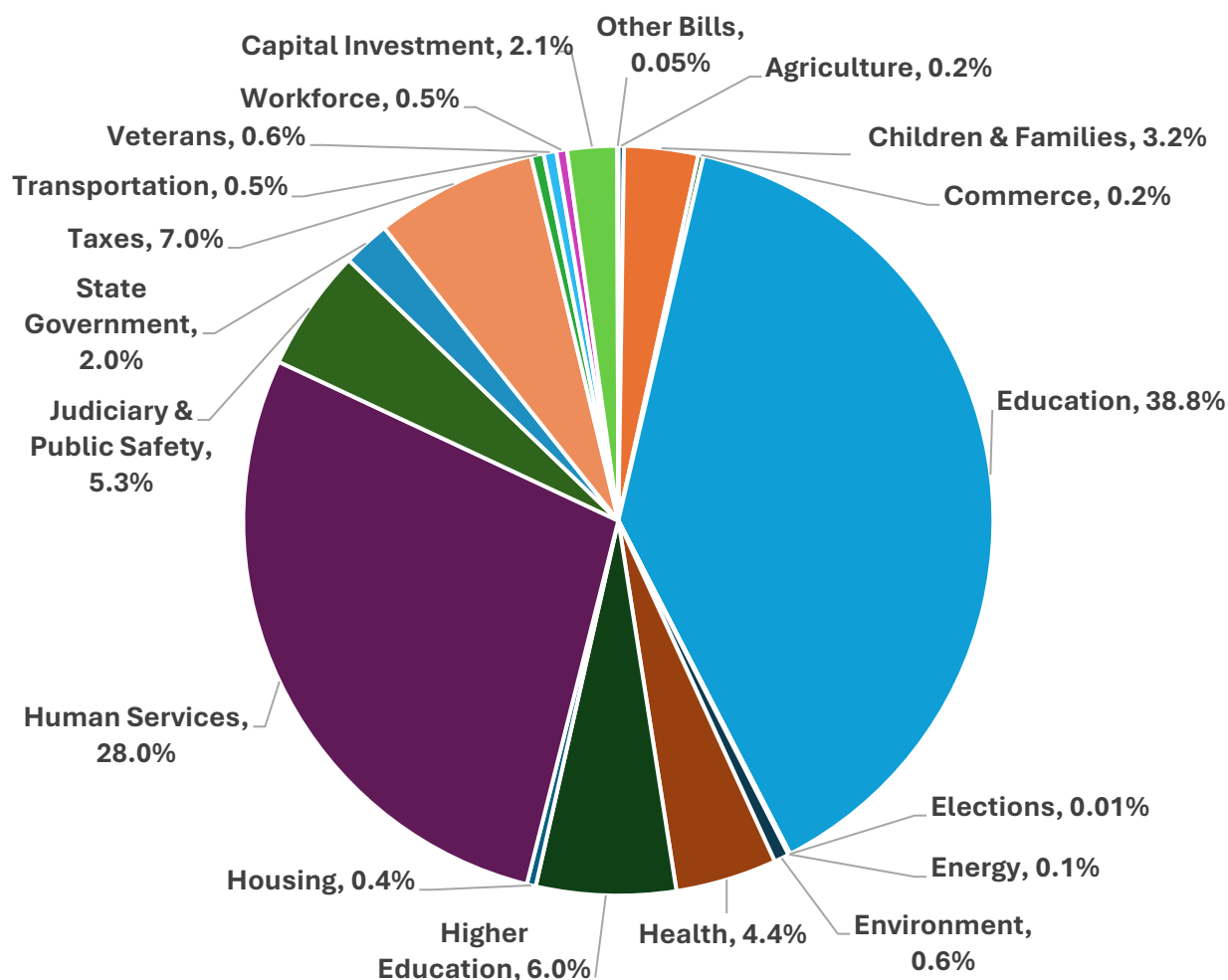
*Positive numbers indicate costs or revenue reductions, while negative numbers indicate savings or revenue gain.

Abbreviations: EOS is End of Session; PTAC is property tax, aids, and credits; Dev is Development; DOC is Department of Corrections; NLX is Northern Lights Express; UI is unemployment insurance; SPED is special education.

The pie chart below shows the distribution of total spending among the House finance committees in the FY 2026-27 biennium after accounting for 2025 legislative changes.

Chart 2: FY 2026-27 EOS General Fund Total by Committee

Total: \$66.349 Billion, including FY 2025 changes



2026 Legislative Session

At the end of the 2025 legislative session, there was a surplus of \$1.886 billion left on the bottom line for FY 2026-27, but due to the structural imbalance, by the end of FY 2028-29 that becomes a projected deficit of \$289.193 million, or \$1.105 billion if inflation is included. The legislature will need to keep an eye on the monthly revenue updates distributed by MMB to see whether state revenues move in a positive or negative direction. The upcoming 2026 legislative session will be a [supplemental budget](#) year in which the 94th Legislature may make changes to the 2025 enacted budgets based, in part, on forecast information from MMB.

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Agriculture Finance

Laws 2025, chapter 34 appropriates money from the general fund to all agencies that form the Agriculture Finance and Policy Committee budget jurisdiction: the Minnesota Department of Agriculture (MDA), Board of Animal Health (BAH), Agricultural Utilization Research Institute (AURI), and the Office of Broadband Development within the Department of Employment and Economic Development (DEED). Total agriculture general fund appropriations in FY 2026-27 total \$164.786 million, which, coupled with a \$4 million reduction in FY 2025, results in a net increase of \$9 million over base funding, or 5.929 percent. Appropriations for the FY 2027-28 biennium total \$154.786 million, an increase of \$3 million over base funding, or 1.976 percent.

Table 4 provides further detail on all agriculture finance general fund changes enacted in the 2025 legislative session.

Table 4: Agriculture Finance - Net General Fund Changes

(Dollars in Thousands)

	FY2025	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
<u>Expenditures*</u>							
MDA							
Protection Services	0	2,345	2,724	5,069	1,074	1,074	2,148
Promotion & Marketing	(4,000)	1,475	1,225	2,700	617	617	1,234
Admin & Financial Assistance	0	2,662	(372)	2,290	(672)	(672)	(1,344)
General Fund Transfers	0	1,825	325	2,150	0	0	0
Board of Animal Health	0	265	390	655	390	390	780
AURI	0	45	91	136	91	91	182
DEED: Office of Broadband Development	0	0	0	0	0	0	0
Total Net Changes	(4,000)	8,617	4,383	13,000	1,500	1,500	3,000
Total Net Changes FY25 + FY26-27				9,000			
February 2025 Forecast Biennial Base				151,786			151,786
Percent Change from Base				5.929%			1.976%

*Positive numbers indicate costs and negative numbers (in parentheses) indicate savings.

The following paragraphs provide information on some of the major funding items that were enacted in agriculture finance in the 2025 session but do not provide detail on all expenditures and revenues. For complete fiscal information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) page.

Operating Adjustments

Laws 2025, chapter 34 includes several operating increases for various agencies within the agriculture budget area jurisdiction. Operating increases for MDA are appropriated to each division of the department. The Protection Services Division receives an increase of \$1.344 million from the

general fund in FY 2026-27 and \$1.848 million in FY 2028-29. The Administration and Financial Services Division receives an increase of \$340,000 in FY 2026-27 and \$406,000 in FY 2028-29.

BAH and AURI also receive general fund operating increases. BAH receives an additional \$655,000 in FY 2026-27 and \$780,000 in FY 2028-29. AURI receives an additional \$136,000 in FY 2026-27 and \$182,000 in FY 2028-29.

These operational increases meet or exceed the increases proposed by the governor in his biennial budget request. In the case of BAH, the 2025 Legislature and Governor Walz agreed to appropriate additional operating funds above the amount requested by the governor. The DEED Office of Broadband Development traditionally does not receive operating increases through the agriculture finance bill.

Major Funding Changes

Wolf and Elk Crop Damage Compensation

Over the last several budget cycles, the wolf compensation and elk crop damage compensation programs have been oversubscribed, leading MDA to establish waiting lists for claims made in previous fiscal years. Chapter 34 increases the general fund appropriation for each program by \$175,000 in FY 2026-27 on a onetime basis. Language included in this section allows both appropriations to be used for either purpose if funds are insufficient. It is estimated that this increase should be able to address the backlog of claims and stabilize the program in the next biennium.

Food Programs

Base funding for Second Harvest Heartland is eliminated and savings of \$3.4 million from the general fund each biennium are repurposed into two new food programs related to milk and food distribution. The original Second Harvest Heartland appropriation provided money to food shelves to purchase and distribute milk as well as other food. A new milk grant program available to a wider array of organizations is included in chapter 34 with a general fund base of \$2 million each biennium. Additionally, the Local Food Purchasing Assistance Program is established with a general fund base appropriation of \$1.4 million each biennium. This program funds projects that buy local food, primarily from socially disadvantaged farmers, as well as distributes food at no cost to underserved communities throughout Minnesota.

Farm Safety Health and Wellness

Prior iterations of the agriculture finance bill have provided onetime funding for farm safety, health, and wellness. Previous appropriations have been used to fund statewide farmer mental health professionals, farmer mental health hotlines, and studies of farm safety trends and outcomes. Chapter 34 appropriates \$200,000 from the general fund in FY 2026-27 and \$100,000 in FY 2028-29 for mental health outreach to agricultural employees and community members as well as the Farm Worker Safety Grant and Outreach Program. The particular significance of this appropriation is that the program is now part of the base budget and will not have to be reestablished in subsequent budget cycles.

Agricultural Growth, Research, and Innovation

Agricultural Growth, Research, and Innovation (AGRI) is the largest and most comprehensive agriculture grant program offered by MDA. Due to the program's size, the legislature and governor

were able to find agreement on modifying the various designated earmarks within the program. Altering the designated spending allows the department to have more flexibility to implement the program. Both general fund appropriations for the Biofuels Infrastructure Grant Program and urban and youth agriculture programs were reduced by \$500,000 in each biennium. This shift in funding combined with the conference committee's positive target allowed the legislature to allocate \$550,000 in additional general fund resources to the Farm-to-School and Early Care Program in FY 2026-27 and \$684,000 in FY 2028-29. The Farm-to-School Program helps individual school districts purchase additional local food from farmers, ranchers, and other producers.

Additional general fund appropriations are used to create a new grant program for agricultural organizations that had traditionally received direct appropriations in prior agriculture bills. Often referred to as pass-through grants, the AGRI Works Program, authorized in chapter 34, allows the department to spend up to \$1.05 million in FY 2026-27 to create the program. The onetime competitive grant program will allow organizations to submit grant proposals for a variety of projects and events.

Other changes to the AGRI Program include a onetime general fund appropriation of \$400,000 in FY 2026-27 for avian influenza-specific livestock protection grants. Eligible projects include fencing, animal identification systems, and other strategies to mitigate avian influenza. [Previous legislation](#) appropriated funds for a similar purpose in FY 2025.

Agricultural Emergency Account

Chapter 34 makes a onetime transfer of \$1.5 million from the general fund to the agricultural emergency account in the agricultural fund. The [2016 Legislature](#) created this fund in response to the emergence of highly pathogenic avian influenza, which allows the department to respond to a wide range of agricultural and animal disease related disasters. Funds in the account are typically used for immediate emergency response and eligible for reimbursement by the federal government on a case-by-case basis. The account can also reimburse local governments for eligible expenses not covered by other funding sources.

Food Safety Modernization

[Laws 2023, chapter 43](#) established the food handler license account in the agricultural fund, which received a onetime transfer from the general fund of \$1.941 million to establish a fund balance. This transfer offset a correlating reduction in general fund appropriations to a food safety program maintained in the Protection Services Division of MDA. Prior to this action, all food license fees were deposited in the general fund, and those programs were funded by direct appropriations. Chapter 34 expands on the changes in the prior finance bill and further modernizes the food licensing framework without expanding eligibility. Statutory changes include increasing food licensing fees to maintain the current level of regulatory services and adapting the food licensing structure to better fit current food business types. Agricultural fund revenues to the food handler licensing account are estimated to increase \$5.065 million in FY 2026-27 and \$5.14 million in FY 2028-29. It is projected that new expenditures from the food handler licensing account will increase, along with revenues.

For More Detail

- [Laws 2025, Ch. 34 – Agriculture Finance Language](#)
- [Laws 2025, Ch. 34 – Agriculture Finance Tracking Sheet](#)

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Capital Investment

Two capital investment bills were enacted in the First Special Session Laws of 2025. Chapter 15 includes bond-financed projects, and chapter 14 contains projects financed with available general fund money. No capital investment or modification bills were enacted in the regular session. Chapter 15 also contains modifications to past bonding authorizations, as well as cancellations and reappropriations for past grant programs, most notably for skateboard parks. No new appropriation bonds are authorized in either capital investment bill.

Chapter 15 authorizes a total of \$719.365 million in new general obligation (GO) bonding while canceling \$19.589 million of existing authorizations, bringing net authorizations to \$699.776 million in GO debt.

Similarly, chapter 14 both cancels and authorizes new spending from the general fund. The legislation cancels \$4.014 million in previously authorized general fund spending and authorizes \$10.514 million in new general fund spending, bringing the net total general fund spending to \$6.496 million.

Table 5 provides further detail on the capital investment general fund changes enacted in the 2025 special session.

Table 5: Capital Investment - Net General Fund Changes

(Dollars in Thousands)

	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
Expenditures*						
General Obligation Debt Service	(4)	(17,419)	(17,423)	(54,899)	(113,167)	(168,066)
General Fund Spending	10,514	0	10,514	0	0	0
General Fund Cancellations	(4,014)	0	(4,014)	0	0	0
Total Net Changes^	6,496	(17,419)	(10,923)	(54,899)	(113,167)	(168,066)
February 2025 Forecast Biennial Base			1,432,654			1,612,771
Percent Change from Base			-0.762%			-10.421%

*In the expenditures section of the table, positive numbers indicate costs and negative numbers (in parentheses) indicate savings.

^This table does not include \$8 million in user financing for a Minnesota State Project for the Alexandria Community and Technical College. The user financing portion will be repaid by tuition and other Minnesota State system revenues.

The following paragraphs provide information on some of the major funding items that were enacted in capital investment in the 2025 session but do not provide detail on all expenditures. For complete fiscal information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) page.

Operating Adjustments

Capital investment bills do not increase funding for programmatic or state agency operating functions. While the capital investment bill will likely result in more employment because of

construction and design, these costs are not tracked in fiscal notes and are not likely to increase state employee FTEs.

Funded Projects and Capital Programs

Chapter 15 includes appropriations for 24 different state agencies and contains specific state government building projects, asset preservation, and programmatic grants to local units of government. Projects specifically for state-owned facilities account for about 54 percent of spending in the chapter, with the majority of this amount, or 30 percent of the total bill, dedicated to asset preservation. The largest recipients of asset preservation funds are the higher education systems, the Department of Natural Resources, and the Department of Corrections. Three of the larger standalone state government projects funded in chapter 15 include \$55 million to Direct Care and Treatment for the demolition and replacement of the Miller Building of the Anoka Metro Regional Treatment Center, \$11 million for the animal hospital at the Minnesota Zoo, and \$8.5 million for ADA (Americans with Disabilities Act) accessibility upgrades for the tunnel between the state capitol and the State Office Building.

Programmatic grants to local units of government make up about 45 percent of chapter 15, or about \$333 million. Around half that amount, or about \$176 million, is for grants administered by the Public Facilities Authority for drinking water, wastewater, and emerging contaminant grants. Local road and bridge grants through the Department of Transportation make up \$80 million of chapter 15 spending. Another large category of programmatic grants flow through the Minnesota Housing Finance Agency for public housing rehabilitation, making up \$26 million of total spending in the legislation.

Unlike most past bonding bills, chapter 15 does not contain a large number of grants to local units of government that are specifically named in the legislation. Named grants are included in chapter 14, the general fund capital authorization bill. Chapter 14 includes \$3.5 million for the First District Association food co-op in Litchfield for water treatment, a grant to a local radio station in Minneapolis, and other smaller general fund grants for both capital projects and other items.

Borrowing Limit and Debt Service Assumption

Two atypical factors influenced the capital investment bills during the 2025 legislative session. First, one of the debt management guidelines constrained the maximum new debt that could be issued in the 2025 legislative session to no more than \$700 million. This limit applied to both GO various purpose bonding and trunk highway bonding. No new trunk highway bonding was authorized in 2025. The second factor was a change in the state government bill that requires Minnesota Management and Budget to assume no new GO bond authorizations in the future. This change affects the debt service forecast, and as a result of the change, the legislature could assume around \$180 million in general fund savings from debt service across the four-year forecast window. This forecast change accounts for all the debt service savings in Table 5. Future legislatures will have to include additional resources from the general fund to cover debt service for bonding bills, as additional debt service will no longer be assumed by the forecast.

For More Detail

- [First Special Session Laws 2025, Ch. 14 – Capital Investment General Fund Spending Language](#)
- [First Special Session Laws 2025, Ch. 15 – Capital Investment General Obligation Borrowing Language](#)
- [First Special Session Laws 2025, Ch. 14 and 15 – Capital Investment Legislative Tracking Sheet](#)

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Children and Families Finance

First Special Session Laws 2025, chapter 3, includes appropriations for all state entities in the jurisdiction of the Children and Families Finance and Policy Committee, which are the Department of Children, Youth, and Families (DCYF), the Office of the Ombudsperson for Families, the Office of the Ombudsperson for American Indian Families, and the Office of the Foster Youth Ombudsperson. Chapter 3 also includes appropriations in addition to the children and families jurisdiction (for more information see the [Health Finance](#) and [Human Services Finance](#) summaries).

Chapter 3 includes net general fund appropriations of \$2.117 billion in the FY 2026-27 biennium with [tails](#) of \$2.259 billion in FY 2028-29. Net general fund changes in the FY 2026-27 biennium, including FY 2025 savings, total \$6 million over base, with net general fund changes in the FY 2028-29 biennium totaling \$15 million below base. These changes reflect a 0.284 percent increase and a 0.66 percent decrease from the February 2025 forecast base, respectively.

Table 6 provides further detail on the children and families finance general fund changes enacted in the 2025 special session.

Table 6: Children & Families Finance - Net General Fund Changes

(Dollars in Thousands)

	FY2025	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
<u>Expenditures*</u>							
DCYF	(24,743)	35,752	(15,037)	20,715	(14,935)	(12,333)	(27,268)
MN Department of Education - Base from DCYF	0	7,950	7,950	15,900	7,950	7,950	15,900
Ombudsperson for American Indian Families	0	4	7	11	7	7	14
Ombudsperson for Families	0	15	31	46	31	31	62
Office of Foster Youth	(420)	223	236	459	216	216	432
Subtotal	(25,163)	43,944	(6,813)	37,131	(6,731)	(4,129)	(10,860)
<u>FFP</u>							
Federal Financial Participation	0	3,374	2,594	5,968	2,070	2,070	4,140
Subtotal	0	3,374	2,594	5,968	2,070	2,070	4,140
Total Net Changes	(25,163)	40,570	(9,407)	31,163	(8,801)	(6,199)	(15,000)
Total Net Changes FY25 + FY26-27				6,000			
February 2025 Forecast Biennial Base				2,110,623			2,273,700
Percent Change from Base				0.284%			-0.660%

*In the expenditures section of the table, positive numbers indicate costs and negative numbers (in parentheses) indicate savings. In the FFP section of the table, positive numbers indicate savings.

The following paragraphs provide information on some of the major funding items that were enacted in children and families finance in the 2025 special session but do not provide detail on all expenditures and revenues. For complete fiscal information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) page.

Operating Adjustments

Chapter 3 appropriates operating adjustments to all agencies in the Children and Families Finance and Policy Committee jurisdiction. This includes new general fund appropriations of \$6.272 million in the FY 2026-27 biennium with tails of \$8.396 million in the FY 2028-29 biennium.

Major Funding Changes

Social Services Information System Modernization

Chapter 3 appropriates \$35 million in onetime funding for replacement of the child protection module of the Social Service Information System (SSIS). This is in addition to appropriations of \$10 million for this project from the [2024 legislative session](#). This computer system runs many programs related to human services, including all child protection case management. The current system dates back to the 1990s, can no longer be updated, and is increasingly unreliable. Considerable staff time, mostly in county offices, is currently devoted to basic data entry and reentry due to system unreliability. The estimated total cost for replacement of the child protection module is between \$80 million and \$100 million, of which federal reimbursement is expected to pay for approximately half. Total state appropriations for the child protection module replacement project (\$45 million) are anticipated to draw an equal federal match, which would make \$90 million available for the project. More detailed cost estimates are anticipated as the department proceeds with project planning in partnership with Minnesota IT Services.

Food Support

Chapter 3 appropriates a onetime net general fund total of \$12.098 million in FY 2027 for food support and food aid administration. The act appropriates \$5 million for food shelf programs as well as an additional \$5 million for regional food banks. A further \$1 million is appropriated for American Indian food sovereignty, and another \$1 million is also appropriated for prepared meals. The remaining \$98,000 is appropriated for administration.

Child Care

Chapter 3 includes several provisions that have an impact on child care. Net general fund appropriations of \$4.892 million in FY 2026-27 are for implementation of an electronic attendance system to improve the integrity of attendance data and child care reimbursements. Ongoing operational costs for this system of \$3.277 million in the FY 2028-29 biennium and beyond are allocated from existing available federal child care funds. An additional \$250,000, onetime, is appropriated in FY 2027 to a new initiative to pay for cameras and data storage to improve child safety and protection in child care centers. A onetime general fund appropriation of \$300,000 for the Child Care Improvement Grant Program in FY 2027 is to help child care centers with capital improvement projects. Finally, an additional \$450,000 in onetime federal funding is allocated from existing funds to this same program in FY 2027.

Cancellations, Refinancing, and Base Adjustments

Chapter 3 includes a general fund total of \$25.163 million in cancellations (savings) of [previously enacted appropriations](#) in FY 2025. In addition, chapter 3 includes \$18.786 million in base reductions (savings) for the FY 2026-27 biennium and beyond. Also, beginning in the FY 2026-27 biennium, \$15.9 million of base funding for DCYF is moved to the Minnesota Department of Education (MDE). This corrects an [error in the program base](#) that was transferred into DCYF from MDE going into the FY 2026-27 biennium. Finally, refinancing general fund expenditures to the federal Temporary Assistance for Needy Families Program (TANF) and to federal child care funds results in general fund savings of \$11.118 million in FY 2026-27 and \$5.586 million in FY 2028-29.

For More Detail

- [First Special Session Laws 2025, Ch. 3 - Children and Families Finance Language](#)
- [First Special Session Laws 2025, Ch. 3 - Children and Families Finance Tracking Sheet](#)

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Commerce Finance

The 2025 Legislature made changes to the commerce finance area that were signed into law by Governor Tim Walz as First Special Session Laws 2025, chapter 4. Net general fund changes in the FY 2024-25 biennium include a onetime increase of \$200,000 in FY 2025. FY 2026-27 biennium general fund changes total a savings of \$3.2 million, with net general fund savings in the FY 2028-29 biennium of \$12 million. These changes reflect a 1.987 percent decrease from the first biennium and a 7.813 percent decrease from the second biennium relative to the February 2025 forecast base. The Commerce Finance Committee jurisdiction includes the Department of Commerce (Commerce) and the Office of Cannabis Management (OCM). Chapter 4 also appropriates funds to the Legislative Coordinating Commission (LCC).

