

• 2024 LEGISLATIVE SESSION •

FISCAL DIGEST

A SUMMARY OF ENACTED FISCAL
PROVISIONS



HOUSE FISCAL ANALYSIS DEPARTMENT

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Introduction

The 2024 Legislative Session Fiscal Digest summarizes major enacted fiscal provisions made by the 93rd Legislature in the 2024 session. Minnesota budgets on a biennial basis, enacting the budget in odd-numbered years for the next biennium. During even-year sessions, the legislature can make changes to the budget that was set the previous year – this is the focus of this summary document. The numbers in this document will primarily reflect 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 2024 session enacted most fiscal changes in Fiscal Year (FY) 2025, the second year of the current biennium.

This publication 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 forecast data. The Budget Summary is a high-level analysis of the budget enacted by the 2024 Legislature.

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 the FY 2024-25 and FY 2026-27 biennia. The descriptions of these fiscal impacts, in most instances, are relative to the 2024 February forecast produced by Minnesota Management and Budget (MMB). In addition, 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 2024 fiscal changes by the 2024 forecast base in each subject area.

Additional reference materials are contained in this publication. The [Appendix](#) contains a table describing all enacted fiscal session laws, and the [Glossary](#) contains definitions of the major terms used throughout this report. 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](#).

State Budget Overview

Budget Outlook

The 2024 legislative session was heavily impacted by the previous session. The 2023 legislative session began with an unprecedented budgetary balance in the general fund that was available because of the tumultuous economic effects of the COVID-19 pandemic. Amid much uncertainty, Minnesota’s budget did not experience the negative economic impact that was forecasted at the beginning of the pandemic. The state received large amounts of aid from the federal government, and state revenue streams remained relatively stable. These were some of the factors that resulted in a onetime surplus of \$17.454 billion at the beginning of the 2023 legislative session.

The 2023 Legislature left some of its onetime general fund surplus unspent, and the state continued to have higher than expected revenue. This created a projected positive balance, or surplus, for the 2024 Legislature of \$3.715 billion in the first biennium and \$2.237 billion in the second biennium. In the 2024 February forecast, published by Minnesota Management and Budget (MMB), total revenues were forecast to be \$60.997 billion and total expenditures were forecast to be \$70.535 billion in the first biennium. The beginning balance of \$16.516 billion (shown below in Table 1) was available to mitigate the revenue-expenditure gap, or structural imbalance, when spending levels outpace the estimated revenues. A continuation of this imbalance would have further reduced the available balance, which played a role in the decision of how much additional spending the 2024 Legislature would consider.

The amounts in Table 1 detail the four-year general fund budget outlook based on the 2024 February forecast. The state sets aside funds in a budget reserve and a cash flow account annually. The cash flow account is \$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 2024 February forecast for the budget reserve was \$2.913 billion. The availability of over \$3 billion to the state in case of an emergency or an economic downturn contributes to Minnesota’s AAA bond credit rating.

Table 1: General Fund - 2024 February Forecast
(Dollars in Thousands)

	FY2024-25	FY2026-27
Beginning Balance	16,516,196	6,978,498
Revenue/Resources	60,997,252	64,813,992
Expenditures	70,534,950	66,291,985
Balance Before Reserves	6,978,498	5,500,505
Budget Reserve	2,913,433	2,913,422
Cash Flow	350,000	350,000
Budgetary Balance	3,715,065	2,237,083

Budget Summary: The 2024 Legislature

Typically, finance bills that become law are passed by both the House and Senate in the last few weeks of the legislative session. The bulk of the finance committee work wrapped up at the end of session, with the last day for the passage of bills falling on May 19, 2024. However, there may be reasons for the legislature to act quickly on language, as was the case this year in the education and tax budget areas. Early bills were passed that made changes to laws regarding school resource officers, the state standard deduction, and corporate net operating loss.

For the second year in a row, the House, Senate, and Executive branch agreed to joint budget targets, numbers that drove the final spending amounts in each of the subject areas. The legislature directs spending from the general fund, and the 2024 joint targets were created from the surplus of available general fund dollars. There is also non-general fund spending within the jurisdiction of select finance committees, and any changes made to those funds can be found in the relevant subject area summaries in this document.

The new spending in this supplemental budget year was considerably less than the 2023 budget-setting session. After accounting for revenue changes, the overall impact to the general fund was an increase of \$424.055 million in the FY 2024-25 biennium and \$94.401 million in FY 2026-27, with no changes made to the budget reserve or cash flow account. Much of the spending changes enacted in the FY 2024-25 biennium are limited to onetime or temporary spending. Table 2 shows the enacted changes in both spending and revenue. Inflation is calculated as a percentage of new spending that does not already account for inflation. The 2024 Legislature completed their work with a budgetary balance of \$3.291 billion in FY 2024-25 and \$1.719 billion in FY 2026-27.

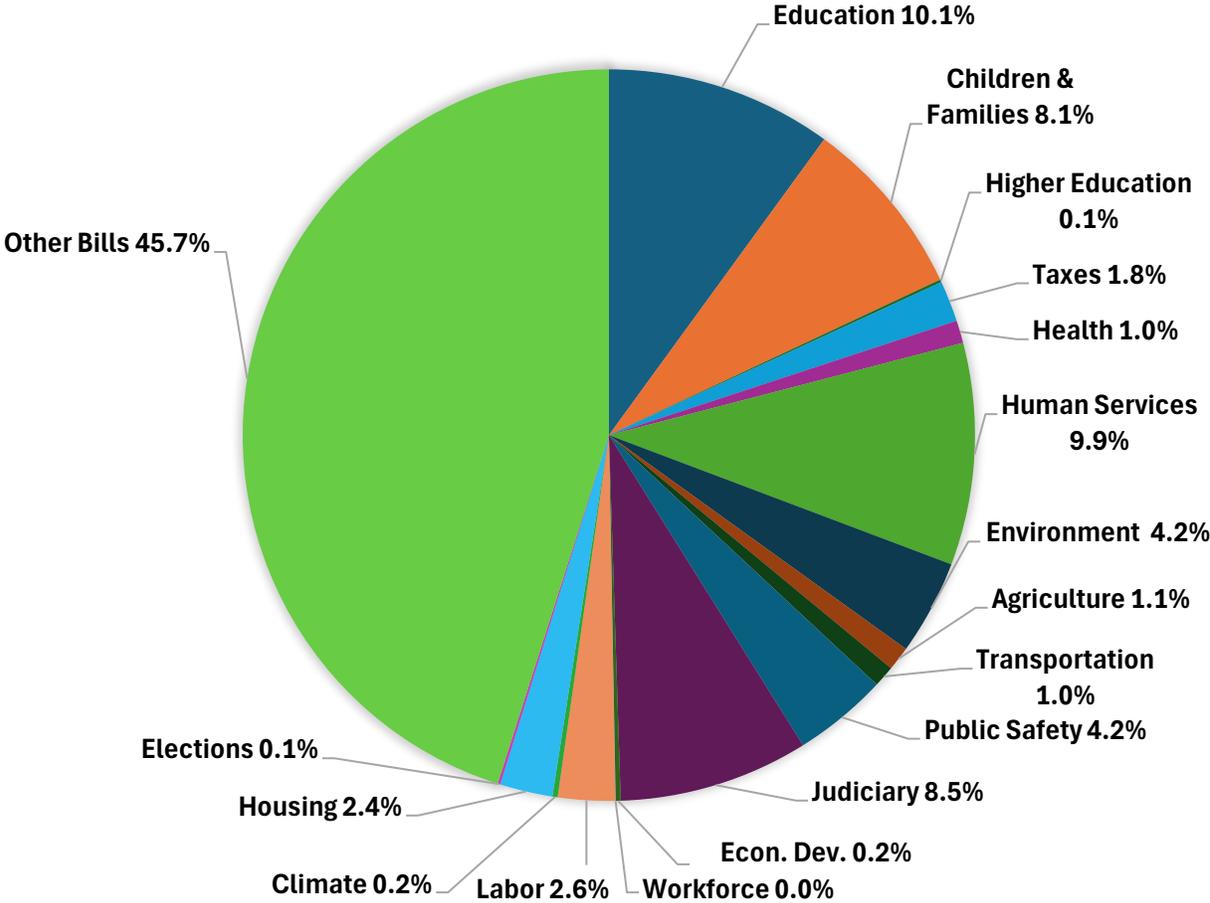
Table 2: 2024 Session Changes to General Fund Budget

(Dollars in Thousands)

	FY2024-25	FY2026-27
Balance Available	3,715,075	1,813,178
Spending Change	415,203	122,247
Additional Inflation	0	3,405
Non-Tax Revenue Change	3,518	35,941
Tax Revenue Change	(12,370)	(4,690)
Net Change	424,055	94,401
Balance After Changes	3,291,020	1,718,777

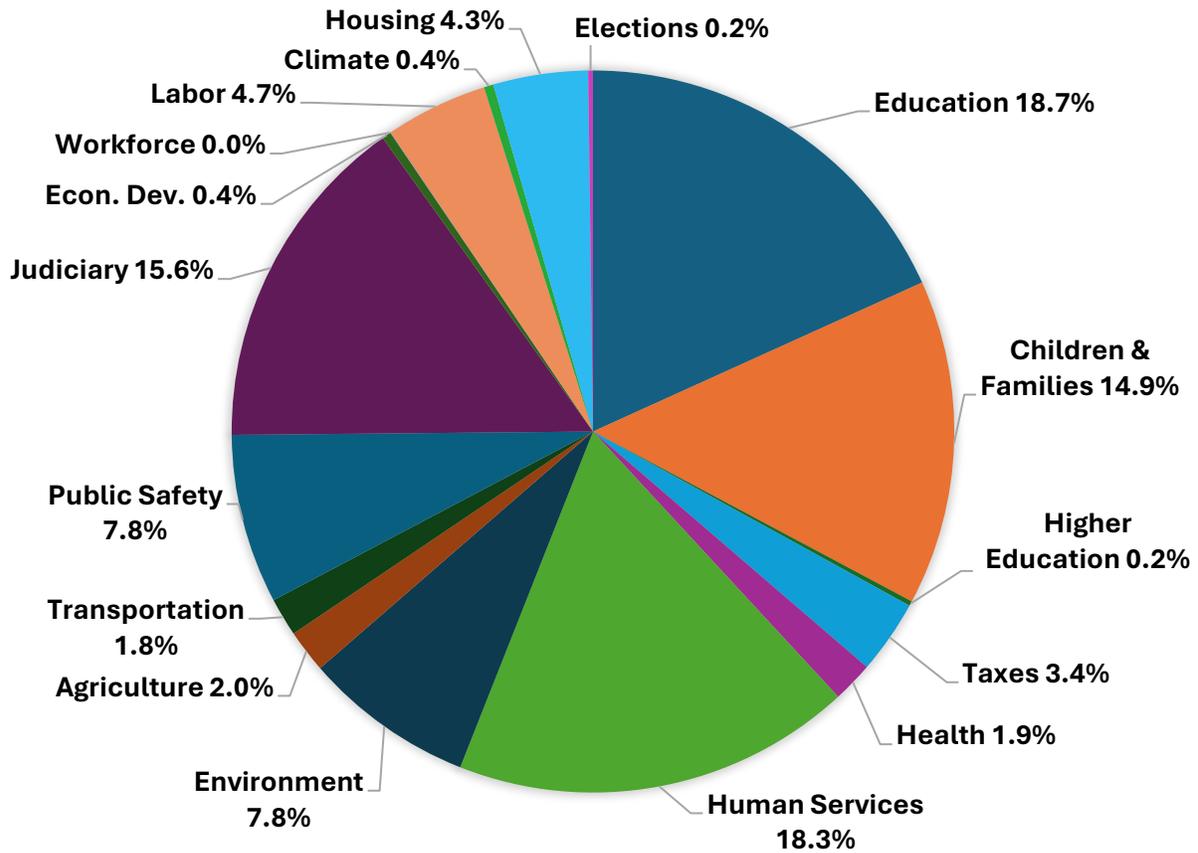
Chart 1 shows the distribution of all FY 2024-25 budget changes. Chart 2 shows the net changes by House finance committee only in the FY 2024-25 biennium. The finance committees that had the highest net spending included education, children and families, human services, and judiciary and public safety. There was no new spending in the state government, veterans, or capital investment subject areas. The Commerce Finance Committee had a negative target.

Chart 1: FY 2024-25 Net General Fund Changes
Total: \$424.055 Million*



* The pie chart reflects total net general fund changes, including other bills. This pie chart does not include the cancellation of \$5.5 million in commerce finance, but this reduction is included in the net general fund changes amount. The summaries in this publication are organized by subject area to reflect the work of tax and finance committees. The Workforce and Economic Development Finance Committees are combined into a jobs finance summary, and judiciary and public safety finance are also combined into one subject area summary.

Chart 2: FY 2024-25 Net General Fund Changes by Finance Committee
Total: \$230.385 Million*



* The pie chart reflects net general fund changes by House finance committee. This pie chart does not include the cancellation of \$5.5 million in commerce finance, but this reduction is included in the net general fund changes amount. The summaries in this publication are organized by subject area to reflect the work of tax and finance committees. The Workforce and Economic Development Finance Committees are combined into a jobs summary, and judiciary and public safety finance are also combined into one subject area summary.

Table 3 shows how the \$424.055 million net change to the general fund was spread out among the various House finance committees, along with individual bills. It also shows the FY 2026-27 change of \$94.401 million. The end of session (EOS) column amounts include the impact of enacted legislation from the 2024 session, and the change from base columns show the difference between the EOS amount and the amounts in the 2024 February forecast. For more information and finance committee spreadsheets, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) website.

Table 3: All Subject Areas - Net General Fund Changes

(Dollars in Thousands)

	EOS FY 2024-25	Change from Base	EOS FY 2026-27	Change from Base
Finance Committee Net Changes				
Agriculture	328,469	4,545	150,682	2,576
Children & Families	2,443,863	34,370	2,453,041	24,772
Climate & Energy	166,554	1,000	45,414	0
Commerce	339,290	(5,500)	157,524	1,736
Economic Development	1,220,136	950	179,190	0
Education	23,903,233	43,000	25,173,929	18,046
Elections	24,292	500	7,663	200
Environment	1,024,376	18,000	414,042	2,000
Health	4,524,993	4,292	4,494,183	4,774
Higher Education	4,194,984	500	3,970,220	0
Housing	1,189,656	10,000	244,411	1,000
Human Services	14,860,403	42,130	16,418,864	14,860
Judiciary	1,407,951	36,000	1,406,768	3,000
Labor & Industry	34,973	10,823	22,356	696
Public Safety	2,195,508	17,900	1,991,975	14,220
State Government	2,234,748	0	1,324,422	0
Taxes, Property Tax, Aids, & Credits	5,489,898	7,782	4,662,844	13,414
Transportation	1,399,402	4,043	457,415	0
Veterans & Military Affairs	391,212	0	314,292	0
Workforce Development	1,032,540	50	116,964	(4,000)
Total Finance Committee Net Changes	68,406,481	230,385	64,006,199	97,294
Debt Service	1,136,805	0	1,349,984	0
Capital Projects	1,242,050	0	211,077	0
Capital Investment Net Change	2,378,855	0	1,561,061	0
Ch. 78 School Resource Officers	640	640	980	980
Ch. 82 Net Operating Loss Correction	14,800	14,800	0	0
Ch. 102 Pensions	31,458	31,458	0	0
Ch. 113 Tyler Settlement	109,000	109,000	(13,814)	(13,814)
Ch. 117 African American Family Preservation	7,772	7,772	6,536	6,536
Ch. 122 Innovation Grants	6,000	6,000	0	0
Ch. 122 Emergency Ambulance Service Aid	24,000	24,000	0	0
Other Bills Total	193,670	193,670	(6,298)	(6,298)
Inflation Adjustment	0	0	3,405	3,405
Totals	70,979,006	424,055	65,564,367	94,401

* Positive numbers indicate costs and negative numbers indicate savings.

