



END OF SESSION REPORT

June 2025

Anoka | Benton | Blue Earth | Carver | Chisago | Crow Wing | Dakota | Olmsted | Otter Tail | Rice | St. Louis | Scott | Sherburne | Stearns | Washington | Winona | Wright

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HEADLINES

HIGHPOINTS - Successful Efforts

- ❖ In a year that saw HHS cost shifts onto counties proposed (nearly as large as \$500 million a biennium in one case) those cost shifts were scaled down significantly. While the final bills still included cost shifts, they were lower in scale in the final agreement than they were as originally proposed by any of the House, Senate, or Governor
- ❖ Prevented a last-minute attempt that was shoehorned into the transportation agreement to divert nearly \$100 million from metro counties to the Met Council
- ❖ After seeing aid cuts proposed as high as \$20 million a year to County Program Aid and a 34% across the board proposal to cut Payment in Lieu of Taxes, the final bill did not include any aid cuts to CPA or PILT
- ❖ A bipartisan \$700 million bonding bill that includes \$42 million for the local road improvement program, \$20 million for local bridge replacement, \$5 million for local government road wetland replacement program.
- ❖ SSIS is funded at \$35 million in FY 2026. Going into the negotiations, the House proposal was \$40 million, whereas the Senate proposal was \$10 million. We may finally be saying “so long” to the green screen.
- ❖ \$10 million (FY26) and \$10 million (FY28) to address bed capacity at the Miller Building at AMRTC, as well as \$34 million for Miller Building operating expenses in FY29. The remaining \$55 million is carried in [SSHF18](#), which represents the General Obligation Bonding bill.
- ❖ Passage of a pension bill that increases that provides state general fund assistance to increase cost of living adjustments for the police and fire pension plan, while also addressing the duty disability/PTSD issue that was negatively impacting the long-term health of the plan.

Session Convenes:

The 2025 legislative session began unlike any other. The senate was operating at a 33-33 tie after the passing of Senator Kari Dziedzic. They remained tied and worked under a power-sharing agreement until Sen. Doron Clark (DFL-Minneapolis) won a special election in late January and was seated in early February. Compared to the House the Senate was operating smoothly. With Curtis Johnson having to step aside due to not fulfilling the residency requirements to be

seated, the projected 67-67 tie between the House DFL and Republicans actually started as a 67-66 advantage for the GOP. In order to prevent the Republicans from establishing quorum, House DFL members were not present for the start of session. After a false start with initial committee work only from the Republican caucus was ruled out of order by the State Supreme Court, the two sides did eventually come together and reach a power sharing agreement in early February. For the first six weeks after the House session began (again) on February 10, the House GOP was operating as a majority, albeit a majority that didn't have 68 votes on its own to pass bills off the floor. Once the DFL candidate won the special election in 41B and Rep. David Gottfried (DFL-Shoreview) was seated, the House was back at 134 members evenly split 67-67 with Republican and DFL chairs trading committee chair gavels each day.

All this was taking place after the worst economic forecast Minnesota had seen since 2011. The November Forecast projected a current biennium surplus, but a \$5 billion deficit (counting inflation) in the outbiennium. Governor Walz's budget proposed fully addressing the long-term structural issues, partly by shifting costs onto counties and reducing aid like PILT and Aquatic Invasive Species Aid to counties. After that, both parties and chambers coalesced around the idea of trying to cut costs in order to address the long-term budget issues, despite the present-day surplus. The February Forecast didn't alter the budget picture much either, providing little to no relief for counties and others looking to avoid cuts or cost shifts.

February Forecast Data	26-27	28-29
Projected General Fund Revenues	\$ 64,494	\$ 67,776
Projected Spending (after 25 session, w/o inflation)	\$ 66,634	\$ 71,862
Structural Deficit (w/o inflation)	\$ (2,140)	\$ (4,086)
Projected Balance coming into 2025 session	\$ 3,742	
Discretionary Inflation	\$ 1,145	\$ 2,471
Projected Balance after inflation and covering 26-27 deficit	\$ 456	
Projected Balance after covering deficit w/o inflation	\$ 1,601	
February 26-27 Surplus/Deficit Projections (w/ inflation)	\$ 456	\$ (6,557)
February 26-27 Surplus/Deficit Projections (w/o inflation)	\$ 1,601	\$ (4,086)

With those numbers in mind, both House and Senate committees proposed deep cuts across many but not all committees. The cuts were especially deep in the HHS area in both chambers but also included some surprises from the Senate -- like significant general fund cuts in transportation, and a much larger target for the tax committee to reach through cuts to aid programs or increasing taxes.

When the [joint targets were released](#), they did not overly favor one chamber's targets over the other. Despite the House having the advantage of all their bills already receiving bipartisan support just to move off the floor, the agreed-upon targets with the House, Senate, and Governor necessitated many difficult conversations between committee chairs. But those joint targets weren't released until May 14, leaving committee chairs little time to negotiate their bills to completion. While some bills did get across the finish line by the May 19 constitutional deadline – most notably the Judiciary & Public Safety, Pensions, and State and Local Government & Elections omnibus bills – over 2/3 of the budget had to wait for special session.

Special Session:

With working group meetings beginning the very day after regular session ended, it appeared like a quick special session could be in the works. Most committees were able to come to agreements behind closed doors relatively quickly, with some notable exceptions such as the tax committee. But by Friday, June 6 the Governor and all four caucus leaders, including the Senate Republican minority leader, managed to come to an agreement on a framework for a one-day special session. It surprisingly included a bonding bill, after many assuming that in a year with so much gridlock that

anything requiring a 3/5 majority in both bodies would prove too difficult to manage. The one day special convened on Monday, June 9 and wrapped up before 2 am Tuesday, June 10.

In a vacuum the final bills that passed don't look like huge wins for counties. But given the scope of the cuts, cost shifts, and last minute transfers that had been proposed, the work that county commissioners did in talking with their legislators, along with all the work that MICA and others did on behalf of counties at the capitol this year, did make a real positive difference in the outcome that could have been (and for much of session looked like it would be) much worse from a county perspective.

Looking Forward

After everything was said and done, the legislature currently has a \$1.885 billion projected positive balance in FY 26-27. But there are a couple curveballs still facing the state budget. After reducing projected spending by \$1.8 billion in FY 28-29, general fund revenues are still projected to come in lower than general fund spending with the gap growing wider every year. After those reductions, even excluding inflation from forecasted spending increases, there's over a \$2 billion negative gap between revenues and spending projected for FY 28-29. While the monthly revenue updates from MMB have shown revenue coming in 2.4% above forecast so far in fiscal year 2025, those numbers can swing widely from month to month and state revenue trends outside of Minnesota are generally trending negatively, which is not a good sign even if we're doing better than expected at the moment.

And perhaps even more notably at the federal level, the "one big beautiful bill" looks like it will likely contain significant Medicaid cuts that will negatively impact Minnesota's budget by shifting costs away from the federal government to the states in a very real way. By the time the next economic forecast comes out in early December we should have a much better idea about Minnesota's fiscal picture, assuming the federal bill passes sometime in late summer or early fall as most in Washington are assuming it will.

On a Personal Note

Any successes, disappointments, or questions that came out of the 2025 legislative session were overshadowed by the assassination of Representative and Speaker Emerita Melissa Hortman and shooting of Senator John Hoffman in the early hours on June 14. The state is still grappling with the fallout of this event and will be for the foreseeable future.

Speaker Emerita Hortman, whether you politically aligned with her or not, was undeniably a force at the Capitol who cared deeply about the future of Minnesota. On behalf of MICA we extend our most heartfelt condolences to the Hortman family, along with all of her colleagues, constituents, and friends. We also wish Senator Hoffman and his wife Yvette a complete and full recovery. We're thankful that the reaction from local law enforcement all over the state was swift enough to prevent other attacks on lawmakers.

It's not clear how this will impact work at the capitol moving forward, but one has to hope that it will in some way inspire us to keep working together to create the very best version of Minnesota.

TAXES AND FISCAL POLICY

POLICIES THAT PASSED

Omnibus Tax Bill – SS [HF9](#) – Session Law [Chapter 13](#)

The discussions around the omnibus tax bill were much different in years past, with the budget forecast projecting a structural deficit in fiscal years 28-29. As a result, the Governor, Senate, and House all put together tax bills for the purpose of raising revenue overall, whether it was through cutting aids to local governments, increasing taxes, or a combination of the two. The final target of \$118 million in FY 26-27 and \$190 million came with a leadership agreement to include increasing the gross receipts tax on cannabis from 10% to 15% and repealing the data center sales tax exemption on electricity. Neither chamber passed a bill off the floor prior to the leadership agreement being reached, which complicated negotiations. Getting to agreement with a target that high proved very difficult. In between the end of regular session and the one-day special session the tax working group met publicly for about a week without making any significant progress. The bill ended up getting finalized privately by legislative leadership and a relatively bare bones bill was passed, with some non-controversial policy positions included with the budget pieces the leaders included to reach the revenue target. The final agreement did not include any cuts to County Program Aid or Payment In Lieu of Taxes, which had both been proposed to be cut at various levels earlier in session. The bill did include the repeal of local government cannabis aid, as had been proposed by the Governor and both chambers. It also includes a \$5 million reduction (50%) in Aquatic Invasive Species Aid beginning with aids payable in 2027.