Table 7 provides further detail on the commerce finance general fund changes enacted in the 2025 special session.

Table 7: Commerce Finance - Net General Fund Changes

(Dollars in Thousands)

	FY2025	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
<u>Expenditures*</u>							
Department of Commerce							
Financial Institutions	0	543	543	1,086	543	543	1,086
Administrative Services	0	1,162	1,840	3,002	1,840	1,840	3,680
Enforcement/Market Assurance	0	347	347	694	347	347	694
Office of Cannabis Management	0	(3,468)	(3,182)	(6,650)	(7,947)	(7,947)	(15,894)
LCC	200	0	0	0	0	0	0
Subtotal	200	(1,416)	(452)	(1,868)	(5,217)	(5,217)	(10,434)
<u>Revenue</u>							
Department of Commerce	0	543	543	1,086	543	543	1,086
Office of Cannabis Management	0	246	0	246	240	240	480
Subtotal	0	789	543	1,332	783	783	1,566
Total Net Changes	200	(627)	(995)	(3,200)	(6,000)	(6,000)	(12,000)
Total Net Changes, FY25 + FY26-27				(3,000)			
February 2025 Forecast Biennial Base				151,004			153,598
Percent Change from Base				-1.987%			-7.813%

*In the expenditures section of the table, positive numbers indicate costs and negative numbers (in parentheses) indicate savings. In the revenue section, positive numbers indicate revenue gain.

The following paragraphs provide information on some of the major funding changes that were enacted in commerce finance in the 2025 special session but do not provide detail on all

expenditures and revenues. For complete fiscal information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) page.

Operating Adjustments

Both agencies within the commerce finance jurisdiction receive operating increases in chapter 4. Commerce receives an operating increase of \$3.002 million in the first biennium (FY 2026-27) and \$3.68 million in the second biennium (FY 2028-29). OCM receives an operating increase of \$842,000 in the first biennium and \$1.128 million in the second. Neither operating adjustment impacts either agency's full-time equivalent (FTE) counts, though Commerce will add four FTEs through its Investment Advisor and Broker Dealer Examiner changes, discussed below. [Laws 2025, chapter 35](#), the judiciary, civil law, and public safety bill, moves the Commerce Fraud Bureau from Commerce to the Bureau of Criminal Apprehension at the Department of Public Safety. While this move was not made to create or remove any existing FTEs, it does move those FTEs and their base funding from one agency to the other, reducing Commerce's FTEs by 27.

Major Funding Changes: General Fund

Investment Advisers and Broker Dealer Examiners

At the beginning of the 2025 legislative session, Commerce asserted that the department's resources (two FTEs) for examining investment advisers, investment adviser representatives, broker dealers, and broker dealer agents were insufficient. They provided evidence that states of similar size with similar numbers of investment professionals often had double or triple the number of examiners. Chapter 4 includes provisions that increase or establish new fees for investment advisers and broker dealer professionals when they register a new position, transfer employment, or renew a license. Revenue from these new or increased fees will provide Commerce with sufficient revenue to add roughly three FTEs in FY 2026 and one additional FTE in FY 2027 for a total of four new FTEs dedicated to investment adviser/broker dealer examination. This policy change has an ongoing cost of \$1.086 million per biennium and ongoing revenues of \$1.086 million per biennium, for an estimated net zero fiscal impact.

Common Interest Community Ombudsperson

Chapter 4 establishes a common interest community (CIC, also known as a homeowner's association, or HOA) ombudsperson to assist owners, tenants, and associations in understanding their rights and applicable governing documents and to facilitate dispute resolution. In their work, the ombudsperson must create user-friendly resources, provide informal mediation services, compile and analyze any complaints received, and maintain a website. This policy change has an ongoing cost of \$694,000 per biennium starting in the first biennium.

CanRenew Grant Changes

The legislature established the Cannabis Industry Community Renewal Grants, commonly called the CanRenew Program, under the Office of Cannabis Management in [Laws 2023, chapter 63](#). A variety of organizations are eligible for CanRenew grant funding, provided their application explains the investment they plan to make in communities with long-term residents who meet certain criteria, including income limits, prior interaction with cannabis, vulnerability as determined by the federal government, and qualifying farming experience. Chapter 63 appropriated \$1 million to the program in FY 2025 and set a base of \$15 million for FY 2026 and later.

Chapter 4 adjusts these appropriations in two ways. First, after OCM explained it would not be able to use the \$1 million appropriated in FY 2025 by the end of the fiscal year, chapter 4 extends the availability of this appropriation to June 30, 2026, a net zero change. Second, the legislature reduced the base funding from \$15 million to \$11.254 million per year in FY 2026-27 and reduced the base for FY 2028-29 from \$15 million per year to \$6.489 million per year. These reductions yield savings to the state of \$7.492 million in FY 2026-27 and \$17.022 million in FY 2028-29.

Major Funding Changes: Non-General Fund

Reinsurance

The Minnesota Premium Security Plan, also known as Reinsurance, has existed in law since 2017, with the intent to reduce premiums for those purchasing their health insurance on the individual health insurance market by reimbursing insurance providers for some of their most costly claims. While Commerce does not administer the plan itself, the commissioners of Commerce and the Department of Human Services select and approve multiple board members of the nonprofit organization that administers the plan, called the Minnesota Comprehensive Health Association (MCHA). Commerce estimates that Reinsurance has reduced health care premiums on the individual market by about 20 percent on average. Under current law, MCHA must provide reinsurance payments to insurers for an individual's covered benefits that exceed \$50,000 but are below \$250,000. Outside of this range, insurance companies may charge a coinsurance rate set by MCHA's board that may range between 50 and 80 percent.

Reinsurance statute has been amended a number of times since 2017, but the program has always been funded through a combination of state general fund dollars, health care access fund (HCAF) dollars, and federal pass-through funding that Minnesota receives as part of the Affordable Care Act Section 1332 State Innovation Waiver. Chapter 4 continues this trend through Plan Year (PY) 2026, which best aligns with FY 2027, but moves to a new funding process in PY 2027/FY 2028. For PY 2026/FY 2027, chapter 4 transfers \$145 million in FY 2026 from HCAF to the premium security plan account (PSPA), which, in addition to existing plan funds, will be sufficient to pay PY 2026 claims. In order to fund reinsurance payments in PY 2027/FY 2028, chapter 4 creates a new assessment on group health carriers, which are a larger range of health insurance carriers than those only on the individual market. In consultation with Commerce, MCHA must calculate each group health carrier's assessment based on the carrier's share of the total premiums for group health plans written in Minnesota for PY 2027. MCHA must notify the carriers of their assessment amount by June 30, 2028, and the group health carriers must pay by August 1, 2028. MCHA must then send the collected assessments, estimated at approximately \$266.833 million, to the state for deposit in the PSPA by August 15, 2028.

Beginning in calendar year 2029, group health carriers who have paid their premium assessments are eligible to claim a tax credit equal to the amount of their assessment. Money for this tax credit is statutorily appropriated from the general fund. Beginning in September 2029 (FY 2030), group health carriers may have their tax credits under this program applied toward their quarterly state tax payments under [Minnesota Statutes, section 297I.05](#). Credits are estimated to have a general fund cost of \$266.833 million in FY 2030 and will continue into the future at costs roughly equal to reinsurance payment totals minus any federal pass-through funding.

Telecommunications Service Discontinuation and Transition to VOIP

Chapter 4 includes changes to the Public Utilities Commission (PUC). The language allows telecommunications companies to ask the PUC for approval of plans that would discontinue service in certain areas. For these areas, companies must prove that customers have access to one or more providers for telecommunications service, whether that is a traditional carrier or an area with internet fast and reliable enough to support Voice over Internet Protocol (VOIP) of at least 25 megabits per second download speed and three megabits per second upload speed, with services offered at a rate not to exceed 120 percent of the current local flat-rated voice service. The companies must provide the PUC with evidence and plans for ongoing community support if the discontinuation were to go through, and once the discontinuation has taken place, the PUC may reinstate the company's obligations if customers' needs are not met after the transition.

In order to pay for the commission's administrative costs, chapter 4 allows the PUC to assess fees on the companies for the commission's actual costs to administer the discontinuation(s). The money is then deposited into an account in the special revenue fund and statutorily appropriated to the PUC for this purpose. Current estimates place these costs/fees at \$261,000 per fiscal year, but the PUC must adjust the fees to align with actual spending after an initial period.

Electric Vehicle Supply Equipment Testing

Chapter 4 includes provisions requiring the Weights and Measures Division of Commerce to annually inspect retail Electric Vehicle Supply Equipment (EVSE) and charge a retail EVSE owner a \$100 fee to inspect and test each retail EVSE charging port. The language also creates a retail EVSE program account in the special revenue fund, into which these fees must be deposited. Money in the account is statutorily appropriated to the commissioner to pay for operations of the retail EVSE program. In addition to charging port inspections and fees, the law also establishes new labeling and advertising requirements. Projected revenues and operational costs are \$188,000 starting in FY 2027 and \$619,000 for the FY 2028-29 biennium.

Table 8: Commerce Finance - Net Non-General Fund Changes

(Dollars in Thousands)

	Fund	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
Expenditures*							
Commerce							
TR-OUT to Premium Security Plan Acct	HCAF	145,000	0	145,000	0	0	0
EV Supply Equipment Testing	SR	0	188	188	288	331	619
Public Utilities Commission							
Admin -Telecom Service Discontinuation	SR	261	261	522	261	261	522
Subtotal		145,261	449	145,710	549	592	1,141
Revenue							
Commerce							
TR-IN from Health Care Access Fund	PSPA	145,000	0	145,000	0	0	0
Health Carrier Assessments from MCHA	PSPA	0	0	0	0	266,833	266,833
EV Supply Equipment Inspection Fees	SR	0	188	188	288	331	619
Public Utilities Commission							
Fees -Telecom Service Discontinuation	SR	261	261	522	261	261	522
Subtotal		145,261	449	145,710	549	267,425	267,974
Total Net Changes		0	0	0	0	(266,833)	(266,833)

*In the expenditures section of the table, positive numbers indicate costs. In the revenue section, positive numbers indicate revenue gain.

Abbreviations: TR-OUT is transfer out; Acct is account; HCAF is the health care access fund; EV is electric vehicle; SR is the special revenue fund; Admin is administration; TR-IN is transfer in; PSPA is the premium security plan account; MCHA is the Minnesota Comprehensive Health Association.

Other Funding

The judiciary, civil Law, and public safety bill, [Laws 2025, chapter 35](#), contains the transfer of the Commerce Fraud Bureau from the Commerce Department to the Bureau of Criminal Apprehension at the Department of Public Safety.

For More Detail

- [First Special Session Laws 2025, Ch. 4 – Commerce Finance Language](#)
- [First Special Session Laws 2025, Ch. 4 – Commerce Finance Tracking Sheet](#)

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Education Finance

The 2025 Legislature made a variety of changes in the education finance area that were signed into law by Governor Tim Walz as First Special Session Laws 2025, chapter 10. Net general fund changes in the FY 2026-27 biennium total \$0, with net general fund changes in the FY 2028-29 biennium totaling a savings of \$420 million, a 1.53 percent decrease from the February 2025 forecast base. The Education Finance Committee jurisdiction includes the Minnesota Department of Education (MDE), the Professional Educator Licensing and Standards Board (PELSB), the Minnesota State Academies for the Deaf and Blind, and the Perpich Center for Arts Education.

Table 9 provides further detail on the education finance general fund changes enacted in the 2025 special session.

Table 9: Education Finance - Net General Fund Changes

(Dollars in Thousands)

	FY2025	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
Expenditures*							
General Education	0	59,832	16,396	76,228	11,263	11,435	22,698
Education Excellence	0	930	(1,120)	(190)	(4,525)	(4,525)	(9,050)
Teachers	0	(13,725)	7,650	(6,075)	(38,721)	(38,332)	(77,053)
Read Act	(2,243)	1,060	175	1,235	175	175	350
American Indian Education	0	40	40	80	40	40	80
Special Education	0	(14,796)	(28,128)	(42,924)	(153,219)	(154,732)	(307,951)
Facilities	0	(8,467)	(7,677)	(16,144)	(9,774)	(9,990)	(19,764)
Nutrition & Libraries	0	(8,304)	(10,323)	(18,627)	(17,747)	(17,767)	(35,514)
State Agencies	(2,000)	7,688	2,972	10,660	3,102	3,102	6,204
Total Net Changes	(4,243)	24,258	(20,015)	4,243	(209,406)	(210,594)	(420,000)
Total Net Changes FY25 + FY26-27				0			
February 2025 Forecast Biennial Base				25,721,409			27,458,628
Percent Change from Base				0.000%			-1.530%

*Positive numbers indicate costs and negative numbers (in parentheses) indicate savings.

The following paragraphs provide information on some of the major funding changes that were enacted in education finance in the 2025 special session but do not provide detail on all expenditures and revenues. For complete fiscal information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) page.

Operating Adjustments

All four of the agencies within the education finance jurisdiction receive operating increases in chapter 10. MDE receives an operating increase of \$2.042 million in the first biennium and \$2.730 million in the second biennium. PELSB receives an operating increase of \$213,000 in the first

biennium and \$286,000 in the second. The State Academies receive an operating increase of \$1.01 million in the first biennium and \$1.352 million in the second biennium. The Perpich Center receives operating increases of \$535,000 in the first biennium and \$716,000 in the second.

MDE estimates that they will add 10.8 full-time equivalents (FTEs) beginning in FY 2026 to enact the changes in chapter 10, including one FTE that is being transferred from PELSB for the administration of the Educator Tuition Assistance Program (ETAP). Please see [Changes to Teacher Support and Preparation Programs](#) in this section for more detail. PELSB has a 1 FTE reduction through this ETAP transfer, and the other agencies' FTEs are not impacted.

Major Funding Changes

Blue Ribbon Commission on Special Education

The 2025 Legislature established a Blue Ribbon Commission on Special Education that was tasked with finding ways to reduce special education expenditures in the FY 2028-29 biennium while maintaining a Free Appropriate Public Education (FAPE) for students with disabilities. With special education entitlements rising more quickly than expected over the past few biennia and the February 2025 forecast predicting a \$5.995 billion statewide deficit for the FY 2028-29 biennium, the commissioner of education is required by chapter 10 to convene the commission to identify efficiencies and explore different approaches to reducing costs. If the commission is unsuccessful in identifying savings of \$250 million over the FY 2028-29 biennium, then Minnesota Management and Budget must reduce the Special Education Cross Subsidy Reduction Aid by a factor sufficient to meet this reduction goal. In addition to savings of \$250 million in the second biennium, this provision also has a onetime cost of \$125,000 in FY 2026 for MDE to administer the commission.

Special Education Transportation Reimbursement Reduction

Chapter 10 includes a provision that reduces the Special Education Transportation Reimbursement from 100 percent to 95 percent in FY 2026 and then 90 percent in FY 2027 and beyond. The provision retains the 100 percent reimbursement rate for special education students who have a 504 plan, are in care and treatment, or are homeless or highly mobile. Though the reimbursement is lowered to 90 percent in FY 2027, because the Special Education Cross Subsidy Reduction Aid is set at a factor of 50 percent for FY 2027 and later, districts will still receive five percent of the special education transportation reimbursement in the form of the cross subsidy reduction aid. This provision has savings of \$43.199 million in FY 2026-27 and \$48.242 million in FY 2028-29.

Compensatory Revenue Modification and Task Force

Prior to the 2025 legislative session, a number of school districts around the state reached out to members of the legislature citing concerns about falling Compensatory Revenue Aid for their districts. The lower aid amounts for some districts were largely attributable to transitioning districts away from using traditional “paper forms” to establish compensatory eligibility and relying instead on direct certification, which uses data from Medical Assistance, the Supplemental Nutrition Assistance Program (SNAP), the Minnesota Family Investment Program, and the Food Distribution Program on Indian Reservations. While some districts benefitted from this change, others did not, so the 2025 Legislature established a phased-in approach for the formula changes to compensatory revenue that uses the greater of either October 2024 student counts or October 2022 student counts and delays using the updated formula until FY 2027. This has a cost to the state of \$55.637 million in FY 2026-27 only.

Student Support Personnel Aid Reduction

Chapter 10 reduces the school district Student Support Personnel Aid allowance of \$48.73 per adjusted pupil unit to \$30.05 in FY 2026-27 and \$34.32 in FY 2028 and later. It also reduces the cooperative Student Support Aid allowance of \$2.44 per adjusted pupil unit to \$1.60 for FY 2026 and later. This provides savings to the state of \$28.726 million in FY 2026-27 and \$23.711 million in FY 2028-29.

School Library Aid Reduction

Chapter 10 reduces School Library Aid from the greater of \$40,000 or \$16.11 per adjusted pupil unit to the greater of \$20,000 or \$10.27 per adjusted pupil unit. It further reduces the per pupil amount to \$9.12 in FY 2028 and later. School Library Aid for charter schools is similarly impacted, though charter schools originally received the greater of \$20,000 or the per pupil amount and now receive the greater of \$10,000 or the per pupil amount. This provides savings to the state of \$19.627 million in FY 2026-2027 and \$22.059 million in FY 2028-29.

Changes to Teacher Support and Preparation Programs

A number of teacher support and preparation programs are impacted by chapter 10. The Grow Your Own Program, which places appropriated funds in a special revenue fund account of the same name, receives an increase of \$22.959 million in FY 2027 but a decrease in the FY 2028-29 biennium of \$40.934 million. The Educator Tuition Assistance Program (ETAP, formerly CUGMEC) is moved from PELSB to MDE and has its funding reduced by \$2 million in both biennia. Similarly, the Mentoring and Retention Incentive Grants are also moved from PELSB to MDE and reduced by \$2 million in both biennia. The Come Teach in Minnesota hiring bonuses are eliminated, creating savings of \$800,000 each biennium. The Teacher Recruitment Marketing Campaign is also eliminated beginning in FY 2028, yielding savings of \$1 million in the second biennium. Funding for Black Men Teach and the Coalition to Increase Teachers of Color and American Indian Teachers is also removed in FY 2028-29, creating savings of \$1 million and \$200,000, respectively. The Teacher Residency Program has its funding reduced in the second biennium from \$6 million to \$3.75 million. The Special Education Apprenticeship Program, which first received funding from the [2024 Legislature](#), receives \$4 million in the first biennium only. These changes to teacher programs result in a net cost of \$22.159 million in FY 2026-27 and a net savings of \$51.684 million in the second biennium.

Supplemental School Lunch Aid Reduction

After the passage of the Free School Meals Program ([Minnesota Statutes, section 124D.111](#)) in 2023, the state continued to provide participants in the National School Lunch Program (NSLP) 12.5 cents for each full price, reduced-price, and free student lunch in addition to the Free School Meals Program Aid amount and federal aid. For those schools choosing not to participate in the program, Minnesota paid 12.5 cents for each full price and free student lunch and 52.5 cents for each reduced-price lunch on top of what the federal government provided in NSLP aid. Beginning in FY 2028, chapter 10 reduces these amounts to 6.25 cents instead of 12.5 cents and 46.25 cents instead of 52.5 cents. This results in a savings of \$13.455 million in the second biennium only.

Long-Term Facilities Maintenance Roof Repair and Replacement

In recent years, school districts have been facing difficulties in getting their roofs repaired or replaced, whether because their requests to voters in the form of referenda have been rejected or because they have struggled to find insurance companies that will cover roof repair or replacement. While the 28 largest school districts in the state were already allowed to include roof repair and

replacement in their levy for their ten-year facility plans, the approximately 300 smaller school districts were not. Chapter 10 allows these smaller districts to add roof repair and replacement to their ten-year facility plans as well, and it increases the statewide Long-term Facilities Maintenance equalizing factor (which increases the portion of local levies that the state pays) from 123 percent to 125.5 percent. This change has a state cost of \$2.97 million in FY 2027 and \$9.93 million in FY 2028-29.

Special Education Charter School Tuition Reduced from 10 to 6 Percent

Charter schools receive state funding for their special education costs in a manner somewhat different from traditional school districts. Charter schools receive Initial Special Education Aid and Excess Cost Aid the way school districts do, but they are not eligible for Special Education Cross-Subsidy Reduction Aid for their unreimbursed costs. Instead, if charter schools serve a student body in which 70 percent or more qualify for special education services, they are allowed to bill back 100 percent of their unreimbursed special education costs to a student's resident district. For those charter schools with lower special education populations, they are allowed to bill back 80 percent of unreimbursed special education costs to the resident district and then receive 10 percent of the unreimbursed special education costs in aid from the state. Like school districts, these charter schools must absorb the amount not covered by state aid in their existing budgets. Chapter 10 reduces the percent the state must provide in aid from 10 to 6 percent, starting in FY 2028. This provides savings to the state of \$9.709 million in the second biennium.

Changes to Nonprofit, School, and Community Grants

In chapter 10, some educational and community support grant programs receive additional FY 2026-27 funding and some have their funding reduced. The Minnesota Association of Alternative Programs receives \$110,000 in FY 2026-27 for their Success, Teamwork, Achievement, Recognition, and Self-esteem Program (STARS). Math Corps receives an additional \$1 million in FY 2026 only. The Minnesota Alliance with Youth receives \$750,000 in the first biennium only for the Youth Council. Together, these increases total \$1.86 million in the FY 2026-27 biennium only.

Chapter 10 removes the funding for implementation support and evaluation of the Collaborative Minnesota Partnerships to Advance Student Success (COMPASS) and Multi-tiered Systems of Support (MTSS) for the Center for Applied Research and Educational Improvement (CAREI), a savings of \$1 million each biennium. The Sanneh Foundation receives a reduction of \$1.05 million in FY 2027 and has its base FY 2028-29 funding eliminated, a savings of \$3 million in the second biennium. The Minnesota Center for the Book, the Minnesota Independence College and Community, the Minnesota Principals Academy, and Starbase all have their FY 2028-29 funding removed, a savings of \$400,000, \$1.25 million, \$400,000, and \$1 million, respectively. The Full-Service Community School Program also receives a second biennium reduction of \$2 million. Together, these changes yield savings of \$190,000 in FY 2026-27 and \$9.05 million in FY 2028-29.

Non-Operating Changes to the Minnesota Department of Education Budget

Beyond the operating increases, chapter 10 makes a handful of other changes to MDE's budget. It cancels \$1.5 million in unused FY 2025 funding for the Office of the Inspector General and \$500,000 in unused FY 2025 funding for the specific learning disability rulemaking process. It also cancels funding that was once set aside for Adult-Use Cannabis Education, a savings of \$240,000 each biennium. Chapter 10 also appropriates \$6 million in FY 2026 only for MDE's legal costs, as well as \$1.1 million each biennium for general counsel and Office of the Inspector General staff and

technology. Overall, these non-operating changes total savings of \$2 million in FY 2025 and costs of \$6.86 million in FY 2026-27 and \$860,000 in FY 2028-29.

Elimination of Telecommunications/Internet Access Equity Aid

Created in 2005 to assist school districts with the costs associated with internet access, data, network maintenance and support, network infrastructure, and technology installation costs, Telecommunications/Internet Access Equity Aid is repealed in chapter 10, effective FY 2028 and later. This has a savings to the state of \$7.5 million in FY 2028-29.