Agriculture Finance

The 2024 Legislature made several changes in the agriculture finance area that were signed into law by Governor Tim Walz as articles 1 to 3 in chapter 126 of the 2024 Session Laws. Net general fund changes in the FY 2024-25 biennium totaled \$4.545 million, with net general fund changes in the FY 2026-27 biennium totaling \$2.576 million. These changes reflect a 1.403 percent and 1.739 percent increase from the 2024 February forecast base, respectively.

The table below provides further detail on the agriculture general fund changes enacted in the 2024 legislative session.

Table 4: Agriculture Finance - Net General Fund Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
<u>Appropriations*</u>						
MDA: Protection Services^	50	3,370	3,420	0	0	0
MDA: Marketing and Development	0	0	0	20	20	40
MDA: Value Added Products	(3,775)	4,350	575	1,288	1,288	2,576
MDA: Admin & Financial Assistance	25	300	325	(20)	(20)	(40)
AURI^	225	0	225	0	0	0
Total General Fund Net Changes	(3,475)	8,020	4,545	1,288	1,288	2,576
February Forecast Biennial Base			323,924			148,106
Percent Change from Base			1.403%			1.739%

* Positive numbers indicate costs and negative numbers indicate savings.

^ MDA - Minnesota Department of Agriculture; AURI – Agricultural Utilization Research Institute

The following paragraphs provide information on some of the major funding items that were enacted in the agriculture 2024 supplemental budget, but do not provide detail on all appropriations. For full appropriation information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) website.

Major Funding Changes

Nitrate Treatment and Soil Health

Laws 2024, chapter 126 provides two appropriations to address groundwater nitrate contamination in southeast Minnesota to the Minnesota Department of Agriculture (MDA). The first provision is a onetime general fund increase of \$495,000 in FY 2025 to the soil health financial assistance program established in the 2023 agriculture finance bill. The program provides cost-sharing for the purchase and retrofit of soil health equipment. The program is designed as a competitive reimbursement grant and is available to individual producers, producer groups, and local governments. Additionally, the bill provides a general fund appropriation of \$2.8 million in FY 2025 to address nitrate levels in home drinking water wells located in Dodge, Fillmore, Goodhue, Houston, Mower, Olmsted, Wabasha, and Winona Counties. These funds can be used to provide reverse osmosis to home water nitrate

contamination as well as outreach and technical assistance to homeowners. Funds can also be transferred to the commissioner of health to address private well contamination in specific counties.

Agricultural Growth, Research, and Innovation (AGRI) Program Changes

The legislature made several changes to the AGRI program. The FY 2026-27 appropriation for the program is increased by \$2.576 million. The use of these funds is not specified and will be used by the department to implement the program as described by statute. Specific general fund appropriations for AGRI include a onetime increase to the AGRI farm-to-school program of \$125,000 in FY 2025 to increase the amount of local produce that is purchased by Minnesota school lunch programs. A rider and onetime appropriation of \$225,000 is also included for launching a livestock protection grant program. The grant program allows livestock producers to increase biosecurity measures to combat animal diseases like avian influenza.

The legislature approved a technical change to AGRI that allows the previous FY 2024 AGRI appropriation to be available until FY 2027. AGRI grants sometimes run on a three-year grant cycle, and this change allows the department additional time to maximize the appropriation. This extension is made by cancelling the prior year AGRI appropriation and reappropriating it for a net zero general fund impact.

Agricultural Fertilizer Research and Education Council (AFREC)

Approximately every five years, the legislature can decide whether to extend or discontinue the additional 40-cent tonnage fee assessed on all fertilizer sales. The 40-cent fee generates approximately \$1.27 million per fiscal year and is deposited into the AFREC account in the agricultural fund. The AFREC Council is then tasked with receiving and reviewing project and research proposals related to fertilizer use and effectiveness. Language in Laws 2024, chapter 126 extends the AFREC program and council until the end of FY 2030.

For More Detail

- [Laws 2024, Ch. 126, Arts. 1-3 – Agriculture Language](#)
- [Laws 2024, Ch. 126, Arts. 1-3 – Agriculture Tracking Sheet](#)

Capital Investment

Capital investment bills were not enacted in the 2024 legislative session. Minnesota Management and Budget (MMB) assumes a capital budget, or bonding, bill will be enacted each biennium and builds debt service funding into each forecast at an estimated level of spending. The 2024 February forecast assumed an \$830 million bonding bill, but a bonding bill was not enacted.

Children and Families Finance

The 2024 Legislature passed changes to the children and families budget area in Laws 2024, chapter 115, article 22. Net general fund changes in the FY 2024-25 biennium total \$34.37 million, with net general fund changes in the FY 2026-27 biennium totaling \$24.772 million. These changes reflect a 2.058 percent and 1.291 percent increase from the 2024 February forecast base, respectively.

The table below provides further detail on the children and families general fund changes enacted in the 2024 legislative session.

Table 5: Children and Families Finance - Net General Fund Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
Appropriations*						
Dept. of Education	1,882	1,715	3,597	917	917	1,834
Dept. of Children, Youth, & Families	0	3,279	3,279	7,183	6,833	14,016
Department of Human Services	490	30,348	30,838	10,046	10,046	20,092
Supreme Court	0	1,000	1,000	0	0	0
DHS Federal Reimbursement^	(831)	(1,258)	(2,089)	(2,648)	(2,648)	(5,296)
DCYF Federal Reimbursement^	0	(2,255)	(2,255)	(2,993)	(2,881)	(5,874)
Total General Fund Net Changes	1,541	32,829	34,370	12,505	12,267	24,772
February Forecast Biennial Base^^			1,669,814			1,918,660
Percent Change from Base			2.058%			1.291%

* Positive numbers indicate costs and negative numbers indicate savings.

^ DHS - Department of Human Services; DCYF - Department of Children, Youth, and Families

^^The base shown includes the Children and Families Finance Committee base without the early education portion.

The following paragraphs provide information on some of the major funding items that were enacted in the children and families 2024 supplemental budget, but do not provide detail on all appropriations. For full appropriation information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) website.

Major Funding Changes

Social Services Information System Modernization

Laws 2024, chapter 115, article 22 appropriates \$10 million onetime in FY 2025 to begin replacement of the Social Services Information System (SSIS). This computer system runs over 30 programs related to human services, including child protection. The current system dates to the 1990's and can no longer be updated. The estimated cost for system replacement is \$80 - \$100 million, of which federal reimbursement would pay for approximately half. The department is anticipated to make an additional budget request of between \$30 and \$40 million for the FY 2026-27 biennium.

Summer Electronic Benefits Transfers (EBT)

Laws 2024, chapter 115, article 22 includes funding to extend food aid to students in the summer months via the EBT system. Chapter 115 appropriates \$10.189 million in FY 2024-25 and \$10.324 million in FY 2026-27 to the Department of Human Services and \$3.424 million in FY 2024-25 and \$1.144 million in FY 2026-27 to the Department of Education for implementation.

Childcare

There are several smaller provisions in chapter 115 related to childcare. Net general fund appropriations¹ of \$228,000 in FY 2025 and \$244,000 in FY 2026-27 will develop a weighted risk system for licensed childcare providers. Also included in the childcare area are appropriations of \$500,000 in FY 2025 for grants to coordinate professional development for childcare providers seeking an associate's credential and \$1.125 million onetime in FY 2025 for childcare improvement grants.

Child Protection

Chapter 115 appropriates \$1 million onetime in FY 2025 to the Minnesota Supreme Court to establish a child protection working group. In addition, chapter 115 includes net general fund appropriations of \$275,000 in FY 2025 and \$638,000 in FY 2026-27 to improve the child mortality review panel process. Chapter 115 also contains net general fund appropriations of \$136,000 onetime in FY 2025 for a child maltreatment reporting study and \$550,000 onetime in FY 2025 for grants to support relative care givers.

For More Detail

- [Laws 2024, Ch. 115 – Children and Families Language](#)
- [Laws 2024, Ch. 115, Art. 22 – Children and Families Tracking Sheet](#)

¹ The term “net general fund appropriation” is used in this section to account for the 32 percent savings provided by Federal Financial Participation, federal monies that are used to provide services to eligible individuals in federally authorized programs.

Climate and Energy Finance

Chapter 126, articles 4 to 9 are the climate and energy policy and supplemental finance provisions of the 2024 Session Laws. The enacted changes result in a \$2.605 million increase in general fund spending in the FY 2024-25 biennium and \$5.909 million in increased spending in the FY 2026-27 biennium. With the revenue from provisions allowing for rate recovery, the net general fund impact is \$1 million in FY 2025. The percent increase over the February 2024 forecast base spending is 0.604 percent. This 2024 supplemental budget spending also includes \$15.45 million of renewable development fund spending.

The table below provides further detail on the climate and energy general fund changes enacted in the 2024 legislative session.

Table 6: Climate and Energy Finance - Net General Fund Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
Appropriations*						
Energy Resources Division	0	2,333	2,333	2,665	2,665	5,330
Public Utilities Commission	0	272	272	345	234	579
Subtotal	0	2,605	2,605	3,010	2,899	5,909
Revenue*						
Energy Resources Division	0	1,450	1,450	2,822	2,822	5,644
Public Utilities Commission	0	155	155	188	77	265
Subtotal	0	1,605	1,605	3,010	2,899	5,909
Total General Fund Net Changes	0	1,000	1,000	0	0	0
February Forecast Biennial Base			165,554			45,414
Percent Change from Base			0.604%			0%

* In the appropriations 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 following paragraphs provide information on some of the major funding items that were enacted in the climate and energy 2024 supplemental budget, but do not provide detail on all appropriations. For full appropriation information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) website.

Major Funding Changes

Permit Reform Adds Funding for Administration

Article 7 of chapter 126 is the Minnesota Energy Infrastructure Permitting Act, which includes policy changes with fiscal implications. First, environmental analysis of large energy infrastructure duties is transferred from the Department of Commerce to the Public Utilities Commission (PUC) beginning

July 1, 2025, using Minnesota Statutes, section 15.039, subdivision 6. Next, there is a \$5,000 appropriation from the general fund in FY 2025 to the PUC for the administrative costs of rulemaking. Finally, there is a general fund appropriation in FY 2025 of \$1.2 million with a base in FY 2026 and each year thereafter of \$2.4 million to the Department of Commerce for routing and siting proceedings and intervention at the PUC (rate recoverable fiscal activity).

Table 7: Climate and Energy Finance - Net Special Revenue Fund Changes
(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
<u>Appropriations*</u>						
Public Utilities Commission - Permit Reform	0	0	0	2,500	2,500	5,000
Public Utilities Commission - Interconnection Ombudsperson	0	155	155	155	155	310
Subtotal	0	155	155	2,655	2,655	5,310
<u>Revenue*</u>						
Public Utilities Commission - Permit Reform	0	0	0	2,500	2,500	5,000
Public Utilities Commission - Interconnection Ombudsperson	0	155	155	155	155	310
Subtotal	0	155	155	2,655	2,655	5,310
Total Net Changes	0	0	0	0	0	0

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

Public Utilities Commission Activities Funded

The 2024 supplemental climate and energy budget adds several activities under the PUC. First is the deployment of a thermal energy work group to examine opportunities and barriers to deploy thermal energy networks. The funding for this work group includes a general fund appropriation of \$39,000 in FY 2025 and a general fund base of \$77,000 in FY 2026. Next, the PUC received general fund appropriations of \$117,000 in FY 2025 and \$157,000 in both FY 2026 and FY 2027 for reviewing grid enhancing technologies plans. Chapter 126, article 6 defines grid enhancing technology as hardware or software that reduces congestion or enhances the flexibility of the transmission system by increasing the capacity of a high-voltage transmission line or rerouting electricity from overloaded to uncongested lines, while maintaining industry safety standards. The PUC is charged with reviewing plans proposed by some state utility companies, and the Department of Commerce received an appropriation to represent public interest in providing feedback on these proposals.

Finally, the PUC received \$111,000 in FY 2025 and a base of \$111,000 in FY 2026 and \$77,000 in FY 2027 for docket proceedings for interconnection standards. The latter appropriations to the PUC are rate recoverable. Rate recovery allows costs to be recovered from assessments to utilities under Minnesota Statutes, section 216B.62.

Funding for Renewable Development Account Projects

There are several new projects in the supplemental budget bill that received onetime funding in FY 2025 from the renewable development account. These projects include \$6 million to Sabathani Community Center to install a geothermal energy system, \$1.2 million to the Department of Commerce to administer a geothermal energy system grant program, and \$5 million to fund an anaerobic digester energy system in the state of Minnesota. Additionally, the Department of Commerce received \$1.5 million to award incentives to local units of government that deploy federally developed software to automate the review of applications and issuance of permits for residential solar projects. Finally, there was \$250,000 appropriated to an ultra-efficient vehicle development grant program and \$1 million to the PUC for suitability review of carbon pipelines. This new spending represents a 17.186 percent increase over the 2024 February forecast base for this non-general fund account.

Table 8: Climate and Energy Finance - Net Renewable Development Account Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
<u>Appropriations*</u>						
Commerce Department	0	14,450	14,450	0	0	0
Public Utilities Commission	0	1,000	1,000	0	0	0
Net Total Changes	0	15,450	15,450	0	0	0
February Forecast Biennial Base			89,900			9,784
Percent Change from Base			17.186%			0%

* Positive numbers indicate costs.

For More Detail

- [Laws 2024, Ch. 126, Arts. 4-9 – Climate and Energy Language](#)
- [Laws 2024, Ch. 126, Arts. 4-9 – Climate and Energy Tracking Sheet](#)

Commerce Finance

Chapter 121 of the 2024 Session Laws details the Department of Commerce and Office of Cannabis Management (OCM) supplemental budget with a net general fund impact of \$5.5 million cost savings in the FY 2024-25 biennium. The 2024 February forecast base for this area totaled \$344.297 million, and the impacts of the chapter 121 changes result in a 1.597 percent cost savings to the general fund. Chapter 121 increases spending in FY 2026-2027 by \$1.736 million.

The table below provides further detail on the commerce general fund changes enacted in the 2024 legislative session.

Table 9: Commerce Finance - Net General Fund Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
Appropriations*						
Department of Commerce	0	28	28	75	75	150
Office of Cannabis Management	(5,500)	(2,252)	(7,752)	(4,178)	(4,114)	(8,292)
Department of Health	0	2,252	2,252	4,178	4,114	8,292
Attorney General	0	0	0	941	701	1,642
Subtotal	(5,500)	28	(5,472)	1,016	776	1,792
Revenue*						
Department of Commerce	0	28	28	28	28	56
Subtotal	0	28	28	28	28	56
Total General Fund Net Changes	(5,500)	0	(5,500)	988	748	1,736
February Forecast Biennial Base			344,297			155,788
Percent Change from Base			(1.597)%			1.114%

* In the appropriations section of the table, positive numbers indicate costs and negative numbers 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 the commerce and OCM 2024 supplemental budget, but do not provide detail on all appropriations. For full appropriation information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) website.

Major Funding Changes

Substantial Changes in Cannabis Program Funding

The 2023 legislative session established the Office of Cannabis Management (OCM) under Minnesota Statutes, chapter 342 and funded many new programs related to the legalization of cannabis between the new office and the Department of Health (MDH). The 2024 legislative session made several changes to the funding structure set forth in 2023. These funding changes largely

originated from the agencies and were included in the Governor's supplemental budget recommendations.