- [Tax bill language](#)
- [Tax bill spreadsheet](#)

Property Taxes

Response to Alliance State Supreme Court Decision

In its opinion filed March 27, 2024, the Minnesota Supreme Court upheld the Minnesota Tax Court decision that affordable housing properties owned by Alliance Housing Incorporated or North Penn Supportive Housing LLC (collectively referred to as Alliance) are eligible for a property tax exemption because: 1) they are owned by an eligible charitable organization, and 2) the use of the property corresponds with Alliance's tax-exempt charitable purpose. The court's decision impacted all future exemption applications for similar properties beginning with assessment year 2025.

However, under a separate provision of current law (Minnesota Statutes 273.19 subd. 1), tax-exempt property held under a lease for a term of at least one year is considered, for all purposes of taxation, as the property of the person holding the lease. Therefore, the tenants of eligible Alliance properties (and other similar properties that apply for exemption) became liable for personal property taxes beginning with taxes payable in 2026.

The result of the court case was a policy change that allowed property owned by a qualifying institution of purely public charity to be exempt from property taxes if the property is used for the charitable purpose of the qualifying organization. This language changes that practice to more closely revert to the prior treatment of these properties, saying that property used solely to provide rental housing on the basis of income characteristics would not be eligible for the property tax exemption. The bill prevents the issue of low-income housing tenants having to tax personal property taxes beginning in 2026.

Attachments and Appurtenances

Prior to enactment, distribution lines, including their attachments and appurtenances, that are owned by a cooperative association and located outside of a city are not subject to property taxes. Instead, the cooperative associations pay a separate tax of \$10 for each 100 members of the association. This section clarifies that, except for substations and transmission or generation equipment, utility cooperatives' power distribution systems are exempt from property taxes.

For taxes payable in 2026, the exemption would shift an estimated \$750,000 in local property taxes away from cooperative personal property and onto all other property. Effective taxes payable 2026.

Conservation property tax valuation.

Prior to enactment, assessors were not allowed to adjust the value of real property subject to a conservation restriction or easement, except when:

- the conservation restrictions or easements cover riparian buffers along lakes, rivers, and streams that are used for water quantity or quality control; or
- the easements are in a county that has adopted, by referendum, a program to protect farmland and natural areas since 1999 (Dakota County); or
- the conservation restrictions or easements were entered into prior to May 23, 2013.

Under the new law, a metropolitan county that has adopted a program to protect farmland or natural areas may, by resolution, authorize the assessor to consider the impact of the conservation easement on the property's value. If those conditions are met, the new law would allow the assessor to adjust the value of real property subject to a conservation easement.

Land bank organization exemptions

Allows local units of government to abate property taxes on property that will be used for the development of affordable housing and on property that is held by a land bank organization for future development. Defines “land bank organization” as an organization that acquires, holds, or manages vacant, blighted, foreclosed, or tax-forfeited property for future development, redevelopment, or disposal. A land bank organization must be either:

- a nonprofit organization with a governing board whose members are elected or appointed by a unit of government or an agency of a unit of government, or whose members are elected or appointed officials of a unit of government, or
- a limited liability company of which such a nonprofit is the sole member.

The new law allows abatements granted to property described in the previous section to be granted for a duration of up to five years. Requires repayment, with interest, of an abatement received by a land bank organization if the land for which the abatement was granted is used for a purpose other than the purpose given by the land bank organization, prior to redevelopment. Approximately \$0.5 million in property taxes will be due in 2025 on property eligible for an abatement if the local government chooses to pursue it under the new law.

Display of fiscal disparities adjustment on property tax notices

Repeals a requirement that a fiscal disparities adjustment be included on certain property tax notices. This provision was enacted in 2023 and required an adjustment to the fiscal disparities line on property tax statements for properties within the Iron Range fiscal disparities program. With this repeal, the fiscal disparities line on property tax statements will be displayed as it had been prior to 2023.

Sales & Gross Receipts Taxes

Cannabis Gross Receipts Tax

The bill increases the cannabis gross receipts tax from 10% to 15%. This will increase taxes to the state general fund by \$52.8 million in FY 26-27 and \$94.9 million in FY 28-29.

Data Center Electricity Sales Tax Exemption

The bill repeals the electricity sales tax exemption for qualified data centers and qualified refurbished data centers. Data centers will be required to pay sales taxes on the electricity they use, similar to how sales of electricity are treated for homeowners. This will increase taxes to the state general fund by \$56.2 million in FY 26-27 and \$82.7 million in FY 28-29. Local sales taxes including county transportation sales taxes will also now apply to these purchases.

Property Tax Aids and Credits

Local Government Cannabis Aid Repealed

Prior to enactment, 20% of the cannabis gross receipts tax was to be evenly split between counties and cities via local government cannabis aid. The bill repeals local government cannabis aid. The 20% of the cannabis gross receipts tax for local government cannabis aid would instead be deposited into to the state general fund beginning July 1, 2025. The current remaining balance in the fund (a little over \$5 million from the sale of THC products) cancels back to the general fund. Combined this proposal increases general fund revenues by \$28.7 million in FY 26-27 and \$40.9 million in FY 28-29. As a result, the only tax benefit from the sale of cannabis products for local governments will be any local sales tax that are in place, since cannabis is subject to state and local sales tax.

Aquatic Invasive Species Aid Reduced

Reduces from \$10 million to \$5 million the annual appropriation for aquatic invasive species prevention aid. Effective **beginning with aids payable in 2027**. So, the first-time counties will receive a reduced payment is with their July 2027 distribution, it will not impact next year's budget. This aid must only be used to prevent the introduction or limit the spread of aquatic invasive species at all access sites within the county.

MICA Counties	Projected AIS Cut
ANOKA	\$ 66,823
BENTON	\$ 17,172
BLUE EARTH	\$ 58,432
CARVER	\$ 70,458
CHISAGO	\$ 66,928
CROW WING	\$ 236,290
DAKOTA	\$ 59,167
OLMSTED	\$ 5,534
OTTER TAIL	\$ 230,637
RICE	\$ 45,112
ST LOUIS	\$ 354,697
SCOTT	\$ 34,573
SHERBURNE	\$ 37,600
STEARNS	\$ 124,166
WASHINGTON	\$ 67,087
WINONA	\$ 44,541
WRIGHT	\$ 119,085

Sustainable Forest Incentive Act (SFIA) Payments

Under current law, land enrolled in the SFIA program is eligible for an annual per-acre incentive payment. Payment rates vary based on the covenant duration and the number of acres enrolled. The new law reduces annual SFIA payment rates by 10%. Landowners may elect to terminate participation in the SFIA program by July 1, 2026, without regard to the current statutory limitations. This will increase general fund revenues by \$3.6 million in FY 28-29.

Miscellaneous

County Bonds

Expands a list of county projects for which a county cannot enter a construction contract without first levying a tax or issuing county bonds so that the list includes sheriff's offices, law enforcement centers, and courthouses or justice centers attached to a county jail.

Any cuts to county program aid

The Senate omnibus tax bill included permanent cuts of County Program Aid as high as \$20 million per year at one point. MICA worked with numerous legislators to help prevent any cuts to CPA, with both the House DFL and House Republicans voicing their support for keeping CPA stable. Rep. Greg Davids (R-Preston) and Rep. Aisha Gomez (DFL-Minneapolis) both spoke strongly during the tax working group about the importance of not cutting aid to counties. But in a year with a large negative tax target with a structural deficit in the out biennium avoiding any cuts to CPA was a significant win.

Any cuts to payment in lieu of taxes

The Governor proposed a 34% across the board reduction to payments in lieu of taxes. This aid program provides some level of assistance to every county in the state but is especially significant in the northeast and southeast regions. St. Louis County receives \$27.44 per capita, and Winona County receives \$22.93 per capita. The average statewide PILT per capita aid to counties is \$8.30.

Any cuts to Statewide Affordable Housing Aid or Local Homelessness Prevention Aid

Later in negotiations after regular session concluded the Senate had proposed cutting both Statewide Affordable Housing Aid and Local Homelessness Prevention Aid by \$4.25 million each on an ongoing basis. Neither of these cuts were included in the final bill that became law.

Sales tax refund for purchases of construction materials for local governments

While the House did hear [HF1248](#) which provided a sales tax exemption for contractor-purchased building materials for local governments, it was not included in the House omnibus tax bill. Legislators in both chambers and across the aisle were generally supportive of the proposal but noted that its price tag of over \$60 million per year made it difficult to support given current budget constraints. Nor did any individual refund exemptions for specific local projects go into law. Many individual exemptions had been proposed and heard in both bodies with several being carried in their initial bills.

Local sales tax general authorization

The senate omnibus tax bill included a provision that was supported by MICA that would have provided counties and cities the ability to go directly to their voters to decide whether certain capital projects can be funded with a local sales tax without requiring a special law authorization. Sen. Rest has said that even though the general authorization did not become law she still plans to abide by the project criteria that was laid out in her bill.

Extension of local sales tax moratorium and legislative task force

The House bill contained a provision that would have extended the local sales tax moratorium by one year and created a task force of legislators to make recommended changes to the authorization process moving forward. As it stands the local sales tax moratorium expired and is no longer in place. It's expected that next year numerous local governments, mostly cities, will bring forward special authorization bills for local sales tax projects to bring to their voters.