Read Act Changes and Supplemental Funding

Funding for the Read Act is adjusted in a number of ways in chapter 10. The state's partnership with CAREI is canceled, as is CAREI's role in paraprofessional and volunteer training, yielding FY 2025 savings of \$1.618 million and \$375,000, respectively. This means that MDE must now complete some of the Read Act components that had previously been CAREI's responsibility, so chapter 10 appropriates \$875,000 in the first biennium and \$350,000 in the second biennium to MDE for Read Act implementation. The legislature also canceled \$250,000 of the FY 2025 Read Act Literacy Aid and appropriated \$250,000 more toward professional development in FY 2026 only. Finally, the legislature also created a new Read Act Dual Language Immersion Advisory Council, for which they appropriated \$110,000 in FY 2026 only. In total, these changes created savings of \$2.243 million in FY 2025 and costs of \$1.235 million in FY 2026-27 and \$350,000 in FY 2028-29.

Consolidation Transition Aid Changes

Consolidation Transition Aid provides additional funding for school districts that have merged into one, on a per-pupil basis. Since its creation in 1994, the per-pupil amounts in the formula have not been adjusted. Chapter 10 increases these amounts from \$200 per resident pupil unit (RPU) in the first year post-consolidation to \$424 per RPU, and from \$100 per RPU in the second year post-consolidation to \$212 per RPU. These changes have a cost of \$922,000 in the first biennium and \$954,000 in the second.

Charter School Net Zero Funding Reorganization

Prior to chapter 10, charter schools were able to receive Long Term Facilities Maintenance Revenue (LTFM) despite being required to lease their educational space. Charter schools received this funding on a set amount per pupil basis, most recently set at \$132 per adjusted pupil unit. Because they are not allowed to own their buildings, charter schools were allowed to use the revenue for any purpose related to the school. Chapter 10 removes charter schools' eligibility for LTFM revenue but adds a component of \$132 times the adjusted pupil units to charter schools' general education revenue, creating a cost-neutral change.

Other Funding

Other law changes related to education passed in other chapters of law in the 2025 session, including [Laws 2025, chapter 13](#), which includes changes to mandatory reporting training which pertains to educators. Teacher pensions are modified in [Laws 2025, chapter 37](#); please see the Other Bills summary for more information. [Laws 2025, chapter 33](#) also modifies unemployment insurance for hourly school workers. A more detailed description can be found in the Other Bills summary. [First Special Session Laws 2025, chapter 3](#) includes child protection, early care and learning, and child

care facility licensing. Some details regarding these changes are included in the [Children and Families Finance summary](#).

For More Detail

- [First Special Session Laws 2025, Ch. 10 – Education Finance Language](#)
- [First Special Session Laws 2025, Ch. 10 – Education Finance Tracking Sheet](#)
- [First Special Session Laws 2025, Ch. 10 – Education Finance Levy Spreadsheet](#)

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Elections Finance and Government Operations

Laws 2025, chapter 39, the state government and elections finance bill, includes funding for elections and campaign finance activities. General fund change from base for the FY 2026-27 biennium is \$1.039 million, an increase of 14.175 percent. For the FY 2028-29 biennium, general fund change from base is \$106,000, an increase of 0.469 percent.

Table 10 provides further detail on the funding under the jurisdiction of the Elections Finance and Government Operations Committee, including the Campaign Finance Board and any election-related change items in the Office of the Secretary of State.

Table 10: Elections Finance - Net General Fund Changes

(Dollars in Thousands)

	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
<u>Expenditures*</u>						
Campaign Finance Board	786	53	839	53	53	106
Secretary of State	200	0	200	0	0	0
Total Net Changes	986	53	1,039	53	53	106
February 2025 Forecast Biennial Base			7,330			22,582
Percent Change from Base			14.175%			0.469%

*Positive numbers indicate costs.

The following paragraphs provide information on some of the major funding items that were enacted in elections finance in the 2025 regular session but do not provide detail on all expenditures and revenues. For complete fiscal information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) page.

Operating Adjustments

The Campaign Finance Board receives an operating adjustment of \$79,000 in FY 2026-27 and \$106,000 in FY 2028-29. This funding is expected to help cover increasing costs for existing employee compensation and other operating costs.

Major Funding Changes

Secretary of State: Help America Vote Act State Match

Onetime funding of \$200,000 in FY 2026 is provided for the 20 percent required state match for the most recent federal Help America Vote Act (HAVA) funds authorized in the 2024 federal Further Consolidated Appropriations Act. The matching funds will allow the Office of the Secretary of State to utilize \$1 million in federal HAVA dollars to continue to support its Security Navigator Team. This team works with counties and local governments to support the physical and cyber security of election operations.

Campaign Finance Board: Litigation Expenses

Onetime funds of \$760,000 are appropriated in FY 2026 to the Campaign Finance Board to pay attorney fees and other litigation expenses awarded in the case of *Minnesota Chamber of Commerce vs. Choi*. The Minnesota Chamber of Commerce successfully challenged a state law prohibiting businesses from participating in campaign speech unless their chief executive officer certified that fewer than five percent of their shares are held by foreign nationals.

For More Detail

- [Laws 2025, Ch. 39 – Elections Finance Language](#)
- [Laws 2025, Ch. 39 – Elections Finance Tracking Sheet](#)

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Energy Finance

The total general fund expenditures for the energy budget in First Special Session Laws 2025, chapter 7 amounts to \$48.841 million in FY 2026-27, \$2.598 million less than the February 2025 forecast base budget, while total transfers in the same biennium total \$2.398 million. Accounting for \$3.8 million in revenue, total energy general fund spending in FY 2026-27 is \$47.439 million, a \$4 million reduction from the February 2025 forecast base. Total spending in FY 2028-29 is \$46.286 million, which is also a \$4 million reduction from the base budget. These changes establish a 7.776 percent reduction from base in the first biennium and a 7.955 percent reduction in the second. Agencies impacted by the Energy Finance Committee include the Energy Resources Division of the Department of Commerce (Commerce) and the Public Utilities Commission (PUC). The energy jurisdiction also includes the renewable development fund (RDF), which had no change from its base budget spending of \$9.784 million in FY 2026-27.

Table 11 provides further detail on the energy finance general fund changes enacted in the 2025 special session.

Table 11: Energy Finance - Net General Fund Changes
(Dollars in Thousands)

	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
Expenditures*						
Energy Resources Division (Commerce)	(2,000)	(2,000)	(4,000)	(2,000)	(2,000)	(4,000)
Public Utilities Commission (PUC)	1,779	2,021	3,800	2,021	2,021	4,042
Subtotal	(221)	21	(200)	21	21	42
Revenue						
PUC Assessments	1,779	2,021	3,800	2,021	2,021	4,042
Subtotal	1,779	2,021	3,800	2,021	2,021	4,042
Total General Fund Net Changes	(2,000)	(2,000)	(4,000)	(2,000)	(2,000)	(4,000)
February 2025 Forecast Biennial Base			51,439			50,286
Percent Change from Base			-7.776%			-7.955%

*In the expenditures section of the table, positive numbers indicate costs and negative numbers (in parentheses) indicate savings. In the revenue section, positive numbers indicate revenue gain.

The following paragraphs provide information on some of the major funding items that were enacted in energy finance in the 2025 special session but do not provide detail on all expenditures and revenues. For complete fiscal information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) page.

Operating Adjustments

The energy finance budget includes an operating increase for the Petroleum Tank Release Cleanup Board of \$500,000 each year from the petroleum tank fund for an operating increase.

Major Funding Changes

Reduction in Pre-Weatherization Funding

Pre-weatherization funding is intended to address deficiencies that would otherwise prevent a home from being eligible for the federal Weatherization Assistance Program. Services included are defined under [Minnesota Statutes, section 216B.2402, subdivision 20](#). Chapter 7 reduces funding for the pre-weatherization program by \$2 million each fiscal year, or \$4 million each biennium. The remaining base funding is \$1.199 million each fiscal year, or \$2.398 million each biennium, which maintains ongoing staffing and grant allocations. In the [2023 legislative session](#), the legislature allocated over \$38 million for both weatherization and pre-weatherization. Funds for this program are transferred to an account in the special revenue fund and are available until expended.

Securitization Open Appropriation Created

Chapter 7 authorizes the sale of extraordinary event bonds. This policy establishes a process under which a natural gas utility may issue bonds in response to an extraordinary event that impairs the utility's ability to provide service or imposes significant costs on customers and allows the utility to repay the bonds with ratepayer revenues. Under [Minnesota Statutes, section 216B.62](#), expenditures made by Commerce and the PUC may be assessed on gas utilities for the actual costs incurred to administer extraordinary event bonds.

The PUC and Commerce may initially assess gas utilities for estimated costs of administration, then must adjust subsequent assessments for actual costs incurred. The mechanism by which the PUC and Commerce may assess and subsequently spend the amount incurred to administer extraordinary event bond sales is an open appropriation from an account in the special revenue fund.

Other Funding

First Special Session Laws 2025, chapter 12 establishes a new fee for large data centers to be deposited into a special revenue account. For more information, please see [chapter 12, the data centers bill](#), in the Other Bills summary.

For More Detail

- [First Special Session Laws 2025, Ch. 7 – Energy Finance Language](#)
- [First Special Session Laws 2025, Ch. 7 – Energy Finance Tracking Sheet](#)

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Environment and Natural Resources Finance

The fiscal and policy provisions for the Environment and Natural Resources Finance and Policy Committee were passed in First Special Session Laws 2025, chapter 1. Article 1 includes direct appropriations and article 4 includes policy provisions, including statutory funding changes. The jurisdiction of the committee includes: the Pollution Control Agency (PCA), the Natural Resources Department (DNR), the Board of Water and Soil Resources (BWSR), the Metropolitan Council - Environment, Conservation Corps of Minnesota, the Minnesota Zoo, and the Science Museum of Minnesota.

Chapter 1 creates a savings of \$6.5 million from base for FY 2026-27, including onetime FY 2025 reductions of \$14.735 million, with general fund spending increasing by \$8.235 million. Base spending is increased by \$2.5 million in FY 2028-29. These general fund changes represent a 1.491 percent decrease from base for the FY 2026-27 biennium and 0.566 percent increase for the FY 2028-29 biennium. The budget jurisdiction includes numerous other funds; those that were modified in the bill were the environmental fund, the remediation fund, the closed landfill investment fund, the game and fish fund, the natural resources fund, the permanent school fund, and the special revenue fund. Non-general fund spending increases \$51.852 million for the biennium; however, when offset with fee increases, the net increase totals \$40.329 million.

Table 12 provides further detail on the environment and natural resources finance general fund changes enacted in the 2025 special session. Table 13 provides further detail on non-general fund changes.

Table 12: Environment & Natural Resources Finance - Net General Fund Changes

(Dollars in Thousands)

	FY2025	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
Expenditures*							
Pollution Control Agency	(3,175)	(1,447)	(1,497)	(2,944)	(1,343)	(1,343)	(2,686)
TR-OUT to MLCAT	0	(100)	(100)	(200)	(100)	(100)	(200)
Natural Resources Department	(8,305)	5,423	1,319	6,742	1,319	1,319	2,638
Board of Water & Soil Resources	(3,430)	353	310	663	310	310	620
Metropolitan Council-Environment	0	1,650	0	1,650	0	0	0
Conservation Corps	0	0	0	0	0	0	0
Minnesota Zoo	0	343	695	1,038	695	695	1,390
Science Museum of Minnesota	0	200	0	200	0	0	0
Department of Health	175	0	0	0	0	0	0
LCC	0	198	0	198	0	0	0
DEED	0	444	444	888	369	369	738
Total Net Changes	(14,735)	7,064	1,171	8,235	1,250	1,250	2,500
Total Net Changes, FY25 + FY26-27				(6,500)			
February 2025 Forecast Biennial Base				435,907			441,526
Percent Change from Base				-1.491%			0.566%

*In the expenditures section of the table, positive numbers indicate costs and negative numbers (in parentheses) indicate savings.

Abbreviations: TR-OUT is transfer out; MLCAT is the metropolitan landfill contingency action trust account; LCC is the Legislative Coordinating Commission; and DEED is the Department of Employment and Economic Development.

The following paragraphs provide information on some of the major funding items that were enacted in environment and natural resources finance in the 2025 special session but do not provide detail on all expenditures and revenues. For complete fiscal information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) page.

Operating Adjustments

Operating adjustments are included for the agencies from both the general fund and non-general funds. In total the operating adjustments are \$30.54 million for the FY 2026-27 biennium and \$36.15 million for the FY 2028-29 biennium. Operating adjustments for the PCA include \$446,000 from the general fund, \$8.72 million from the environmental fund, and \$3 million from the remediation fund. Operating adjustments for the DNR include \$8.74 million from the general fund, \$1.32 million from the game and fish fund (including the heritage enhancement account), \$6.77 million in total from 11 different accounts in the natural resources fund, and \$48,000 from the permanent school fund. The operating adjustment for the BWSR is \$463,000 from the general fund. The Minnesota Zoo's operating adjustment is \$1.04 million from the general fund.

Major Funding Changes

Fiscal Year 2025 Appropriation Reductions

Onetime cancellations of past appropriations were needed to meet the negative budget target and fund the first biennium's operating increases. In total, chapter 1 reduces five general fund appropriations from the FY 2024-25 biennium by a combined \$14.735 million. Local Climate Action Grants through the PCA are reduced by \$3 million. The grants originally received an appropriation of \$100 million during the [2023 session](#). The agency had awarded several rounds of grants and was waiting until the legislative session concluded to award another round. Two appropriations to the DNR are reduced. The first is an [appropriation enacted in 2022](#) to replace drought-killed seedlings. To date, approximately \$1.1 million has been spent of the original \$5 million appropriation. Chapter 1 reduces the appropriation by \$2.8 million, leaving approximately \$1.1 million available for reforestation needs associated with wildfires, as three significant wildfires were occurring at the end of the legislative session. The second reduction is related to an [appropriation made in 2023](#) for enhancing prairies and grasslands and restoring wetlands on state-owned wildlife management areas to sequester more carbon and enhance climate resiliency. The original appropriation was for \$10 million, and chapter 1 reduces it by \$5.5 million.

Chapter 1 enacts two appropriation reductions to the BWSR. The first reduction is for \$582,000 from a [FY 2025](#) Soil and Water Conservation District Services Grant Program. Unlike the other appropriation reductions stemming from onetime appropriations, this reduction is from an ongoing appropriation of \$3.116 million per year. However, the reduction is only onetime and is from a currently unobligated balance. The second reduction to the board is for \$2.85 million from a onetime appropriation in FY 2024-25 of \$21 million for private land and working lands restoration easements.

Pollution Control Agency General Fund/Environmental Fund Transition

Chapter 1 transitions several ongoing general fund appropriations at the PCA to the environmental fund in order to free up ongoing general fund money needed for operating adjustments across the agencies. These changes, starting in FY 2026, include \$348,000 per year for municipal liaison and economic analysis, \$140,000 per year for water program operations, and \$300,000 per year for recycling and composting grants. Additionally, chapter 1 reduces funding to the County Feedlot Program by \$1 million per year in order to align with the intent of a onetime increase from the [2023 Legislature](#).

Permitting Efficiency

Article 6 is the environmental permitting reform legislation. The intent of the permitting changes is to clarify and streamline the permitting process and improve the timeliness of permit issuance. An appropriation to the PCA of \$700,000 per year, starting in FY 2026, from the environmental fund is intended to hire four full-time equivalents to work on various aspects of the permitting process. In addition to the work at the PCA, \$444,000 each year, starting in FY 2026, is appropriated to the Department of Employment and Economic Development (DEED) for increased assistance through the Minnesota Business First Stop Program, including development and maintenance of a geographic information system (GIS) platform to identify sites with the least amount of conflict for complex projects.

Closed Landfill Investment Fund

The closed landfill investment fund was created in [1999](#) to provide for the post-closure expenses for landfills in the Closed Landfill Program. There are currently 112 landfills in the program, while two more are eligible. The agency currently estimates total costs for the program through 2054 at \$421 million. The [2021 Legislature](#) enacted a statutory appropriation of \$4.5 million per year and an additional \$9 million per biennium if certain emergency criteria are met. These appropriations were given a four-year sunset and would have expired on June 30, 2025, without legislative action. The sunset is extended by four years from FY 2026 to FY 2029, and the amount is increased to \$6.5 million per year, with the amount available for emergencies remaining the same.

Aquatic Invasive Species Surcharge Increase

Chapter 1 increases the aquatic invasive species (AIS) surcharge for the first time since 2019. The surcharge is a three-year fee that is associated with boat licensure. Prior to 2019 the surcharge totaled \$5 for three years. In [2019](#), a compromise was made that increased the surcharge to \$10.60. The new surcharge amounts enacted in chapter 1 and effective January 1, 2026, fall into one of 12 categories and are based on the size and use of the watercraft. The smallest amount is \$14 for watercraft used by a nonprofit to teach boat and water safety. The highest amount is \$62 for boats 40 feet in length and longer. The rates for the most common watercraft in Minnesota will be between \$20 and \$30 for a three-year registration. The new rates are anticipated to increase revenues by \$2.15 million for FY 2026 and \$4.3 million each year thereafter. Due to increased surcharge revenue, chapter 1 reduces general fund appropriations associated with these increased revenues by \$1.2 million per year starting in FY 2026. At the same time, chapter 1 increases funding from the invasive species account by \$2.52 million per year starting in FY 2026, to prevent and manage the spread of AIS, as well as \$210,000 per year starting in FY 2026 as part of operating adjustments. Further details on the surcharge amounts can be found in [Minnesota Statutes, section 86B.415, subdivision 7](#).

Water Management Fee Increase

Chapter 1 increases the fees for water use permits for the first time since 2008 ([legislation in 2009](#) included changes to the upper limits, and in [2023](#) included a summer surcharge rate). The new rates will increase the minimum amount paid by users of less than 50 million gallons of water per year from \$140 per year to \$200 per year. The amount paid by the highest users will increase from \$8 to \$15 per million gallons for users of over 500 million gallons per year. Further details on changes made to fees, fee limits, and other criteria can be found in [Minnesota Statutes, sections 103G.271, subdivision 6 and 103G.301, subdivision 2](#). The new fee structure is effective January 1, 2026, and will increase revenues by \$157,000 in FY 2026 and \$2.935 million each year thereafter. All fees are deposited in the water management account within the natural resources fund.

Due to the fee increases, chapter 1 also includes a general fund reduction of \$1.68 million per year for programs associated with these fees. In addition, the bill enacts increases from the water management account of \$1.68 million in FY 2026 and \$2.67 million per year thereafter to protect and manage groundwater. There is also an operating adjustment from the water management account of \$300,000 per year starting in FY 2026.

Department of Natural Resources Legal Costs

Over the last decade the DNR has periodically requested onetime appropriations for legal costs. The appropriations are intended for work-related to large-scale issues where the department is likely to

need to respond to litigation. The appropriations are typically given extended availability, and the balance prior to enactment of chapter 1 was approximately \$300,000. A \$1.2 million general fund appropriation in FY 2026 is included in chapter 1 and made available until FY 2029.

Community Tree Grants

Two appropriations in FY 2026 are for community tree grants totaling \$900,000 each from the general fund. One of the appropriations is to the Metropolitan Council for grants in the metro area and one is to the DNR for statewide grants. The grants are intended to increase shade cover, improve species diversity, and remove dead and diseased trees. More information on these grant programs can be found in [Minnesota Statutes, sections 84.705](#) and [473.355](#).

All-terrain Vehicle Grants for Clubs and Trails

A onetime FY 2026 appropriation of \$952,000 from the all-terrain vehicle account in the natural resources fund spends the existing balance of the account to provide for a competitive grant program for clubs to design, engineer, and construct all-terrain vehicle trails and to acquire rights-of-way for the trails. Although numerous bills included appropriations to specific clubs and trails, the appropriation was made a competitive grants program without specific clubs or trails listed.

Abandoned Watercraft Enforcement

To deal with an increase in the ongoing problem of watercraft being abandoned on public lands and waters, this legislation allows the DNR to have increased authority to deal with these situations. Chapter 1 authorizes forfeiture of the watercraft and cost-recovery expenses related to removing the watercraft under certain circumstances. The DNR also has the authority to restrict future licenses and registrations until reimbursements are made. To provide for the increased enforcement, \$262,000 per year is appropriated from the water recreation account, starting in FY 2026. Additionally, the cost recovery from abandoned watercraft is estimated to be \$50,000 per year starting in FY 2026, which is appropriated to the DNR.

Honoring Disabled Veterans

Currently veterans with 100 percent service-connected disability are able to receive free hunting and fishing licenses. Chapter 1 allows veterans with 50-99 percent service-connected disability to receive a reduced-price license for angling, small game, and deer. The fee for a reduced-price license is \$5 and allows for the licenses to count toward the federal Dingell-Johnson Act and Pittman-Robertson Act allocation calculations. The reduced fee licenses are effective March 1, 2027, and are estimated to reduce game and fish fund revenues by \$66,000 in FY 2027 and \$320,000 each year thereafter.

Table 13: Environment & Natural Resources Finance - Net Non-General Fund Changes

(Dollars in Thousands)

	Fund	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
Expenditures*							
Pollution Control Agency							
Environmental Fund	ENV	6,293	8,106	14,399	7,952	7,952	15,904
Remediation Fund	REM	1,715	1,982	3,697	1,982	1,982	3,964
Closed Landfill Investment Fund	CLIF	6,500	6,500	13,000	6,500	6,500	13,000
Natural Resources Department							
Natural Resources Fund	NR	7,852	10,936	18,788	10,936	10,936	21,872
Game & Fish Fund	G&F	283	1,037	1,320	1,037	1,037	2,074
Permanent School Fund	PS	18	30	48	30	30	60
Special Revenue Fund	SR	50	50	100	50	50	100
Metropolitan Council-Environment	NR	250	250	500	250	250	500
Subtotal		22,961	28,891	51,852	28,737	28,737	57,474
Revenue							
Pollution Control Agency	ENV	649	1,298	1,947	1,298	1,298	2,596
Natural Resources Department	NR	2,307	7,235	9,542	7,235	7,235	14,470
Natural Resources Department	SR	50	50	100	50	50	100
Natural Resources Department	G&F	0	(66)	(66)	(320)	(320)	(640)
Subtotal		3,006	8,517	11,523	8,263	8,263	16,526
Total Net Changes		19,955	20,374	40,329	20,474	20,474	40,948
February 2025 Forecast Biennial Base				1,889,258			1,530,135
Percent Change from Base				2.135%			2.676%

*In the expenditures section of the table, positive numbers indicate costs. In the revenue section, positive numbers indicate revenue gain and negative numbers indicate revenue reduction.

For More Detail

- [First Special Session Laws 2025, Ch. 1 – Environment and Natural Resources Finance Language](#)
- [First Special Session Laws 2025, Ch. 1 – Environment and Natural Resources Finance Tracking Sheet](#)

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Environment and Natural Resources Trust Fund

The environment and natural resources trust fund was originally established through a constitutional amendment that was approved by voters in 1988. The fund is created with 40 percent of the net proceeds from any state-operated lottery, with up to 5.5 percent of the corpus of the fund available for appropriation in each fiscal year. For FY 2026, \$103.326 million is available to be appropriated from the fund. Recommendations for the funding are made on an annual basis through the Legislative-Citizen Commission on Minnesota Resources. The 2025 Legislature did not make any changes to the recommendations for FY 2026, but in the past, this has not always been the case. First Special Session Laws 2025, chapter 1, article 2 includes 124 appropriations for FY 2026.