Chapter 121 moves the substance use treatment, recovery, and prevention grant program from OCM to MDH. This budget-neutral modification to 2023 legislation includes a cancellation of \$5.5 million in FY 2024 to OCM and an ongoing appropriation of \$5.5 million to MDH, starting in FY 2025.

Subsequent changes described in this session law chapter move funding from MDH to OCM. An appropriation in FY 2025 for product testing regulated under Minnesota Statutes, section 151.72 and Minnesota Statutes, chapter 342 is moved from MDH to OCM. A new reference lab is established at OCM from a reduction in MDH funding for cannabis education programming for youth and pregnant and breastfeeding individuals, starting in FY 2025. Additionally, a onetime FY 2025 appropriation for hemp-derived enforcement responsibility is moved from MDH to OCM. Finally, the entire medical cannabis operation is moved from MDH to OCM with general fund and special revenue fund appropriation changes made in FY 2025.

Consumer Data Privacy Enforcement Funded

A new consumer protection provision is established in chapter 121 and takes effect July 31, 2025. The base increase for the next biennium to the attorney general is \$941,000 in FY 2026 and \$701,000 in FY 2027 to monitor and enforce the Minnesota Consumer Data Privacy Act under Minnesota Statutes, chapter 325O.

Licensing Requirements for Scrap Metal Copper Sales

Beginning January 1, 2025, a person is required to hold a valid license to engage in the sale of scrap metal copper at a cost of \$250 for an initial application and subsequent annual renewal. This policy change has a revenue gain of an estimated \$28,000 starting in FY 2025 and an equivalent expenditure for enforcement, resulting in a net neutral impact on the general fund.

A final statement on additional commerce changes; below is a table showing the supplemental budget bill changes to the special revenue fund. This reflects an assessment increase on insurers in the state to be deposited into the insurance fraud prevention account, starting in FY 2025. This account, and its corresponding expenditures, is used by the Commerce Fraud Bureau to investigate and enforce insurance fraud, resulting in a net neutral impact on the special revenue fund.

Table 10: Commerce Finance - Net Special Revenue Fund Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
Appropriations*						
Commerce Fraud Bureau	0	1,850	1,850	1,850	1,850	3,700
Subtotal	0	1,850	1,850	1,850	1,850	3,700
Revenue						
Commerce Fraud Bureau	0	1,850	1,850	1,850	1,850	3,700
Subtotal	0	1,850	1,850	1,850	1,850	3,700
Total Net Changes	0	0	0	0	0	0

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

Other Funding

Commerce spending was also enacted in other chapters of session law. Please see the transportation finance summary for additional information.

For More Detail

- [Laws 2024, Ch. 121 – Commerce Language](#)
- [Laws 2024, Ch. 121 – Commerce Tracking Sheet](#)

Education Finance

The 2024 Legislature made a variety of changes in the education finance area that were signed into law by Governor Tim Walz as articles 1 to 11 in chapter 115 of the 2024 Session Laws. Net general fund changes in the FY 2024-25 biennium total \$43 million, with net general fund changes in the FY 2026-27 biennium totaling \$18.046 million. These changes reflect a 0.176 percent and 0.07 percent increase from the 2024 February forecast base, respectively.

The table below provides further detail on the education general fund changes enacted in the 2024 legislative session.

Table 11: Education Finance - Net General Fund Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
<u>Appropriations*</u>						
General Education	0	40,019	40,019	10,428	7,325	17,753
Education Excellence	0	1,706	1,706	34	0	34
Read Act	0	37,225	37,225	0	0	0
Teachers	0	9,173	9,173	50	0	50
American Indian Education	0	40	40	0	0	0
Charter Schools	0	328	328	37	0	37
Special Education	0	1,041	1,041	146	0	146
Facilities	0	235	235	26	0	26
Nutrition & Libraries	0	1,112	1,112	[130]	[130]	[260]
State Agencies	0	2,961	2,961	0	0	0
Windom School District	(840)	0	(840)	0	0	0
Onetime Aid	(840)	0	(840)	0	0	0
VPK Reserve Reduction	0	(50,000)	(50,000)	0	0	0
Total General Fund Net Changes	(840)	43,840	43,000	10,721	7,325	18,046
February Forecast Biennial Base^			24,500,389			25,600,173
Percent Change from Base			0.176%			0.07%

* Positive numbers indicate costs and negative numbers indicate savings. Brackets indicate that funds are carved out of a larger amount of funding and therefore do not impact committee targets. In this instance, funds are carved out of preexisting library funding.

^ The base shown is the combined value of the Education Finance Committee base and the early education portion of the Children and Families Finance Committee base.

The following paragraphs provide information on some of the major funding items that were enacted within the early education and K-12 education 2024 supplemental budget, but do not provide detail on all appropriations. For full appropriation information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) website.

Major Funding Changes

Voluntary Prekindergarten (VPK) Program Changes

In Laws 2023, chapter 55, the 2023 Legislature established a \$50 million voluntary prekindergarten reserve to be allocated towards 3,000 VPK seats by the 2024 Legislature. The 2024 Legislature revised the number of seats that would be feasible with the funds and with the number of ongoing seats in FY 2026 and FY 2027 and determined that the program could add an additional 5,200 seats in FY 2025 for less than \$50 million: \$37.996 million in FY 2025 and \$4.128 million in FY 2026. This brought the number of seats to 12,360, on par with the ongoing number of seats previously established for FY 2026-27. The net change in voluntary prekindergarten funding, with the cancellation of the FY 2024 reserve and only partial reallocation thereof, is a savings of \$12.004 million in FY 2025 and a cost of \$4.128 million in FY 2026.

The table below shows how the number of VPK seats established in statute has changed in recent years:

Table 12: Voluntary Prekindergarten - Change in Number of Seats

	FY2024	FY2025	FY2026	FY2027	FY2028	FY2029
Seats before Laws 2023, Ch 55	3,160	3,160	3,160	3,160	3,160	3,160
Seats after Laws 2023, Ch 55	7,160	7,160	12,360	12,360	12,360	12,360
Seats after Laws 2024, Ch 115	7,160	12,360	12,360	12,360	12,360	12,360

Changes to the number of seats established in statute for the VPK program trigger changes to multiple education funding formulas and a variety of property tax levies. Because changes to this program were made under the purview of the Education Finance Committee and not the tax committees, any changes made to property tax levies had to be offset with state aid. In total, \$4.72 million of the FY 2025 state aid and \$524,000 of the FY 2026 state aid went toward property tax offsets.

Read Act Supplemental Funding

The 2024 Legislature decided to appropriate additional funds to various Read Act components after evaluating Read Act program performance in FY 2024. The supplemental funding in chapter 115 goes toward additional teacher training and development, training for paraprofessionals and volunteers, culturally responsive materials, and a working group focusing on reading strategies for those who cannot use sound-based learning. In all, chapter 115 appropriates an additional \$37.225 million in FY 2025 for Read Act activities, increasing the total FY 2024-25 biennium funding for the Read Act to \$111.875 million. This represents a 49.866 percent increase in FY 2024-25 Read Act funding.

In addition to appropriating new funds, chapter 115 also establishes a new funding mechanism for the distribution of the existing \$35 million Read Act appropriation in FY 2024. Article 3, section 4 redefines the previous “curriculum and intervention materials reimbursement” funds from Laws 2023 as “literacy aid” and establishes an aid amount of the greater of \$2,000 or \$39.94 times the

number of students served by the local education agency (LEA). Under this formula, the \$35 million in aid is 100 percent payable in FY 2025.

Student Teaching Stipend Pilot Program

The 2024 Legislature established the student teaching stipend pilot program for the 2024-2025 school year only, appropriating \$6.543 million in FY 2025 with availability through FY 2026. The money is appropriated to the Professional Educator Licensing and Standards Board (PELSB) for transfer to the following teacher preparation programs: St. Cloud State University; Bemidji State University; Minnesota State University, Mankato; Winona State University; Fond du Lac Tribal and Community College; University of Minnesota-Duluth; the University of Minnesota-Crookston; and Augsburg University. Each program will award each of their students placed in a student teacher assignment a stipend in the same amount. Stipends are estimated to be roughly \$7,000 per student teacher placed. PELSB must develop and administer a survey to participants and then submit a report to the 2025 Legislature on the outcome of the pilot program after each semester.

Student Attendance Pilot Program

To improve student attendance and streamline attendance data and reporting, the 2024 Legislature appropriated \$4.687 million for the new student attendance pilot program. Minneapolis Special School District #1, which has already been administering an attendance program, “We Want You Back,” will lead the program. The participating Independent School Districts (ISDs) are: Columbia Heights, #13; Red Lake, #38; Sauk Rapids-Rice, #47; Mankato, #77; Moorhead, #152; Cook County, #166; Windom, #177; Burnsville, #191; Rochester, #535; Northfield, #659; and Chisholm, #695. Aid payments must be paid 100 percent to school districts in FY 2025, but districts may use the funds in the 2024-25, 2025-26, and 2026-27 school years.

Other Funding

Education spending was also enacted in other chapters of session law. Please see the judiciary and public safety and “Other Bills” summaries for additional information.

For More Detail

- [Laws 2024, Ch. 115 – Education Finance Language](#)
- [Laws 2024, Ch. 115 – Education Finance Tracking Sheet](#)
- [Laws 2024, Ch. 115 – Levy Spreadsheet](#)

Elections Finance

The 2024 elections supplemental finance bill (Minnesota Laws 2024, chapter 112) has a net general fund impact of \$500,000 in the FY 2024-25 biennium and tails of \$200,000 for the FY 2026-27 biennium. These appropriations indicate a 2.102 percent increase over the FY 2024-25 biennial base, and 2.68 percent over the FY 2026-27 biennial base.

The table below provides further detail on the elections finance general fund changes enacted in the 2024 legislative session.

Table 13: Elections Finance - Net General Fund Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
Appropriations*						
Secretary of State						
VOTER Account Increase^	1,750	1,836	3,586	1,750	1,750	3,500
Campus Polling Locations	0	200	200	40	110	150
Voting Equipment Grant (VEGA)^	0	(750)	(750)	(750)	(750)	(1,500)
Dropbox Grants Eliminated	(1,000)	(1,000)	(2,000)	(1,000)	(1,000)	(2,000)
Campaign Finance Board						
Candidate Reporting Requirements	0	20	20	0	0	0
Campaign Treasurer Training	0	50	50	0	0	0
Voter Rights Act Cost Sharing Transfer	0	144	144	25	25	50
Subtotal	750	500	1,250	65	135	200
Revenue*						
VEGA Transfer to VOTER	750	0	750	0	0	0
Subtotal	750	0	750	0	0	0
Total General Fund Net Changes	0	500	500	65	135	200
February Forecast Biennial Base			23,792			7,463
Percent Change from Base			2.102%			2.68%

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

^ VOTER - voting operations, technology, & election resources account; VEGA – voter equipment grants account

The following paragraphs provide information on some of the major funding items that were enacted in the elections finance 2024 supplemental budget, but do not provide detail on all appropriations. For full appropriation information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) website.

Major Funding Changes

Voting Operations, Technology, & Election Resources (VOTER) Account

Chapter 112 increases funding for the VOTER account through a combination of a new general fund appropriation, reallocation of previous appropriations, and a transfer from a special revenue account. The VOTER account was created in the 2023 legislative session with a \$1.25 million annual appropriation. The VOTER account is intended to provide funds for local governments for specific election costs.

Chapter 112 increases the direct appropriation to the VOTER account by \$86,000 in FY 2025 only. New, ongoing funding increases are added through transfers from two existing election related accounts: 1) the voter equipment grants account (VEGA), an account in the special revenue fund, and 2) general fund funds originally allocated for drop box grants to local governments. Table 14 shows the total funding for the VOTER account after the 2024 session.

Table 14: VOTER Account Total Funding
(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
Appropriations*						
2023 VOTER Appropriation to OSS^	1,250	1,250	2,500	1,250	1,250	2,500
VEGA Account Reallocation^	750	750	1,500	750	750	1,500
Dropbox Grants Reallocation	1,000	1,000	2,000	1,000	1,000	2,000
New Onetime Appropriation	0	86	86	0	0	0
Total All Funds:	3,000	3,086	6,086	3,000	3,000	6,000

* Positive numbers indicate costs.
^ VOTER - voting operations, technology, & election resources account; VEGA – voter equipment grants account; OSS – Office of the Secretary of State

Office of the Secretary of State (OSS) Appropriations

Two other funding changes were made to the OSS totaling \$344,000 in FY 2025 and \$200,000 for the FY 2026-27 biennium. Funding to reimburse local governments for the costs of pop-up polling sites at post-secondary institutions was provided at \$200,000 in FY 2025 and \$150,000 for FY 2026-27 from the general fund.

The law includes a \$144,000 general fund transfer in FY 2025 to the new Voting Rights Act cost sharing account in the special revenue fund. Funds in this account will be used to reimburse political subdivisions for pre-suit notice cost sharing expenses as specified in article 3, section 6, subdivision 5 of chapter 112. This article establishes the Minnesota Voting Rights Act. The act establishes prohibitions on conduct by political subdivisions or other government entities that could be considered voter suppression or dilution of the vote of a protected class.

Campaign Finance Board Changes

\$70,000 in onetime funding in FY 2025 is provided for two initiatives: \$50,000 to develop online training capabilities for campaign treasurers, and \$20,000 to implement new campaign finance reporting requirements for local candidates.

For More Detail

- [Laws 2024, Ch. 112 – Elections Finance Language](#)
- [Laws 2024, Ch. 112 – Elections Finance Tracking Sheet](#)

Environment and Natural Resources Finance

Minnesota Laws 2024, chapter 116 appropriates money to the Pollution Control Agency (PCA), Department of Natural Resources (DNR), Board of Water and Soil Resources (BWSR), Metropolitan Council Parks (METC), and the Zoological Board. Total general fund appropriations are increased by \$18 million over the FY 2024-25 base, or an increase of 1.789 percent. General fund appropriations for the FY 2026-27 biennium are increased by \$2 million, or an increase of 0.488 percent. Additionally, appropriations are made from the environmental fund, the game and fish fund, the natural resources fund, and the special revenue fund. Increased appropriations from these funds total \$30.662 million in both direct and statutory appropriations for the FY 2024-25 biennium. These non-general fund appropriations are partially offset by \$5.962 million in revenue changes. The total non-general fund changes for the FY 2026-27 biennium are \$18.101 million and have associated revenue increases of \$9.386 million.

The table below provides further detail on the environment and natural resources finance general fund changes enacted in the 2024 legislative session.

Table 15: Environment and Natural Resources Finance - Net General Fund Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
<u>Appropriations*</u>						
Pollution Control Agency	0	7,043	7,043	0	0	0
Natural Resources Department	0	4,382	4,382	0	0	0
Public Water Inventory Mapping	0	1,000	1,000	1,000	1,000	2,000
Board of Water and Soil Resources	0	1,950	1,950	0	0	0
Metropolitan Council Parks	0	3,625	3,625	0	0	0
Total General Fund Net Changes	0	18,000	18,000	1,000	1,000	2,000
February Forecast Biennial Base			1,006,376			410,042
Percent Change from Base			1.789%			0.488%

* Positive numbers indicate costs.

The following paragraphs provide information on some of the major funding items that were enacted in the environment and natural resources finance 2024 supplemental budget, but do not provide detail on all appropriations. For full appropriation information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) website.

Major Funding Changes

Legal Costs

The DNR and PCA have received general fund appropriations for legal costs several times over the past decade. These appropriations have all been onetime including those made in 2019 and 2021. Past appropriations have had extended availability, legislatively enacted extensions, and

cancellations and reappropriations of the money. Onetime appropriations in chapter 116 for FY 2025 include \$5.5 million and \$1.3 million from the general fund for the PCA and DNR respectively. In the past, these appropriations have been used for a number of large ongoing lawsuits and have not been built into the base budget for the agencies.