Extension of Homelessness Prevention Aid

The original senate bill proposed repealing the sunset on the local homeless prevention aid. The aid goes out to counties and tribal governments to fund new or existing family homelessness prevention and assistance projects or programs. The aid is currently set to expire with final payments going out in 2028. You can [find the 2025 certification of this aid program here](#) for each individual county. Later editions of the Senate bill did not include the extension and instead proposed cutting the aid.

Disabled veterans market value exclusion

Both House and Senate bills proposed increasing the exclusion amounts for the disabled veterans' market value exclusion for veterans with a disability. The statewide average of this exclusion in all 87 counties is half of one percent. The highest percentage of any individual county is 1.6% (Carlton County) and the highest percentage of a MICA county is 1.1% (St. Louis County). It is expected this proposal will come up again in 2026.

Homestead Resorts property tax class rate changes

The senate proposed modifying the classification rates for class 1c homestead resorts. Under current law, 45% of the total class 1c taxable market value statewide is in the first tier, 45% is in the second tier, and 10% is in the third tier. Under the proposal, 72% of total class 1c taxable market value statewide would be in the first tier, 22% in the second tier, and 6% in the third tier. Resort property is nearly one fifth of one percent of statewide net tax capacity. The highest concentration in any one county is Cook County (2.5%) and the highest concentration in any MICA county is Otter Tail County (0.9%). It is expected that this proposal will come up again in 2026.

Managed forest land

The senate proposed eliminating the requirement that the property's forest management plan meet all requirements of SFIA to qualify for Class 2c managed forest land and instead provides cross-references to the definition of a 'forest management plan' and an 'approved plan writer' within the SFIA chapter. The proposal would have provided that land otherwise eligible to be classified as Class 2c is eligible regardless of whether it is wholly or partially subject to a conservation easement. It is expected that this proposal will come up again in 2026.

TRANSPORTATION

Getting to an agreement on a transportation package proved exceedingly difficult this year. The relationship between the House Transportation Committee Co-chairs frayed significantly as they assembled the House's bill, despite the fact they had a budget target of zero. When global budget targets were announced, things got much trickier. Transportation was given a general fund reduction of \$115 million dollars for the next biennium and \$133 million in fiscal years 28-29, which equates to approximately one third of the general fund spending on transportation each biennium, most of which goes to transit. Granted, this was much better than the Senate Transportation Committee's original target of a \$227 million general fund cut, but the Senate was able to use \$194 million of the money set aside in 2023 for the proposed NLX passenger rail train to meet its target. Per the leadership agreement on global targets, the NLX dollars were off the table for the final agreement.

Behind the scenes, tempers ran high – and after fits and starts, the negotiations were delegated to leadership, who tasked Senate Finance Chair John Marty (DFL-Roseville) and House Ways and Means Co-Chairs Zack Stephenson (DFL-Coon Rapids) and Paul Torkelson (R-Hanska) with negotiating the final deal. Their unfamiliarity with the delicate compromises made in 2023 when the historic transportation funding bill passed and a lack of input from stakeholders led to the inclusion of unvetted provisions in the final agreement, like shifting the county allocation of the metro area sales tax to the Met Council. Fortunately, all seven metro counties, under the leadership of MICA, were successful in unwinding this part of the agreement (read more below), but it made for an intense ten days leading up to the Special Session.

[Transportation bill language](#)

[Transportation bill spreadsheet](#)

Transportation – SS [HF14](#) – Session Law [Chapter 8](#)

Here's what was ultimately included in the transportation bill:

Revising the allocation formula of the sales tax on auto parts

Legislators were concerned about the bulk of the general fund cuts coming from transit and didn't want roads to be immune from the solution, so they included revisions to the statutory allocation of the auto parts sales tax proceeds for the trunk highway fund. Instead of 43.5% of the sales tax revenues going to the trunk highway fund, the percentages are reduced for FY 25-29, increasing the share to the General Fund before a phased-in return to the current levels over FY 2030-37. The schedule is as follows:

- 43.0% in FY 26
- 41.0% in FY 27
- 36.0% in FY 28
- 30.0% in FY 29
- 36.0% in FY 30-34
- 38.5% FY 35
- 41% FY 36
- 43.5% in FY 37 and after

Over the next four years, this change in the allocation restores \$11.284 million to the general fund in FY 26-27, and \$83.514 million in FY 28-29.

Increasing fees on electric vehicles

For over a decade, legislators have been contemplating revenue sources to replace declining fuel tax proceeds caused by more fuel-efficient and alternative powered vehicles. In 2017, policymakers took the first step by instituting an annual electric vehicle (EV) surcharge of \$75. This session, there was appetite in both the House and Senate to increase the fee to \$200. The final package not only increases the EV surcharge (based on the value of the vehicle) but also expands it to plug-in hybrid cars and electric and hybrid motorcycles. Additionally, a five cents per kilowatt hour tax is imposed on certain public EV charging stations, and an "electricity as vehicle fuel" working group is established to develop a roadmap with policy and funding recommendations for sustainable transportation funding mechanisms consistent with the Minnesota Constitution, article XIV that could replace the electric vehicle surcharges.

With the increase in the EV surcharges, the losses to the trunk highway fund from changing the auto part sales tax allocation are largely offset. The surcharges raise \$23.3 million next biennium and \$53.187 million in FY 28-29, resulting in a net loss of \$18.311million to the trunk high fund over the next four years. For the CSAH Fund over this period, there is an increase of \$3.83 million in FY26-27 and a reduction of \$8.656 million in FY28-29.

Funding for the Local Government Road Wetland Replacement Program

Going into conference committee, the House had a very strong position on providing one-time (\$10 million) and ongoing base funding (\$12.7 million) to the Board of Water and Soil Resources (BWSR) to administer the Local Government Road Wetland Replacement Program. The general fund reduction targets made it impossible to maintain this position, but in the final bill, \$3 million is appropriated to the program in FY 26.

This is a significant win. Never have the transportation committees provided funding for this critical program, which generates mitigation credits for local road authorities to satisfy their federal and state wetland regulatory permit

requirements. General fund dollars also give BWSR more flexibility than general obligation bonds, which have been the primary source of the program's funding over the years.

Reimbursing Deputy Registrars for no fee transactions

The governor, House, and Senate recommended reimbursement to Deputy Registrars for performing no-fee transactions, which can be time-consuming and deter Deputy Registrars from conducting business for which they can be paid. The reimbursements will be paid by the state, not the customer requesting the transaction.

Recent law changes have helped close the gap between revenues and operating costs for Deputy Registrars, but many MICA counties that provide licensing and vehicle registration services continue to subsidize their operations through local property tax levies. Reimbursing no-fee transactions will reduce local fiscal pressures and support the sustainability of public offices.

The new fee schedule for some of the more common vehicle transactions is as follows:

\$2 for paying an account balance

\$4 for:

- updating a vehicle's address or the county in which the vehicle is kept
- processing a vehicle that has been sold, donated, or removed from the state
- marking a vehicle as junked

\$8 for:

- changing a customer's personal identification number
- adding or removing liens for veterans with a total service-connected disability
- providing a duplicate title
- administrative review requests

\$12 for:

- vehicle renewal for veterans with a total service-connected disability;
- plate change for veterans with a total service-connected disability;
- correcting or changing title and vehicle details;
- issuing a new disability parking certificate;
- new title and registration for veterans with a total service-connected disability;
- transferring title and registration for veterans with a total service-connected disability
- replacing plates, stickers, or registration cards

For driver's license transactions:

\$2 for paying an account balance

\$4 for:

- correcting credentials for veterans with a total service-connected disability, homeless fee, and those with reduced-fee credentials
- payment of reinstatement fees for veterans with a total service-connected disability and homeless youth

\$8 for:

- changing a customer's personal identification number
- mail-in application photograph renewal

\$11 for:

- addition of court order review
- paper temporary receipt of application permit for veterans with a total service-connected disability
- issuing a credential for veterans with a total service-connected disability, homeless youth, and those with reduced-fee credentials

Consolidating local transportation fund reporting by metro counties

The seven metro area counties are required to provide a report to the Transportation Committee chairs and ranking minority members by March 1 of each year that summarizes how much revenue is collected and spent from the transportation advancement account, metro area sales tax, local option sales tax, and regional rail authority (if applicable). The report covers an 11-year period: the previous five years, the current year, and estimates for the next five years. (The initial proposal called for a 21-year period, including the next ten, but MICA was successful in amending the language to look forward no more than five years.) Besides tallying the amounts collected and spent from each revenue source, the report is to include how much is spent in each of the following categories and a description of the projects:

- guideway planning, project development, construction, operation, or maintenance of guideways
- non-guideway transit uses
- active transportation uses
- highway uses
- uses not otherwise specified in subitems (A) to (D).

The reports must also be sent to the Commissioner of Transportation in the manner and by the dates they prescribe. Co-Chair Erin Koegel (DFL-Spring Lake Park) pushed for this language, as she believes some metro counties are not spending the TAA and metro area sales tax dollars as prescribed by law, especially as it relates to transit. Originally, she included penalties for non-compliance which included withholding 25 percent of a county's CSAH share, but that was dropped from the final bill.