The [2023 Legislature](#) authorized a constitutional ballot question that extended the deposit of lottery proceeds to the trust fund by 25 years and increased the annual amount available from 5.5 percent to 7 percent. An additional 1.5 percent was intended to go to a new Community Grant Program administered by the Department of Natural Resources (DNR). Voters approved the constitutional question in November 2024, which made the additional 1.5 percent available for appropriation starting in FY 2026. First Special Session Laws 2025, chapter 1, article 3 enacts changes to the Community Grant Program, which expands the potential uses of the program and prohibits certain entities and projects from receiving funding. For FY 2026, \$28.18 million is appropriated to the grant program.

Table 14 provides further detail on the environment and natural resources fund changes enacted in the 2025 special session.

Table 14: Environment & Natural Resources Trust Fund - Net Fund Changes

(Dollars in Thousands)

	FY2026	FY2027	FY2026-27
<u>Expenditures*</u>			
Foundational Natural Resource Data & Information	22,084	0	22,084
Water Resources	11,812	0	11,812
Environmental Education	11,965	0	11,965
Aquatic and Terrestrial Invasive Species	6,713	0	6,713
Air Quality, Climate Change, & Renewable Energy	11,744	0	11,744
Methods to Protect, Restore, & Enhance Land, Water, & Habitat	12,188	0	12,188
Land Acquisition, Habitat, & Recreation	19,533	0	19,533
Administration	7,267	0	7,267
Total Net Changes	103,326	0	103,326
Environment & Natural Resources Trust Fund Community Grant Program	28,180	0	28,180

*Positive numbers indicate costs.

For complete fiscal information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) page.

For More Detail

- [First Special Session Laws 2025, Ch. 1 – Environment and Natural Resources Trust Fund Language](#)
- [First Special Session Laws 2025, Ch. 1 – Environment and Natural Resources Trust Fund Tracking Sheet](#)

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Health Finance

First Special Session Laws 2025, chapters 2 and 3 make many funding and policy changes to the Department of Human Services (DHS), Department of Health (MDH), health-related licensing boards, Office of Emergency Medical Services (OEMS), and the Rare Disease Advisory Council. Changes within the jurisdiction of the House Health Finance and Policy Committee and House Human Services Finance and Policy Committee were distributed across chapters 3 and 9 and did not evenly fall within the House committee jurisdictions. This summary separates out changes by House committee jurisdiction, not by session law chapter, so committee spreadsheet numbers do not align with chapter numbers. Total net general fund spending decreased from the February 2025 forecast base by \$141.68 million in FY 2026-27 and \$324.878 million in FY 2028-29. These changes reflect a 4.659 percent decrease from the House committee base in the first biennium and an 8.838 percent decrease from base in the second.

Table 15 provides further detail on the health finance general fund changes enacted in the 2025 special session.

Table 15: Health Finance - Net General Fund Changes

(Dollars in Thousands)

	FY2025	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
Expenditures*							
Department of Health	0	3,270	1,081	4,351	(12)	(12)	(24)
DHS, Uniform Admin of NEMT	0	15	(22,795)	(22,780)	(48,336)	(56,442)	(104,778)
DHS, Pharmacy Modifications	0	3,191	12,900	16,091	17,988	18,563	36,551
DHS, State Directed Payment Programs	0	1,655	0	1,655	0	0	0
DHS, Health Care Spending	0	12,799	18,452	31,251	5,998	4,777	10,775
DHS, Health Care Savings	(100)	(76,534)	(87,434)	(163,968)	(102,762)	(124,343)	(227,105)
Health-Related Boards	0	469	469	938	469	469	938
OEMS	0	23,144	4,361	27,505	1,140	1,140	2,280
Rare Disease Advisory Council	0	348	353	701	353	353	706
Subtotal	(100)	(31,643)	(72,613)	(104,256)	(125,162)	(155,495)	(280,657)
FFP							
Federal Financial Participation	0	2,256	12,068	14,324	22,124	22,097	44,221
Net of Spending	(100)	(33,899)	(84,681)	(118,580)	(147,286)	(177,592)	(324,878)
Revenue							
TR-IN – Health Related Boards	0	23,000	0	23,000	0	0	0
Subtotal	0	23,000	0	23,000	0	0	0
Total Net Changes	(100)	(56,899)	(84,681)	(141,580)	(147,286)	(177,592)	(324,878)
Total Net Changes, FY25 + FY26-27				(141,680)			
February 2025 Forecast Biennial Base				3,041,077			3,676,099
Percent Change from Base				-4.659%			-8.838%

*In the expenditures section of the table, positive numbers indicate costs and negative numbers (in parentheses) indicate savings. For the Federal Financial Participation section, positive numbers indicate savings. In the revenue section, positive numbers indicate revenue gain.

Abbreviations: Admin is administration; NEMT is Non-emergency Medical Transportation; TR-IN is transfer in.

The following paragraphs provide information on some of the major funding items that were enacted in health finance in the 2025 special session but do not provide detail on all expenditures and revenues. For complete fiscal information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) page.

Major Funding Changes

Changes to Coverage for Undocumented Adults in MinnesotaCare

First Special Session Laws 2025, chapter 2 eliminates current enrollment in MinnesotaCare for undocumented noncitizens who are 18 years and older as of June 15, 2025, stipulating that on January 1, 2026, they will no longer be eligible. These changes result in approximately \$56.9 million in savings to the health care access fund in FY 2026-27 and \$91.6 million in savings in FY 2028-29. These amounts are shown in Table 16.

Medical Assistance Directed Payment Programs

First Special Session Laws 2025, chapter 3 establishes two new assessments on health care providers. The new assessment on all hospitals is designed to bring in additional federal financial participation to increase directed payments to Hennepin County Medical Center (HCMC). A similar, new assessment on all managed care organizations (MCOs) funds increases to Medical Assistance (MA) payment rates for mental health services. State-Directed Payments (also known as Directed Payment Programs) allow for states to draw down additional federal funding in order to increase certain provider reimbursement rates. For the Hospital Directed Payment Program, chapter 3 is expected to generate approximately \$948 million in assessment revenue in FY 2026-27 and \$1.516 billion in FY 2028-29. That assessment amount then directly offsets state payments to HCMC. For the MCO Directed Payment Program, the changes in chapter 3 are projected to generate approximately \$207 million in assessment revenue in FY 2026-27 and approximately \$342 million in FY 2028-29. That assessment revenue directly offsets increased capitation payments to MCOs for mental health services.

Uniform Administration of Non-Emergency Medical Transportation

Currently, Non-Emergency Medical Transportation (NEMT) providers offer transportation for MA clients to and from non-emergency medical service appointments. Depending on the level of service needed, NEMT may be administered by a local county, by a Tribal agency, or through DHS. Chapter 3 authorizes a uniform NEMT program for all Minnesota Health Care Plan (MHCP) members. The uniform administrator model will pay a per member per month (PMPM) fee, instead of a fee-for-service (FFS) system reimbursement. Chapter 3 requires that DHS contract with a NEMT vendor. It is assumed that DHS would pay \$3 PMPM to the vendor to administer and provide NEMT transportation services. It is also assumed that these payments would be eligible for a 50 percent federal administrative match, comparable to the FFS match for NEMT under access services. This proposal assumes two separate implementation dates of July 1, 2026, for the FFS population and January 1, 2027, for the managed care population. This change has an estimated savings of \$22.78 million in FY 2026-27 and \$104.778 million in FY 2028-29.

State Pharmacy Benefit Manager for Medical Assistance and MinnesotaCare

Chapter 3 directs DHS to use a competitive procurement process to select and contract with a single pharmacy benefit manager (PBM) to process all outpatient pharmacy claims for MA enrollees in managed care plans, including county-based purchasing plans. Savings from this change are driven by reduced reimbursement rates for pharmacy reimbursement claims due to the requirement to use actual medication acquisition costs so that the reimbursements reflect Minnesota-specific costs. MCOs are now also required to pay a higher dispensing fee than they previously paid due to the

requirement to dispense medication at the same level as fee-for-service. This results in a higher directed payment to pharmacies dispensing the medication relative to existing law. These changes result in approximately \$2.9 million in additional general fund spending in FY 2026-27 and \$6.7 million in general fund savings in FY 2028-29. Because MA is paid from both the general fund and the health care access fund, these changes also result in \$3.9 million in savings to the health care access fund in FY 2026-27 and \$16.8 million in savings in FY 2028-29.

Additional Funding for Federally Qualified Health Centers

Federally Qualified Health Centers (FQHCs) are community-based primary care centers that provide preventative care, dental care, and mental health care to underserved populations regardless of their ability to pay. Chapter 3 includes significant additional funding for FQHCs, with \$1.6 million in onetime spending from the general fund in FY 2026 and approximately \$24 million from the health care access fund in FY 2026-27 and \$12.5 million in FY 2028-29. Chapter 3 further increases the minimum percentage of the appropriation that can be used for administrative purposes for FQHCs from two percent of the available appropriation to five percent.

State Government Special Revenue Fund Changes in Health Finance

Chapter 3 increases fee revenue from the state government special revenue fund (SGSR) and authorizes corresponding expenditure increases for several MDH regulatory programs, particularly in the Environmental Health Division and Division of Health Policy. For FY 2026-27, fee increases total \$44.504 million and for FY 2028-29, they total \$41.068 million. On the expenditure side, appropriations increase by \$37.367 million in FY 2026-27 and they increase by \$37.546 million in FY 2028-29.

Chapter 3 also initiates a onetime transfer of \$22.497 million in FY 2026, from the health-related boards' SGSR revenues to the general fund. The health-related boards also receive small fee increases and new expenditure authority.

Table 16: Health Finance - Net Health Care Access Fund Changes

(Dollars in Thousands)

	FY2025	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
<u>Expenditures*</u>							
DHS – Total	(800)	39,649	29,221	68,870	25,369	24,026	49,395
Operations	0	1,595	2,841	4,436	2,841	2,841	5,682
Operations Systems	0		281	281	281	281	562
MinnesotaCare							
Changes for Undocumented Adults	0	(13,248)	(43,648)	(56,896)	(45,062)	(46,520)	(91,582)
State PBM for MA & MinnesotaCare	0	0	(3,867)	(3,867)	(8,568)	(8,235)	(16,803)
Other Changes	0	(18,148)	4,164	(13,984)	827	609	1,436
Medical Assistance	0	69,450	69,450	138,900	75,050	75,050	150,100
Health Care Grants	(800)	0	0	0	0	0	0
MDH – Total		25,497	3,857	29,354	9,657	9,657	19,314
Operations	0	1,411	2,857	4,268	2,857	2,857	5,714
Health Improvement							
Additional Funding, Community Clinic Grants	0	1,100	0	1,100	550	550	1,100
Additional Funding, FQHCs	0	22,986	1,000	23,986	6,250	6,250	12,500
OEMS – Total	0	0	0	0	2,721	2,721	5,442
Subtotal	(800)	65,146	33,078	98,224	37,747	36,404	74,151
<u>Federal Financial Participation</u>							
DHS FFP	0	511	909	1,420	909	909	1,818
Net of Expenditures	(800)	64,635	32,169	96,804	36,838	35,495	72,333
<u>Revenue</u>							
Gross Revenue Definition Modification - Prescription Drug Rebates	0	9,900	14,000	23,900	14,700	15,400	30,100
Total Net Changes	(800)	54,735	18,169	72,904	22,138	20,095	42,233

*In the expenditures section of the table, positive numbers indicate costs and negative numbers indicate savings. For the Federal Financial Participation section, positive numbers indicate savings. In the revenue section, positive numbers indicate revenue gain.

Abbreviations: PBM is Pharmacy Benefit Manager; MA is Medical Assistance; FQHCs are Federally Qualified Health Centers.

Table 17: Health Finance - Net State Government Special Revenue Fund Changes

(Dollars in Thousands)

	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
<u>Expenditures*</u>						
MDH	18,883	18,484	37,367	18,767	18,779	37,546
Health-Related Boards	1,790	1,781	3,571	1,761	1,761	3,522
Subtotal	20,673	20,265	40,938	20,528	20,540	41,068
<u>Revenue</u>						
MDH	22,251	22,253	44,504	22,274	22,285	44,559
Health-Related Boards	(22,497)	524	(21,973)	539	539	1,078
Subtotal	(246)	22,777	22,531	22,813	22,824	45,637
Total Net Changes	20,919	(2,512)	18,407	(2,285)	(2,284)	(4,569)
February 2025 Forecast Biennial Base			171,223			171,154
Percent Change from Base			10.750%			-2.670%

*In the expenditures section of the table, positive numbers indicate costs. In the revenue section, positive numbers indicate revenue gain and negative numbers indicate revenue reduction.

For More Detail

- [First Special Session Laws 2025, Ch. 2 – Health Finance Language](#)
- [First Special Session Laws 2025, Ch. 3 – Health Finance Language](#)
- [First Special Session Laws 2025, Ch. 2 and Ch. 3 – Tracking Sheet](#)

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Higher Education Finance

First Special Session Laws 2025, chapter 5 appropriates money from the general fund to the Minnesota Office of Higher Education (OHE), Minnesota State Colleges and Universities (Minnesota State), University of Minnesota, and the Mayo Foundation. Total higher education general fund appropriations in FY 2026-27, including FY 2025 savings of \$15.762 million, total \$4.007 billion, an increase of \$22 million over base funding, or 0.554 percent. Appropriations for the FY 2027-28 biennium total \$3.974 billion, an increase of \$4.5 million over base funding, or 0.113 percent.

Table 18 provides further detail on all higher education finance general fund changes enacted in the 2025 special session.

Table 18: Higher Education - Net General Fund Changes

(Dollars in Thousands)

	FY2025	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
<u>Expenditures*</u>							
Office of Higher Education	(15,262)	17,497	17,663	35,160	8,830	8,830	17,660
Minnesota State	(500)	3,350	2,850	6,200	2,850	2,850	5,700
University of Minnesota	0	7,631	(7,631)	0	(7,631)	(7,631)	(15,262)
Mayo Foundation	0	(1,799)	(1,799)	(3,598)	(1,799)	(1,799)	(3,598)
Total Net Changes	(15,762)	26,679	11,083	37,762	2,250	2,250	4,500
Total Net Changes, FY25 + FY26-27				22,000			
February 2025 Forecast Biennial Base				3,970,092			3,970,156
Percent Change from Base				0.554%			0.113%

*Positive numbers indicate costs and negative numbers (in parentheses) indicate savings.

The following paragraphs provide information on some of the major funding items that were enacted in higher education finance in the 2025 special session but do not provide detail on all expenditures and revenues. For complete fiscal information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) page.

Operating Adjustments

Chapter 5 includes an operating increase for OHE, appropriated to the agency via the agency administration subdivision contained within the appropriations article. OHE receives an increase of \$540,000 in FY 2026-27 and \$706,000 in FY 2028-29. Compared to the governor's budget request, these operating increases slightly exceed the requested amounts due to the elimination of the campus sexual assault reporting appropriation. This funding, \$50,000 each biennium, was incorporated into the agency administration appropriation to streamline the statutory duties of the agency.

Minnesota State, University of Minnesota, and the Mayo Foundation typically do not receive operating adjustments like other state agencies. Both academic systems utilize their operations and

maintenance appropriation (O&M) for this purpose, and the legislature may consider increasing the amount to provide more administrative support. The Mayo Foundation has two medical training-related appropriations and no administrative base appropriation.

Major Funding Changes

Minnesota State Grant

In February 2025 the projections for the State Grant Program revealed that the program was significantly overprescribed in FY 2026-27. Projected biennial appropriation spending compared to base appropriations revealed a \$133 million shortfall, or approximately 30 percent above available resources. A variety of factors contributed to the shortfall, including federal Pell Grant changes, increased college enrollment, changes to the Free Application for Federal Student Aid (FAFSA), and growing financial aid need among Minnesota students.

Appropriation changes to the State Grant Program can occur by changing the biennial appropriation or by adjusting the formula by which the program operates. The omnibus higher education bill increases general fund appropriations to the program by \$44.468 million in FY 2026-27 and \$26.802 million in FY 2028-29. Reductions are made to several OHE programs to provide more resources to the State Grant Program. Programs that have appropriation reductions include State Work, Student Teacher Grants in Shortage Areas, Spinal Cord Injury and Traumatic Brain Injury Research Grant Program, Dual Training Competency Grants, Teacher Shortage Loan Repayment Program, Rural Veterinarian Loan Repayment Program, and Agricultural Education Loan Repayment Program. Eliminated programs include the Aviation Degree Loan Forgiveness Program, concurrent enrollment courses, legal cannabis dual training grants, and student loan counseling.

In addition to the changes in general fund appropriations, chapter 5 also adopts state grant policy and formula changes. The assigned family responsibility (AFR) component for dependent students was increased from 79 to 95 percent of the federal contribution amount. For families at or below the federal poverty designation, AFR for both independent and dependent students will be calculated at 50 percent of the amount of the negative parental contribution and a floor of negative \$1,500 will be applied. The living and miscellaneous expenses allowance is decreased from 115 to 106 percent of the federal poverty guidelines.

State Grant policy changes include modifications to the statutes directing how the commissioner of OHE can ration awards in the event of an insufficient state grant appropriation by increasing the assigned family responsibility above 100 percent. In the event of a surplus appropriation, the commissioner is allowed to recognize parental and student contribution amounts beyond the negative \$1,500 floor. Additionally, eligibility for the State Grant Program was modified by reducing the credit cap (maximum lifetime credits) from 180 to 120 credits, and the program application deadline was shortened to 30 days after the start of the term. No general fund appropriation changes are made to the complimentary North Star Promise Program.

Student Program Reorganization

The 2025 higher education omnibus bill reorganizes two campus programs previously administered by and appropriated to OHE. The Emergency Assistance for Postsecondary Students Program, which allocates funds to campuses for emergency student needs, like car repairs and rental assistance, and the Hunger Free Campus Grant Program, which funds food banks on campuses, will now be

directly appropriated to Minnesota State and the University of Minnesota. The changes are cost neutral but will show reductions of appropriations to OHE of \$7.658 million in both biennia. Both systems will show new direct appropriations for these purposes that were determined by the amount allocated in previous grant cycles. OHE will still administer a reduced base appropriation for each program for private colleges and universities.

Minnesota State

The legislature made several [rider](#) and appropriation changes to the Minnesota State section of chapter 5. The operations and maintenance appropriation deletes and consolidates several riders. Riders for student tuition relief and sexual assault reporting are consolidated to reflect the lack of a proposed tuition freeze and current statutory requirements to report sexual assaults on campus. Riders for workforce development scholarships and the Cook County Higher Education Board are deleted and moved to a new subdivision for direct student support. Chapter 5 further incorporates the Juvenile Detention Alternative Initiative (JDAI) appropriation into the operation and maintenance appropriation. JDAI was carried in the [2023 public safety bill](#) and added to the higher education base as part of the post-session reconciliation process.

Additional changes for Minnesota State include canceling \$500,000 in FY 2025 of an unused appropriation for on campus child care initiatives that failed to be awarded in the previous year as well as a onetime \$500,000 designation in FY 2027 for a law enforcement grant pilot program within the workforce development scholarship appropriation. Chapter 5 also includes \$500,000 in onetime funds for a PFAS (per- and polyfluoroalkyl substances, essentially synthetic “forever chemicals”) remediation project at Lake Superior College to address contamination caused by a firefighter training exercise.

University of Minnesota

Like the Minnesota State section of chapter 5, the University of Minnesota section is reorganized along similar principles to streamline and relocate riders for operations and maintenance. The general fund operations and maintenance appropriation is reduced by \$56.552 million in FY 2026-27 and an identical amount in FY 2028-29. Riders for medical school development, health training restoration, MnDrive, Morris campus scholarship payment assistance, systemwide safety and security, unemployment insurance reimbursement, and menstrual products have been removed from the operations and maintenance appropriation. Similarly, State Special appropriations³ from the general fund for agriculture and extension, health sciences, the College of Science and Engineering, the System Special,⁴ and the University of Minnesota and Mayo Foundation Partnership are eliminated. The amount of State Special reductions totals \$136.876 million in both FY 2026-27 and FY 2028-29.

The new State Special appropriations are divided into topical subdivisions: research and innovation, medical training and care, social sciences, natural resources management and education, and campus management and student support. Of the State Special appropriations, \$7.991 million per year for the University and Mayo Foundation Partnership and Alzheimer’s research grants, \$29,000

³ An appropriation unique to the University of Minnesota that provides base funding for various types of research and educational institutes, offices, and programs.

⁴ The System Special provides general research funding for the Labor Education Service, Natural Resource Research Institute, Center for Urban and Regional Affairs, Bell Museum of Natural History, and Humphrey Exhibit.

per year for economic development research, and \$92,000 per year for the Humphrey Forum are eliminated.

Other changes include a onetime \$15.262 million appropriation in FY 2026 from the general fund for a collaborative partnership between the university and the Mayo Clinic for ALS (amyotrophic lateral sclerosis) research. A similar program previously existed within the OHE budget. Chapter 5 cancels the remaining OHE funds and reappropriates them for the new partnership. An additional \$1.5 million each year is appropriated from the general fund to support ongoing funding for residency programs in St. Cloud and Willmar as part of a partnership between the university and CentraCare Health System.

Mayo Foundation

The omnibus higher education finance bill eliminates all base funding for the Mayo Foundation and appropriations related to the Mayo Medical School and the Mayo Family Medicine and Residency Program. The savings of \$3.598 million in FY 2026-27 and \$3.598 million in FY 2028-29 are allocated elsewhere within the higher education budget framework. Although this quasi-state agency is still within the Higher Education Committee's jurisdiction, it has no base for the upcoming budget cycle.

For More Detail

- [First Special Session Laws 2025, Ch. 5 – Higher Education Finance Language](#)
- [First Special Session Laws 2025, Ch. 5 – Higher Education Finance Tracking Sheet](#)

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Housing Finance

Laws 2025, chapter 32 appropriates money from the general fund to the Minnesota Housing Finance Agency (MHFA) and to Minnesota Management and Budget (MMB) for housing-related purposes. Total MHFA general fund appropriations in FY 2026-27, inclusive of FY 2025 savings of \$2.45 million, total \$181.496 million, an increase of \$15 million over base funding, or 9.009 percent. Changes to the MHFA base for the FY 2028-29 biennium net to zero, with tails totaling \$169.496 million. In addition, chapter 32 authorizes MHFA to issue up to \$50 million in Housing Infrastructure Bonds (HIBs), which has an estimated general fund cost of \$3.8 million in the FY 2028-29 biennium, a 4.552 percent increase in HIBs debt service obligations.

Table 19 provides further detail on all housing finance general fund changes enacted in the 2025 regular session.