Additionally, \$525,000 per year starting in FY 2025 is appropriated from the environmental fund for the PCA to support legal services related to industrial compliance programs. This is the first time appropriations have been made on an ongoing basis for legal costs specifically. However, agencies are able to use other appropriations and existing funding for similar legal services.

Due to the increased budget requests in both frequency and dollar amounts for legal costs, chapter 116 adds a report requirement in order to develop a statewide funding strategy. The report requires the DNR to work with the commissioners of the PCA, Minnesota Management and Budget (MMB), and other agencies that incur significant litigation-related expenses. The report should consider the unpredictable and outsized effects that major litigation can have on individual agency budgets.

Tree Planting

Six onetime appropriations totaling \$12.038 million in FY 2025 are for tree planting in state parks and grants to other governmental units. These appropriations are to the DNR, METC, and the Zoological Board and are from the general fund, as well as dedicated accounts within the game and fish fund and natural resources fund. These funds are meant to increase the number of and diversify the tree species being planted in communities around the state. There has been a growing interest and need for funding since emerald ash borer was first discovered in Minnesota in 2009 and continues to spread across the state. Ash trees make up as much as 60 percent of the tree cover in some communities and are commonly found across the state.

Appropriations in FY 2025 to the DNR are from the state parks lottery-in-lieu account for \$2 million for tree planting in state parks, and \$5 million is from the heritage enhancement account in the game and fish fund to administer a community grant program. Appropriations to the METC include \$3.188 million from the general fund for community tree planting grants and \$1.4 million from the metropolitan parks and trails lottery-in-lieu account for tree planting in parks. Finally, \$150,000 is appropriated from the dedicated lottery-in-lieu account in FY 2025 for each of the three zoos (Minnesota Zoo, Duluth Zoo, and Como Zoo) for tree planting.

Public Waters Inventory Maps

A general fund statutory appropriation of \$1 million per year for eight years starting in FY 2025 is for the DNR to update the public waters inventory maps. The maps were last updated in the 1980s through legislation that was passed in Laws 1979, chapter 199. The maps are based on the definitions of public waters found in Minnesota Statutes, section 103G.005. Chapter 116 adds language to the statute to clarify that public waters are not exclusively determined by the inclusion or exclusion from the public waters inventory, with this change effective July 1, 2027. The appropriation and statutory clarification are related to a 2022 Minnesota Supreme Court case centered on Limbo Creek in Renville County. This case dealt with a water body that the court affirmed met the statutory definition of public water but was not on the public waters inventory maps.

Packaging Waste and Cost Reduction Act

A statutory fee and expenditure are created in the special revenue fund to implement the Packaging Waste and Cost Reduction Act. Both revenues and expenditures are anticipated to be approximately

\$1.8 million in the first year (FY 2025), decreasing to approximately \$1.3 million by FY 2027, resulting in a net zero impact each fiscal year. The act requires producers to implement and finance a statewide program to reduce the environmental and health impacts of packaging through redesign, waste reduction, reuse, and composting. The act also requires the creation of a producer responsibility organization, which would collect fees from producers to cover a variety of activities, including the registration fee with the PCA. This act has a number of deadlines over the next eight years for producers and the producer responsibility organization. These deadlines culminate in 2032 when producers are no longer allowed to introduce covered materials (as defined in Minnesota Statutes, chapter 115A) unless covered services are provided for in a stewardship plan. By 2032, the PCA is also required to contract for studies on the workplace conditions and equity of facilities operating in the state and the contribution of covered materials to litter and pollution in the state.

Table 16: Environment and Natural Resources Finance - Net Non-General Fund Changes

(Dollars in Thousands)

	Fund [^]	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
<u>Appropriations*</u>							
Pollution Control Agency	ENV	0	7,815	7,815	4,742	4,742	9,484
	SR	0	2,019	2,019	1,863	1,519	3,382
Natural Resources Department	NR	768	8,496	9,264	182	182	364
	G&F	0	8,137	8,137	1,475	1,476	2,951
	PS	0	417	417	0	0	0
Board of Water and Soil Resources	SR	0	960	960	960	960	1,920
Metropolitan Council Parks	NR	0	1,900	1,900	0	0	0
Zoological Board	NR	0	150	150	0	0	0
Subtotal		768	29,894	30,662	9,222	8,879	18,101
<u>Revenue*</u>							
Pollution Control Agency	ENV	0	2,975	2,975	2,625	2,625	5,250
	SR	0	2,019	2,019	1,863	1,519	3,382
Natural Resources Department	NR	0	412	412	145	122	267
	G&F	0	(1,054)	(1,054)	(1,053)	(1,051)	(2,104)
	PS	0	650	650	0	0	0
Board of Water and Soil Resources	SR	0	960	960	960	960	1,920
Subtotal		0	5,962	5,962	4,540	4,175	8,715

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

[^] ENV – environmental fund; SR – special revenue fund; NR – natural resources fund; G&F – game and fish fund; PS – permanent school fund

Other Funding

Environment and natural resources spending was also enacted in other chapters of session law. Please see the property tax, aids, and credits, and “Other Bills” summaries for additional information.

For More Detail

- [Laws 2024, Ch. 116 – Environment and Natural Resources Language](#)
- [Laws 2024, Ch. 116 – Environment and Natural Resources Tracking Sheet](#)

Environment and Natural Resources Trust Fund

The environment and natural resources trust fund was originally established through a constitutional amendment that was passed by voters in 1988. Annually, 40 percent of the net proceeds from any state-operated lottery are deposited into the fund, with up to 5.5 percent of the corpus available for appropriation in each fiscal year. For FY 2025, \$79.644 million was available and appropriated from the fund in the 2024 legislative session. Recommendations for the funding are made on an annual basis through the Legislative-Citizen Commission on Minnesota Resources. The legislature did not make any changes to the recommendations for FY 2025, but in the past this has not always been the case. There were 101 onetime FY 2025 appropriations included in Laws 2024, chapter 83.

The table below provides further detail on the environment and natural resources fund changes enacted in the 2024 legislative session.

Table 17: Environment and Natural Resources Trust Fund - Net Fund Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25
<u>Appropriations*</u>			
Foundational Natural Resource Date and Information	0	14,993	14,993
Water Resources	0	6,924	6,924
Environmental Education	0	11,262	11,262
Aquatic and Terrestrial Invasive Species	0	8,304	8,304
Air Quality, Climate Change, and Renewable Energy	0	4,833	4,833
Methods to Protect, Restore, and Enhance Land, Water and Habitat	0	10,910	10,910
Land Acquisition, Habitat, and Recreation	0	20,322	20,322
Administration	0	2,096	2,096
Total Net Changes	0	79,644	79,644

* Positive numbers indicate costs.

For More Detail

- [Laws 2024, Ch. 83 – Environment and Natural Resources Trust Fund Language](#)
- [Laws 2024, Ch. 83 – Environment and Natural Resources Trust Fund Tracking Sheet](#)

Health and Human Services Finance

Laws 2024, chapter 127, articles 54 to 67 made many funding and policy changes to the Department of Human Services, the Department of Health, the Board of Pharmacy, the Rare Disease Advisory Council, MNsure, the Department of Management and Budget, the Department of Commerce, and the attorney general. Total net general fund spending increased by \$4.292 million in FY 2024-25 and \$4.775 million in FY 2026-27.

The table below provides further detail on the health and human services general fund changes enacted in the 2024 legislative session.

Table 18: Health and Human Services Finance - Net General Fund Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
Appropriations*						
Health Care	0	4,881	4,881	7,540	12,041	19,581
Pharmacists	0	1,048	1,048	1,300	950	2,250
Mental Health	(11,768)	31,455	19,687	3,804	4,168	7,972
Cancellations	(13,621)	(9,125)	(22,746)	(16,674)	(7,674)	(24,348)
Legal Costs	1,500	0	1,500	0	0	0
Admin. Federal Financial Participation	0	(78)	(78)	(340)	(340)	(680)
Subtotal	(23,889)	28,181	4,292	4,460	9,145	13,605
Revenue*						
Premium Security Account Transfer to General Fund	0	0	0	8,830	0	8,830
Subtotal	0	0	0	8,830	0	8,830
Total General Fund Net Changes	(23,889)	28,181	4,292	(4,370)	9,145	4,775
February Forecast Biennial Base			4,623,243			4,560,764
Percent Change from Base			0.093%			0.105%

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

Table 19: Health and Human Services Finance - Health Care Access Fund Detailed Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
Appropriations*						
Contingent Appropriation Reduction for MN Public Option Health Care Plan	(1,000)	0	(1,000)	0	0	0
Federal Requirements for DACA Recipients^	0	(1,648)	(1,648)	(2,417)	(2,388)	(4,805)
Pharmacist Authorization and Step Therapy Requirements for HIV Drugs	0	0	0	314	794	1,108
Coverage for Prosthetic Devices	0	150	150	370	381	751
Mental Health Provider Rates RBRVS at 84%^	0	193	193	481	538	1,019
HCAF Appropriation for Medical Assist.	1,000	1,205	2,205	1,152	575	1,727
MMB - Insulin Safety Net Program	0	100	100	100	100	200
Total Net Changes	0	0	0	0	0	0
February Forecast Biennial Base			2,479,540			2,549,868
Percent Change from Base			0%			0%

* Positive numbers indicate costs and negative numbers indicate savings.

^ DACA – Deferred Action for Childhood Arrivals; RBRVS - resource-based relative value scale

The following paragraphs provide information on some of the major funding items that were enacted in the health and human services finance 2024 supplemental budget, but do not provide detail on all appropriations. For full appropriation information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) website.

Major Funding Changes

Prior Authorization

Chapter 127 makes notable changes to laws regarding prior authorization. Prior authorization is the process that requires health plan approval before a patient can receive a service or prescription. The first change prohibits prior authorization from being conducted or required for emergency confinement or an emergency service. Most of the state funding provided in this section relates to the general fund impact on medical assistance for prohibiting prior authorization for outpatient mental health treatment or outpatient substance use disorder treatment. There is no funding impact to any of the other provisions, including the changes to chronic conditions. Chapter 127, article 57, section 25 adds the following to the services for which prior authorization cannot be conducted or required:

- Outpatient mental health treatment or outpatient substance use disorder treatment, except for medications. Prior authorization for medications used for outpatient mental health treatment or outpatient substance use disorder treatment must be processed according to

the timelines for expedited review and expedited appeals. The general fund impact for this provision is \$906,000 in FY 2026 and \$2.322 million in FY 2027.

- Antineoplastic cancer treatment consistent with guidelines of the National Comprehensive Cancer Network, except for medications. Prior authorization for medications used for antineoplastic cancer treatment must be processed according to the timelines for expedited review and expedited appeals.
- Certain preventive services, immunizations, and screenings.
- Pediatric hospice services provided by a licensed hospice provider.
- Treatment provided by a neonatal abstinence program.

Article 57, section 27 makes changes to the requirements for treating chronic conditions. An authorization for treatment of a chronic condition does not expire unless the treatment standard for that chronic condition changes. This notable change has no identified costs.

The last change related to prior authorization occurs in article 57, section 31. This section specifies that utilization review organizations are required to report to the commissioner of health information on prior authorization requests for the previous calendar year. The commissioner is required to collate and report that information publicly. The total fiscal impact of these changes to the general fund are \$191,000 in FY 2025 and \$4.996 million in FY 2026-27.

Mental Health

Chapter 127, article 61, section 27 requires the commissioner of human services to revise and implement medical assistance mental health services payment rates reimbursed under the resource-based relative value scale to be at least equal to 83 percent of the Medicare Physician Fee Schedule rates. The total fiscal impact to the general fund for this provision is \$1.444 million in FY 2025 and \$7.399 million in FY 2026-27. The health care access fund impact for this provision is \$193,000 in FY 2025 and \$1.019 million in FY 2026-27. Furthermore, approximately \$6 million is appropriated from the general fund for specific hospitals as an offset for payments for mental health services paid in a hospital setting. Lastly, article 67 provides additional funding for child mental health grants. Respite services grants as well as school-linked behavioral health grants each received a onetime general fund increase of \$3 million in FY 2025.

Insurance Coverage Mandates

Chapter 127, article 57 contains three provisions expanding the insurance coverage requirements of health plans that require defrayal as constituted under the Affordable Care Act. These provisions are described in detail below. The total fiscal impact to the general fund for the insurance coverage mandates is \$900,000 in FY 2025 and \$8.078 million in FY 2026-27. The health care access fund impact is \$150,000 in FY 2025 and \$751,000 in FY 2026-27.

- Section 5 expands health plan coverage of scalp hair prostheses to require coverage in cases of hair loss due to a health condition, rather than limiting coverage to cases of hair loss due to alopecia areata as in current law. It also requires coverage for equipment and accessories for regular use of scalp hair prostheses, and limits coverage to \$1,000 per benefit year. The general fund impact of the defrayal requirement is \$558,000 in FY 2026 and \$539,000 in FY 2027.
- Section 6 requires a health plan to cover rapid whole genome sequencing testing if the enrollee is age 21 or younger, has a complex or acute illness with an unknown underlying cause not confirmed to have been caused by environmental exposure, toxic ingestion, infection with a normal response to therapy, or trauma, and is receiving inpatient services in

an intensive care unit or neonatal or high acuity pediatric unit. The general fund impact of the defrayal requirement is \$838,000 in FY 2026 and \$819,000 in FY 2027.

- Section 39 requires a health plan to cover abortions and abortion-related services, including pre-abortion services and follow-up services. It prohibits cost-sharing for coverage of abortions and abortion-related services in an amount that is greater than the cost-sharing that applies to similar services covered under the health plan. It also prohibits a health plan from imposing limitations on the coverage of abortions and abortion-related services that are not generally applicable to other coverages under the health plan. The general fund impact of the defrayal requirement is \$338,000 in FY 2026 and \$319,000 in FY 2027.

Other Funding

Health and human services spending was also enacted in other chapters of session law. Please see the commerce and “Other Bills” summaries for additional information.

For More Detail

- [Laws 2024, Ch. 127, Arts. 54-67 – Health and Human Services Language](#)
- [Laws 2024, Ch. 127, Arts. 54-67 – Health and Human Services Tracking Sheet](#)

Higher Education Finance

The 2024 Legislature made several changes in the higher education finance area that were signed into law as chapter 124 of the 2024 Session Laws. Net general fund changes in the FY 2024-25 biennium total \$500,000, with net general fund changes in the FY 2026-27 biennium totaling zero. These changes reflect a 0.012 percent and zero percent increase from the 2024 February forecast base, respectively.

The table below provides further detail on the higher education general fund changes enacted in the 2024 legislative session.

Table 20: Higher Education Finance - Net General Fund Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
Appropriations*						
North Star Promise	0	(5,040)	(5,040)	0	0	0
Fostering Independence Grant	0	5,040	5,040	0	0	0
ALS Grant Extension	(19,060)	0	(19,060)	0	0	0
ALS Grant Reappropriated	19,060	0	19,060	0	0	0
Minnesota State - Kids on Campus	0	500	500	0	0	0
Total General Fund Net Changes	0	500	500	0	0	0
February Forecast Biennial Base			4,194,484			3,970,220
Percent Change from Base			0.012%			0%

* Positive numbers indicate costs and negative numbers indicate savings.

The following paragraphs provide information on some of the major funding items that were enacted in the higher education 2024 supplemental budget, but do not provide detail on all appropriations. For full appropriation information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) website.