POLICIES THAT WERE NOT ENACTED THIS SESSION

Delaying the implementation of the GHG/VMT mitigation requirements for major highway projects

One of MICA's top transportation priorities was to revise the highway greenhouse gas (GHG) and vehicle miles traveled (VMT) assessment and mitigation law enacted last biennium. MICA supports efforts to reduce GHG from the transportation sector but is concerned about the law since many details of how to implement the program have yet to be decided and no funding is identified to pay for the mitigation. Throughout the session, MICA and other transportation stakeholders worked with House Transportation Co-Chair Jon Koznick (R-Lakeville) to highlight these concerns and ways to address them. Democrats on the Transportation Committee viewed any changes as an attack on the program and rejected them outright.

The compromise struck when assembling the House bill was to direct a portion of the EV surcharge increase to fund the Transportation Impact Assessment and Mitigation Account and delay the implementation of the portfolio approach by one year to allow time to address critical questions around offsets, costs, and inter-jurisdictional coordination. In response, environment and transit advocates launched a grassroots campaign and mischaracterized these changes as a "repeal" of the law.

In the end, no funding or changes to the current law were made. Counties do have representation on the Technical Advisory Committee charged with defining how the mitigation program will work, but several of the ideas under consideration, like establishing a credit bank, will require additional legislative authority. MICA will continue to monitor the program's implementation and advocate for funding, since mitigation is expected to increase the costs of major highway expansion and interchange projects by 5-40 percent.

Reducing the county allocation of the metro area sales tax

As previously mentioned, when the framework for the omnibus transportation budget agreement was made public in late May, it included language to reduce the carefully negotiated metro area sales tax allocation to counties from 17% to 8.5% and give it to the Met Council for bus rapid transit (BRT) buildouts. This provision was never a bill, let alone a

discussion point, during the session, and caught counties off-guard. More frustrating was that the shift was not needed to meet the transportation budget target. However, House Democrats negotiating the bill insisted the cut was needed to create “balance” between road and transit cuts, even though the Met Council has sufficient revenues from its existing share of the metro area sales to prevent transit operations from being impacted. More infuriating was the shift ended up giving the Met Council a net gain of \$106.7 million over the next four years while metro counties would have received a \$193 million cut to non-road program programs, such as pedestrian and bike trail construction and local transit enhancements.

Immediately, MICA began organizing to undo the county cuts caused by the inclusion of this unvetted idea. We organized and submitted a letter to legislative leadership co-signed by all seven-metro counties, including Ramsey and Hennepin. We engaged our county commissioners in a grassroots campaign that garnered some [media attention](#). Within five days, the concerns about inclusion of the shift made their way into discussions between legislative leadership and the governor. By the time the legislative working group on the Omnibus Transportation Bill convened a week after release of the transportation agreement, we had convinced committee members to allow for public testimony since no counties were consulted about the provision as it was developed.

At the hearing, representatives from all seven metro counties testified against the metro sales tax shift raising concerns about the lack of transparency in the legislative process; the undoing of the transformational 2023 transportation bill, which was carefully negotiated between counties and other stakeholders; the diminishing of local decision making by the Legislature; and the adverse impacts on numerous active transportation and transit projects counties and their constituents had planned since receiving the metro sales tax monies. House DFL members on the committee continued to defend the provision for providing balance and ensuring transit riders don’t bear the brunt of the cuts to Metro Transit, but since the new monies were being used for planning and not operating, that was a disingenuous claim. Many thanks to Commissioners Halverson (Dakota), Jeppson (Anoka), Brennan (Scott), and Bigham (Washington) for so eloquently stating the collective concerns of metro counties in their testimony, and to Carver County Engineer Lyndon Robjnt for sharing the practical consequences of this change.

MICA’s lobbying efforts did not stop after the hearing but continued into the weekend before the Special Session as we offered alternatives to the proposal that would protect county revenues while helping advance BRT development. The evening before the Special Session, we learned we prevailed and the cut to metro counties was dropped from the bill to be introduced for special session. Many thanks to the impacted MICA counties, including their commissioners, administrators, and engineers, for engaging and relentlessly advocating with your area legislators.

We’ll be curious to see whether the plans for the BRT buildout as envisioned in the omnibus bill are introduced next session and whether it is promoted by the Met Council, who never advocated for it.

Changing state aid design standards

Just prior to committee deadlines, Senate Transportation Chair Scott Dibble (DFL-Minneapolis) introduced a bill, [SF2162](#), to create new design standards for state aid roads and overhaul the variance and appeals process. Chair Dibble has had longstanding concerns about the MnDOT rules that regulate the design of state-aid county and city roads. He finds them too auto focused and thinks they prevent local communities from building the infrastructure they want to accommodate walking, biking, and transit. Meanwhile, county and city engineers support the rules, as they provide uniformity across jurisdictions ensuring a safe transportation system.

The original bill gave county engineers significant heartburn, and Chair Dibble was initially hostile to their concerns. After meeting with MICA engineers, Chair Dibble softened his position and agreed to move away from the original language while maintaining a framework to make the design, variance, and appeals process more flexible. He included a revised version of SF2162 in the [Senate Omnibus Transportation Bill](#) which reflected our conversation, and he indicated a willingness to keep refining the provision as it moved through the process.

Additional meetings were conducted between county engineers, Chair Dibble, Vice Chair Ann Johnson Stewart (DFL-Minnetonka), and MnDOT, but ultimately the provision was dropped from the final bill when it was released. We expect Chair Dibble and House author, Rep. Katie Jones (DFL-Minneapolis), to keep pushing on this issue next year unless MnDOT begins the process to update the state-aid design rules over the summer.

Expanding the definition of permissible uses of trunk highway funds

During the mark-up of the Senate Transportation Omnibus bill, Sen. Jen McEwen (DFL-Duluth) was successful in adding an amendment, on a party-line vote, to expand the uses on which trunk highway dollars can be expended to include transit, active transportation and reduction of greenhouse gas emissions in a highway right-of-way, as well drivers education, passenger rail, and electric vehicle charging infrastructure. Sen. John Jasinski (R-Faribault) and Sen. Jeff Howe (R-Rockville) spoke vehemently against adoption and diluting the pool of resources for roads and bridges when the need for investment is so great. Chair Dibble supported the amendment as he believes transportation corridors should serve all users in the community and these additional expenses are a much more efficient way to do so. Sen. McEwen resents that “the car reigns supreme” in the state’s funding paradigms.

The provision originated in [SF817](#), which was a response to the decision by MnDOT not to pursue boulevard designs for the Rethinking I-94 project. Bill author, Sen. Omar Fateh (DFL-Minneapolis), claimed the state “is building more roads than are needed and there’s not enough money to maintain them,” so the state should spend trunk highway funds on non-highway alternatives.

As the Senate Transportation Omnibus Bill moved through the process, there were attempts to take the provision out, but never the votes to remove it, although Democrats from greater Minnesota also expressed concerns about diverting limited highway funds from their districts when there are such significant needs. In conference committee, the House Republican members opposed the concept, ultimately preventing its inclusion in the final bill. Discussions on this topic are likely to resurface in the 2026 session.

Creating a new business mitigation fund for business disruptions caused by highway projects

Another Senate provision that originated during the markup process was language by Sen. Fong Hawj (DFL-St. Paul). It directed MnDOT to put together business communication plans and establish a business mitigation for local businesses whose access to their properties was blocked or adversely impacted by road construction projects. This was a vast improvement over the initial amendment offered by Sen. Hawj, which would have made local governments responsible for the roads being reconstructed in their jurisdiction to pay 1% of a project’s total construction costs to fund the business mitigation account.

Due to opposition from MnDOT, who doesn’t have the expertise to assess business impacts of construction projects and preferred another state agency be the lead, the provision was dropped from the final bill.

CAPITAL INVESTMENT (BONDING)

General Obligation Bonding – SS [HF18](#) – Session Law [Chapter 15](#)

TRANSPORTATION

After weeks of wondering will there or won't there be a bonding bill, the agreement on the Special Session included notice that a bonding bill would be included. The \$700 million package focuses on asset preservation and statewide infrastructure programs. This benefitted MICA's top transportation priorities, as the bill provides:

- \$42M for the Local Road Improvement Program
- \$20M for local bridge rehabilitation
- \$5M for the Local Government Road Wetland Replacement Program

This is significant - as early indications were that if these programs were even to receive money, it would be at much lower levels. Senate Republicans had been largely absent from any of the global negotiations but were at the table for deciding on the Special Session parameters. They insisted that the bonding bill have more money for roads and water than had initially been discussed - and were obviously successful in their demands.

These final numbers for transportation even dwarf what Senate Capital Investment Chair Sandy Pappas (DFL-St. Paul) had recommended when she released a list of projects for a potential \$1.35 billion bill. She only included the governor's recommendation of \$3.6 million for the wetland replacement program and a combined \$37 million for local roads and bridges.

By doing a \$700 million bill this year, the state still has the capacity to do another \$700 million dollar bill next session. MICA should spend time encouraging the governor's office to recommend continued funding for local roads and bridges since he provided no dollars for either program in his 2024 and 2025 recommendations – and the identified needs in this area are upwards of \$1 billion dollars. In a hearing in the Senate Capital Investment Committee earlier this year, senators on both sides of the aisle expressed disbelief and disappointment that there were no recommendations for either the local road improvement program or local bridge rehabilitation accounts from Governor Walz. As committee member and Transportation Chair Scott Dibble (DFL-Minneapolis) noted, "the [road maintenance] issues don't go away, they just get worse and more expensive over time."