Table 19: Housing Finance - Net General Fund Changes
(Dollars in Thousands)

	FY2025	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
Expenditures*							
Challenge Program	0	2,000	0	2,000	0	0	0
Workforce Homeownership Program	0	2,000	0	2,000	0	0	0
Family Homeless Prevention (FHPAP)	0	8,350	0	8,350	450	450	900
Homeownership Assistance Fund	0	2,000	0	2,000	0	0	0
Greater MN Housing Infrastructure	0	2,000	0	2,000	0	0	0
MMCDC First Gen Downpayment Asst	0	2,000	0	2,000	0	0	0
Community Stabilization – SF NOAH	(2,000)	0	0	0	0	0	0
Repeal Housing Support Account	(450)	(450)	(450)	(900)	(450)	(450)	(900)
Housing Infrastructure Bonds (\$50M)^	0	0	0	0	1,000	2,800	3,800
Subtotal	(2,450)	17,900	(450)	17,450	1,000	2,800	3,800
Total Net Changes	(2,450)	17,900	(450)	17,450	1,000	2,800	3,800
Total Net Changes, FY25 + FY26-27				15,000			
February 2025 Forecast Biennial Base, no HIBs				166,496			166,496
Percent Change from Base				9.009%			0.000%
February 2025 Forecast HIBs Biennial Debt Service				77,672			83,471
Percent Change				0.000%			4.552%

*Positive numbers indicate costs and negative numbers (in parenthesis) indicate savings.

^The debt service for these bonds has an estimated general fund fiscal impact of \$4.0 million in FY 2030 and beyond.

Abbreviations: MMCDC is Midwest Minnesota Community Development Corporation; Gen is generation; Asst is Assistance; SF is single family; NOAH is naturally occurring affordable housing; HIBs are Housing Infrastructure Bonds.

The following paragraphs provide information on some of the major funding items that were enacted in housing finance in the 2025 session but do not provide detail on all expenditures and revenues. For complete fiscal information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) page.

Operating Adjustments

Legislative appropriations to MHFA rarely include designated amounts for operating costs or full-time equivalents (FTEs). MHFA has typically funded FTEs and its operating expenses through their statutorily authorized banking activities. Therefore, chapter 32 does not appropriate funds for operating adjustments or FTEs. According to [MMB's budget books](#), as of FY 2024, MHFA has the equivalent of 303.2 FTEs.

Major Funding Changes

Economic Development and Housing Challenge Program

The Economic Development and Housing Challenge Program, [enacted in 1999](#), provides grants or loans to cities, Tribes, school districts, developers, and nonprofits, among others. These grants or loans must be used for homeownership or rental housing needs. The 2025 legislative session enacted an additional onetime general fund appropriation of \$2 million in FY 2026. The base funding for this program is \$25.85 million in FY 2028-29.

Workforce and Affordable Homeownership Program

[Enacted in 2016](#), the Workforce and Affordable Homeownership Program's purpose is to increase the supply of affordable workforce, owner-occupied, multi- or single-family housing. The program provides grants to local governments, nonprofits, and cooperative organizations for development costs, rehabilitation, land development, affordability gaps, and residential housing. Projects generally must serve households within certain income limits. The 2025 Legislature enacted an additional onetime general fund appropriation of \$2 million in FY 2026. The base funding for this program is \$500,000 per biennium.

Family Homeless Prevention and Assistance Program

The Family Homeless Prevention and Assistance Program (FHPAP) was created in the [1993 legislative session](#) to assist families at risk of homelessness or those currently homeless. Prior to the 2025 legislative session, the program's base funding was \$20.538 million for the FY 2026-27 biennium. The 2025 Legislature enacted an additional onetime general fund appropriation of \$8.35 million in FY 2026 and an ongoing appropriation of \$450,000 starting in FY 2028, resulting in base funding totaling \$21.438 million in the FY 2028-29 biennium.

Greater Minnesota Housing Infrastructure Grant Program

The Greater Minnesota Housing Infrastructure Grant Program allows MHFA to make grants to counties and cities for the capital costs of public infrastructure for either single- or multi-family workforce housing development. This program was established in the [2023 legislative session](#) and had a onetime general fund appropriation of \$5 million in FY 2024. The 2025 legislative session enacted an additional onetime general fund appropriation of \$2 million in FY 2026.

Home Ownership Assistance Fund

The home ownership assistance fund is found within MHFA's housing development fund. It allows the agency to assist individuals and families with low and moderate incomes to purchase affordable residential housing. The fund may be used to provide loans and pay costs associated with the agency's loans and bonds. The 2025 legislative session enacted an additional onetime general fund appropriation of \$2 million in FY 2026 for this fund.

MMCDC First-Generation Down Payment Assistance Program

The Midwest Minnesota Community Development Corporation (MMCDC) administers a community-based First-generation Homebuyers Down Payment Assistance Program, which was enacted by the [2023 Legislature](#) and funded through a onetime \$100 million appropriation in FY 2024. The 2025 Legislature modified this program by enacting an additional onetime general fund appropriation of \$2 million for FY 2026. This program does not have an ongoing base appropriation.

Community Stabilization

The Community Stabilization Program was created in the [2023 legislative session](#) and was designed to help preserve naturally occurring affordable housing (NOAH) through acquisition, rehabilitation, and recapitalization. The [2024 Legislature](#) increased the onetime appropriation for this program to \$70 million. In 2025, chapter 32 cancels \$2 million of the original \$10 million appropriation designated for single-family NOAH, a program within Community Stabilization.

Housing Infrastructure Bonds (HIBs) Authorization

In chapter 32, the legislature authorizes MHFA to issue up to \$50 million in HIBs and also expands the ways in which MHFA can use HIBs proceeds. HIBs proceeds can generally be used to finance costs of construction, acquisition, improvement, and rehabilitation of affordable housing, including supportive housing, multi-family rental housing, manufactured home parks, and single-family housing, among others. Chapter 32 expands the types of projects for which adaptive reuse can be considered a qualifying purpose.

HIBs debt service payments are made through general fund appropriations. The additional \$50 million authorization is estimated to have a general fund fiscal impact of \$1 million in FY 2028, \$2.8 million in FY 2029, and \$4 million starting in FY 2030 and for the life of the bonds, expected to be 20 years.

Housing Support Account

[Laws 2024, chapter 127](#) created the housing support account in the special revenue fund with an annual transfer from the general fund of \$450,000. Chapter 32 repeals this account and the annual general fund transfer.

For More Detail

- [Laws 2025, Ch. 32 – Housing Finance Language](#)
- [Laws 2025, Ch. 32 – Housing Finance Tracking Sheet](#)

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Human Services Finance

The 2025 Legislature passed appropriations for programs and departments under the jurisdiction of the Human Services Finance and Policy Committee in First Special Session Laws 2025, chapter 3 and in First Special Session Laws 2025, chapter 9. This committee jurisdiction includes long-term care, disabilities services, mental health, substance use disorder, and parts of the Department of Human Services (DHS) budget. It also includes Direct Care and Treatment (DCT), the Minnesota Council on Disability, and the Office of the Ombudsman for Mental Health and Developmental Disabilities.

Changes within the jurisdiction of the House Health Finance and Policy Committee and House Human Services Finance and Policy Committee were distributed across chapters 3 and 9 and did not evenly fall within the House committee jurisdictions. This summary separates out changes by House committee jurisdiction, not by session law chapter, so committee spreadsheet numbers do not align with chapter numbers. Combined, chapter 9 and the human services portions of chapter 3 include net general fund appropriations of \$18.604 billion in the FY 2026-27 biennium and \$20.326 billion in FY 2028-29. These changes reflect a 1.232 percent and 3.687 percent reduction from the February 2025 forecast base, respectively.

Table 20 provides further detail on the human services general fund changes enacted in the 2025 special session.

Table 20: Human Services Finance - Net General Fund Changes

(Dollars in Thousands)

	FY2025	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
<u>Expenditures*</u>							
Dept of Human Services - Ch 9	(35,051)	44,169	(204,999)	(160,830)	(354,579)	(407,444)	(762,023)
Dept of Human Services - Ch 3	(2,954)	25,826	26,291	52,117	24,792	24,792	49,584
Department of Health - Ch 9	0	(45)	(247)	(292)	(247)	(247)	(494)
Department of Health - Ch 3	0	483	483	966	2,029	2,029	4,058
Direct Care & Treatment	0	29,844	55,123	84,967	54,339	100,169	154,508
Omb for Mental Health/DD	0	58	117	175	117	117	234
Council on Disability	(335)	24	48	72	48	48	96
Department of Administration	0	10,000	0	10,000	10,000	0	10,000
Court of Administrative Hearings	0	272	262	534	262	262	524
Subtotal Expenditures	(38,340)	110,631	(122,922)	(12,291)	(263,239)	(280,274)	(543,513)
<u>Federal Financial Participation</u>							
DHS FFP - Ch 3	0	2,826	3,730	6,556	3,691	3,673	7,364
DHS FFP - Ch 9	0	7,914	8,113	16,027	7,253	6,517	13,770
Subtotal FFP	0	10,740	11,843	22,583	10,944	10,190	21,134
Net of Spending	(38,340)	99,891	(134,765)	(34,874)	(274,183)	(290,464)	(564,647)
<u>Revenue</u>							
DHS Other Rev-Recoveries - Ch 3	0	2,934	2,639	5,573	2,139	2,139	4,278
DHS Other Revenue - Ch 9	0	50,603	71,775	122,378	81,222	81,067	162,289
DCT Other Rev - Cost of Care	0	13,357	17,478	30,835	17,478	29,308	46,786
Subtotal Revenue	0	66,894	91,892	158,786	100,839	112,514	213,353
Total Net Changes	(38,340)	32,997	(226,657)	(193,660)	(375,022)	(402,978)	(778,000)
Total Net Changes FY25 + FY26-27				(232,000)			
February 2025 Forecast Biennial Base				18,835,946			21,103,916
Percent Change from Base				-1.232%			-3.687%

*In the expenditures section of the table, positive numbers indicate costs and negative numbers (in parentheses) indicate savings. For the Federal Financial Participation section, positive numbers indicate savings. In the revenue section, positive numbers indicate revenue gain.

Abbreviations: Omb is Ombudsperson; DD is Developmental Disabilities; Rev is revenue.

The following paragraphs provide information on some of the major funding items that were enacted in human services finance in the 2025 special session but do not provide detail on all revenues and expenditures. For complete fiscal information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) page.

Operating Adjustments

Chapter 3 and chapter 9 appropriate funding for operating adjustments to DHS, DCT, the Council on Disability, and the Ombudsman for Mental Health and Developmental Disabilities. This includes new general fund appropriations of \$80.234 million in the FY 2026-27 biennium and tails of \$104.212 million in the FY 2028-29 biennium. (Note – chapter 3 also appropriates operating adjustment funds of \$4.436 million to the Department of Human Services from the health care access fund in FY 2026-27 with tails of \$5.682 million in FY 2028-29. For more detail, see the [Health Finance](#) summary).

Major Funding Changes

Disability Services

Chapter 9 includes total net general fund reductions of \$298.347 million in FY 2026-27 and \$677.840 million in FY 2028-29 in Disability Services. New policies drive these figures, including several rate changes to Day and Unit-Based Services within the Disability Waiver Rate Setting system (DWRS), limits to the DWRS rate exceptions process, reforms of the waiver authorization process, and a new cap on the inflation factor in the DWRS process. This cap ties the DWRS inflation factor to the Consumer Price Index (CPI-U) and sets an overall annual rate growth cap of four percent.

Long-Term Care

Chapter 9 includes total net general fund reductions of \$4.4 million in FY 2026-27 and \$77.243 million in FY 2028-29 to long-term care. Specific changes within these figures include a new nursing facility payment system, changes to nursing facility property rates within the Value Based Reimbursement (VBR) formula, and additional funding for cost increases due to wage recommendations of the state Nursing Home Workforce Standards Board. Additional changes allow for reimbursement of Community First Services and Supports (CFSS, formerly known as Personal Care Attendants) in acute care settings and funding of the Service Employees International Union (SEIU) bargaining agreement. Changes that offset new expenditures within the long-term care total include an increase in the nursing facility surcharge, several VBR rate component changes, and a new nursing facility payment rate cap that ties growth to the CPI-U and sets an overall annual rate growth cap of four percent.

Direct Care and Treatment

Chapter 9 includes total net general fund appropriation increases of \$54.1 million in FY 2026-27 and \$107.7 million in the FY 2028-29 biennium for DCT. The bulk of new expenditures are for the DCT operating adjustment. In addition, chapter 9 appropriates \$10 million to the Department of Administration in FY 2026 and \$10 million in FY 2028 for a \$75 million expansion of the Miller Building on the campus of the Anoka Metro Regional Treatment Center (see the [Capital Investment](#) summary for additional appropriations for this project). Chapter 9 also includes a net general fund increase of \$34 million in FY 2029 for increased operating costs related to the expansion of the Miller Building. DCT was a part of the DHS budget prior to July 1, 2025, when it became a separate entity.

Fraud Prevention and Program Oversight

In total, chapters 3 and 9 include \$32.759 million in increased net general fund appropriations in FY 2026-27 on items that are related to the general topic of fraud prevention and program integrity. Fraud prevention items have a net general fund cost of \$35.392 million in FY 2028-29. Specific budget initiatives include general fund allocations of \$5.6 million in FY 2026-27 and \$7.6 million in FY 2028-

29 for a governor's initiative aimed at detecting and preventing waste, fraud, and abuse in DHS programs. In addition, due to concerns about the potential for fraud in the Early Intensive Developmental and Behavioral Intervention Program (EIDBI), the state's Medical Assistance autism program, chapter 9 appropriates \$11.6 million in FY 2026-27 with tails of \$11.5 million to establish provider licensure and substantially increase program oversight.

Chapter 9 also establishes a new surcharge on licenses for various providers of residential services with funds appropriated to new provider education and oversight initiatives. This program is intended to improve program integrity by educating providers about proper procedures and rules when billing for Medicaid and other services. There is also a onetime appropriation covering the cost of state access to federal data sources. Finally, there are also new general fund appropriations for changes to the DHS background studies process addressing federal compliance and disqualifications requirements.

Safe Harbor

Chapter 3 appropriates general fund increases of \$2.828 million in FY 2026-27 and \$5.92 million in FY 2028-29 to expand the Safe Harbor Program for sexually exploited youth. Of those amounts, a general fund total of \$966,000 in FY 2026-27 and \$4.058 million in FY 2028-29 is allocated to the Minnesota Department of Health for Safe Harbor Prevention Activities and \$1.862 million in each biennium is set aside for the Department of Human Services for Safe Harbor Shelter Grants.

Homelessness

Chapter 3 includes several new appropriations in the area of homelessness prevention. The Homeless Youth Act receives \$500,000 from the general fund in FY 2026-27. This is an ongoing general fund appropriation, with a base of \$5.768 million in the FY 2028-29 biennium. Additionally, chapter 3 appropriates \$750,000 from the general fund, onetime in FY 2026, for Family Supportive Housing Grants and \$1 million, also onetime in FY 2026 from the general fund, to the Catholic Charities Homeless Elders Program. Finally, \$250,000 from the general fund is appropriated onetime in FY 2026 for a grant to the Bridge for Youth Homeless Shelter for facility predesign.

HIV/AIDS

Chapter 3 includes new general fund appropriations of \$6.5 million in FY 2026-27 and in future biennia for grants to HIV /AIDS support services providers.

Cancellations/Reductions

Chapter 3 and chapter 9 include total general fund cancellations of \$38.346 million from mostly unspent grant funds in FY 2025. These cancellations are included in the FY 2026-27 net targets for these two bills.

For More Detail

- [First Special Session Laws 2025, Ch. 3 – Human Services Finance Language](#)
- [First Special Session Laws 2025, Ch. 3 – Human Services Finance Tracking Sheet](#)
- [First Special Session Laws 2025, Ch. 9 – Human Services Finance Language](#)
- [First Special Session Laws 2025, Ch. 9 – Human Services Finance Tracking Sheet](#)

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Judiciary, Civil Law, and Public Safety Finance

Laws 2025, chapter 35 contains the finance and policy provisions that passed the legislature relating to judiciary, civil law, and public safety. The bill spends a total \$3.492 billion from the general fund in the FY 2026-27 biennium. The legislation is a compromise that combines House and Senate proposals and contains spending recommendations from two separate House committees. The areas under the jurisdiction of the Public Safety Finance and Policy Committee are identified in the table below with a caret (^). All other items in the table, with the exception of the Secretary of State and the Office of Higher Education, are under the purview of the Judiciary Finance and Civil Law Committee.

The FY 2026-27 total expenditures across these two budget areas include \$36.863 million in additional general fund spending above forecast base from the House Judiciary Finance and Civil Law Committee, and \$89.26 million new general fund spending under the jurisdiction of the House Public Safety Finance and Policy Committee. Overall, the FY 2026-27 increase over base is a change of 3.174 percent. Chapter 35 establishes total funding of \$3.497 billion in FY 2028-29, a change of \$112.079 million over forecast base, or 3.312 percent.

Table 21 provides further detail on the judiciary, civil law, and public safety general fund changes enacted in the 2025 legislative session.

Table 21: Judiciary, Civil Law, & Public Safety Finance - Net General Fund Changes

(Dollars in Thousands)

	FY2025	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
Expenditures*							
Supreme Court	0	5,533	1,533	7,066	1,757	1,757	3,514
Board of Civil Legal Aid	0	1,186	1,186	2,372	1,186	1,186	2,372
Court of Appeals	0	365	365	730	535	535	1,070
District Courts	0	12,305	12,306	24,611	19,720	19,720	39,440
Guardian Ad Litem	0	1,121	1,139	2,260	1,749	1,749	3,498
Tax Court	0	41	82	123	82	82	164
Uniform Laws Commission	0	0	0	0	0	0	0
Board of Judicial Standards	0	9	9	18	15	15	30
Public Defense Board	0	3,262	3,262	6,524	5,469	5,469	10,938
Human Rights Department	0	(61)	98	37	98	98	196
Office of Appellate Counsel & Training	(2,000)	(560)	(199)	(759)	(199)	(199)	(398)
Competency Attainment Board	(9,000)	117	237	354	237	237	474
Cannabis Expungement Board	(6,700)	7	22	29	22	22	44
Secretary of State	0	18	0	18	0	0	0
Sentencing Guidelines^	0	20	40	60	40	40	80
Public Safety^	0	3,328	5,337	8,665	5,012	5,012	10,024
Peace Officer Standards & Training^	0	4,988	5,036	10,024	972	972	1,944
Private Detectives Board^	0	8	17	25	17	17	34
Department of Corrections^	(1,000)	38,386	26,765	65,151	25,268	20,268	45,536
Ombudsperson for Corrections^	0	18	37	55	37	37	74
Clemency Review Commission^	0	9	19	28	19	19	38
Office of Higher Education^	0	250	0	250	0	0	0
Department of Commerce^	0	(1,115)	(1,115)	(2,230)	(1,115)	(1,115)	(2,230)
TR- OUT – Victims Of Crime Account^	0	7,232	0	7,232	878	879	1,757
Subtotal	(18,700)	76,467	56,176	132,643	61,799	56,800	118,599
Revenue							
Court Filing Fee Increase	0	2,495	2,495	4,990	2,495	2,495	4,990
Motion Fee Increase	0	765	765	1,530	765	765	1,530
Subtotal	0	3,260	3,260	6,520	3,260	3,260	6,520
Total Net Changes	(18,700)	73,207	52,916	126,123	58,539	53,540	112,079
Total Net Changes, FY25 + FY26-27				107,423			
February 2025 Forecast Biennial Base				3,384,112			3,384,482
Percent Change from Base				3.174%			3.312%

*In the expenditures section of the table, positive numbers indicate costs and negative numbers (in parentheses) indicate savings. In the revenue section, positive numbers indicate revenue gain.

^These items are in the jurisdiction of the Public Safety Finance Committee in the House.

The following paragraphs provide information on some of the major funding items that were enacted in judiciary and public safety finance in the 2025 regular session but do not provide detail on all appropriations. For complete fiscal information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) page.

Operating Adjustments

As part of the agreement between the legislative bodies and the governor, priority was placed upon spending for agency operating increases. New general fund spending of \$32.6 million is for operating adjustments across nearly all areas within the budget jurisdiction. These adjustments will fund increases in items such as salary adjustments, health insurance costs, and rental expenses. Since spending on operating adjustments exceeds the total discretionary spending, spending reductions, revenue increases, and cancellations are used to offset the difference.

The bill is expected to have an overall reduction in full-time equivalent positions with the inclusion of language that will phase out the Stillwater correctional facility. The exact number of positions reduced will not be determined until the prison is fully closed and personnel transfer to other facilities.

Major Funding Changes

Phased Closure of Stillwater Correctional Facility

The largest implication of the 2025 legislation is a phased closure of the correctional facility in the city of Stillwater. The age and condition of the prison necessitated the closure and is projected to save the Department of Corrections over \$40 million in operating expenses per year when fully eliminated.

The department will have to work to reduce the overall inmate population in the system, as Stillwater is currently home to 1,187 inmates and only 870 open beds exist at the other facilities. The closure is expected to be complete in 2029.

Establishment of Victims of Crime Account

A onetime transfer in FY 2026 of \$7.232 million from the general fund to the special revenue fund is to be deposited into the newly established victims of crime account. Ongoing funding will be derived from certain criminal fine revenue to provide for grants managed through the Office of Justice Programs within the Department of Public Safety. These funds will be used for grants serving victims of sexual assault, child abuse, domestic violence, and general crime.

Philando Castile Training Funds

Local law enforcement reimbursements for police training are increased by a onetime infusion of \$9.884 million for the FY 2026-27 biennium into the Philando Castile training fund under the jurisdiction of the Peace Officer Standards and Training (POST) Board. Ongoing funding is also increased by \$878,000 per year beginning in FY 2028, which will bring total annual funding for local training reimbursements to \$5 million per year on a permanent basis.

Forensic Examiner Rate Increase

The district courts are provided with \$2.685 million per year starting in FY 2026 to increase the hourly compensation rate for forensic examiners. The additional funding will raise the hourly rate from \$135

to \$165 per hour. The examiners provide psychological exams to criminal defendants to determine competency to stand trial.

State Fraud and Financial Crimes

The transfer of the Commerce Fraud Bureau (now the Financial Crimes and Fraud unit) from the Department of Commerce to the Bureau of Criminal Apprehension in the Department of Public Safety began in FY 2025. This transfer of duties included moving \$1.115 million from the general fund and \$215,000 from the workers' compensation fund annually starting in FY 2026 from the Department of Commerce to the Department of Public Safety. The transfer did not include any additional funding for the program.

ARMER Critical Infrastructure

Chapter 35 makes a onetime appropriation of \$14 million from the [E911 fund](#) to the Department of Transportation. The dollars will be used to cover maintenance and upgrades to the Allied Radio Matrix for Emergency Response (ARMER) statewide radio system.

For More Detail

- [Laws 2025, Ch. 35 – Judiciary, Civil Law, and Public Safety Finance Language](#)
- [Laws 2025, Ch. 35 – Judiciary, Civil Law, and Public Safety Finance Tracking Sheet](#)

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Legacy Finance

The legacy finance area of the budget covers the four funds created by the 2008 passage of the clean water, land, and legacy constitutional amendment; the Minnesota Constitution, Article XI, Section 15 states that the sales and use tax shall be increased three-eighths of one percent until June 30, 2034. These receipts are deposited as follows: 33 percent to the outdoor heritage fund (OHF), 33 percent to the clean water fund (CWF), 14.25 percent to the parks and trails fund (P&T), and 19.75 percent to the arts and cultural heritage fund (ACHF). These funds are considered supplemental and do not have base appropriations. Biennial appropriations are made for the CWF, P&T, and ACHF, while appropriations for the OHF have historically been made on an annual basis. Each of the funds is restricted to maintain a five percent reserve of the tax receipts based on the most recent forecast. Laws 2025, chapter 36 enacts appropriations from each of these funds for the FY 2026-27 biennium.