Major Funding Changes

North Star Promise and Fostering Independence Grant

In Laws 2021, First Special Session, chapter 41, the legislature established the fostering independence grant program to assist students with paying for college who had been in the Minnesota foster care system. FY 2024-25 projections suggested that current appropriations would be unable to serve all applicants within the program if funding levels remained static for FY 2025. The legislature then amended the 2023 higher education finance bill by reducing general fund appropriations to the North Star promise program by \$5.04 million and adding the identical amount to the base general fund appropriation for the fostering independence grant in FY 2025. This change is onetime and will not impact the FY 2026-27 biennium.

Unlike similar foster care programs that are forecasted on a yearly basis, the fostering independence grant is funded with direct state appropriations. The Office of Higher Education (OHE) does submit an annual report to the legislature that tracks the number of program participants.

ALS Grant Extension

In Laws 2022, chapter 42 established an ALS research grant program in honor of State Senator David Tomassoni. In FY 2022, \$20 million was appropriated from the general fund to OHE to award competitive research grants related to ALS. Laws 2024, chapter 124 cancels the previous remaining appropriation of \$19.06 million and reappropriates the same amount in FY 2024 to allow for the agency and the Minnesota Department of Health to fully utilize the appropriation. The new rider language specifies that the appropriation is available until June 30, 2029.

Minnesota State – Kids on Campus

The sole new appropriation in Laws 2024, chapter 124 was designated for the Minnesota State Kids on Campus initiative. The onetime FY 2025 general fund appropriation of \$500,000 will be used to foster and coordinate childcare efforts on various Minnesota State campuses, both two-year colleges and four-year universities. The program is a component of the National Head Start Association and the Association of Community College Trustees. The appropriation may be used to hire a temporary project coordinator to assess partnerships between Head Start and Minnesota State campuses, and to assess the feasibility of future partnerships.

University of Minnesota – Disabled Veterans Access to Landscape Arboretum

Policy language included in Laws 2024, chapter 124 allows for disabled veterans to have unlimited access to the University of Minnesota Landscape Arboretum located in Chaska. The Arboretum is a ticketed venue and would experience some revenue loss related to the special revenue fund attributed to the University. Estimates of the special revenue fund loss are \$87,000 in each fiscal year beginning in FY 2025.

For More Detail

- [Laws 2024, Ch. 124 – Higher Education Language](#)
- [Laws 2024, Ch. 124 – Higher Education Tracking Sheet](#)

Housing Finance

Minnesota Laws 2024, chapter 127, articles 14 to 16 appropriate money from the general fund to the Minnesota Housing Finance Agency (MHFA) and other state entities for housing-related purposes. General fund appropriations to MHFA are \$8.68 million over FY 2024-25 biennial base funding, or an increase of 0.905 percent. Total general fund appropriations in FY 2026-27 are \$1 million over base funding, or an increase of 0.604 percent. To achieve a net zero general fund fiscal impact in FY 2025, there is also a total of \$25 million in canceled general fund appropriations from several MHFA programs, with these savings being reappropriated to the community stabilization program. Within the community stabilization program, \$50 million in FY 2025 funding is designated for the recapitalization of distressed buildings.

The table below provides further detail on all housing finance general fund changes enacted in the 2024 legislative session.

Table 21: Housing Finance - Net General Fund Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
<u>Appropriations*</u>						
Family Homeless Prevention	0	8,109	8,109	0	0	0
Supportive Housing	(15,000)	0	(15,000)	0	0	0
Housing Challenge	0	(7,000)	(7,000)	0	0	0
Workforce Homeownership	(3,000)	0	(3,000)	0	0	0
Community Stabilization Reallocation	0	25,000	25,000	0	0	0
Recapitalization	0	[50,000]	[50,000]	0	0	0
Other MHFA Appropriations^	0	571	571	0	0	0
Other Agency Appropriations^^	0	1,320	1,320	0	0	0
Housing Infrastructure Bonds	0	0	0	0	1,000	1,000
Total General Fund Net Changes	(18,000)	28,000	10,000	0	1,000	1,000
February Forecast Biennial Base			1,105,396			165,596
Percent Change from Base			0.905%			0.604%

* Positive numbers indicate costs and negative numbers indicate savings. Amounts in brackets indicate a redesignation of spending, not new costs.

^ MHFA – Minnesota Housing Finance Agency

^^ See [Table 22](#) for additional detail regarding these appropriations.

The following paragraphs provide information on some of the major funding items that were enacted in the housing finance 2024 supplemental budget, but do not provide detail on all appropriations. For full appropriation information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) website.

Major Funding Changes

Family Homeless Prevention and Assistance Program

The family homeless prevention and assistance program (FHPAP) was created in the 1993 legislative session and annually receives a \$20.5 million appropriation to assist families at risk of homelessness or those currently homeless. The 2024 legislative session enacted an additional onetime general fund appropriation of \$8.109 million in FY 2025 to increase the ability to assist families at risk of homelessness or those currently homeless. This amount was nearly all the \$10 million budget target for the Housing Finance and Policy Committee, which results in a onetime 39.556 percent increase over the program base.

Community Stabilization

The community stabilization program was created in the 2023 legislative session and received a \$45 million appropriation in both FY 2024 and FY 2025. Community stabilization was designed to help preserve naturally occurring affordable housing through acquisition or rehabilitation, and chapter 127, article 15 also adds recapitalization to that list. Recapitalization is defined as financing for the physical and financial needs of a distressed building. Chapter 127 allocates an additional onetime general fund appropriation of \$25 million for FY 2025. This additional appropriation is achieved by reallocating funds from different MHFA programs (supportive housing, housing challenge, and workforce homeownership), and has a net zero general fund impact. These additional funds result in a total FY 2025 appropriation of \$70 million, of which \$50 million is allocated for recapitalization.

Housing Infrastructure Bonds Authorized

MHFA is able to increase its authority to issue Housing Infrastructure Bonds (HIBs) and allowed to authorize up to \$50 million in HIBs, which would have a general fund fiscal impact of \$1 million in FY 2027, \$2.8 million in FY 2028, and \$4 million starting in FY 2029 and for the life of the bonds (expected to be 20 years).

Additional Housing-Related Appropriations

Several general fund appropriations to other agencies for housing-related purposes were also enacted. The Legislative Coordinating Commission received a \$400,000 onetime FY 2025 appropriation to facilitate two working groups. The Minnesota Supreme Court received a onetime \$545,000 FY 2025 appropriation for the implementation of retroactive eviction expungements. The Department of Labor and Industry received a onetime FY 2025 appropriation of \$225,000 to develop a report on single-egress stairway apartment buildings, while the Department of Human Services received a onetime FY 2025 appropriation of \$150,000 for a needs and site analysis for emergency shelter services for transgender adults.

Table 22: Other Non-MHFA Housing Appropriations - Net General Fund Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
Appropriations*						
Legislative Coordinating Commission	0	400	400	0	0	0
Supreme Court	0	545	545	0	0	0
Dept. of Labor and Industry	0	225	225	0	0	0
Dept. of Human Services	0	150	150	0	0	0
Total Other General Fund Changes	0	1,320	1,320	0	0	0

* Positive numbers indicate costs.

Other Funding

Housing finance spending was also enacted in other articles. Please see the property tax, aids, and credits summary for additional information.

For More Detail

- [Laws 2024, Ch. 127, Arts. 14-16 – Housing Language](#)
- [Laws 2024, Ch. 127, Arts. 14-16 – Housing Tracking Sheet](#)

Human Services Finance

The 2024 Legislature passed changes to the human services budget area in Laws 2024, chapter 127, articles 46 to 53. Laws 2024, chapter 125, which also passed and was signed into law, contains the same provisions and funding. Despite being enacted twice, these provisions only have effect once. General fund changes in the FY 2024-25 biennium total \$42.13 million, with general fund changes in the FY 2026-27 biennium totaling \$14.86 million. These changes reflect a 0.284 percent and 0.091 percent increase from the 2024 February forecast base, respectively.

The table below provides further detail on the human services general fund changes enacted in the 2024 legislative session.

Table 23: Human Services Finance - Net General Fund Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
Appropriations*						
Council on Disability	0	400	400	0	0	0
Dept. of Corrections	0	1,649	1,649	1,924	2,364	4,288
Dept. of Empl. & Econ Dev.	0	5,000	5,000	0	0	0
Dept. of Health	0	554	554	(3,650)	(3,650)	(7,300)
Dept. of Human Services	(17,213)	63,804	46,591	11,650	14,237	25,887
MN Mgmt. & Budget	(10,000)	0	(10,000)	0	0	0
DHS Federal Reimbursement	1,483	(2,496)	(1,013)	(1,136)	(1,137)	(2,273)
Subtotal	(25,730)	68,911	43,181	8,788	11,814	20,602
Revenue*						
DHS Other Revenue	(724)	1,775	1,051	2,871	2,871	5,742
Subtotal	(724)	1,775	1,051	2,871	2,871	5,742
Total General Fund Net Changes	(25,006)	67,136	42,130	5,917	8,943	14,860
February Forecast Biennial Base			14,818,273			16,404,004
Percent Change from Base			0.284%			0.091%

* In the appropriations 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 following paragraphs provide information on some of the major funding items that were enacted in the human services 2024 supplemental budget, but do not provide detail on all appropriations. For full appropriation information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) website.

Major Funding Changes

Priority Admission Changes

In 2013, the legislature enacted what is now commonly referred to as the 48-hour rule. The idea behind the 48-hour rule is to quickly move civilly committed individuals from jails to state mental health facilities. Under the rule, civilly committed inmates are required to be moved from jail to a state mental health facility within 48 hours of a judge signing a civil commitment order. In practice, this policy has been problematic. The Department of Human Services (DHS) often does not have a mental health bed available within 48 hours and individuals frequently remain in a county or local jail. This has been a source of contention between counties and localities that want individuals moved to appropriate settings as required by the law, and DHS, which is frequently unable to comply.

Laws 2024, chapter 127 includes a package of reforms that begin a process to address this ongoing problem. Chapter 127 appropriates a net general fund total of \$15.752 million in FY 2025 and ongoing funding of \$8.989 million in FY 2026-27 to begin addressing this problem in multiple ways. The new funding is for various purposes related to improving the availability of secure treatment beds including staffing issues in state mental health facilities and grants to provide incentives for the creation of more community mental health settings that patients can move into when they no longer require a higher level of care. The new funding also establishes a priority admissions review board, a pilot program to bring injectable medications into local correctional settings to address immediate mental health issues, and planning money for an expansion of the Miller Building at the Anoka-Metro Regional Treatment Center. This last item will require additional funding from a future legislature.

Federal Reentry 1115 Medicaid Waiver

A major policy change funded in Laws 2024, chapter 127 begins the process of applying for a federal Medicaid waiver (1115 waiver) to provide Medicaid eligibility to incarcerated persons. Since the beginning of the program in 1965, incarcerated persons have been ineligible to receive Medicaid benefits. In 2023, the U.S. Congress passed legislation allowing for certain individuals to begin Medicaid eligibility while still incarcerated if the state is granted an 1115 waiver.

Laws 2024, chapter 127 starts the process of Minnesota applying for an 1115 waiver. When authorized, the waiver will allow the state of Minnesota to enroll incarcerated individuals in Medicaid 90 days prior to their release date. This will allow individuals to have a medical plan in place immediately upon release from state custody. This will particularly aid former inmates who have substance use problems. The most common time for a former prisoner to overdose is in the period immediately following release. Chapter 127 appropriates \$4.817 million in FY 2025 and \$8.037 million from the general fund in FY 2026-27 to DHS for this purpose. It also appropriates \$1.649 million in FY 2025 and \$4.288 million in FY 2026-27 to the Department of Corrections for this program.

Acute Care Transitions

A frequent problem in the Medical Assistance program is the difficulty faced by elderly and disabled persons moving from acute care treatment in hospitals and other care settings into home and community settings. This prevents individuals from being in the care setting that is appropriate and can lead to increased costs in the Medical Assistance program. Chapter 127 appropriates \$940,000 in FY 2025 and \$6.207 million in FY 2026-27 from the general fund to the Department of Human Services to improve the transition of individuals out of acute care settings.

Direct Care and Treatment (DCT)

Legislation enacted in 2023 started the process of reorganizing the Department of Human Services into multiple departments. As part of this reorganization, the Direct Care and Treatment Division of DHS will become a separate agency in 2025. This agency will be in control of the state sex offender program (Minnesota sex offender program, MSOP), the state security hospital and forensic nursing home (Forensic Services), and various mental health, substance abuse, and community operated services. Laws 2024, chapter 127 provides for separation authority for DCT finances and establishes a temporary DCT advisory committee to guide the complex separation process. A onetime general fund appropriation of \$482,000 will be used to support advisory council operations during the transition period.

Guardianship

Potential reform of the state's guardianship laws and practices is addressed in Laws 2024, chapter 127. Chapter 127 appropriates \$400,000 in FY 2025 from the general fund to the Minnesota Council on Disability to establish a task force to review the state's guardianship laws and recommend possible changes.

Other Funding

Human services spending was also enacted in other chapters of session law. Please see the housing summary for additional information.

For More Detail

- [Laws 2024, Ch. 125 – Human Services Language](#)
- [Laws 2024, Ch. 127 – Human Services Language](#)
- [Laws 2024, Ch. 127, Art. 53 – Human Services Tracking Sheet](#)

Jobs Finance

Chapter 120 of Laws 2024, the jobs supplemental budget, contains finance and policy provisions that passed the Workforce and Economic Development Finance Committees. This law contains \$19.696 million of spending over base, of which \$12.407 million is from the workforce development fund and \$7.289 million is from the general fund. This chapter also contains \$6.289 million of general fund cancellations resulting in a net general fund impact of \$1 million. The general fund base from the 2024 February forecast for FY 2024-25 is \$2.251 billion and the base for FY 2026-27 is \$306.252 million.

The table below provides further detail on the jobs general fund changes enacted in the 2024 legislative session.

Table 24: Jobs Finance - Net General Fund Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
Appropriations*						
Business and Community Development	(5,889)	2,764	(3,125)	(825)	(825)	(1,650)
Employment and Training Programs	0	50	50	0	0	0
General Support Services	0	0	0	(2,000)	(2,000)	(4,000)
Vocational Rehabilitation Services	0	0	0	0	0	0
Explore Minnesota Tourism	(400)	4,475	4,075	825	825	1,650
Total General Fund Net Changes	(6,289)	7,289	1,000	(2,000)	(2,000)	(4,000)
February 2024 Forecast Biennial Base			2,251,176			306,252
Percent Change from Base			0.044%			(1.306)%

* Positive numbers indicate costs and negative numbers indicate savings.

The following paragraphs provide information on some of the major funding items that were enacted in the jobs 2024 supplemental budget, but do not provide detail on all appropriations. For full appropriation information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) website.

Major Funding Changes

Workforce Development Fund Spending

The jobs supplemental budget bill, chapter 120 of Laws 2024, contains \$12.407 million in additional spending over the base from the workforce development fund (WDF). This fund was established under Minnesota Statutes, section 116L.20 and is intended to be used for employment and training programs. Revenues to this account are from a special assessment levied on employers at a rate of 0.1 percent per year on all taxable wages. FY 2024 spending constitutes a 20.242 percent increase over the base budget spending of \$61.292 million. Direct appropriation recipients include nonprofits, cities and counties, public schools, and the University of Minnesota.

Table 25: Jobs Finance - Net Workforce Development Fund Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
<u>Appropriations*</u>						
Employment and Training Programs	0	12,157	12,157	0	0	0
University of Minnesota	0	250	250	0	0	0
Total Net Changes	0	12,407	12,407	0	0	0
February Forecast Biennial Base			61,292			46,554
Percent Change from Base			20.242%			0%

* Positive numbers indicate costs.