[GO Bonding Spreadsheet](#)

[Capital Investment, 1st Special Session, HF 17 & HF 18 \(PDF\)](#)

HUMAN SERVICES AND HOUSING

Totaling \$700 million, the bill addresses core infrastructure/asset preservation of statewide significance, including:

Direct Care and Treatment:

- \$55 million Miller Building/AMRTC

Housing Finance Authority:

- \$26 million; Public Housing Rehabilitation
- \$3 million Greater Minnesota Housing Infrastructure Co-op Manufactured Housing

ENVIRONMENT

The [bonding bill](#) contains \$6 million in Capital Assistance Program funding, which will be allocated by the MPCA. In conversations with the MPCA post special session, staff shared that in past sessions they've been agnostic as to whether

they supported the inclusion of funding for specific local projects or an agency-controlled funding pool. Given the lack of any local projects included in this year’s bonding bill, this was the approach chosen by legislative leaders during negotiations.

The agreement also contains \$6 million for a new statewide drinking water contamination mitigation program, which was included in the Governor’s original bonding proposal released earlier this year. The funding will also be operated by the MPCA, and county projects are eligible to receive support.

Most clean water funding in the bonding bill is for municipal water projects, with \$176 million going to the Public Facilities Authority. This includes \$39 million in state matching funds for the revolving loan program, \$87 million for water infrastructure funding (\$43.5 million for drinking water grants and \$43.5 million for clean water grants), \$32 million for point source implementation grants, and \$18 million for the emerging contaminants grant program.

Finally, the bill contains \$1 million for the Metropolitan Council for tree planting grants.

Cash Bonding – SS [HF17](#) – Session Law [Chapter 14](#)

HOUSING

The bill appropriates limited cash funding in the amount of \$6.5 million. Includes \$2.439 million for the Local Public Housing Program:

- Sec. 9. Subdivision 1. **Establishment:** A local public housing program is established for the agency to award funding to allow eligible recipients to develop or acquire housing to be owned by the recipient.
- Subd. 2. Creation of accounts: Two local public housing program accounts are created. One account is created in the housing development fund and one account is created in the bond proceeds fund. Money in the accounts is appropriated to the commissioner to award funding under this section.
- Subd. 3. Eligible recipient: (a) A city, as defined in section 462C.02, subdivision 6, or a county is eligible to apply for and receive a grant from either account.

HEALTH & HUMAN SERVICES

We are pleased that the Legislature addressed several county HHS priorities:

- **SSIS is funded at \$35 million (FY26), which is contained in the Children, Youth, and Families portion of the Health and Human Services budget.** Going into the negotiations, the House proposal was \$40 million, whereas the Senate proposal was \$10 million. There is an additional \$10 million set aside from a previous appropriation by the 2024 Legislature. We may finally be saying “so long” to the green screen.
- **MnCHOICES: The following changes are included in the Human Services budget bill:**
 - For persons with unchanged needs from their most recent prior assessment, up to two consecutive **abbreviated reassessments** may be offered. Client may request a full reassessment at any time.
 - **Remote reassessments may be substituted for four consecutive reassessments if followed by an in-person reassessment.**
 - **Verbal attestation replaces required reassessment signatures for service initiation.** Within 30 days of completion, an assessor must email a request for written attestation to obtain a signature from the client.
 - Permits lead agencies to contract with hospitals to perform assessments of patients and requires assessment backlog reporting by lead agencies.

- Counties responsible for oversight, compliance, and quality assurance for all assessments performed under the contract.
 - Modifies MnCHOICES assessor qualifications.
 - Counties must begin an assessment, including an estimated timeline for full completion of the assessment, within 20 working days of request.
 - DHS is required to create a dashboard on assessment completions.
- **Priority Admissions/Direct Care and Treatment (DCT):**
 - As reported previously, the Human Services Policy bill ([HF2115/Chapter 38](#)) provided an additional two-year “pause” of the 48-hour rule. Although it was a recommendation of the Priority Admissions Review Panel, member counties testified repeatedly that this provision was conditioned on the Legislature also addressing DCT capacity issues (estimated at \$75 million).
 - The Human Services Finance bill provides \$10 million (FY26) and \$10 million (FY28) to address bed capacity at the Miller Building at AMRTC, as well as \$34 million for Miller Building operating expenses in FY29.
 - The remaining \$55 million is carried in [SSHF18](#), which represents the General Obligation Bonding bill.
 - Extends the Priority Admissions Review Panel. Evaluation report due February 1, 2026.
 - Requires the commissioner to immediately approve a limited exception for up to 10 civilly committed patients per year in hospital settings to be added to the DCT admissions wait list, until June 30, 2027.
 - Requires the DCT executive board to publish a referrals and admissions dashboard on its website.
 - \$100,000 (FY26) for a build out plan for a locked psychiatric residential treatment facility within DCT.
 - We also advocated for the continuance of the county cost share exemption for individuals committed as mentally ill and dangerous. This provision was not included, which means our reprieve ends on June 30, 2025. This will result in additional costs to counties of \$14,075 million (FY26-27) and \$18,196 million (FY28-29).

HUMAN SERVICES COST SHIFTS

The Human Services Conference Committee received negative spending targets of (\$270 million) (FY26-27) and (\$820 million) (FY28-29). Forced to find savings in the overall state budget, the Governor and both bodies had different recommendations for shifting substantial costs to counties. Counties have been on defense since the release of the Governor’s budget. Thanks to the heavy engagement of county commissioners and other county employees, the worst of the shifts have been taken off the table. Counties will be picking up additional costs for some services.

Not included:

- Waiver Rate Exception County Cost Share
- Waiver Residential Services County Cost Share
 - **Note a workgroup will be charged with finding human services cost savings. MICA has two appointments**, as do AMC and MACSSA. If the workgroup is not able to achieve those savings, a new contingent county cost share for waiver residential services will be established, along with a reduction in the competitive workforce factor rate (CWF), to ensure the goal savings are actualized.
 - The spreadsheet reflects assumed savings of (\$89,524 million) (FY28-29) related to the county share and (\$88,018 million) (FY28-29) for the CWF.
- Behavioral Health cost share increase not included; county share remains at 22.95%
- MSOP cost of care increase
- Withdrawal Management/New County of Financial Responsibility Obligation

Included:

- (\$4.194 million) (FY26-27); (\$8.594 million) (FY28-29) **Elimination of Behavioral Health cost allocation**

- **Sunset of Direct Care and Treatment (DNMC) County Cost Share for MI&D population.** This is estimated to cost counties \$14.075 million (FY26-27) and \$18.196 million (FY28-29) after our two-year reprieve ends on June 30.
- (\$16.760 million) (FY26-27); (\$16.750 million) (FY28-29) **Chapter 611/Competency Attainment**
- **(\$18 million) (FY28-29) Assumed MnCHOICES reductions (flat fee reimbursement).** Currently counties are reimbursed by the Random Time Moment Study process.

CUTS & COST SHIFTS: Human Services								
CUT or COST SHIFT 6-05-25	HOUSE		SENATE		GOVERNOR		6/5/25 CC Spreadsheet	
	FY26-27	FY28-29	FY26-27	FY28-29	FY26-27	FY28-29	FY26-27	FY28-29
Behavioral Health Fund, End Admin. Allocation	\$ (4,194,000)	\$ (8,594,000)	\$ (3,561,000)	\$ (8,594,000)	\$ (4,194,000)	\$ (8,594,000)	\$ (4,194,000)	\$ (8,594,000)
Behavioral Health Fund, County Cost Share remains at 22.95%	\$ (7,154,000)	\$ (8,938,000)	\$ -	\$ -	\$ (7,154,000)	\$ (8,938,000)	\$ -	\$ -
Disability Waivers, Rate Exceptions	\$ (154,664,000)	\$ (379,376,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Disability Waivers, Residential Services Cost Share	\$ -	\$ -	\$ (33,601,000)	\$ (83,352,000)	\$ (84,338,000)	\$ (208,902,000)	\$ -	\$ (89,524,000) Contingent on Cost Savings from the HS Cost Savings Reform Work Group; contingent county residential share increase
Minnesota Sex Offenders Program, Cost of Care	\$ -	\$ (39,600,000)	\$ -	\$ -	\$ (39,600,000)	\$ (39,600,000)	\$ -	\$ -
End DCT DNMC County Cost Share (MI&D population)	\$ (27,000,000)	\$ (27,000,000)	\$ (27,000,000)	\$ (27,000,000)	\$ (27,000,000)	\$ (27,000,000)	\$ (14,075,000)	\$ (18,196,000)
Chapter 11/Competency Attainment	\$ -	\$ (16,760,000)	\$ (16,760,000)	\$ (16,760,000)	\$ (16,760,000)	\$ (16,760,000)	\$ (16,760,000)	\$ (16,760,000)
Flat Reimbursement per Long-Term Care Assessment, instead of time study (MnCHOICES)	\$ -	\$ -	\$ -	TBD	\$ -	\$ -	\$ -	\$ (18,000,000)
Expansion of Mental Health Case Management, Counties pay the non-federal share	TBD	TBD	TBD	TBD	\$ -	\$ -	\$ -	\$ -
Grant Reduction – Day Training & Habilitation (DT&H) Grants to Counties	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,622,000)	\$ -
Total	\$ (193,012,000)	\$ (480,268,000)	\$ (80,922,000)	\$ (135,706,000)	\$ (179,046,000)	\$ (309,794,000)	\$ (36,651,000)	\$ (61,550,000) or \$ (151,074,000)

Human Services Finance - SS [HF3](#) – Session Law [Chapter 9](#)

Chaired by Reps. Mohamud Noor (DFL-Minneapolis) and Joe Schomacker (R-Luverne) and Sen. John Hoffman (DFL-Champlin), the committee received negative spending targets of (\$270 million) and (\$820 million) (FY28-29). The bill passed the House late Monday afternoon on a vote of 96-37. The Senate followed suit on a vote of 35-22.