Table 22: Legacy Finance - Net Legacy Funds Changes
(Dollars in Thousands)

	Fund	FY2025	FY2026	FY2027	FY2026-27
Expenditures*					
Outdoor Heritage Fund	OHF	0	162,111	775	162,886
OHF Cancellations	OHF	(120)	0	0	0
Clean Water Fund	CWF	0	144,625	159,301	303,926
Parks & Trails Fund	P&T	0	61,434	68,733	130,167
P&T Cancellations	P&T	(41)	0	0	0
Arts & Cultural Heritage Fund	ACHF	0	85,293	94,618	179,911
Total Net Changes		(161)	453,463	323,427	776,890
Total Net Changes, FY25 + FY26-27					776,729

*Positive numbers indicate costs.

The following paragraphs provide information on some of the major funding items that were enacted in legacy finance in the 2025 regular session but do not provide detail on all expenditures and revenues. For complete fiscal information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) page.

Major Funding Changes

Outdoor Heritage Fund

Annual funding recommendations from the outdoor heritage fund (OHF) are made through the Lessard-Sams Outdoor Heritage Council. These recommendations have historically been enacted with few changes. In total, \$161.991 million was available to appropriate in FY 2026 while maintaining a five percent reserve. The five percent reserve requirement was met by appropriating \$162.111 million and canceling \$120,000 from a previous appropriation. Chapter 36 appropriates this amount across four ecotype budget areas (prairies, forests, wetlands, and habitats) and the administrative budget. The prairies area has ten appropriations totaling \$33.432 million, the forests area has seven appropriations totaling \$19.958 million, the wetlands area has eight appropriations totaling \$29.032 million, and the habitats area has 22 appropriations totaling \$77.646 million. The

administrative budget includes five appropriations totaling \$2.043 million, \$775,000 of which is appropriated in FY 2027.

Clean Water Fund

Nine different entities receive \$303.926 million in FY 2026-27 appropriations from the clean water fund (CWF) in chapter 36. These are the Department of Agriculture, the Pollution Control Agency, the Department of Natural Resources, the Board of Water and Soil Resources, the Minnesota Department of Health, the University of Minnesota, the Metropolitan Council, the Public Facilities Authority, and the Legislative Coordinating Commission.

Parks and Trails Fund

In total, chapter 36 appropriates \$130.167 million from the parks and trails fund (P&T) in the FY 2026-27 biennium and cancels \$41,000 from previous appropriations to maintain a five percent reserve requirement. These funds continue to use a 40/40/20 split between Minnesota state parks, metropolitan council parks, and greater Minnesota regional parks and trails.

Arts and Cultural Heritage Fund

Chapter 36 appropriates \$179.911 million from the arts and cultural heritage fund (ACHF) in FY 2026-27. The State Arts Board receives \$84.558 million from three different appropriations. The appropriations to the State Arts Board meet the statutory requirement that 47 percent of the funds be dedicated for the arts. Appropriations were also made to the Minnesota Historical Society, the Department of Education, the Department of Administration, the Minnesota Zoo, the Minnesota Humanities Center, the Indian Affairs Council, the Department of Agriculture, and the Legislative Coordinating Commission. Many of the funds appropriated to these organizations are for administration of a grant program or a named grantee.

For More Detail

- [Laws 2025, Ch. 36 – Legacy Finance Language](#)
- [Laws 2025, Ch. 36 – Legacy Finance Tracking Sheet](#)

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State Government Finance

Funding for the constitutional offices, state agencies, boards, and commissions under the jurisdiction of the State Government Finance Committee (for a full list of these entities, please see [this detailed tracking sheet](#)) is provided in Laws 2025, chapter 39. Total general fund expenditures are \$1.353 billion for FY 2026-27, and \$1.35 billion for the FY 2028-29 biennium. This reflects a change from the February 2025 forecast base of 3.442 percent in the first biennium and 3.845 percent in the second.

Table 23 provides further detail on the state government finance general fund changes enacted in the 2025 legislative session.

Table 23: State Government Finance - Net General Fund Changes

(Dollars in Thousands)

	FY2025	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
Expenditures*							
Legislature	0	10,820	12,384	23,204	10,668	10,668	21,336
Attorney General	0	2,500	1,500	4,000	1,500	1,500	3,000
Secretary of State	0	500	500	1,000	500	500	1,000
State Auditor	0	1,366	1,969	3,335	1,885	1,885	3,770
Administration	0	651	960	1,611	460	460	920
MN Management & Budget	(1,700)	1,608	1,806	3,414	1,806	1,806	3,612
MNIT Services	0	186	378	564	378	378	756
Department of Revenue	0	4,206	8,517	12,723	8,455	8,455	16,910
Ethnic & Indian Affairs Councils	0	102	157	259	157	157	314
Occupational Licensing Boards	0	92	185	277	185	185	370
Historical Society	0	306	619	925	619	619	1,238
Arts Board	0	10	20	30	20	20	40
Small Agencies & Councils	0	85	121	206	121	121	242
Children, Youth, & Families	0	55	0	55	0	0	0
Subtotal	(1,700)	22,487	29,116	51,603	26,754	26,754	53,508
Revenue							
Small Agency Revenue Changes		18	3	18	3	3	6
State Auditor Billing Revenues	0	1,138	1,741	2,879	1,751	1,751	3,502
Capitol Vitality Account Cancellation		2,000	0	2,000	0	0	0
Subtotal	0	3,159	1,744	4,903	1,754	1,754	3,508
Total Net Changes	(1,700)	19,328	27,372	46,700	25,000	25,000	50,000
Total Net Changes, FY25 + FY26-27				45,000			
February 2025 Forecast Biennial Base				1,307,541			1,300,350
Percent Change from Base				3.442%			3.845%

*In the expenditures section of the table, positive numbers indicate costs and negative numbers (in parentheses) indicate savings. In the revenue section, positive numbers indicate revenue gain.

The following paragraphs provide information on some of the major funding items that were enacted in state government finance in the 2025 regular session but do not provide detail on all expenditures and revenues. For complete fiscal information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) page.

Operating Adjustments

Almost 50 percent of the new funding in chapter 39 is for operating adjustments requested by the constitutional offices and by the governor, on behalf of executive branch agencies, to help offset increasing compensation and other operating costs.

Operating adjustments total \$24.428 million in FY 2026-27 and \$31.116 million in FY 2028-29. Of this amount, \$16.895 million in FY 2026-27 is designated for the major cabinet agencies (Administration, Minnesota Management and Budget, Minnesota IT Services (MNIT), and the Department of Revenue). The single largest adjustment is for the Department of Revenue, which receives \$12.723 million in FY 2026-27 and \$16.91 million in FY 2028-29.

Major Funding Changes

Legislature

Chapter 39 appropriates a total of \$269.39 million in FY 2026-27 for the operations of the Senate, the House of Representatives, and the Legislative Coordinating Commission (LCC), a total increase over the base of \$23.204 million. This amount includes increases of \$13.924 million for the House, \$4.622 million for the Senate, and \$4.658 million for the LCC. \$4.664 million of the increase for the House is onetime to cover new expenses resulting from the tied majority, including additional staffing costs. The changes in funding for the legislature are the second largest increase in chapter 39, after the cumulative funding for the executive branch operating adjustments.

The Office of the Legislative Auditor (OLA) receives a \$579,000 appropriation in FY 2026-27 designated for reporting on executive branch implementation of OLA audit recommendations.

Constitutional Offices

The Office of the State Auditor (OSA) receives an increase of \$3.335 million over the FY 2026-27 base, of which \$2.036 million is for the office's requested operating increase. Additional funding is also provided for an internal trainer for the Audit Practice Division, and new audit positions focused on information technology. A total of \$6.214 million of the increased funding is offset by revenues from OSA charges to audited entities.

For the Attorney General's Office (AGO), chapter 39 appropriates \$4 million over base for the FY 2026-27 biennium, including \$1 million in onetime funding. The AGO appropriation from the state government special revenue fund is also increased by \$1 million. This funding is used to provide legal services to the various health licensing boards.

The Office of the Secretary of State (OSS) receives an increase of \$1 million for each biennium. A new penalty for late filings for business renewals and reinstatements is projected to raise \$4.24 million per biennium in special revenue funds for the OSS to use to combat business filing fraud and deceptive mailings.

Department of Administration

Chapter 39 appropriates \$1.611 million over base to the Department of Administration. This funding includes \$911,000 for the department's operating adjustment, and a \$1.946 million increase to the in-lieu-of-rent appropriation (ILR). ILR is a direct appropriation to the department for space costs not covered by lease agreements with state agencies, including ceremonial space in the capitol and space occupied in the capitol and State Office Building by the legislative branch.

The department's base is also reduced for two items: funding for the Enterprise Translation Office is reduced to \$1.01 million each year for a savings of \$300,000 for the biennium, and \$946,000 is captured from the elimination of the Infrastructure Advisory Council.

In addition, \$3 million is appropriated in FY 2026 from the capitol area vitality account in the special revenue fund to Ramsey County for public safety and livability improvements in the capitol area. This appropriation is available until the end of FY 2029. The remaining balance of \$2 million in the account is canceled to the general fund.

Small Council Increases

In addition to the governor's requested operating adjustments, two councils received increases over base; both the Latino Affairs Council and the LGBTQIA2S+ Council appropriations are increased by \$100,000 each biennium.

Executive Branch Agencies: Temporary Carryforward Authority

Chapter 39 authorizes executive branch agencies to carry forward unexpended and unencumbered non-grant operating balances on a temporary basis. Under current statute ([Minnesota Statutes, section 16A.28](#)), unexpended general fund operating balances cancel at the end of a biennium. This temporary authority allows balances to be carried forward from FY 2025 to FY 2026, FY 2027 to FY 2028, and FY 2029 to FY 2030. The fiscal impact of this provision is a reduction of \$15 million to the amount of funds that were expected to cancel to the general fund across all agencies statewide in FY 2025, FY 2027, and FY 2029. The fiscal impact of these reductions are included in [Table 3](#).

Table 24: State Government Finance - Net Other Fund Changes

(Dollars in Thousands)

	Fund	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
Expenditures*							
AGO: Health Licensing Board Services	SGSR	500	500	1,000	500	500	1,000
OSS: Business Filing Fraud	SR	2,120	2,120	4,240	2,120	2,120	4,240
Admin Hearings: Operating Adjustment	WC	589	1,178	1,767	1,178	1,178	2,356
Admin: Ramsey County Capitol Area Improvements	SR	3,000	0	3,000	0	0	0
Racing Commission: Regulatory Fee Increase	SR	475	400	875	375	350	725
Subtotal		6,684	4,198	10,882	4,173	4,148	8,321
Revenue							
OSS: Business Filing Late Penalty	SR	2,120	2,120	4,240	2,120	2,120	4,240
Racing Commission: Regulatory Fee Increase	SR	475	400	875	375	350	725
Subtotal		2,595	2,520	5,115	2,495	2,470	4,965
Total Net Changes		4,089	1,678	5,767	1,678	1,678	3,356

*In the expenditures section of the table, positive numbers indicate costs. In the revenue section, positive numbers indicate revenue gain.

Abbreviations: AGO is the Attorney General's Office; OSS is the Office of the Secretary of State; Admin Hearings is the Court of Administrative Hearings; Admin is the Department of Administration; SGSR is the state government special revenue fund; SR is the special revenue fund; WC is the workers compensation fund.

For More Detail

- [Laws 2025, Ch. 39 – State Government Finance Language](#)
- [Laws 2025, Ch. 39 – State Government Finance Tracking Sheets](#)

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Taxes, Property Tax, Aids, and Credits

Minnesota Management and Budget's [February 2025 forecast](#) projected a positive general fund balance of \$456 million, including inflation, in the FY 2026-27 biennium. Any additional spending of the projected positive balance in the current biennium, however, would exacerbate the structural imbalance in the FY 2028-29 biennium. In response to this fiscal forecast, the omnibus tax bill, First Special Session Laws 2025, chapter 13, enacts legislation that generated revenue and created savings. Chapter 13 increases total net general fund tax revenue by \$117.684 million in the FY 2026-27 biennium⁵ and by \$190.13 million in the FY 2028-29 biennium to help offset the structural balance issues in the planning years.

This summary focuses on the major tax law changes in chapter 13 and the fiscal impact on both state taxes (revenues) and property tax, aids, and credits (PTAC) expenditures.

Table 25 provides further detail on the general fund changes enacted in the 2025 special session in the taxes and PTAC areas. Chapter 13 tax law changes also impact non-general fund accounts. Please see Table 28 for fiscal impacts to those accounts.

⁵ Including FY 2025 expenditures.

Table 25: Taxes, Property Taxes, Aids, & Credits - Net General Fund Changes

(Dollars in Thousands)

	FY2025	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
Expenditures*							
Aquatic Invasive Species Aid Reduction (with all interactions)	0	0	0	0	(4,800)	(4,800)	(9,600)
Sustainable Forest Incentive Payments Reduction	0	0	0	0	(1,840)	(1,930)	(3,770)
Other PTAC Items	106	122	80	202	90	100	190
Total Net PTAC Changes	106	122	80	202	(6,550)	(6,630)	(13,180)
Total Net PTAC Changes, FY25 + FY26-27				308			
February 2025 Forecast Biennial Base				4,753,249			4,941,000
Percent Change from Base				0.006%			-0.267%
Revenue							
Cannabis GRT, Rate Increase	0	17,800	33,200	51,000	42,000	49,700	91,700
Cannabis GRT, Repeal Dedication	0	8,900	14,800	23,700	18,700	22,200	40,900
TR-IN – Cannabis Aid Carryforward	0	5,042	0	5,042	0	0	0
Sales Tax, Qualified Data Centers, Repeal Electricity Exemption	0	23,930	32,320	56,250	38,130	44,570	82,700
Sales Tax, June Acceleration 5.6% Shift	0	0	22,820	22,820	570	580	1,150
Certificate of Rent Paid, Fee Changes	0	0	0	0	60	60	120
Individual Income Tax & Corporate Franchise Tax, R&D Tax Credit Modified	0	(21,000)	(19,800)	(40,800)	(19,800)	(19,800)	(39,600)
Individual Income Tax, Subtraction for Foreign Service Pay	0	(10)	(10)	(20)	(10)	(10)	(20)
Total Net Tax Revenue Changes	0	34,662	83,330	117,992	79,650	97,300	176,950
February 2025 Forecast Biennial Base				61,794,511			65,943,938
Percent Change from Base				-0.191%			-0.268%
Total Net Changes				(117,684)			(190,130)

*In the expenditures section of the table, positive numbers indicate costs and negative numbers (in parentheses) indicate savings. In the revenue section, positive numbers indicate revenue gain and negative numbers indicate revenue reduction. For the Total Net Changes numbers, negative numbers indicate savings or revenue increases.

Abbreviations: GRT is gross receipts tax; R&D is research and development.

The following paragraphs provide information on some of the major funding items that were enacted in tax policy and property tax expenditure, aids, and credits provisions in the 2025 special session but do not provide detail on all expenditures and revenues. For complete fiscal information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) page.

Operating Adjustments

Most tax provisions are administered by the Minnesota Department of Revenue (DOR). A summary of operational increases for DOR is not included in this summary but can be found in the [State Government Finance](#) summary.

Major Property Tax, Aids, and Credits Changes

Excluding revenues, the changes to the PTAC provisions in chapter 13 result in minimal expenditures of \$308,000 in FY 2026-27, when accounting for FY 2025, resulting in a total increase over base of 0.006 percent. Chapter 13 also enacts several provisions that reduce appropriations for aid programs, resulting in a net reduction of \$13.18 million in the FY 2028-29 biennium, or a 0.267 percent decrease from base. Non-general fund changes include the repeal of the Local Government Cannabis Aid. Please see [Other Major Revenue and Aid Changes](#) below for additional detail regarding this change.

Sustainable Forestry Incentive Act

The Sustainable Forestry Incentive Act was enacted in [2001](#) and was designed to provide annual incentive payments to encourage private landowners to sustainably manage forest land. This program paid a total of \$29.842 million in FY 2024-25 from the general fund to landowners. Chapter 13 modifies the program by reducing the total general fund payments by 10 percent in FY 2028 and thereafter. This results in a projected biennial reduction of \$3.77 million for FY 2028-29.

Aquatic Invasive Species Aid

Aquatic Invasive Species Prevention Aid is paid from the general fund and distributed to counties for the prevention and/or limitation of the spread of nonnative aquatic species. It is distributed to all Minnesota counties based on each county's share of watercraft trailer launches and watercraft trailer parking spaces. This program was enacted in the [2014 legislative session](#), and prior to the 2025 legislative session, payments totaled \$10 million per fiscal year. Chapter 13 permanently reduces those payments by 50 percent, leaving the total appropriation for the program at \$5 million annually starting in FY 2028. When accounting for property tax and income tax interactions, the total FY 2028-29 general fund fiscal impact is a net savings of \$9.6 million.

Major Revenue Changes

Enacted tax revenue provisions in chapter 13 are estimated to increase general fund net tax revenue by \$117.992 million (0.191 percent revenue base increase) in the FY 2026-27 biennium and by \$176.95 million (0.268 percent revenue base increase) in the FY 2028-29 biennium. That total includes tax revenue increases of \$158.812 million in the FY 2026-27 biennium and \$216.57 million in the FY 2028-29 biennium from the projected growth in sales tax revenue. The total revenue increase also includes the transfer of the cannabis aid carryforward but does not include PTAC expenditures. Total tax revenue in chapter 13 also includes revenue reductions of \$40.82 million in FY 2026-27 and \$39.62 million in FY 2028-29. A more detailed comparison of the revenue changes is available in Table 26.

Table 26: Tax Revenue Increases & Reductions - General Fund Changes

(Dollars in Thousands)

	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
Revenue Increases*						
Cannabis GRT, Rate Increase	17,800	33,200	51,000	42,000	49,700	91,700
Cannabis GRT, Repeal Dedication	8,900	14,800	23,700	18,700	22,200	40,900
TR-IN – Cannabis Aid Carryforward	5,042	0	5,042	0	0	0
Sales Tax, Qualified Data Centers, Repeal Electricity Exemption	23,930	32,320	56,250	38,130	44,570	82,700
Sales Tax, June Acceleration 5.6% Shift	0	22,820	22,820	570	580	1,150
Certificate of Rent Paid, Fee Changes	0	0	0	60	60	120
Subtotal	55,672	103,140	158,812	99,460	117,110	216,570
Revenue Reductions						
Individual Income Tax & Corporate Franchise Tax, R&D Tax Credit Modified	(21,000)	(19,800)	(40,800)	(19,800)	(19,800)	(39,600)
Individual Income Tax, Subtraction for Foreign Service Pay	(10)	(10)	(20)	(10)	(10)	(20)
Subtotal	(21,010)	(19,810)	(40,820)	(19,810)	(19,810)	(39,620)
Total Tax Revenue Net Changes	34,662	83,330	117,992	79,650	97,300	176,950
February 2025 Forecast Biennial Base			61,794,511			65,943,938
Percent Increase over Base			0.191%			0.268%

* Positive numbers indicate revenue gain and negative numbers indicate revenue reduction.

Abbreviations: GRT is gross receipts tax; TR-IN is transfer in; R&D is research and development.

Sales and Use Tax Changes – Qualified Data Centers

Sales and use tax revenue is projected to increase with the law changes in chapter 13. First, the up-front sales tax exemption for electricity purchases by qualified data centers is eliminated effective June 30, 2025. The elimination of this exemption is estimated to raise \$56.25 million in the first biennium and \$82.7 million in the second to the general fund.

The Minnesota Department of Employment and Economic Development (DEED) reported a total of 42 qualified data centers eligible for sales tax refunds.⁶ The total projected cost to the state of qualified data center tax exemptions and refunds is \$120.31 million in FY 2026 and \$212.14 million in FY 2029.⁷ With the repeal of the electricity exemption in chapter 13, the total cost is expected to decrease by at least 20 percent each fiscal year. Other data center sales tax exemptions for software and technology equipment that are paid as sales tax refunds were not modified in chapter 13 and remain in effect.

Sales and Use Tax Changes – June Acceleration Shift

Sales tax revenue is also increased in chapter 13 with the re-establishment of a sales tax payment shift in FY 2027. This fiscal shift in payments is referred to as June Acceleration. Chapter 13 re-

⁶ [DEED: Data Center Sales, March 19, 2025.](#)

⁷ Data from the DOR Tax Research Department, March 2025.

establishes the requirement that certain businesses remit a percentage of their sales tax receipts collected in June as an accelerated payment. Starting with June 2027 tax liabilities and thereafter, businesses that remit sales taxes and have a tax liability of \$250,000 or more during a fiscal year must pay 5.6 percent of June liabilities in the last month of the current fiscal year (June). Without this law change, businesses would remit tax liabilities in the first month of the following fiscal year (July). The revenue gain from this fiscal shift will be used to offset spending in the FY 2026-27 biennium by shifting the June payment forward into the current biennium. The current law June Acceleration requirement for alcoholic beverage and tobacco taxes is not impacted by this law change in chapter 13.

The June Acceleration change is estimated to increase net general fund tax revenue by \$22.82 million in the FY 2026-27 biennium and \$1.15 million in the FY 2028-29 biennium. Because this payment shift affects the sales tax base, other non-general fund accounts are also impacted by this shift, including the legacy funds, housing assistance fund, special revenue fund, county state-aid highway fund, transit assistance fund, and highway user tax distribution fund.

Previous law authorized a June Acceleration payment requirement for sales and use taxpayers that ended in 2021. In June 2020, a total of approximately 1.64 percent of business filers (2,713 filers out of 165,501 total filers) were affected by the June accelerated payment requirement. It is expected that a similar number of businesses may be affected by the new June Acceleration payment requirement of 5.6 percent of June 2027 liabilities. For more information about June Acceleration, see the [House Fiscal Issue Brief on Accelerated June Payments for Sales Tax and Other Taxes](#).

Individual Income Tax and Corporate Franchise Tax Changes – Research and Development Tax Credit

Total general fund tax increases to FY 2026-27 consumption taxes in chapter 13 are offset by \$40.82 million in tax revenue reductions to individual income and corporate franchise taxes. Of the \$40.82 million in tax reductions, \$40.8 million of the total general fund reductions in chapter 13 are attributable to the modified and partially refundable Research and Development (R&D) Tax Credit. Effective tax year 2025 and thereafter, this modified R&D Tax Credit provides a capped refundable credit that is applied as a percentage of the credit amount. In tax year (TY) 2025, the refundable cap is 19.2 percent. For TY 2026 and 2027, the refundable cap is 25 percent.

Starting in TY 2028, to limit the total revenue reduction (cost) to the state, the commissioner of DOR may adjust the percentage cap if projected refunds from the credit exceed \$25 million in a taxable year.

Data from DOR shows that 62,264 business returns filed through individual income tax and corporate franchise tax claimed R&D Tax Credits in tax year 2021. However, corporate franchise returns are the primary claimants of the R&D Tax Credit.