Cancellations and Reappropriations

Several appropriations made in the 2023 legislative session were canceled in chapter 120 and reappropriated with an extension of availability. There were also several cancellations without reappropriation. One was a repeal of a FY 2024 \$5 million appropriation to Bloomington Expo 2027, which canceled the appropriation back to the general fund, as well as a cancellation of a \$3 million FY 2024 appropriation from the job creation fund program, which also went to the general fund bottom line. Finally, \$4 million in the FY 2026-27 biennium was canceled back to the general fund from the general support services division.

MN Film and TV Board Changes Made

Explore Minnesota Film was established in the 2024 legislative session under the Explore Minnesota agency. Chapter 120 appropriates \$825,000 in FY 2025 to the new state film office with an ongoing base of the same amount per year set for the next biennium. This budget neutral change was made by canceling two appropriations made to the Minnesota Film and TV Board that were previously housed in the Department of Employment and Economic Development. Laws 2024, chapter 120 made several changes to Minnesota Statutes, section 116U.26 to accommodate the change as well.

Other Funding

Chapter 127 canceled \$10 million from the forward fund, established in Laws 2023, chapter 53. Please see [Table 23](#) in the human services summary for more information.

For More Detail

- [Laws 2024, Ch. 120 – Jobs Language](#)
- [Laws 2024, Ch. 120 – Jobs Tracking Sheet](#)

Judiciary and Public Safety Finance

Minnesota Laws 2024, chapter 123 contains the finance and policy provisions that passed the legislature relating to judiciary and public safety. Chapter 123 spends a total \$53.9 million from the general fund in the FY 2024-25 biennium. While this legislation is a compromise that combines House and Senate proposals, it contains spending from two separate House committees. The total includes \$36 million in general fund spending in FY 2024-25 under the jurisdiction of the House Judiciary Finance and Civil Law Committee, and \$17.9 million general fund FY 2024-25 spending under the jurisdiction of the House Public Safety Finance and Policy Committee for a total of \$53.9 million.

The table below provides further detail on the judiciary and public safety general fund changes enacted in the 2024 legislative session.

Table 26: Judiciary and Public Safety Finance - Net General Fund Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
Appropriations*						
Supreme Court	0	5,663	5,663	(34,167)	(34,167)	(68,334)
District Courts	6,652	23,685	30,337	1,500	1,500	3,000
Board of Civil Legal Aid	0	0	0	34,167	34,167	68,334
Department of Public Safety	0	9,850	9,850	0	0	0
Department of Corrections	5,900	2,000	7,900	7,110	7,110	14,220
Clemency Review Commission	0	986	986	986	986	1,972
MMB Office of Addiction/Recovery	0	150	150	0	0	0
Dept. of Corrections – Cancellation	0	(986)	(986)	(986)	(986)	(1,972)
Total General Fund Net Changes	12,552	41,348	53,900	8,610	8,610	17,220
February Forecast Biennial Base			3,549,559			3,381,523
Percent Change from Base			1.518%			0.509%

* Positive numbers indicate costs and negative numbers indicate savings.

The following paragraphs provide information on some of the major funding items that were enacted in the judiciary and public safety finance 2024 supplemental budget, but do not provide detail on all appropriations. For full appropriation information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) website.

Major Funding Changes

Enhancing Cyber Security

Chapter 123 appropriates \$5.163 million from the general fund in FY 2025 to the Minnesota Supreme Court for enhanced cyber security. The funding is onetime and will help ensure that court records are

protected from outside intrusion. Funds will be used for subscription to 24-hour monitoring services, software updates, and enhanced tools to protect confidential data.

Board of Civil Legal Aid

Civil legal services will depart being a pass-through organization within the Minnesota Supreme Court and take their \$34.167 million in annual funding to become a stand-alone entity known as the Board of Civil Legal Aid beginning in FY 2026. This change corresponds with a similar reduction in the appropriation to the Minnesota Supreme Court, which results in a net zero impact on the general fund.

Court Mandated Services

Chapter 123 provides \$30.337 million of general fund dollars of mostly onetime funding for court mandated services in FY 2024-25. The funding is for forensic examinations, interpreter services, and jury pool funds. Additionally, the funding will help to cover deficits faced by district courts; although because most of the funding is not ongoing, the courts will need to seek the permanent addition of these funds to their budget in future legislative sessions. Only \$1.5 million per year is permanent funding beginning in FY 2026, and those funds are to increase compensation rates for forensic examiners and court provided interpreters.

Crime Victim Services Grants

The legislature provided an additional \$9.4 million of onetime general fund spending to the Department of Public Safety in FY 2025 to bolster programs that provide aid and services to victims of crime.

Additional funding for Department of Corrections

A total of \$7.9 million in the FY 2024-25 biennium and an increase of \$14.2 million for the FY 2026-27 biennium is appropriated from the general fund to the Department of Corrections to provide for increased salary needs to meet the terms of collective bargaining agreements with department employees.

Digital School Mapping

One additional provision included in the bill from non-general fund sources is a onetime \$7 million appropriation in FY 2025 from the emergency 911 fund to perform digital GIS mapping of all public school buildings in the state.

Other Funding

Judiciary and public safety spending was also enacted in other chapters of session law. Please see the children and families and housing finance summaries for additional information.

For More Detail

- [Laws 2024, Ch. 123 – Judiciary and Public Safety Language](#)
- [Laws 2024, Ch. 123 – Judiciary and Public Safety Tracking Sheet](#)

Labor and Industry Finance

The 2024 Labor and Industry Finance appropriations and related policy provisions are included in chapter 127, articles 4 to 13 and 17. Net general fund appropriations for FY 2024-25 total \$10.823 million, a 44.816 percent increase over base. Net general fund changes for FY 2026-27 biennium total \$696,000, a 3.213 percent increase over base.

The table below provides further detail on the labor and industry general fund changes enacted in the 2024 legislative session.

Table 27: Labor and Industry Finance - Net General Fund Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
<u>Appropriations*</u>						
Department of Labor & Industry (DLI)	0	806	806	337	334	671
Department of Health	0	174	174	0	0	0
Dept. of Empl. & Econ. Dev. (DEED)	0	9,651	9,651	651	651	1,302
Department of Revenue	0	143	143	0	0	0
Attorney General's Office	0	49	49	49	98	147
Public Utilities Commission	0	39	39	39	39	78
Subtotal	0	10,862	10,862	1,076	1,122	2,198
<u>Revenue*</u>						
Worker Misclassification Penalty	0	0	0	712	712	1,424
Telecommunications Enforcement	0	39	39	39	39	78
Subtotal	0	39	39	751	751	1,502
Total General Fund Net Changes	0	10,823	10,823	325	371	696
February Forecast Biennial Base			24,150			21,660
Percent Change from Base			44.816%			3.213%

* Positive numbers indicate costs in the appropriations section and revenue gain in the revenue section.

The following paragraphs provide information on some of the major funding items that were enacted in the labor and industry 2024 supplemental budget, but do not provide detail on all appropriations. For full appropriation information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) website.

Major Funding Changes

Worker Misclassification

Chapter 127, article 4 appropriates funding to several agencies for activities related to the misclassification of workers as independent contractors. The legislature increased the Department of Labor and Industry's (DLI) general fund spending by \$492,000 in FY 2024-25 and \$143,000 in FY 2026-27 for enforcement and education initiatives. Article 4 also appropriates \$49,000 in FY 2025 and \$147,000 in FY 2026-27 from the general fund to the attorney general for costs to represent DLI in contested cases, while a onetime general fund appropriation of \$143,000 is designated for the Department of Revenue for agency-to-agency information sharing agreements.

Acceptable Blood Lead Levels for Workers

Chapter 127, article 4 also provides funding to DLI and the Department of Health (DHS) for rulemaking related to lowering acceptable blood lead levels for workers. DLI receives a onetime \$279,000 appropriation from the workers' compensation fund in FY 2025, while DHS receives a \$174,000 appropriation from the general fund in FY 2025.

Rise Up Center – Tending the Soil

The Department of Employment and Economic Development (DEED) receives a onetime general fund appropriation of \$9 million in FY 2025 for a grant to Tending the Soil to build and equip the Rise Up Center in Minneapolis. The center will house a workforce development and job training center as well as a public gathering space.

Broadband

Starting in FY 2025, DEED will receive a \$651,000 general fund appropriation each fiscal year related to the national Broadband Equity, Access, and Deployment (BEAD) Program. These funds are to be used for three new grant specialist positions. Article 13 of chapter 127 also requires DEED to prioritize state broadband funding awards to applicants that agree to implement specified workplace best practices, including payment of prevailing wages and annual skills training.

Transportation Network Companies

Chapter 127, article 17 appropriates \$173,000 from the general fund in FY 2025 to DLI for enforcement, education, and outreach related to new statutory provisions regulating transportation network companies. The base for this activity is \$123,000 each year beginning in FY 2026.

For More Detail

- [Laws 2024, Ch. 127, Arts. 4-13, 17 – Labor Language](#)
- [Laws 2024, Ch. 127, Arts. 4-13, 17 – Labor Tracking Sheet](#)

Table 28: Labor and Industry - Net Non-General Fund Changes

(Dollars in Thousands)

	Fund^	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
Appropriations*							
Prevailing Wage Enforcement	WDF	0	61	61	61	61	122
Blood Lead Levels for Workers	WCF	0	279	279	143	0	143
Underground Telecomm Installers	CC	0	38	38	15	15	30
Residential Energy Code	CC	0	0	0	707	0	707
Contractor Recovery Fund	SR	0	228	228	228	228	456
Subtotal		0	606	606	1,154	304	1,458
Revenue*							
Workers' Compensation Penalties	WCF	0	6	6	6	6	12
Subtotal		0	6	6	6	6	12
Total Net Changes		0	600	600	1,148	298	1,446
February Forecast Biennial Base				371,497			342,249
Percent Change from Base				0.162%			0.422%

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

^ WDF – workforce development fund; WCF – workers compensation fund; CC – construction codes fund; SR – special revenue fund

Legacy Finance

The legacy finance area of the budget covers the four funds created with 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 by 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. The OHF has historically received appropriations on an annual basis. Due to increased receipts since the 2023 legislative session, additional funds are available in each of the four areas for appropriation. Each of the funds is restricted to maintain a five percent reserve of the tax receipts based on the most recent forecast. Laws 2024, chapter 106 makes appropriations from each of these funds in FY 2025.

Table 29: Legacy Finance - Net Legacy Funds Changes

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
<u>Appropriations*</u>						
Outdoor Heritage Fund	0	192,711	192,711	0	0	0
Clean Water Fund	0	25,426	25,426	0	0	0
Parks and Trails Fund	0	9,108	9,108	0	0	0
Arts and Cultural Heritage Fund	0	12,209	12,209	0	0	0
Total Net Changes	0	239,454	239,454	0	0	0

* Positive numbers indicate costs.

The following paragraphs provide information on some of the major funding items that were enacted in the legacy finance 2024 supplemental budget, but do not provide detail on all appropriations. For full appropriation information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) website.

Major Funding Changes

Outdoor Heritage Fund

Annual funding recommendations are made through the Lessard-Sams Outdoor Heritage Council, and their recommendations have historically been enacted with few changes. In total, \$192.86 million was available to appropriate in FY 2025 while maintaining a five percent reserve. A total of \$192.711 million was appropriated in FY 2025 for onetime spending across four ecotype budget areas and the administrative budget. The prairies area has six appropriations totaling \$19.439 million, forests has six appropriations totaling \$32.164 million, wetlands has nine appropriations totaling \$38.412 million, and habitats has 27 appropriations totaling \$101.294 million. The administration budget includes three appropriations totaling \$1.402 million.

Clean Water Fund

Appropriations for FY 2024-25 were made in the 2023 legislative session. However, additional funds were available for FY 2025 based on the 2024 February forecast. In total, chapter 106 appropriates an additional \$25.426 million in onetime spending to six different agencies: 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, and the University of Minnesota.

Parks and Trails Fund

In addition to FY 2024 appropriations that were made in the 2023 legislative session, chapter 106 appropriates \$9.108 million in FY 2025 as onetime spending from the P&T fund. These funds continue to use a 40/40/20 split among the state parks, metropolitan council parks, and greater Minnesota regional parks and trails.

Arts and Cultural Heritage Fund

An additional \$12.209 million in onetime spending is appropriated from the ACHF in FY 2025. The State Arts Board received \$5.738 million from three different appropriations. These appropriations to the State Arts Board meet the statutory requirement that 47 percent of the funds are for the arts. There are nine appropriations to the Department of Administration, totaling \$1.72 million; these appropriations are typically for grants to other organizations. There are 12 appropriations to the Humanities Center totaling \$3.55 million, which are also for grants or grant programs. Finally, the Minnesota Historical Society has six appropriations in FY 2025 that total \$1.201 million for grants and grant programs.

For More Detail

- [Laws 2024, Ch. 106 – Legacy Language](#)
- [Laws 2024, Ch. 106 – Legacy Tracking Sheet](#)

State Government Finance

The State and Local Government Finance and Policy Committee did not have a supplemental budget bill in the 2024 legislative session. State government revenue and spending provisions were enacted in the finance committees for health and human services, housing, human services, judiciary and public safety, and transportation, as well as the taxes and property tax, aids, and credits areas. Please see these summaries, as well as the “Other Bills” summaries for more information.

Transportation Finance

Chapter 127 (HF 5247), article 1 contains supplemental transportation finance appropriations and budget provisions for transportation and other agencies. The net general fund increase from base is \$4.043 million in the FY 2024-25 biennium, or a 0.29 percent increase over the base general fund spending for the biennium. Chapter 127 includes setting a higher general fund base for the FY 2026-27 biennium by \$1.436 million, however that increase is offset by a reduction in general fund transfers by the same amount. The net general fund change in the FY 2026-27 biennium is zero.

The table below provides further details on the transportation general fund changes enacted in the 2024 legislative session.

Table 30: Transportation - Net General Fund Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
Appropriations*						
Department of Transportation	(11,000)	3,443	(7,557)	243	243	486
Metropolitan Council	(10,000)	10,000	0	0	0	0
Dept. of Commerce	0	46	46	46	46	92
Dept. of Administration	0	534	534	475	471	946
Transfers Out	0	11,065	11,065	(720)	(716)	(1,436)
Subtotal	(21,000)	25,088	4,088	44	44	88
Revenue*						
General Fund Permitting Rev.	0	45	45	44	44	88
Subtotal	0	45	45	44	44	88
Total General Fund Net Changes	(21,000)	25,043	4,043	0	0	0
February Forecast Biennial Base			1,395,359			457,415
Percent Change from Base			0.29%			0%

* In the appropriations section of the table, positive numbers indicate costs and negative numbers 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 the transportation 2024 supplemental budget. For full appropriation information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) website.

Major Funding Changes

Small Cities Road Aid

Chapter 127, article 1 includes a onetime FY 2025 increase in small cities road aid of \$11.35 million to the Minnesota Department of Transportation. The increase is effectively from the general fund,

though it is achieved by a transfer to the special revenue fund for dispersal of aid to cities. Small cities are incorporated places (not townships) with a population of less than 5,000 people. These cities are not eligible for municipal state aid streets (MSAS) road aid under the constitutionally dedicated transportation taxes. Small cities have received road aid intermittently since 2015 but did not have a dedicated revenue stream until the 2023 legislative session.

The 2023 transportation bill (Laws 2023, chapter 68) included a dedicated revenue stream for small cities from a portion of a new tax on certain retail delivery transactions and a portion of revenue associated with auto parts. As of May 2023, small cities road aid was estimated to receive \$23 million in the FY 2024-25 biennium, and \$47.3 million in the FY 2026-27 biennium. The onetime \$11.35 million appropriation in FY 2025 is in addition to the base amount for the biennium, bringing it up to about \$34 million for the FY 2024-25 biennium.