Most of the cuts come from capping the Disability Waiver Rate System at an annual rate of 4% of CPI, saving around \$200.65 million in the next biennium. Some other large cuts include \$57 million from the nursing facility surcharge, \$52 million on rate exceptions, \$42 million in grant reductions, \$41 million in nursing facility payment system changes, \$23 million on daily hour cap on Individualized Home Supports with training services, \$23 million on night supervision service asleep rate, \$16.7 million in inpatient competency attainment exam liability/Chapter 611 (county cost), and \$15.4 million on Waiver Authorization reform.

Some new provisions in the bill would:

- **establish a long-term services and supports advisory task force to advise and assist the Legislature and Governor to reduce cost growth in long-term services. MICA has two appointees, as do AMC and MACSSA;**
- require the Direct Care and Treatment (DCT) executive board to publish a referrals and admissions dashboard on its website;
- **extend the Priority Admissions Review Panel;** and
- require the commissioner to immediately approve a limited exception for up to 10 civilly committed patients per year in hospital settings to be added to the DCT admissions wait list, until June 30, 2027.

Supporting documents:

- [Spreadsheet 06-09-25](#)
- [Bill Index/Summary](#)
- [Bill Language](#)

DHS Expenditures:

- \$908,000 million (FY26-27) Long-Term Services and Supports Advisory Task Force (2 MICA appointees; 2 AMC appointees; 2 MACSSA appointees)
- \$432,000 (FY26-27) MnCHOICES modification study/admin costs
- \$63,000 (FY26) MnCHOICES abbreviated reassessments
- \$38,000 (FY26) MnCHOICES; hospitals' contract access; assessor qualifications changes; dashboard
- \$360,000 (FY26-27); \$360,000 (FY28-29) Establish Housing Support Supplemental Rate; Blue Earth County
- \$286,000 (FY26-27); \$286,000 (FY28-29) Establish Housing Support Supplemental Rate; Otter Tail County
- \$2.237 million (FY26-27) New Human Services grants
 - \$350,000 (FY26-27) SUD Grants: Opioid Overdose Crisis Grant
 - \$200,000 (FY26) Adult MH Grants: Intergenerational Social Service and Health Grant
- \$816,000 (FY26) Grant to the Wilder Foundation for Homelessness Study

Selected DHS Savings:

- (\$186.083 million) (FY26-27); (\$479.233 million) (FY28-29) DWRS inflation; CPI-U with 4% annual cap
- (\$45.832 million) (FY26-27); (\$113.122 million) (FY28-29) Reduce Expected Disability Waiver Expenditures; Day and Unit Based Services
- (\$50.956 million) (FY26-27); (\$82.663 million) (FY28-29) Reduce Expected Disability Waver Expenditures; Limit Rate Exception

- **(\$15.476 million) (FY26-27); (\$2.822 million) (FY28) Waiver authorization reform**
- **(\$177.542 million) (FY28-29) Assumed spending Reductions from future cost savings proposals with contingent reductions**
 - (\$88.018 million) (FY28-29) assumed cost savings; contingent CWF reduction
 - (\$89.524 million) (FY28-29) assumed cost savings; contingent county residential share increase
- (\$11.580 million) (FY26-27); (\$18,306 million) (FY28-29) Program integrity and licensing fee changes
- (\$18 million) (FY28-29) Assumed spending reductions from MnCHOICES modifications with contingent reimbursement reduction (flat fee reimbursement)
- (\$4.194 million) (FY27); (\$8.594 million) (FY28-29) BHF modification/end county allocation
- (\$692,000) (FY27); (\$3,251 million) (FY28-29) BHF modification; end coverage after 60 days
- (\$42.130 million) (FY26-27); (\$508,000) (FY28-29) Grant and Administration reductions:

DCT Expenditures:

- \$69.977 million (FY-25-27); \$90.482 million (FY28-29) DCT operating adjustment
- \$100,000 (FY26) Build out plan for locked psychiatric residential treatment facility
- \$62,000 (FY26-27) MI&D Commitment Reform Task Force extension and report
- \$34 million (FY29) Miller Building/AMRTC operating expenses
 - (\$11.830 million) (FY28-29) Cost of care receipts/County contingency

DCT Savings:

- (\$14.075 million) (FY26-27); (\$181.196 million) (FY28-29) Cost of care collections (7/1/25 Sunset of County Exemption/DNMC/MI&D)
- (\$16.760 million) (FY26-27); (\$16.760 million) (FY28-29) Chapter 611/Competency Attainment

Other Agencies Expenditures:

- \$10 million (FY26); \$10 million (FY28) Department of Administration/Expand DCT bed capacity/supplemental Miller Building funding

Other Agency Savings:

- (\$335,000) (FY25) Council on Disability/cancellation of Legislative Task Force on Guardianship

Selected Language Summary:

Article 2: Disability Services

- **MnCHOICES:**
 - Sections 12, 13: Permits lead agencies to contract with hospitals to perform assessments of patients and require assessment backlog reporting by lead agencies.
 - Section 14: Modifies MnCHOICES assessor qualifications.
 - Section 15: Counties responsible for oversight, compliance, and quality assurance for all assessments performed under the contract.
 - Section 16: **Counties must begin an assessment, including an estimated timeline to full completion of the assessment, within 20 working days of request.**
 - Section 17: Remote reassessments may be substituted for four consecutive reassessments if followed by an in-person reassessment.
 - Section 18: Verbal attestation to replace required reassessment signatures for service initiation. Within 30 days of completion, an assessor must email a request for written attestation to obtain a signature from the client.

- Sections 19-20: For persons with unchanged needs from their most recent prior assessment, up to two consecutive abbreviated reassessments may be offered. Client may request a full reassessment at any time.
- Section 21: DHS to create a dashboard on assessment completions.
- Sections 22-24, 26-28: County supervisors required to review and accept all MA disability waiver service authorizations and service agreements.
- Sections 29 and 69, Subd. 3: Establishes an advisory task force on Waiver Reimagine, and repeals the Waiver Reimagine Advisory Committee.
- Section 36: Governor’s revised budget proposal; limits rate exceptions for residential services under DWRS.
- Section 56: Requires the commissioner to develop an individualized budget methodology exception to support access to home care nursing services.
- Section 58: Establishes a long-term services and supports advisory task force to advise and assist the Legislature and the Governor to reduce cost growth in long-term services and supports, build greater efficiencies into the long-term care service system, and achieve better outcomes for Minnesotans with long-term care needs. Includes two MICA appointees, two AMC appointees, and two MACSSA appointees. The first meeting must be held by October 1, 2025. Recommendations due December 1, 2026.

With the passage of the bonding bill that includes \$55 million for the replacement of the Miller Building at AMRTC:

- adjust the competitive workforce factors (CWF) to produce 49.8% of the required savings; and
- impose a county share of MA costs not paid by federal funds for services provided to a person receiving community residential services, family residential services, customized living services, or integrated community supports to produce 50.42% of the required savings.
- Section 63: Requires the commissioner to make recommendations to the Legislature to: (1) clarify DWRS provider cost reporting requirements; and (2) modify compensation encumbrance requirements to support direct care staff retention and the provision of quality services.
- Section 64: **MnCHOICES flat fee:** Requires the **commissioner to develop a proposal for a long-term care consultation services payment methodology that does not rely on a time study to determine reimbursement to counties.** Proposal due October 1, 2026.
- Section 65: Permits MA reimbursement for CFSS services provided while a participant is receiving acute inpatient hospital services.
- Section 70: Repeals statutes related to direct care provider premiums and the Legislative Task Force on Guardianship; and laws establishing the Waiver Reimagine Advisory Council and the online support planning tool.

Article 3: Health Care

- Section 1: **Expedited SMRT process for applicants in high-risk categories** (individuals in a facility who cannot be discharged without HCBS or long-term supports in place; individuals experiencing life-threatening medical conditions requiring urgent access to treatment or prescription medication; individuals diagnosed with a condition listed on the Social Security Administration’s Compassionate Allowance List; and children under age two who have screened positive for a rare disease.

Article 4: Substance Use Disorder Treatment: Does not include Governor and House recommendations to increase county cost share from 22.95% to 50% for the Behavioral Health Fund. **County rate remains at 22.95%.**

Article 5: Direct Care and Treatment

- Sections 1, 2: Removes exemptions to county cost of care requirements for MI&D population (expires June 30, 2025) for AMRTC and community behavioral health hospitals.