Other Major Revenue and Aid Changes

Cannabis Gross Receipts Tax Dedication and Local Government Cannabis Aid

The [2023 Legislature](#) enacted a cannabis gross receipts tax and Local Government Cannabis Aid Program. Twenty percent of receipts from the gross receipts tax each fiscal year were to be dedicated

to local cannabis aid for counties and cities. Chapter 13 permanently repeals this dedication, the program, and the special revenue account after FY 2025. With the repeal of the tax dedication, an estimated \$23.7 million in the FY 2026-27 biennium and \$40.9 million in the FY 2028-29 biennium will be re-directed from the special revenue fund, with 100 percent of receipts deposited into the general fund instead starting in FY 2026.

To date, only counties have received payment of this cannabis aid, totaling \$504,000 from FY 2025-26. Payments from the aid program were projected to total \$12.5 million in FY 2027 and \$31.8 million in the FY 2028-29 biennium. However, with the repeal of this program, there will be no further payments after FY 2026.

In FY 2026, there is also a onetime revenue gain of \$5.042 million from the cancellation of unexpended funds in the local government cannabis aid account.⁸ These funds are deposited into the general fund via a onetime transfer from the local government cannabis aid account in the special revenue fund.

Table 27: Cannabis Gross Receipts Tax Account - Net Special Revenue Fund Changes
(Dollars in Thousands)

	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
<u>Expenditures*</u>						
Local Cannabis Aid Repeal	0	12,500	12,500	13,800	18,000	31,800
Subtotal	0	12,500	12,500	13,800	18,000	31,800
<u>Revenue</u>						
Repeal 20% Tax Dedication	8,900	14,800	23,700	18,700	22,200	40,900
TR-OUT – Cannabis Aid	5,042	0	5,042	0	0	0
Subtotal	13,942	14,800	28,742	18,700	22,200	40,900
Total Net Changes	(13,942)	(2,300)	(16,242)	(4,900)	(4,200)	(9,100)

*In the expenditures section of the table, positive numbers indicate costs. In the revenue section, positive numbers indicate revenue gain. For the net changes numbers, negative numbers indicate savings or revenue increases.

Cannabis Gross Receipts Tax Changes

In addition to the cancellation of the aid program, chapter 13 increases the tax rate from 10 percent to 15 percent effective for cannabis sales after June 30, 2025. Taxable sales on adult-use cannabis from newly licensed cannabis businesses begin on July 1, 2025. Taxable sales at the 15 percent rate on both hemp-derived and adult-use cannabis are estimated to raise an additional \$51 million in the FY 2026-27 biennium and \$91.7 million in the FY 2028-29 biennium to the general fund.⁹ Both the tax

⁸ Funds were not distributed from this account because of the delay in the licensing of cannabis retailers.

⁹ Taxable sales of hemp-based and adult-use cannabis products were authorized in [Laws 2023, chapter 63](#). Since FY 2024, hemp-based cannabis has been subject to both sales tax and the cannabis gross receipts tax. Starting in FY 2026, both hemp-based and adult-use cannabis will be subject to both sales tax and the cannabis gross receipts tax.

rate change and the repeal of the dedication also have a fiscal impact on the legacy funds, special revenue funds, and housing assistance fund.

Table 28: Tax, Property Tax, Aids, & Credits - Net Non-General Fund Changes
(Dollars in Thousands)

	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
<u>Revenue & Transfers*</u>						
Outdoor Heritage Fund	442	1,027	1,469	710	825	1,535
Arts & Cultural Heritage Fund	265	614	879	425	494	919
Clean Water Fund	442	1,027	1,469	710	825	1,535
Parks & Trails	191	442	633	305	356	661
Local Cannabis Aid Account^	(13,942)	(2,300)	(16,242)	(4,900)	(4,200)	(9,100)
Metro Regional Sales Tax Account^	270	620	890	430	510	940
Transportation Advancement Account^	0	80	80	Negli.	10	10
Local Bridge Account^	0	30	30	Negli.	Negli.	Negli.
Highway User Tax Distribution Fund	0	570	570	10	10	20
County State Aid Fund	0	100	100	Negli.	Negli.	Negli.
Transit Assistance Fund	0	100	100	Negli.	Negli.	Negli.
Housing Assistance Fund	520	1,220	1,740	850	990	1,840
Net Non-General Fund Changes	(11,812)	3,530	(8,282)	(1,460)	(180)	(1,640)

*Positive numbers indicate revenue gain and negative numbers indicate revenue reduction.

^Accounts in the special revenue fund.

Abbreviation: Negli. is negligible fiscal impact (plus or minus \$5,000).

Other Funding

A definition change and a modification to the eligibility timeline for data centers to claim sales tax exemptions were also enacted in First Special Session Laws 2025, chapter 12. For more information, please see [chapter 12, the data centers bill](#), in the Other Bills summary.

For More Detail

- [First Special Session Laws 2025, Ch. 13 – Tax Act Language](#)
- [First Special Session Laws 2025, Ch. 13 – Tax Act Tracking Sheet](#)

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Transportation Finance

The 2025 transportation finance budget bill was introduced in the House as House File 14 and enacted into law in June 2025 as First Special Session Laws 2025, chapter 8. The transportation jurisdiction includes the Department of Transportation (MnDOT), portions of the Department of Public Safety (DPS, including the State Patrol, Driver and Vehicle Services, and other activities), and portions of the Metropolitan Council relating to transportation. Chapter 8 also includes funding for the Board of Water and Soil Resources, the Department of Employment and Economic Development (DEED), the Department of Revenue (DOR), and the University of Minnesota (UMN).

Chapter 8 decreases the amount of general fund spending in the transportation jurisdiction, mostly from transit-related activities. The 2025 Legislature also changed the allocation of the state sales tax attributed to auto parts and increased revenue by raising fees on electric vehicles. The bill also contains a large onetime appropriation for a new State Patrol headquarters in the Twin Cities metropolitan area. In all, chapter 8 has total general fund spending of \$362 million in FY 2026-27, including FY 2025 reductions, and spending of \$393 million in FY 2028-29. These amounts represent reductions from the transportation general fund base of 24.131 percent in the first biennium and 25.306 percent in the second. This bill also had a number of tax changes.

Table 29 provides further detail on the transportation finance general fund changes enacted in the 2025 special session. Please see Table 30 for trunk highway fund changes enacted in this chapter.

Table 29: Transportation Finance - Net General Fund Changes

(Dollars in Thousands)

	FY2025	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
Expenditures*							
Department of Transportation	(6,175)	(10,419)	(10,294)	(20,713)	196	196	392
Metropolitan Council	0	(30,703)	(30,703)	(61,406)	(12,440)	(12,440)	(24,880)
Department of Public Safety	(3,250)	(4,353)	(4,319)	(8,672)	(4,319)	(4,319)	(8,638)
BWSR	0	3,000	0	3,000	0	0	0
DEED	0	250	0	250	0	0	0
Department of Revenue	0	0	1,380	1,380	1,440	1,510	2,950
University of Minnesota	0	2,000	2,000	4,000	0	0	0
TR-OUT	0	(5,250)	(5,500)	(10,750)	(8,120)	(8,240)	(16,360)
Subtotal	(9,425)	(45,475)	(47,436)	(92,911)	(23,243)	(23,293)	(46,536)
Revenue							
Department of Revenue	0	0	1,380	1,380	1,440	1,510	2,950
Changes in Auto Parts							
Dedication	0	1,822	9,462	11,284	29,306	54,208	83,514
Subtotal	0	1,822	10,842	12,664	30,746	55,718	86,464
Total Net Changes	(9,425)	(47,297)	(58,278)	(105,575)	(53,989)	(79,011)	(133,000)
Total Net Changes, FY25 + FY26-27				(115,000)			
February 2025 Forecast Biennial Base				476,572			525,562
Percent Change from Base				-24.131%			-25.306%

*In the expenditures section of the table, positive numbers indicate costs and negative numbers (in parentheses) indicate savings. In the revenue section, positive numbers indicate revenue gain.

Abbreviations: BWSR is the Board of Soil and Water Resources; DEED is the Department of Employment and Economic Development; TR-OUT is transfer out.

The following paragraphs provide information on some of the major funding items that were enacted in transportation finance in the 2025 special session but do not provide detail on all expenditures and revenues. For complete fiscal information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) page.

Operating Adjustments

Budget changes as a result of chapter 8 are not likely to dramatically increase or decrease the staff compliments (FTEs) of the agencies under the transportation jurisdiction. Chapter 8 incorporates four changes recommended by the governor, whose net impact on DPS FTEs are: one less FTE in FY 2026, no changes in FY 2027, and an increase of three FTEs in FY 2028. These FTE changes correspond to:

- State Patrol recruitment and retention, most of the increase would occur in the FY 2028-29 biennium.
- Traffic Safety planning administrative increases of two FTEs.
- Eliminating one FTE at the Advisory Council on Traffic Safety.
- Reducing an appropriation for agency strategy and analytics, which would reduce four FTEs.

These FTE increases and decreases are rough estimates, and past appropriations to increase FTE counts, particularly for DPS, did not increase FTE counts by as much as had been previously estimated.

Major Funding Changes

General Fund Appropriations and Transfer Reductions

For the FY 2026-27 biennium, the general fund reduction for metropolitan area transit accounts for close to half the total general fund reductions, or about \$61 million. Then about one-quarter of the total reductions come from the Greater Minnesota transit general fund appropriation, and a reduction for the Active Transportation Program. Both reductions were onetime. Smaller spending reductions from both the MnDOT and the DPS, as well as the auto parts phase-in for highway user tax distribution fund (HUTD) account for the rest of the reductions.

The reductions to transit and Active Transportation enacted in chapter 8 are in the context of much larger state support for transit and active transportation in both the metro and non-metro as a result of [2023](#) and [2024](#) legislation that levied a 0.75 percent metro area sales tax for transit, active transportation, and county transportation uses. The [2023 Legislature](#) increased the share of the Motor Vehicle Sales Tax (MVST) proceeds for Greater Minnesota transit, while Active Transportation also received funding from both the general fund and the metro area sales tax. While chapter 8 reduced funding to these uses, transit and active transportation are still receiving much more state support than before 2023.

Auto Parts Phase-In and Electric Vehicle Tax Changes

Before the enactment of chapter 8, the revenue attributable to sales tax on auto parts was scheduled to be diverted into road uses and away from the general fund. Chapter 8 slows this phase-in to create general fund savings as fewer funds go towards roads; the shift in revenues moving from the general fund to transportation purposes is delayed.

These savings can be recognized over the next four fiscal years, with an \$11 million savings to the general fund in FY 2026-27, and an \$83 million savings to the general fund in FY 2028-29. For the FY 2028-29 biennium, the delay corresponds to over 60 percent of the total general fund reduction. The remaining general fund reductions in the FY 2028-29 biennium come from Metro Transit, a delay in a property tax dedication for railroads, and smaller miscellaneous reductions. To offset this reduction in anticipated revenue for road and bridge uses, chapter 8 increases fees on electric vehicles.

Before the enactment of chapter 8, electric vehicles paid the regular registration tax based on the value of the vehicle and its age along with a flat \$75 annual surcharge. Chapter 8 requires electric vehicle owners to pay a minimum of \$150 in additional charges per year or an additional .05 percent of the vehicle's suggested retail price, whichever is higher. Plug-in hybrid vehicles have a similar additional charge, but at half the rate of fully electric vehicles. Before chapter 8, plug-in hybrids did not pay a surcharge in addition to the regular registration tax. The new minimum payments are effective from January 1, 2026, until June 30, 2027, at which point the minimum payment amounts decrease. For more detail, please see [Minnesota Statutes, section 168.013](#).

These surcharges result in additional revenue for roads and bridges and offset the delay in new auto parts tax revenue. The surcharge changes are estimated to generate an additional \$23 million in the FY 2026-27 biennium and an additional \$53 million in the FY 2028-29 biennium.

State Patrol Headquarters

A large onetime appropriation of \$97 million from the trunk highway fund is for a new headquarters for the Minnesota State Patrol. This appropriation is in addition to a \$22 million trunk highway fund appropriation that was enacted in the supplemental budget bill from the [2024 legislative session](#). As of this writing there is not a location selected for the new headquarters, but it will be somewhere in the Twin Cities metro area. The State Patrol currently uses lease space in downtown St. Paul. This project was part of the governor's recommended budget but was not included in either the House or Senate positions of the transportation bill. Though DPS will be using the facility, the appropriation is to the Department of Administration.

Other Trunk Highway Spending

Though no large new trunk highway initiatives or major tax changes are undertaken in chapter 8, the legislation still includes over \$1 billion above base in trunk highway fund spending increases. These increases include operating adjustments for MnDOT and DPS. The largest increases in chapter 8 are in the state road construction appropriation, with \$650 million in federal funds for the Blatnik Bridge between Duluth and Superior, Wisconsin and \$454 million in federal funds for other trunk highway projects. The legislation also includes onetime spending of \$66.5 million for various other trunk highway appropriations, which were designated for projects named in a MnDOT letter.

Table 30: Transportation Finance - Net Trunk Highway Fund Changes

(Dollars in Thousands)

	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
Expenditures*						
MnDOT						
Operating Adjustments	22,161	32,802	54,963	32,802	32,802	65,604
State Road Construction	6,000	9,000	15,000	60,000	60,000	120,000
SRC Appropriation - Federal Funds	393,744	60,344	454,088	64,733	64,733	129,466
Blatnik Bridge	650,000	0	650,000	0	0	0
Ops & Maintenance	5,000	5,000	10,000	10,000	10,000	20,000
Corridors of Commerce	0	0	0	(5,000)	(5,000)	(10,000)
Corridor Planning	3,000	3,000	6,000	3,000	3,000	6,000
Metropolitan Planning Organization	34	34	68	34	34	68
Facilities Modernization	2,000	2,000	4,000	2,000	2,000	4,000
Autonomous Mowers	150	0	150	0	0	0
Trunk Highway Projects	33,250	33,250	66,500	0	0	0
DPS						
Operating Adjustments	3,037	5,034	8,071	5,034	5,034	10,068
State Patrol Recruitment & Hiring	1,045	1,045	2,090	10,365	10,365	20,730
OTS Planning & Admin Match	485	485	970	485	485	970
State Patrol Head Quarters	48,513	48,513	97,026	0	0	0
Subtotal	1,168,419	200,507	1,368,926	183,453	183,453	366,906
Revenue^						
Net of Changes to Highway User Tax Distribution Fund†	2,649	4,416	7,065	(3,641)	(13,363)	(17,004)
Subtotal	2,649	4,416	7,065	(3,641)	(13,363)	(17,004)
Total Net Changes	1,165,770	196,091	1,361,861	187,094	196,816	383,910
February 2025 Forecast Biennial Base			4,723,497			4,794,790
Percent Change from Base			28.832%			8.007%

*In the expenditures section of the table, positive numbers indicate costs and negative numbers indicate savings. In the revenue section, positive numbers indicate revenue gain and negative numbers indicate revenue reduction.

^The table does not include recognition of federal funds deposited in the trunk highway fund, as this is not a result of state legislative changes.

†Net of trunk highway portion of change to the highway user tax distribution fund from the electric vehicle and auto parts changes.

Abbreviations: SRC is state road construction; Ops is operations; OTS is the Office of Traffic Safety; Admin is administration.

For More Detail

- [First Special Session Laws 2025, Ch. 8 – Transportation Finance Language](#)
- [First Special Session Laws 2025, Ch. 8 – Transportation Finance Tracking Sheet](#)

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Veterans and Military Affairs

The 2025 veterans and military affairs finance bill appropriates a total of \$365.226 million from the general fund in FY 2026-27 for the operations of the two departments under this committee's jurisdiction. Laws 2025, chapter 30 finances the operations of the Department of Military Affairs (DMA), more commonly referred to as the Minnesota National Guard, and the Department of Veterans Affairs (MDVA). Chapter 30 sets a base of \$370.31 million for these departments in FY 2028-29. These changes reflect a 16.049 percent increase from the February 2025 forecast in the first biennium and a 17.271 percent increase in the second.

Table 31 provides further detail on the veterans and military affairs general fund changes enacted in the 2025 legislative session.

Table 31: Veterans & Military Affairs - Net General Fund Changes

(Dollars in Thousands)

	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
Expenditures*						
Department of Military Affairs	2,815	6,780	9,595	780	780	1,560
Department of Veterans Affairs	18,854	22,059	40,913	26,489	26,489	52,978
Total Net Changes	21,669	28,839	50,508	27,269	27,269	54,538
February 2025 Forecast Biennial Base			314,718			315,772
Percent Change from Base			16.049%			17.271%

*Positive numbers indicate costs.

The following paragraphs provide information on some of the major funding items that were enacted in veterans and military affairs in the 2025 regular session but do not provide detail on all appropriations. For complete fiscal information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) page.

Operating Adjustments

Most of the new funding in chapter 30 is provided for operating adjustments for both departments. The operating adjustment for DMA is \$599,000 in FY 2026-27 and \$802,000 in FY 2028-29. These funds will be used to address increasing compensation costs for existing employees and other operating cost increases.

MDVA's operating adjustments total \$40.359 million in FY 2026-27 and \$52.942 million in FY 2028-29. Approximately 97 percent of the new funds are for increased operating costs at the state's eight veterans' homes, including positions at the three new homes in Bemidji, Montevideo, and Preston. The remaining new funds are for the Programs and Services Division.

Major Funding Changes

Enlistment and Retention Bonuses – DMA

Chapter 30 appropriates \$8 million in FY 2026-27 to DMA for onetime additional funding for enlistment and retention bonuses. DMA administers several programs aimed at recruiting and retaining National Guard service members, including the Tuition Reimbursement Program, the Reenlistment Bonus Program, and the State Medic Bonus Program. With the funding increase, the total funding for enlistment and retention bonuses is \$32.228 million in FY 2026-27 and \$24.228 million in FY 2028-29.

Cyber Coordination Cell – DMA

The Cyber Coordination Cell (C3) unit works in tandem with other state and federal agencies to respond to cyber related events. In the summer of 2025, the unit was activated by the governor to assist the city of St. Paul in responding to a ransomware attack.

An additional \$750,000 is appropriated in FY 2026-27 for increased funding for C3. State funding for C3 was established in FY 2024 to offset uncertainty in federal funds. With this increase, total state funding for C3 is \$1.35 million for the FY 2026-27 biennium.

Suicide Prevention Efforts – MDVA

Chapter 30 provides \$300,000 in additional funding each biennium for MDVA's suicide prevention efforts. Total funding for suicide prevention is now \$1.4 million per biennium.

Home Delivered Meals for Non-Metro Veterans – MDVA

Onetime funding of \$300,000 in FY 2026 is provided for home-delivered meals to veterans outside of Hennepin and Ramsey Counties. This funding is provided through the Case Management, Outreach, Referral, and Education Program (CORE) at MDVA in partnership with Lutheran Social Services.

Secret Guerilla Units Task Force – MDVA

MDVA receives a onetime \$118,000 general fund appropriation in FY 2026 to staff the Veterans of Special Guerilla Units and Irregular Forces in Laos Advisory Task Force. The task force is charged with establishing criteria and a protocol for determining which Minnesotans served in the special guerrilla units or with irregular forces in Laos. Chapter 30 grants specified benefits and privileges to people who meet the established criteria.

For More Detail

- [Laws 2025, Ch. 30 – Veterans and Military Affairs Finance Language](#)
- [Laws 2025, Ch. 30 – Veterans and Military Affairs Finance Tracking Sheet](#)

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Workforce, Labor, and Economic Development Finance

The Workforce, Labor, and Economic Development Finance and Policy Committee budget was enacted in First Special Session Laws 2025, chapter 6. This committee's jurisdiction includes the Department of Employment and Economic Development (DEED), Department of Labor and Industry (DLI), Bureau of Mediation Services, Explore Minnesota Tourism, and other agencies as listed in [this detailed tracking sheet](#). The net impact to the general fund in this budget area is a reduction to base spending of \$25 million in the FY 2026-27 biennium and a reduction of \$38.8 million in the FY 2028-29 biennium. This net impact includes \$6.015 million in FY 2025 cancellations and DLI penalty revenue to offset the total general fund spending of \$312.627 million in the FY 2026-27 biennium. The FY 2026-27 biennial spending is a 7.539 percent reduction from base budget spending as compared to the February 2025 forecast, and the FY 2028-29 biennial spending is a 12.252 percent reduction. Additionally, there is an increase from base of \$91.818 million of workforce development fund (WDF) spending in the FY 2026-27 biennium and \$36.026 million in the FY 2028-29 biennium. These increases include a shift of \$25 million each biennium from general fund base spending to WDF base spending, mostly adjusting the Vocational Rehabilitation Services Division base budget.

Table 32 provides further detail on the workforce, labor, and economic development general fund changes enacted in the 2025 special session.

Table 32: Workforce, Labor, & Economic Development Finance - Net General Fund Changes

(Dollars in Thousands)

	FY2025	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
<u>Expenditures*</u>							
DEED							
Business & Community Development	(4,700)	(111)	(6,459)	(6,570)	(7,998)	(7,998)	(15,996)
Workforce Development Services	(1,200)	(3,854)	(3,854)	(7,708)	(3,025)	(3,025)	(6,050)
General Support Services	0	752	1,522	2,274	1,522	1,522	3,044
Vocational Rehabilitation Services	0	(11,071)	(11,071)	(22,142)	(12,500)	(12,500)	(25,000)
DEED – TR-OUT	0	1,500	1,500	3,000	1,750	1,750	3,500
Explore Minnesota Tourism	0	5,795	251	6,046	251	251	502
DCYF	0	500	500	1,000	0	0	0
Public Facilities Authority	0	3,000	0	3,000	0	0	0
Labor Standards (DLI)	(25)	1,051	904	1,955	583	583	1,166
Bureau of Mediation Services	0	53	107	160	107	107	214
Subtotal	(5,925)	(2,385)	(16,600)	(18,985)	(19,310)	(19,310)	(38,620)
<u>Revenue</u>							
DLI Enforcement Penalties		0	90	90	90	90	180
Subtotal	0	0	90	90	90	90	180
Total Net Changes	(5,925)	(2,385)	(16,690)	(19,075)	(19,400)	(19,400)	(38,800)
Total Net Changes, FY25 + FY26-27				(25,000)			
February 2025 Forecast Biennial Base		171,401	160,221	331,622	158,202	158,685	316,685
Percent Change from Base				-7.539%			-12.252%

*In the expenditures section of the table, positive numbers indicate costs and negative numbers (in parentheses) indicate savings. In the revenue section, positive numbers indicate revenue gain. Abbreviations: DEED is the Department of Employment and Economic Development; TR-OUT is transfer out; DCYF is the Department of Children, Youth, and Families; DLI is the Department of Labor and Industry.

The following paragraphs provide information on some of the major funding items that were enacted in workforce, labor, and economic development finance in the 2025 special session but do not provide detail on all expenditures and revenues. For full appropriation information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) page.

Operating Adjustments

All the governor's recommended operating increases are included in chapter 6. These include general fund increases of \$128,000 in FY 2026-27 and \$172,000 in FY 2028-29 for the Bureau of Mediation Services; \$768,000 in FY 2026-27 and \$594,000 in FY 2028-29 for the Labor Standards Division of DLI; \$2.274 million in FY 2026-27 and \$3.044 million in FY 2028-29 for the General Support Services Division of DEED; and \$375,000 in FY 2026-27 and \$502,000 in FY 2028-29 for Explore

Minnesota Tourism. The Workers' Compensation Division of DLI also receives increases of \$4.078 million in FY 2026-27 and \$4.388 million in FY 2028-29 from the workers' compensation fund.