Blue Line LRT Funding Substitution

Chapter 127, article 1 cancels \$10 million from a \$40 million general fund appropriation for Blue Line LRT construction in FY 2024 to the Metropolitan Council. The same amount is appropriated to Hennepin County for a new program created in chapter 127, article 3, sections 118 to 119 for antidisplacement activities related to the Blue Line LRT project. A board must appropriate the \$10 million for activities related to affordable housing, small business, and public space infrastructure. The appropriation is available until June 30, 2027.

State Patrol Headquarters

Chapter 127, article 1 provides a onetime \$22.5 million appropriation from the trunk highway fund to the Department of Administration in FY 2025 for the acquisition of land and for design of a new state patrol headquarters. This appropriation is intended to be the first phase of further appropriations for construction of a facility. This first phase includes any demolition and abatement of hazardous materials on the property.

Table 31: Transportation - Net Non-General Fund Changes

Dollars in Thousands

	Fund [^]	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
<u>Appropriations*</u>							
Dept. of Transportation	THF	0	51,223	51,223	2,991	3,888	6,879
Dept. of Transportation	SR	0	3,750	3,750	0	0	0
Dept. of Public Safety	SR	0	4,641	4,641	2,969	2,969	5,938
Dept. of Administration	THF	0	23,850	23,850	0	0	0
Subtotal		0	83,464	83,464	5,960	6,857	12,817
<u>Revenue*</u>							
Special Rev. Changes	SR	1,500	18,517	20,017	6,445	6,440	12,885
Subtotal		1,500	18,517	20,017	6,445	6,440	12,885
Total Net Changes		(1,500)	64,947	63,447	(485)	417	(68)
February Forecast Biennial Base				8,799,955			8,290,734
Percent Change from Base				0.721%			(0.001)%

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

[^] THF – trunk highway fund; SR – special revenue fund

For More Detail

- [Laws 2024, Ch. 127, Arts. 1-3 – Transportation Language](#)
- [Laws 2024, Ch. 127, Arts. 1-3 – Transportation Tracking Sheet](#)

Veterans Finance

The Veterans and Military Affairs Finance and Policy Committee did not have a supplemental budget bill in the 2024 legislative session.

Taxes – Tax Revenue

Tax revenue changes were enacted in three tax bills during the 2024 session. Of the three bills enacted, two bills (chapter 76/HF 2757 and chapter 82/HF 3769) include corrective changes to tax provisions passed and enacted in 2023. Chapter 127, articles 68 to 71, contains changes to tax revenue and other expenditures. The total estimated net tax revenue increase to the general fund with the enacted changes in chapter 127 is \$2.43 million (0.004 percent base increase) in the FY 2024-25 biennium. For the FY 2026-27 biennium, the total estimated net tax revenue reduction is \$4.69 million (0.007 percent base reduction).

The table below provides the fiscal impact of the total general fund tax revenue changes enacted in the 2024 legislative session in chapter 127.

Table 32: Tax Revenue - Net General Fund Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
<u>Revenue*</u>						
Individual Income Tax	0	0	0	(5,360)	(5,460)	(10,820)
Sales & Use Tax	0	(500)	(500)	(590)	(650)	(1,240)
Cigarette/Tobacco Taxes	0	2,930	2,930	3,510	3,860	7,370
Total General Fund Net Changes	0	2,430	2,430	(2,440)	(2,250)	(4,690)
February Forecast Biennial Base			58,324,253			62,739,012
Percent Change from Base			0.004%			(0.007)%

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

The following paragraphs provide information on some of the major tax revenue items that were enacted in the 2024 supplemental budget, but do not provide detail on all changes. For full tax revenue change information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) website.

Tax Correction Bill

Tax Corrections - Chapter 76

During the early part of the 2024 session, tax correction provisions in chapter 76 were swiftly passed and enacted prior to the release of the February 2024 forecast. Three tax provisions from the 2023 tax bill, chapter 64, were corrected and estimated to have a zero net impact on the general fund: (1) an individual income tax standard deduction inflation adjustment; (2) the authorization of the Beltrami County Local Sales Tax; and (3) the timing and certification of statewide local housing aid. Of the three corrections, the standard deduction and inflation adjustment correction provision garnered the most attention. The 2023 tax law change to the standard deduction added a two-tier phase-out based on income with the standard deduction reduced by three percent of adjusted gross income over one income threshold and by 10 percent of adjusted gross income over a second threshold. The 2023 law changes contained an error that incorrectly rebased other provisions in the

same section of law. Chapter 76 fixes this error by rebasing the standard deduction amounts to the correct statutory year. Without the standard deduction inflation adjustment fix, Minnesota income taxpayers would have had a lower standard deduction and higher tax liability.

Chapter 76 tax corrections, including the standard deduction inflation provision, have zero fiscal impact. There is no fiscal impact for this specific provision because Minnesota Management and Budget (MMB) based its November 2023 forecast on the assumption that the standard deduction modification had been enacted with the correct inflation adjustment. If the November 2023 forecast had not included the standard deduction inflationary adjustment assumption, individual income tax receipts to the general fund estimate would have been forecast to increase by \$350 million to \$380 million in tax years 2024 to 2027. Since MMB did include this assumption, the inflation adjustment correction to the standard deduction in chapter 76 has a zero general fund fiscal impact relative to the February 2024 forecast.

Supplemental Year Tax Revenue Changes – Chapter 127

During the later part of the 2024 session, supplemental tax revenue changes were enacted in chapter 127. Total state tax revenue changes in articles 68 and 71 of chapter 127 are estimated to have a net positive general fund increase of \$2.43 million in the FY 2024-25 biennium and a net negative general fund reduction of \$4.69 million in the FY 2026-27 biennium.

Individual Income Tax Revenue Changes

Chapter 127, article 68 makes additional modifications that increase the total cost (revenue reduction) of the child tax credit. The 2023 tax bill, chapter 64, created the new child tax credit and replaced the working family credit with a unified working family credit. The child tax credit equals \$1,750 per qualifying child. In tax year 2025, the tax credit begins phasing out when income exceeds \$38,260 for married joint filers and \$32,240 for all other filers. The total annual forecasted general fund cost (revenue reduction) of the enacted 2023 child tax credit and working family credit, based on end of session estimates, was projected to be \$686.6 million in FY 2024.

The 2024 legislative session modifications to the child tax credit have an ongoing fiscal impact and are estimated to increase the general fund cost of the child tax credit by \$10.9 million in the FY 2026-27 biennium. The 2024 session fiscal changes to the child tax credit are three-fold. First, the commissioner of revenue must establish a process to allow taxpayers to elect to receive one or more advanced payments starting in tax year 2025. Second, the commissioner of revenue must also establish a process for qualifying Minnesota child tax credit claimants to opt in to receive a portion of their tax credit in advance multiple payments. Only taxpayers that opt in can receive advanced credit payments; those who do not would receive their full child tax credit at the time they file their income tax return. Third, chapter 127 also establishes a minimum tax credit. A taxpayer who qualified in the previous year would receive at least 50 percent of the credit for the second year.

Based on official revenue analysis data,² these changes are estimated to impact about 10,600 taxpayers or about two percent of child tax credit claims. The average annual minimum credit amount is estimated to be \$509 in tax year 2025.

² [Revenue estimate and data for HF 5247 from the Tax Research Office, Minnesota Department of Revenue, published on May 29, 2024.](#)

Tobacco Excise Tax (and Sales and Use Tax) Changes

Chapter 127, article 71 expands the definition of tobacco products to include certain types of moist snuff that contain nicotine intended to be placed or dipped in the mouth. This modification is expected to raise revenue because it makes products similar to moist snuff containing synthetic nicotine, or nicotine derived from nontobacco sources, subject to the tobacco excise tax.

Under current law, total tobacco products tax and fee revenue raised about \$155 million to the general fund in FY 2024. The tobacco definition change in chapter 127 is estimated to have a net general fund and legacy fund fiscal impact. The expanded definition of tobacco products is expected to increase tobacco excise tax revenue deposited to the general fund, but the increased revenue is estimated to be offset by a reduction in general fund and non-general fund sales tax revenue. The reduction in sales tax revenue assumes that the definition change will have an elasticity impact or reduction in tobacco consumption. Total net general fund tax increases are estimated to be \$2.4 million in FY 2025 and \$6.06 million in the FY 2026-27 biennium. There is also an estimated legacy fund reduction of \$30,000 in FY 2025 and \$70,000 in the FY 2026-27 biennium.

Income Tax Filing & Refund Provisions – Direct Appropriations

Direct appropriations to taxpayer assistance services and outreach increased in the 2024 tax bill. First, chapter 127, article 71 augments the 2023 base appropriation for outreach grants. The 2023 tax bill, chapter 64, established an outreach grant program to publicize and promote the availability of income tax credits and taxpayer assistance services to eligible low-income taxpayers. The 2023 tax bill provided a general fund base appropriation of \$1 million in FY 2024. Chapter 127 increases the base appropriation for outreach grants by 100 percent from \$1 million to \$2 million in FY 2025. After FY 2026, the general fund base appropriation changes to \$1.5 million each fiscal year. More information about the 2024 appropriation increase can be found in the property tax, aids, and credits section in [Table 33](#).

Second, chapter 127, article 71 increases the direct general fund base appropriation for taxpayer assistance services above the \$750,000 amount enacted in the 2023 state government bill (chapter 62) to \$1.75 million in FY 2025 only. After FY 2025, the general fund base appropriation is \$1.25 million each fiscal year. Taxpayer assistance grants are awarded to eligible organizations to provide accounting and tax preparation services to low-income, elderly, and disadvantaged Minnesota residents. Tax preparation services include state and federal income filing and assistance with property tax refund claims. More information about the 2024 appropriation increase can be found in the property tax, aids, and credits section in [Table 33](#).

Other Funding

Additional tax revenue changes were also enacted in other chapters of session law. Please see the “Other Bills” summaries for additional information.

For More Detail

- [Laws 2024, Ch. 127, Arts. 68-71 – Tax, Property Tax, Aids, and Credit Language](#)
- [Laws 2024, Ch. 127, Arts. 68-71 – Tax, Property Tax, Aids, and Credit Tracking Sheet](#)
- [Laws 2024, Ch. 76 – Tax Corrections Language](#)
- [Laws 2024, Ch. 76 – Tax Corrections Tracking Sheet](#)

Taxes – Property Tax, Aids, and Credits

The 2024 legislative session brought about considerable changes to Minnesota’s laws regarding property taxes, aids, and credits. Minnesota’s property tax forfeiture laws were comprehensively revised (chapter 127, article 70). In addition, the legislature made several changes to funds and distributions related to minerals taxation (chapter 127, article 69). The total general fund changes in FY 2024-25 result in a 0.186 percent increase from base, while those changes to FY 2026-27 result in a 0.188 percent increase from base.

The table below provides further detail on the property taxes, aids, and credits general fund changes enacted in the 2024 legislative session.

Table 33: Property Tax, Aids, and Credits - Net General Fund Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
Appropriations*						
Taconite Homestead Credit	0	0	0	(850)	(850)	(1,700)
Forfeiture Mineral Claims	0	2,225	2,225	2,225	2,225	4,450
Forfeiture DNR Administration	0	1,537	1,537	1,537	1,537	3,074
Housing Support Acct. (Transfer Out)	0	450	450	450	450	900
Tax Assistance and Outreach Grants	0	2,000	2,000	1,000	1,000	2,000
Dept. of Revenue - Administration	0	4,000	4,000	0	0	0
Total General Fund Net Changes	0	10,212	10,212	4,362	4,362	8,724
February Forecast Biennial Base			5,482,116			4,649,430
Percent Change from Base			0.186%			0.188%

* Positive numbers indicate costs and negative numbers indicate savings.

The following paragraphs provide information on some of the major funding items that were enacted in the Property Tax Division 2024 supplemental budget, but do not provide detail on all appropriations. For full appropriation information, please refer to the Minnesota House of Representatives [Fiscal Analysis Department: Legislative Session Tracking Sheets](#) website.

Major Funding Changes

Property Tax Forfeiture Laws Overhauled

Chapter 127, article 70 modifies Minnesota’s property tax forfeiture laws which allowed counties to retain any excess proceeds from the sale of forfeited property; this practice was found to be unconstitutional in the 2023 unanimous United States Supreme Court decision in *Tyler vs. Hennepin County*. Article 70 changes the procedures for the sale of forfeited property by requiring their sale at public auctions and that all proceeds be returned to interested parties.

Upon forfeiture, all minerals interests are to be sold to the state for \$50 per parcel; however, claims may be filed alleging the value of these interests exceeds the amount the interested party would be

entitled to receive. If a claim is filed, the Department of Natural Resources (DNR) must determine the value of the forfeited mineral interests, with the claimant entitled to payment of the excess amount. Beginning in FY 2025, an open statutory appropriation (currently estimated to be \$2.225 million) from the general fund to the DNR is authorized to make payments for the mineral interests, as well as any claims of excess value. In order to carry out the expanded work of assessing mineral interests and their value, \$1.537 million from the general fund is annually appropriated to the DNR, beginning in FY 2025.

Article 70 also establishes the housing support account within the special revenue fund, and starting in FY 2025, \$450,000 is annually transferred from the general fund to this account. No appropriations from this account are enacted, but article 70 specifies that any money to be appropriated from the account must provide housing support for Minnesotans.

Minerals Taxation Changes

Chapter 127, article 69 makes various modifications to different provisions that impact the distribution of mining production tax to certain non-general fund accounts, authorizes revenue bonds, modifies property tax refunds for households in the taconite relief area, and transfers funds for the Senator David Tomassoni Bridge of Peace, among other changes. A detailed explanation of all the minerals taxation changes can be found in the 2024 Minerals Legislation Issue Brief found on the Minnesota House of Representatives [Fiscal Analysis Department website](#).

Taconite Homestead Credit

Article 69 modifies the taconite homestead credit, which offers property tax relief to homesteads and farms within the taconite relief area, by increasing the maximum credit amount to \$515. This change has annual general fund savings of \$850,000 to property tax refund payments starting in FY 2026 and costs the taconite property tax relief account \$3.52 million in FY 2025 and \$7.05 million in FY 2026 and thereafter for the payment to counties for the increased credit amount.

Iron Range Schools and Community Development Account

Article 69 changes the name of the Iron Range school consolidation and cooperatively operated school account to the Iron Range schools and community development account and increases the production tax distribution from 10 cents per taxable ton (cpt) to 24 cpt, starting in distribution year (DY) 2024 and lasting until DY 2032. This results in an increased distribution of \$7.35 million in FY 2025 and \$4.9 million starting in FY 2026.³ This increased distribution of production tax will have an impact on both the Douglas J. Johnson economic protection fund and the taconite environmental protection fund.

Article 69 also allows the Department of Iron Range Resources and Rehabilitation to issue revenue bonds in the total amount of \$49 million and \$31 million in calendar year (CY) 2024 and CY 2025, respectively. These revenue bonds are to be repaid through appropriations from the Iron Range schools and community development account, with an estimated fiscal impact of \$3.9 million in FY 2025 and \$6.3 million starting in FY 2026 and each year thereafter throughout the life of the bonds (estimated 20 years).

³ The distribution of production tax is uneven, as distributions are made over a period of two fiscal years, with 50 percent of the distribution paid each year. This legislation change results in the full distribution amount for 2024 and the first half of the 2025 distribution amount being deposited in FY 2025, which explains why distributions in FY 2025 are higher.