- Section 4: Modifies and adds notice requirements for referrals to DCT, including relative priority status and factors impacting priority admissions status. Requires additional notice after 60 days and requires the agency or facility where an individual is awaiting admission to transport the individual to DCT within 48 hours after the offered admission date.
- Sections 5-9: Provisions related to inpatient examination and competency attainment programs (Chapter 611); county of financial responsibility and costs.
- Section 10: Extending free communication services in DCT programs/facilities until June 30, 2027.
- Section 11: Extends the Priority Admissions Review Panel. Report due February 1, 2026. Duties:
 - evaluate the 48-hour timelines;
 - develop policy and legislative proposals regarding timeline that minimize litigation costs, maximize capacity in and access to DCT programs, and address issues related to individuals awaiting admission to DCT programs in jails and correctional institutions;
 - evaluate existing mobile crisis programs and funding;
 - evaluate the county correctional facility long-acting injectable antipsychotic medication pilot program; evaluate existing IRTS services; and
 - study local fiscal impacts and providing evaluation support of the limited capacity in and access to state-operated treatment programs, non-state-operated treatment programs, competency evaluation services, and competency attainment services.
- Section 12: Requiring the commissioner to immediately approve a limited exception for up to ten civilly committed patients per year in hospital settings to be added to the DCT admissions wait list, until June 30, 2027.

Article 7: Homelessness, Housing, and Support Services

- Sections 23-25: Establishes housing support supplementary services rates for a provider operating indoor communities with low barriers to access (**Avivo**), a provider located in **Blue Earth County** that operates a long-term residential facility with a total of 20 beds that serves chemically dependent women, and providers located in **Otter Tail County** that operate facilities and provide room and board and supplementary services to adults recovering from substance use disorder, mental illness, or housing instability.

Article 9: Miscellaneous

- Section 1: Governor’s revised budget proposal; makes a conforming change to MnCHOICES assessment timelines.
- Sections 2-5: Modifies the Mentally Ill and Dangerous Civil Commitment Reform Task Force by expanding duties and extending the expiration date to January 1, 2027. Report due August 1, 2026.

Article 10: Department of Human Services Program Integrity

- Sections 4-10: Increases DHS licensing fees; adds fees for change of ownership exception and satellite facilities; deposits fee amounts for program integrity activities; specifies allocation of licensing fees collected by counties (adult foster care and child foster residence settings licensing, family adult day services, family adult foster care, and licensing the physical plant of a community residential setting or residential services facility).

Health and Human Services/ Children, Youth, and Families – SS HF2 – Session Law Chapter 3

Chaired by Rep. Jeff Backer (R-Browns Valley) and Rep. Robert Bierman (DFL-Apple Valley) and Sen. Melissa Wiklund (DFL-Bloomington), the work group was able to put together its budget within their negative spending targets of (\$50 million) (FY26-27) and (\$175 million) (FY28-29). Children and Families had separate budget targets of negative \$15 million (FY28-29). **We are pleased that SSIS/Systems Modernization is funded at \$35 million; there is also an additional \$10 million appropriation set aside by the 2024 Legislature.**

Supporting documents:

- [Spreadsheet \(6/9/25\)](#)
- [House Research Summary](#)
- [Bill Language](#)

Selected DHS Expenditures:

- \$18.861 million (FY26-27); \$1,793 million (FY28) Audio-Only Telehealth
- \$617,000 (FY26-27); \$733,000 (FY28-29) MH TCM for 18-21 Years Old
- \$382,000 (FY26) MA Provider Rate Increases, Directed MCO Payments, and MCO Assessment
 - (\$207.242 million) (FY26-27); (\$342.197 million) (FY28-29) MCO Assessment Revenue
 - \$81.537 million (FY26-27); \$135.519 million (FY28-29) Increased Capitation Payment to MCO-State Share

Selected DHS Savings:

- (\$48.336 million) (FY26-27); (\$104.778 million) (FY28-29) Uniform Administration of NEMT
- (\$9.491) (FY25) Unexpended grant balance cancellations:
- (\$21 million) (FY26) Public Option & Appropriation Repeal; Dollars returned to HCAF
- (\$56.896 million) (FY26-27); (\$91.582 million) (FY28-29) Elimination of MinnesotaCare for Undocumented Adults

Selected DCYF Expenditures:

- \$35 million (FY26) Child Welfare IT Modernization (SSIS)
- \$100,000 (FY26) Child Care Regulatory Modifications; specified Requirements for County Licensors for Family Child Care

Selected MDH Expenditures:

- \$2.600 million (FY26-27); \$2,600 million (FY28-29) Infectious Disease Prevention
- \$7.299 million (FY26-27); \$9,772 million (FY28-29) Operating Adjustment
- Adjust Appropriations for Cannabis Grants:
 - \$5 million (FY26-27); \$5 million (FY28-29) Health Improvement: Increase Local & Tribal Public Health Grants for Cannabis-Related Prevention, Education, and Recovery Programs
 - (\$5,000 million) per biennium Transferred from Substance Use, Recovery, and Prevention
 - Note this partially funds last year's cut of \$3.6 million per year.
- \$250,000 (FY26) "Treat Yourself First" Health Care Worker Well-Being
- \$10,000 (FY26) Non-Opioid Directives Authorized
- \$150,000 (FY26-27); \$150,000 (FY28-29) Opioid Antagonists on Tribal Campuses
- \$1 million (FY26) Grant to Change Outcome for Opioid Education

Selected MDH Savings:

- (\$850,000) (FY26-27); (\$846,000) (FY28-29) Reduce Funding for Emergency Preparedness Grants
- (\$4 million) (FY26-27); (\$4 million) (FY28-29) Reduce Funding for Public Health Infrastructure Pilot Projects
- (\$94,000) (FY28-29) Reduce Funding for Environmental Health Management
- (\$344,000) (FY28-29) Eliminate Drug Overdose Grants

Office of Emergency Medical Services (EMS): \$27.505 million (FY26-27); \$7.722 million (FY28-29):

- \$105,000 (FY26-27); \$140,000 (FY28-29) Operating Adjustment
- \$16.418 million (FY26) Ambulance Operating Deficit Grant Program
- \$2 million (FY26) Ambulance service training and staffing grants
- \$8.582 million (FY26-27); \$2.140 million (FY28-29) Rural EMS Uncompensated Care Pool (General Fund)
- \$5.442 (FY28-29) Rural EMS Uncompensated Care Pool (HCAF)

- \$400,000 (FY26) EMT Education Reimbursement Grants

Selected Language:

Article 1: Department of Health Finance

- Section 24: Directs the commissioner of health to establish a dementia services program.
- Sections 44, 80-84, 92-95: Governor initiative: increases fees for plan reviews and inspections of public pools and spas; licensure and license renewal of food establishments, lodging establishments, youth camps, public pools and spas, and resorts; food manager certification; penalties for operating without a license; construction plan reviews; and licensure of manufactured home parks and recreational camping areas. Modifies the statewide hospitality fee and establishes a technology fee that must be paid at licensure and license renewal.
- Section 45: Exempts spa pools at stand-alone, single-unit rental properties from certain requirements for public pools and establishes requirements for their use by rental parties.
- Section 56: Governor initiative: extends the state Trauma Advisory Council to 2035.
- Section 58: Governor initiative: makes permanent the Newborn Hearing Screening Advisory Committee.
- Section 77: Governor initiative: makes the Maternal and Child Health Advisory Task Force an advisory committee.

Article 2: Department of Health Policy

- Sections 22-26, 34-35: Transfers administration of the Healthy Eating, Here at Home program from the Minnesota Humanities Center to the commissioner of health and adds SUN bucks (Summer EBT) benefits to the Healthy Eating, Here at Home program.
- Sections 31-32: Agency initiative: authorizes the health equity advisory and leadership council to include on the advisory council members of communities and groups other than the listed communities and groups; and removes language regarding the timing of recommendations for new members.

Article 5: Office of Emergency Medical Services

- Section 1: Modifies a program reimbursing ambulance services for the cost of emergency medical responder and emergency medical technician initial and continuing education courses.
- Section 2: Establishes a rural EMS uncompensated care pool payment program at the Office of Emergency Medical Services, in which ambulance services receive payments for certain EMS responses for which they were not reimbursed from other sources.
- Section 3: Establishes an ambulance service training and staffing grant program at the Office of Emergency Medical Services, in which ambulance services receive grants to cover training and salary costs to train individuals as emergency medical technicians.
- Section 4: Establishes an ambulance operating deficit grant program at the Office of Emergency Medical Services, in which grants are provided to ambulance services with an operating deficit.

Article 8: Human Services Health Care Finance

- Sections 1, 9: Extends access to audio-only telehealth in MA, MinnesotaCare, and private health plans through fiscal year 2027.
- Sections 3, 7-8, 13-14, 43(b): Authorizes a uniform nonemergency medical transportation (NEMT) program for MA and MinnesotaCare enrollees.
 - Repeals 256B.0625, subd. 18b, which prohibited broker dispatching.
 - Repeals 18e, which required DHS to implement a single administrative structure and delivery systems.
- Sections 24-25, 37-38: Establishes a county-administered rural medical assistance (CARMA) program.
- Section 43(a): Repeals the commissioner of commerce’s authority to seek federal approval to implement a public option in the state.