Major Funding Changes

Base Budget Funding Shift

Chapter 6 includes a significant shift of DEED base funding from the general fund to the workforce development fund. For FY 2026-27, \$2.858 million of base funding for Pathways to Prosperity is moved from the general fund to the WDF. Additionally, \$22.142 million in FY 2026-27 and \$25 million in FY 2028-29 of base funding from the general fund for the Vocational Rehabilitation Services Division (VRS) of DEED is moved to the WDF. VRS also receives an increase of \$5 million each year of WDF funding to bring its biennial totals to \$32.142 million in FY 2026-27 and \$35 million in FY 2028-29.

Construction Code Fund Fee Increases

Chapter 6 increases the amounts for a number of regulatory construction fees that are deposited into the construction code fund (CCF). This revenue is associated with the Construction Codes and Licensing Division (CCLD) of DLI. These fee increases bring in an additional \$25.493 million in the FY 2026-27 biennium and \$25.602 million in the FY 2028-29 biennium. According to DLI, these fee adjustments align the fees-for-services with the actual costs of providing those services under six of CCLD's units: electrical inspections, manufactured structures, plumbing inspections, boiler inspections, elevator inspections, and plumbing plan review. Additionally, fee increases will support 12 additional ongoing FTEs to reduce the number of overdue inspections and wait times for contractors. Prior to these changes, revenues to the CCF were projected to be insufficient to maintain current staffing levels.

Table 33: Workforce, Labor, & Economic Development Finance - Net WDF Changes

(Dollars in Thousands)

	FY2025	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
<u>Expenditures*</u>							
DEED							
Business & Community Development	0	250	250	500	0	0	0
Workforce Development Services	0	26,971	23,879	50,850	500	500	1,000
Vocational Rehabilitation Services	0	16,071	16,071	32,142	17,500	17,500	35,000
DLI							
Apprenticeship Division	(1,000)	4,413	3,913	8,326	13	13	26
Construction Codes & Licensing	0	500	500	1,000	0	0	0
Subtotal	(1,000)	48,205	44,613	92,818	18,013	18,013	36,026
Total Net Changes	(1,000)	48,205	44,613	92,818	18,013	18,013	36,026
Total Net Changes, FY25 + FY26-27				91,818			
February 2025 Forecast Biennial Base				127,885			141,548
Percent Change from Base				71.797%			25.451%

*Positive numbers indicate costs and negative numbers indicate savings

Abbreviations: DEED is the Department of Employment and Economic Development; DLI is the Department of Labor and Industry; WDF is the workforce development fund.

Table 34: Workforce, Labor, & Economic Development Finance - Net CCF Changes

(Dollars in Thousands)

	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
<u>Expenditures*</u>						
Department of Labor & Industry	2,018	2,146	4,164	2,146	2,146	4,292
<u>Revenue</u>						
Fee Adjustment	(12,692)	(12,801)	(25,493)	(12,801)	(12,801)	(25,602)
Total Net Changes	(10,674)	(10,655)	(21,329)	(10,655)	(10,655)	(21,310)
February 2025 Forecast Biennial Base			84,075			71,766
Percent Change from Base			-25.369%			-29.694%

*In the expenditures section of the table, positive numbers indicate costs and negative numbers indicate savings. In the revenue section, positive numbers indicate revenue gain.

Abbreviation: CCF is the construction code fund.

For More Detail

- [First Special Session Laws 2025, Ch. 6 – Workforce, Labor, and Economic Development Finance Language](#)
- [First Special Session Laws 2025, Ch. 6 – Workforce, Labor, and Economic Development Finance Tracking Sheet](#)

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Other Bills

The 2025 Legislature also enacted other fiscal bills that affect state agencies, state agency programs, and local government entities. These bills and their fiscal impacts are discussed below.

Chapter 19 – Department of Corrections Deficiency

Chapter 19 is legislation to address the fiscal deficiency of the Department of Corrections for FY 2025. The agency was nearing the end of the biennium with a nearly \$14.6 million budget shortfall. The bill includes language from the agency for self-imposed reductions totaling \$5.5 million in FY 2025 general fund reductions, as well as an FY 2025 appropriation of \$9.091 million to cover the remaining budget gap.

For More Detail

- [Laws 2025, Ch. 19 – Department of Corrections Deficiencies Language](#)

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Chapter 29 – Ignition Interlock and Driver’s License Revocations

Chapter 29 of the 2025 regular session, introduced as House File 2130, made changes to driver's license revocation statutes and the ignition interlock program requirements. As a result of changes made to the Ignition Interlock Device Program (IIDP), the Driver and Vehicle Services Division (DVS) of the Department of Public Safety will need an additional four full-time equivalents (FTEs) to monitor more people on the IIDP. In order to pay for this increased staff cost, the legislation increased the appropriation to DVS by \$382,000 per year starting in FY 2026 out of the driver and vehicle services account in the special revenue fund. This appropriation increase was independent and in addition to the regular funding provided by the transportation omnibus finance bill passed in the 2025 special session.

The fiscal note for House File 2130 identified four new FTEs that DVS would need to implement chapter 29. The fiscal note estimated the need for two additional FTEs specific to the IIDP and two new FTEs in driver education. The driver and vehicle services account in the special revenue fund pays for DVS operations and is funded from fees charged on driver and vehicle transactions.

In addition to the amount directly appropriated above, the fiscal note also identified approximately \$35,000 in onetime expenditures for MNDRIVE, the DVS computer system, for programming changes relating to driver’s license revocations and ignition interlock modifications. Programming costs are statutorily appropriated out of the technology account in the special revenue fund.

For More Detail

- [Laws 2025, Ch. 29 – Department of Public Safety DVS Language](#)

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Chapter 33 – Northern Lights Express Cancellation and Hourly School Worker Unemployment Insurance

Chapter 33 reflects a compromise of the 2025 Legislature, in which part of the Minneapolis-Duluth Northern Lights Express (also referred to as NLX) rail project appropriation is canceled in order to cover the majority of the cost of unemployment insurance (UI) for hourly school workers in FY 2026-27. Chapter 33 consists of four short sections.

Section 1 delays the expiration date for [Minnesota Statutes, section 124D.995](#) to June 30, 2028, instead of June 30, 2027, to allow time for all FY 2026-27 UI payments and 10 percent prior year payments to be completed before the expiration.

Section 2 cancels \$77.232 million of the original [Laws 2023, chapter 68](#) \$194.7 million FY 2024 NLX appropriation; the cancellation was effective in FY 2025.

In absence of earmarked funding for hourly school worker UI in FY 2026 through FY 2029 of the February 2025 forecast, the Minnesota Department of Education (MDE) built the assumption into the special education-regular funding forecast that schools would bill their hourly school worker UI costs to special education funding. While schools would not receive 100 percent reimbursement from billing to special education funding like they would from the School Unemployment Aid Program (SUAP) in [Minnesota Statutes, section 124D.995](#), schools would be reimbursed for roughly 80 percent of their costs on a one-year delay. In February 2025 it was unclear if additional funding would be set aside specifically for SUAP. Because chapter 33 earmarks funding for SUAP, the assumption of special education expenditures for school UI no longer applies to FY 2026-27, yielding savings of \$683,000 in FY 2026, \$22.085 million in FY 2027, \$41.926 million in FY 2028, and \$5.466 million in FY 2029. Because chapter 33 was passed separately from the education finance bill, it needed to capture the savings of this interaction. Section 3 therefore reduces the education finance bill special education appropriation by \$22.768 million in FY 2026-27 and reduces the FY 2028-29 base by \$47.392 million.

Section 4 appropriates \$100 million to MDE for transfer to the school unemployment aid account in the special revenue fund, for SUAP. In total, chapter 33 creates savings of \$77.232 million in FY 2025 with net spending of \$77.232 million in FY 2026-27.

Table 35 provides further detail on chapter 33 general fund changes enacted in the 2025 legislative session.

Table 35: NLX & Hourly School Workers UI - Net General Fund Changes

(Dollars in Thousands)

	FY2025	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
Expenditures*							
Northern Lights Express	(77,232)	0	0	0	0	0	0
Special Education Regular	0	(683)	(22,085)	(22,768)	(41,926)	(5,466)	(47,392)
School Worker Unemployment Aid	0	100,000	0	100,000	0	0	0
Total Net Changes	(77,232)	99,317	(22,085)	77,232	(41,926)	(5,466)	(47,392)

*Positive numbers indicate costs and negative numbers (in parentheses) indicate savings.

Abbreviations: NLX is Northern Lights Express; UI is unemployment insurance.

For More Detail

- [Laws 2025, Ch. 33 – School Unemployment Insurance Language](#)

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Chapter 37 – Pensions and Retirement

The pensions and retirement bill, Laws 2025, chapter 37, appropriates a total of \$77.992 million in FY 2026-27 and \$80.588 million in FY 2028-29 for the costs of increased benefits to some public pension plans.

Table 36 provides further detail on the pension bill general fund changes enacted in the 2025 legislative session.

Table 36: Pensions & Retirement - Net General Fund Changes

(Dollars in Thousands)

	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
Expenditures*						
Public Safety Plans Direct Aid	20,000	20,000	40,000	20,000	20,000	40,000
General Education Pension Adjustment	17,098	19,711	36,809	19,650	19,660	39,310
TRA Employer Contributions	569	569	1,138	569	569	1,138
Legislator's Retirement Plan (Pre-1997)	11	34	45	58	82	140
Total Net Changes	37,678	40,314	77,992	40,277	40,311	80,588

*Positive numbers indicate costs and negative numbers (in parentheses) indicate savings.

Abbreviation: TRA is the Teachers Retirement Association.

Major Funding Changes

The following paragraphs provide information on the funding items that were enacted in the pensions bill in the 2025 regular session. For complete fiscal information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) page. Complete details on the 2025 omnibus pension and retirement bill can be found on the [Legislative Commission on Pensions and Retirement's website](#).

Direct Aid for Public Safety Pension Plans

Chapter 37, article 11 provides increased benefits for retired members of the Public Employees Police and Fire Retirement Plan (PERA-PF), and the State Patrol Retirement Plan. Each fiscal year starting in FY 2026, \$20 million is appropriated to cover the costs of increased post-retirement adjustments, also known as cost-of-living adjustments (COLAs).

For the PERA-PF members, the changes include a onetime three percent COLA in calendar year 2026, which then reverts back to a one percent annual COLA in the following years. The COLA for the State Patrol plan is increased from 1 to 1.25 percent.

General Education Pension Adjustment for TRA Benefit Increase

Article 13 of chapter 37 changes the subsidized early retirement benefits for TRA members who reach age 60 with 30 years of service. Prior to the change, members needed to reach 62 years of age to be eligible for the early retirement benefit. In addition, the reduction to a member's age 65 annuity is reduced from six percent to five percent for each year that the annuity start date precedes the normal retirement age of 65.

The improved benefits are partially paid for by increased employer contributions. The impact to school districts is covered by an increase in the pension adjustment revenue at a cost of \$36.809 million for the FY 2026-27 biennium, and \$39.31 million for FY 2028-29. The pension adjustment revenue is part of the General Education Program funding under the jurisdiction of the Education Finance Committee.

State Agency Employer Contributions for TRA Benefit Increase

Article 14 of chapter 37 appropriates \$569,000 in each fiscal year starting in FY 2026 for increased employer contributions made by state agencies with employees covered by TRA.

Minnesota State Retirement System: Legislator's Retirement Plan

Chapter 37 also increases the COLAs for the Minnesota State Retirement System General and Unclassified Plans and the Minnesota Legislator's Plan from 1.5 percent to 1.75 percent. The Legislator's Plan is a closed fund, meaning that benefit payments are paid out of the general fund rather than the MSRS pension fund. This plan only applies to legislators elected before 1997. The cost to the Legislator's Plan is \$45,000 in FY 2026-27 and \$140,000 in FY 2028-29.

For More Detail

- [Laws 2025, Ch. 37 – Pensions and Retirement Language](#)
- [Laws 2025, Ch. 37 – Pensions and Retirement Tracking Sheet](#)
- [Legislative Commission on Pensions and Retirement – Omnibus Bill Summary and Links](#)

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First Special Session, Chapter 12 – Data Centers

First Special Session Laws 2025, chapter 12 establishes environmental and energy regulatory requirements, modifies sales and use tax exemptions, and imposes a fee on a new category of data centers. These changes are estimated to have a net zero non-general fund fiscal impact starting in the FY 2026-27 biennium.

The table below provides further detail on the fiscal impact of data center law changes in chapter 12 enacted in the 2025 special session.

Table 37: Data Centers - Net Non-General Fund Changes

(Dollars in Thousands)

	FY2025	FY2026	FY2027	FY2026-27	FY2028	FY2029	FY2028-29
<u>Expenditures*</u>							
Energy Conservation & Weatherization Programs^	0	2,000	2,000	4,000	2,000	2,000	4,000
Subtotal	0	2,000	2,000	4,000	2,000	2,000	4,000
<u>Revenue*</u>							
Qualified Large-Scale Data Center Fee	0	2,000	2,000	4,000	2,000	2,000	4,000
Subtotal	0	2,000	2,000	4,000	2,000	2,000	4,000
Total Net Changes	0	0	0	0	0	0	0

*In the expenditures section of the table, positive numbers indicate costs. In the revenue section, positive numbers indicate revenue gain.

Operating Adjustments

Chapter 12 fee revenue is deposited into the energy conservation account in the special revenue fund. The fee revenue is statutorily required to be allocated for [specific purposes](#). In addition, fee revenue may be used by the Department of Commerce (Commerce) for administration. Commerce has budgeted an ongoing increase in its operational budget of about \$200,000 starting in FY 2026 with plans to add 1.5 full-time equivalent positions to execute the new request for proposal process and for grants management responsibilities.

Data Center Changes

Qualified data centers and qualified refurbished data centers in Minnesota qualify for sales tax exemptions on enterprise information technology equipment and computer software. Chapter 12 adds large-scale qualified data centers as entities also eligible for sales tax exemptions. To be classified as a large-scale qualified data center, the following criteria must be met by a data center located in Minnesota:

1. It is comprised of one or more buildings connected by fiber and associated equipment that consists of at least 25,000 square feet in one physical location or multiple locations; and

2. It has a total cost of construction or refurbishment, enterprise information technology equipment, and computer software of at least \$250 million in a 60-month period after June 30, 2025.

An annual fee on qualified large-scale data centers is imposed and collected by Commerce. The annual fee structure uses a graduated rate based on a data center's peak demand. The fee starts at \$2 million for 100 megawatts and increases to \$5 million for more than 750 megawatts for peak demand usage. Revenue from the fee is deposited into an energy conservation account in the special revenue fund. If more qualified large-scale data centers are certified, the revenue from this fee will increase.

After Commerce administrative expenditures, the net non-general fund revenue gain from the new fee is estimated to be \$1.8 million each fiscal year starting in FY 2026.¹⁰ Funding from this account is directed to energy conservation and weatherization expenditures authorized in [Minnesota Statutes, sections 216B.2403 and 216B.241](#).

Chapter 12 also modified the sunset for the sales tax exemption for qualified, qualified refurbished, and qualified large-scale data centers to the later of 35 years after the date of the first qualifying purchase, or June 30, 2042. This modification is expected to have a general fund revenue reduction (cost) outside the budget forecast window.

Other Revenue Changes

First Special Session Laws 2025, chapter 13 also contains additional tax law changes to data centers. Please see the [Tax, Property Tax, Aids, and Credits summary](#) for more information about the fiscal impact of these changes.

For More Detail

- [First Special Session Laws 2025, Ch. 12 – Data Centers Language](#)
- [First Special Session Laws 2025, Ch. 13 – Tax Act Language](#)
- [First Special Session Laws 2025, Ch. 13 – Tax Act Tracking Sheet](#)

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¹⁰ Estimates for Commerce administrative expenditures can be found in the [fiscal note](#) for chapter 12.

Glossary

This is an abbreviated glossary of common terms used throughout this publication. For more extensive information on additional terms, please see the [Glossary of Fiscal Terms and Acronyms](#).

Appropriation

Authorization by the legislature to spend money from the state treasury for purposes established in law. Appropriation language typically states: "\$XXX in fiscal year 2025 is appropriated from the general fund to a state agency for a certain purpose." The Minnesota Constitution prohibits payment of money out of the treasury unless authorized by an appropriation.

Direct Appropriation: An appropriation for a specific amount of money, for use only during a specific time period. Most appropriations in omnibus bills are direct appropriations. Appropriations are usually for each year of the biennium; however, legislation occasionally makes single year appropriations available in either year of the biennium.

Statutory Appropriation: An appropriation made in statute (instead of session law) authorizing the ongoing payment out of the treasury for a program. In contrast to direct appropriations, statutory appropriations do not need to be renewed every biennium for funding to continue.

Base

The base level of an appropriation for a budget period is defined in law ([Minnesota Statutes, section 16A.11, subdivision 3, paragraph b](#)) as the amount appropriated for the program in the second year of the previous biennium (for example, the base for FY 2026 is the amount appropriated for FY 2025). A different base may be specified in law.

Biennium

Minnesota has a two-year (biennial) budget period. For example, the FY 2026-27 biennium begins at 12:01 a.m. on July 1, 2025, and ends at midnight June 30, 2027. The legislature appropriates the major portion of the biennial budget in the odd-numbered year session and makes adjustments as needed during the even-numbered years.

Cancellations

Money appropriated but unspent and unencumbered at the end of a biennium or end of the period of time for which the appropriation was made that is canceled or added back to the fund from which it was appropriated.

Carryforward

Money appropriated but unspent that is allowed to continue to be spent in the following biennium or fiscal year and not subject to cancellation. Unless otherwise authorized in statute, carryforward must be authorized by the legislature. The [2025 Budget Rules](#) changed the fiscal tracking of carryforward to indicate that these funds would have otherwise canceled without additional legislative action.

Fiscal Year

The 12-month period on which a budget is based. For the state of Minnesota the fiscal year runs from July 1 to June 30 (state fiscal year 2025 began on July 1, 2024). School district fiscal years

are the same as the state fiscal year. Minnesota county and city fiscal years are the same as the calendar year. The federal fiscal year runs from October 1 to September 30 (federal fiscal year 2025 began on October 1, 2024).

Forecast

Each year in November and February Minnesota Management and Budget (MMB) is required to project state revenues and expenditures based on current law ([Minnesota Statutes, section 16A.103](#)). This prediction is the “forecast” upon which the governor and the legislature base their budget proposals. The state economist uses both national economic forecasting data and Minnesota-specific data. Within the forecast process, the Department of Revenue is required to forecast revenues to be received by school districts, counties, and towns. MMB is also required to submit a debt capacity forecast at the same time as the revenue and expenditure forecast.

General Fund

The largest fund in the state treasury, into which receipts from most major taxes are deposited (e.g., individual and corporate income, sales, cigarette and liquor, etc.). Most of the money in the general fund is not earmarked for specific purposes. The general fund is the major source of funding for education, health care and human services, and other major functions of state government ([Minnesota Statutes, section 16A.54](#)).

Operating Budget and Operating Adjustments

To carry out their functions, agencies incur costs, such as salary and compensation, employer-paid health care and other contributions, information technology, legal services, and rent, as well as other expenditures. Many state agencies have these operating budget costs financed through legislative appropriations. When the legislature enacts changes to these budgets, these changes are often referred to as operating adjustments, which can be either increases or decreases.

Rider

Uncodified language within an omnibus appropriation or budget bill that provides restrictions, directions, or conditions on how allocated funds are to be used and spent. Rider language is often associated with state agency programs but can also apply to entire agencies or specific departments.

Supplemental Budget

Refers to either (1) adjustments to the biennial budget considered in even-numbered years, or (2) changes to the original budget documents submitted by the governor (usually based on revised estimates of forecasted revenues and expenditures).

Tails

Refers to either (1) the future budget effects of any appropriation or revenue provision, or (2) an appropriation, funding formula, or tax expenditure that takes effect in, or carries forward to, a future biennium.

Transfers

(1) A transfer may refer to the legislatively directed movement of money from one fund or account to another. The [2025 Budget Rules](#) clarify that transfers are authorizations to move money from accounts or funds; transfers do not automatically authorize money to leave the state treasury, rather, appropriations are required if transferred funds are to be expended. To reflect this change

to the budget rules, fiscal tracking documents are required to show transfers and appropriations on separate lines.

(2) [Minnesota Statutes, section 16A.285](#), allows agencies to transfer operating funds between programs within the same fund, consistent with legislative intent. Agencies must notify the commissioner of MMB of the transfer, who must in turn notify the chairs of the House Ways and Means Committee and the Senate Finance Committee. Agencies may transfer funds within programs without notifying the legislature, unless language in statute or law prohibits a specific transfer.

Table 38: General Fiscal Acronyms

Acronym	Full Name
EOS	End of Session
FFY	Federal Fiscal year
FTE	Full-Time Equivalent
FY	Fiscal Year
GF	General Fund
HF	House File
MMB	Minnesota Management and Budget
SF	Senate File
SR	Special Revenue Fund
TR-IN	Transfer In
TR-OUT	Transfer Out

Appendix

Table 39: 2025 Regular Session Laws - Major Finance & Revenue Bills

Chapter	Bill	Companion File Number	Fiscal Bill
Chapter 19	SF3196	HF3006	Department of Corrections Deficiency
Chapter 29	HF2130	SF2068	Ignition Interlock & Driver's License Revocations
Chapter 30	SF1959	HF2444	Veterans & Military Affairs
Chapter 32	SF2298	HF2445	Housing Finance & Policy
Chapter 33	HF1143	SF906	Northern Lights Express Cancellation & Hourly School Worker Unemployment Insurance
Chapter 34	HF2446	SF2458	Agriculture Finance & Policy
Chapter 35	HF2432	SF1417	Judiciary Finance & Civil Law & Public Safety Finance and Policy
Chapter 36	HF2563	SF2865	Legacy Finance
Chapter 37	SF2884	HF1889	Pensions
Chapter 39	SF3045	HF2783	State Government Finance & Policy

Table 40: 2025 First Special Session Laws - Major Finance & Revenue Bills

Chapter	Bill	Companion File Number	Fiscal Bill
Chapter 1	SF3	HF8	Environment & Natural Resources Finance & Policy
Chapter 3	HF2	SF6	Children & Families Finance & Policy
Chapter 4	HF4	SF4	Commerce Finance & Policy
Chapter 5	SF1	HF6	Higher Education Finance & Policy
Chapter 6	SF17	HF15	Workforce, Labor, & Economic Development Finance & Policy
Chapter 7	SF2	HF7	Energy Finance & Policy
Chapter 8	HF14	SF18	Transportation Finance & Policy
Chapter 9	HF3	SF7	Health Finance & Policy
Chapter 10	HF5	SF5	Education Finance
Chapter 12	HF16	SF19	Data Center Act
Chapter 13	HF9	SF20	Taxes
Chapter 14	HF17	SF22	Capital Investment – General Fund Spending
Chapter 15	HF18	SF21	Capital Investment – General Obligation Bonding

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