Department of Revenue (DOR) Administrative Appropriation

Chapter 127, article 71 appropriates \$4 million from the general fund in FY 2025 to DOR to administer the tax provisions in articles 68 to 71. This appropriation is onetime and in addition to the \$3 million appropriation in Laws 2023, chapter 64 for administration of the 2023 tax act. Both appropriations are available until June 30, 2027.

Table 34: Property Tax, Aids, & Credits - Net Non-General Fund Changes

(Dollars in Thousands)

	Fund [^]	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
Appropriations*							
Taconite Homestead Credit	TPTR	0	3,520	3,520	7,050	7,050	14,100
Increased Product. Tax Distribution	IRSCD	0	(7,350)	(7,350)	(4,900)	(4,900)	(9,800)
2024 Revenue Bonds Debt Service	IRSCD	0	0	0	3,900	3,900	7,800
2025 Revenue Bonds Debt Service	IRSCD	0	0	0	0	2,400	2,400
Decreased Product. Tax Distribution	DJJ	0	2,450	2,450	1,630	1,630	3,260
Decreased Product. Tax Distribution	TEP	0	4,900	4,900	3,270	3,270	6,540
Increased Product. Tax Distribution	RAMS	0	(98)	(98)	(65)	(66)	(131)
Decreased Product. Tax Distribution	TMA	0	98	98	65	66	131
D. Tomassoni Bridge of Peace	TED	0	300	300	0	0	0
Housing Support Account (Transfer In)	SR	0	(450)	(450)	(450)	(450)	(900)
Total Net Changes		0	3,370	3,370	10,500	12,900	23,400

* Positive numbers indicate costs and negative numbers indicate savings.

[^] TPTR – taconite property tax relief account; IRSCD – Iron Range schools and community development account; DJJ – Douglas J. Johnson economic protection fund; TEP – taconite environmental protection fund; RAMS – range association of municipalities and schools; TMA – taconite municipal aid account; TED – taconite economic development fund; SR – special revenue fund

For More Detail

- [Laws 2024, Ch. 127, Arts. 68-71 – Tax, Property Tax, Aids, and Credit Language](#)
- [Laws 2024, Ch. 127, Arts. 68-71 – Tax, Property Tax, Aids, and Credit Tracking Sheet](#)
- [2024 Minerals Legislation Issue Brief](#)

Other Bills

The 2024 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 78 – School Resource Officers

Chapter 78, concerning school resource officers (SROs), was enacted early on during the 2024 legislative session. The language clarifies that for the purposes of Minnesota Statutes, section 121A.58, an SRO is not an “employee or agent of a district” and certain language regarding prone restraint and certain physical holds is not applicable to an SRO as it would be an employee or agent of a district.

The language also creates Minnesota Statutes, section 626.8482, which establishes three main requirements. First, it outlines explicit contractual duties for SROs in school districts and charter schools. Second, it sets in place a specialized training requirement and deadline by which SROs must complete this training. The Board of Peace Officer Standards and Training (POST Board) must develop this training by January 15, 2025, and current SROs must complete this training by June 1, 2027. Finally, the language requires the POST Board to develop a model school resource officer policy by December 31, 2024, that considers SRO student and staff interaction, use of force, de-escalation, and proper procedures.

The law appropriates \$640,000 in FY 2024-25 and \$980,000 in FY 2026-27 from the general fund to increase staffing at the Department of Public Safety’s School Safety Center and to perform other duties as required by the law.

Table 35: Chapter 78 - Net General Fund Changes
(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
<u>Appropriations*</u>						
Department of Public Safety	150	490	640	490	490	980
Total General Fund Net Changes	150	490	640	490	490	980
February Forecast Biennial Base^			3,549,559			3,381,523
Percent Change from Base			0.018%			0.029%

* Positive numbers indicate costs.
^ The base number reflects the total forecast spending for the judiciary and public safety finance area.

For More Detail

- [Laws 2024, Ch. 78 – School Resource Officers Language](#)

Chapter 82 – Net Operating Loss Tax Correction

Soon after the February 2024 forecast was released, chapter 82 was enacted. Chapter 82 corrects the effective date of the net operating loss (NOL) deduction limitation enacted in the 2023 tax bill.

Table 36: Chapter 82 - General Fund Net Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
<u>Revenue*</u>						
Corporate Franchise Tax – Net Operating Loss Deduction	0	(14,800)	(14,800)	0	0	0
Total General Fund Net Changes	0	(14,800)	(14,800)	0	0	0
February Forecast Biennial Base			58,324,253			62,739,012
Percent Change from Base			(0.025)%			0%

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

^ The base number reflects the total forecast for tax revenue in the tax, property tax, aids, and credits area.

A taxpayer can reduce their taxable income in the current tax year by using an NOL deduction. For background, the 2023 tax bill, chapter 64, modified the NOL limitation by reducing the deduction from 80 percent to 70 percent effective for tax year 2023. The enacted effective date in the 2023 tax bill for this provision was erroneous. The intent of the legislature and governor was for the provision to be effective in tax year 2024. Chapter 82 corrected the effective date for the NOL deduction by delaying the effective date by one year from tax year 2023 to tax year 2024. This effective date change is estimated to have a onetime general fund revenue reduction of \$14.8 million in FY 2025.

For More Detail

- [Laws 2024, Ch. 82 – NOL Tax Correction Language](#)
- [Laws 2024, Ch. 82 – NOL Tax Correction Tracking Sheet](#)

Chapter 102 - Pensions

The 2024 supplemental pensions bill, Laws 2024, chapter 102, includes three appropriations related to educator pensions. The table below provides further detail on the general fund changes.

Table 37: Chapter 102 - Net General Fund Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
<u>Appropriations*</u>						
IRAP Transfer to TRA^	0	1,458	1,458	0	0	0
Teachers Retirement Association (TRA)	0	28,462	28,462	0	0	0
St. Paul Teachers Retirement Fund Assoc. (SPTRFA)	0	1,538	1,538	0	0	0
Total General Fund Net Changes	0	31,458	31,458	0	0	0
February Forecast Biennial Base			89,316			89,316
Percent Change from Base			35.221%			0%

* Positive numbers indicate costs.

^ IRAP - individual retirement account plan; TRA - teachers retirement account

IRAP to TRA Transfer

A onetime \$1.458 million transfer is made from the general fund to the individual retirement account plan (IRAP) to the Teachers Retirement Association (TRA) transfer account. Funds in the transfer account are appropriated to the Board of Trustees of the Minnesota State Colleges and Universities to reduce the cost-of-service credit purchases for people who transfer coverage from the IRAP to the TRA.

Onetime Direct State Aids

A onetime direct state aid of \$30 million is transferred from the general fund to two teacher retirement associations, TRA and the St. Paul Teachers Retirement Fund Association (SPTRFA). This \$30 million is distributed between the two plans based on the actuarial accrued liabilities using the actuarial valuations dated July 1, 2023: \$28.462 million to TRA; and \$1.538 million to SPTRA.

For More Detail

- [Laws 2024, Ch. 102 – Pensions Language](#)

Chapter 113 – Property Tax Forfeiture Settlement Agreement

Property Tax Forfeiture Law Changes

In the wake of the 2023 unanimous United States Supreme Court decision, *Tyler vs. Hennepin County*, the 2024 Legislature overhauled Minnesota’s property tax forfeiture laws to prevent counties from retaining excess proceeds from the sale of forfeited property. These changes were enacted in chapter 127, article 70, and more details can be found in the property tax, aids, and credits summary.

Litigation Settlement

Chapter 113 also addresses the implications of the *Tyler* decision by establishing an account for the tax-forfeited lands settlement agreement. The state of Minnesota and its counties reached an agreement on February 28, 2024, settling litigation related to the state’s retention of surplus proceeds from the sale of forfeited property.

Chapter 113 enacts a onetime appropriation of \$109 million in FY 2024 from the general fund to the commissioner of Minnesota Management and Budget (MMB) to make settlement payments to counties. This money is available until June 30, 2026. Counties who receive settlement payments must also make a good faith effort to sell forfeited properties and remit 75 percent of the proceeds of any sale on or before June 30, 2027, or 85 percent of the proceeds of any sale after July 1, 2027, to the general fund. MMB estimates that this will result in a deposit of \$6.907 million to the general fund in FY 2026, and \$6.907 million in FY 2027.

Table 38: Chapter 113 - Net General Fund Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
<u>Appropriations*</u>						
Forfeiture Settlement	109,000	0	109,000	0	0	0
Subtotal	109,000	0	109,000	0	0	0
<u>Revenue*</u>						
Forfeiture Sales Proceeds	0	0	0	6,907	6,907	13,814
Subtotal	0	0	0	6,907	6,907	13,814
Total General Fund Net Changes^	109,000	0	109,000	(6,907)	(6,907)	(13,814)

* Positive numbers indicate costs in the appropriations section and revenue gain in the revenue section.

^ Ch. 113 enacted onetime funding changes in the 2024 session. These changes do not have a current law general fund base.

For More Detail

- [Laws 2024, Ch. 113 – Property Tax Forfeiture Settlement Language](#)

Chapter 117 – African American Families

African American Family Preservation and Child Welfare Disproportionality Act

The African American Family Preservation and Child Welfare Disproportionality Act, Laws 2024, chapter 117, provides funding and policy direction to improve child welfare outcomes and reduce the disproportional effects of out-of-home placement for minority children and families. Chapter 117 makes net general fund appropriations of \$7.772 million in FY 2025 and \$6.536 million in FY 2026-27.

The law also sets up a pilot project in Hennepin and Ramsey Counties for the next two years and requires that “active efforts” must be made to assist children and families identified in the law to prevent negative outcomes and reduce out-of-home placements. The pilot phase ends, and the program is required to become statewide, in 2027. Each of the pilot counties will receive \$2.5 million of the appropriation for the pilot period to implement the law.

Table 39: Chapter 117 - Net General Fund Changes
(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
Appropriations*						
Chapter 117	0	7,772	7,772	3,316	3,220	6,536
Total General Fund Net Changes^	0	7,772	7,772	3,316	3,220	6,536

* Positive numbers indicate costs.

^ Ch. 117 enacted onetime funding changes in the 2024 session. These changes do not have a current law general fund base.

For More Detail

- [Laws 2024, Ch. 117 – The Minnesota African American Family Preservation and Child Welfare Disproportionality Act Language](#)
- [Laws 2024, Ch. 117 – The Minnesota African American Family Preservation and Child Welfare Disproportionality Act Tracking Sheet](#)

Chapter 122 – Emergency Medical Services

Office of Emergency Medical Services Established

Chapter 122, article 1 establishes the Office of Emergency Medical Services, which replaces the prior Emergency Medical Services Regulatory Board. The Office of Emergency Medical Services is charged with promoting public health and welfare, the protection of the safety of the public, and the effective regulation and support of the operation of the emergency medical services system in the state of Minnesota.

Emergency Medical Services Response Model Pilot Program

Article 1, section 18 establishes an alternative emergency medical services response model pilot program, in Otter Tail and Grant Counties, as well as in St. Louis County. A onetime \$6 million general fund appropriation in FY 2025 is made to the Emergency Medical Services Regulatory Board for grants to fund the pilot program. The appropriation is available until June 30, 2027, and the Emergency Medical Services Regulatory Board may retain up to 10 percent of the total appropriation for administrative costs.

Emergency Medical Services Aid

Article 4 establishes emergency ambulance service aid, which is financed through a onetime FY 2025 general fund appropriation totaling \$24 million. Ambulance service providers are eligible for this aid if they complete an application and are licensed. However, ambulance service providers are excluded from receiving this aid if they have licenses for primary service areas within the seven metropolitan counties or the cities of Duluth, Mankato, Moorhead, Rochester, or St. Cloud. Ambulance service providers who receive aid can use the aid for operational and capital expenses, including personnel, supplies and equipment, fuel, vehicle maintenance, travel, education, fundraising, and other related expenses. The Department of Revenue (DOR) will administer the aid using a formula that prioritizes ambulance service providers that cover larger areas, and the department can retain up to \$60,000 for administrative costs.

Table 40: Chapter 122 - Net General Fund Changes

(Dollars in Thousands)

	FY2024	FY2025	FY2024-25	FY2026	FY2027	FY2026-27
Appropriations*						
EMS Response Model Pilot	0	6,000	6,000	0	0	0
EMS Aid	0	23,940	23,940	0	0	0
DOR Administration	0	60	60	0	0	0
Total General Fund Net Changes^	0	30,000	30,000	0	0	0

* Positive numbers indicate costs.

^ Ch. 122 enacted onetime spending in the 2024 session. These expenditures do not have a current law general fund base.

For More Detail

- [Laws 2024, Ch. 122 – Emergency Medical Services Language](#)

Glossary

This is an abbreviated glossary of common terms used throughout this publication. For more extensive information on additional terms used in this publication, 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 need not 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, subd. 3, para. (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 am 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. Such amounts are canceled or added back to the fund from which they were appropriated.

Fiscal Year: The 12-month period on which the state's 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 & 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).

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: (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: Minnesota Statutes, section 16A.285, allows agencies to transfer operations money between programs within the same fund. Agencies must notify the commissioner of MMB of the transfer. A transfer must be consistent with legislative intent and must be reported by MMB to the chairs of the House Ways and Means Committee and the Senate Finance Committees. Agencies may transfer funds within programs, without notifying the Legislature, unless language in statute or law prohibits a specific transfer. A transfer may also refer to the legislatively directed movement of money from one fund or account to another.

Appendix

Table 41: 2024 Session Laws - Major Finance & Revenue Bills

Chapter	Bill	Companion HF #	Fiscal Bill/Committee
Chapter 76	HF2757		Corporate Franchise Tax Correction
Chapter 78	HF3489		School Resource Officers
Chapter 82	HF3769		Tax Corrections
Chapter 83	HF3377		Environment & Natural Resources Trust Fund
Chapter 102	HF5040		Pensions
Chapter 106	HF4124		Legacy Finance
Chapter 112	HF4772		Elections Policy & Finance
Chapter 113	HF5246		Tyler Settlement County Reimbursement
Chapter 115	HF5237		E-12- Education Finance, Children & Families Finance
Chapter 116	HF3911		Environment & Natural Resources Finance
Chapter 117	SF716	HF912	African American Preservation Act
Chapter 120	SF5289	HF5205	Economic Development & Workforce Finance
Chapter 121	HF4757		Commerce Finance & Office of Cannabis Management
Chapter 122	HF4738		Emergency Ambulance Service Aid
Chapter 123	HF5216		Public Safety & Judiciary Finance
Chapter 124	HF4024		Higher Education Finance
Chapter 125	SF5335	HF5280	Human Services Finance
Chapter 126	SF4942	HF4975	Agriculture Finance, Climate & Energy Finance
Chapter 127	HF5247		Taxes & Supplemental Appropriations
Ch. 127, Arts. 1-3	HF5242		Transportation Finance
Ch. 127, Arts. 4-13, 17	HF5242		Labor & Industry Finance
Ch. 127, Arts. 14-16	HF5242		Housing Finance
Ch. 127, Arts. 18-33	HF4247		Health & Human Services Finance
Ch. 127, Arts. 34-35	HF4024		Higher Education
Ch. 127, Art. 36	HF2609		Public Safety & Judiciary Finance
Ch. 127, Arts. 37-39	SF4942	HF4975	Agriculture Finance
Ch. 127, Arts. 40-45	SF4942	HF4975	Climate & Energy Finance
Ch. 127, Arts. 46-53	SF5335	HF5280	Human Services Finance
Ch. 127, Arts. 54-67	SF4699	HF4571	Health and Human Services Finance
Ch. 127, Arts. 68-71	HF5247		Taxes
Ch. 127, Art. 72	*		<i>*Ch. 127, Art. 72 was never introduced as a separate bill.</i>
Ch. 127, Art. 73	HF5363		Paid Family Medical Leave

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