Article 10: Child Protection and Welfare Policy

- Sections 1-7, 27: Modifying definitions, licensing and training requirements, and guidelines related to child foster care provided by relatives.
- Sections 8, 33-34: Changes to child welfare investigations and the appeal of agency decisions related to child maltreatment that occurred in another state.
- Sections 9-13, 15-30, 32, 35-38, 40: DCYF policy bill child welfare provisions related to the Minnesota African American Family Preservation and Child Welfare Disproportionality Act, inquiries into a child's heritage, extended foster care, case plan documentation, reestablishment of parental rights, and non-caregiver human trafficking response.
- Sections 14, 39: DCYF policy bill child welfare provisions related to truancy and reporting requirements for school attendance concerns.
- Section 31: Modifying the definition of neglect for purposes of child maltreatment reporting, to address continued hospital stays for children with mental, physical, or emotional conditions who cannot return home but for whom necessary services are not available.

Article 11: Child Protection and Welfare Finance

- Section 1: Governor's budget bill (DCYF): Allows the DCYF commissioner to contract with a licensed child-placing agency or Tribal social services agency to provide permanency services for children in out-of-home care.
- Sections 2-4: Governor's budget bill (DCYF): Modifying Minnesota Indian Family Preservation Act (MIFPA) grant payment timelines and reporting requirements, and removing annual cap on special focus grant awards under MIFPA.
- Section 5: Allowing for modification of child support redirection when in the best interest of the child.
- Section 6: Outlining requirements for DCYF modernization of the child welfare information system.
- Section 7: Requiring a scan and report on out-of-school and youth programming.

Article 13: Early Care and Learning Finance

- Section 5: Governor initiative: modifies the TEACH scholarship program for individuals in the early care and learning field.
- Section 6: Governor initiative: modifies CCAP redetermination dates for federal compliance purposes.
- Sections 7-9, 16: Governor initiative: prohibits scheduled reporters in CCAP for federal compliance purposes.
- Section 10: Governor initiative: limits a family's CCAP co-payments to 6.9 percent of income for federal compliance purposes.
- Section 11: Governor initiative: sets training requirements for legal non licensed child care providers for CCAP federal compliance purposes.
- Section 12: Governor initiative: requires that CCAP providers submit data on child enrollment and attendance to the commissioner.
- Sections 13, 18: Governor initiative: clarifies that the quality parenting initiative grant is administered by DCYF.
- Section 14: Explicitly establishes the Office of the Ombudsperson for Family Child Care Providers.

Article 14: Department of Children, Youth, and Families Licensing and Certification Policy

- Section 3: Allows a child care program license holder to request interpretive guidance on a correction order. Modifies the timelines for when the commissioner may publicly post a correction order issued to a child care program.
- Sections 4, 6: Directs a child care program to publicly post licensing actions accompanied by a maltreatment investigation for four years.
- Section 14: Governor initiative: modifies training requirements for substitutes and adult caregivers in family child care settings.

- Section 21: Directs the commissioner to establish time frames for county licensors to respond to requests from family child care providers and requires that county licensors use the electronic licensing inspection tool when doing an inspection of family child care programs.

Article 17: Department of Human Services Program Integrity

- Sections 1-7, 10: Governor’s DHS budget bill: program integrity and fraud prevention provisions related to investigative data and data exchanges, pending investigations and actions, and background study documentation.

Article 18: Homelessness, Housing, and Housing Support

- Section 2: Establishes a family supportive housing grant program to help families and children maintain safe and stable housing.

Article 19: Miscellaneous

- Section 1: Directs the commissioner of health to distribute money to Tribal colleges to make opiate antagonists available at each campus and at each campus residential building.
- Sections 2-6: Authorizes the use of nonopioid directives to instruct health care providers to not administer or prescribe an opioid to a patient.
- Section 8: Governor initiative: modifies eligibility requirements for housing stabilization services.
- Sections 13-14: Requires social media platforms to have a mental health warning label appear when users access the platform; authorizes the attorney general to investigate and bring actions against social media companies for violations of the warning label requirements. The warning label will also point users towards mental health resources and the 988 Suicide and Crisis Lifeline.
- Section 16: On a biennial basis, requires the commissioner of health, commissioner of human services, and commissioner of children, youth, and families to report information on grants administered by each agency to certain members of the legislature and certain legislative offices.

HUMAN SERVICES PROVISIONS IN OTHER OMNIBUS BILLS

Judiciary and Public Safety - [HF2432](#) – Regular Session Law [Chapter 35](#)

Co-chaired by Rep. Paul Novotny (R-Elk River) and Rep. Kelly Moller (DFL-Shorewood) and Sen. Ron Latz (DFL-St. Louis Park), the committee received negative spending targets of (\$107.423 million) (FY26-27) and (\$112.079 million) (FY28-29). The bill reached final passage during the regular session and was signed into law by Governor Walz on May 23, 2025.

Office of Justice Programs (OJP):

- \$200,000 in FY26-27 for a **grant to an organization that provides legal representation for children in need of protection or services and children in out-of-home placement.**

Selected Language:

Article 5: Public Safety Policy:

- Section 7: Provision of Medications in Correctional Facilities. Requires correctional facilities licensed by the DOC to administer to confined and incarcerated persons the same medications that were prescribed to the person prior to their confinement or incarceration. Provides exceptions.

Article 7: Correctional Provisions:

- Section 25: Mental health unit pilot program. Extends the Mental Health Unit (MHU) pilot program, created in 2023, until August 1, 2027. MHU allows counties to transfer individuals with serious mental illnesses who are incarcerated in local jails to the MHU at MCF-Oak Park Heights for housing and treatment. In order to broaden eligibility for transfer, amends the transfer process from consensual transfers to referrals from a licensed mental health professional.
- Section 26: Repealer. Repeals statutes that require MCF-Stillwater and MCF-St. Cloud to initiate civil commitment proceedings on mentally ill inmates, transfer those to be found mentally ill to the Minnesota Security Hospital, and take them back upon restoration of their mental health.

Article 11: Civil Law: Modifies laws governing civil marriage, the Statewide Office of Appellate Counsel and Training, the Minnesota Competency Attainment Board, the rights of a person subject to guardianship, and civil remedies. This article also creates a new process to gain an order for protection to protect a vulnerable adult from financial abuse.

- Section 5: Annual report to the legislature. Requires the Guardian Ad Litem Board to submit a report to the legislative committees with jurisdiction over judiciary finance identifying the number of: board staff; children served by guardians ad litem in court cases, including the number of Native American children in certain cases; court reports filed by guardians ad litem; cases assigned; hours worked; complaints regarding guardians ad litem submitted to the board; investigations performed by the board; and complaints that resulted in discipline. This section requires that the information not include data on individuals, but requires that the data be disaggregated by paid staff versus volunteers.
- Section 16: Order for protection against financial exploitation of a vulnerable adult. Creates an order for protection that a petitioner can file against another person to prevent the financial exploitation of a vulnerable adult. This section provides the process to obtain the order for protection, and the relief the court can grant, and imposes criminal penalties for violations of an order, and subsequent violations. The petition for an order may be filed in the county where the petitioner, respondent, or vulnerable adult resides. The filing fees are waived for both parties to the order. The court must hold a hearing within 14 days of receiving the petition unless a temporary ex-parte order is issued. Service must be made in the same manner as service for orders for protection under section 518B.01. This section also requires service upon the vulnerable adult if the petitioner is not the vulnerable adult. If service on the respondent is not possible as provided under section 518B.01, the petitioner may serve the respondent using the same method used to contact the vulnerable adult and provide the court with the reasons why service was not possible under section 518B.01.

Commerce and Consumer Protection – SS [HF4](#) – Session Law [Chapter 4](#)

Chaired by Rep. Kaohly Vang-Her (DFL-St. Paul) and Rep. Tim O’Driscoll (R-Sartell) and Sen. Matt Klein (DFL-Mendota Heights), the committee received negative spending targets of (\$3 million) (FY26-27) and (\$12 million) (FY28-29). The House passed the bill on Monday on a vote of 112-19. The Senate followed suit a few hours later on a vote of 48-18.

Supporting documents:

- [Spreadsheet](#)
- [Summary](#)
- [Bill Language](#)

Spreadsheet:

- \$69.793 million (FY26-27); \$63.170 million (FY28-29) Office of Cannabis Management
- \$572,000 (FY26-27); \$572,000 (FY28-29) Healthcare Enforcement
- \$690,000 (FY26-27); \$690,000 (FY28-29) Additional Investigators
- \$450,000 (FY26-27); \$450,000 (FY28-29) Mental Health Parity and Substance Abuse Accountability Office

- \$84,000 (FY26-27); \$84,000 (FY28-29) Psychiatric Collaborative Care Model Covered

Selected Language:

Article 7: Commerce and Consumer Protection Policy

- Section 29: Prohibition. Until January 1, 2028, the PFAS prohibition provided in this subdivision does not apply to the manufacture, sale, distribution, or use of class B firefighting foam for use in hangar fixed firefighting systems at an airport.

K-12 Education – SS [HF5](#) – Session Law [Chapter 10](#)

Chaired by Rep. Cheryl Youakim (DFL-Hopkins) and Rep. Ron Kresha (R-Little Falls) and Sen. Mary Kunesh (DFL-New Brighton), the committee received a zero-spending target in (FY26-27) and a negative target of (\$420,000) (FY28-29). The House passed the bill on Monday on a vote of 97-36. The Senate followed suit a few hours later on a vote of 35-32.

Supporting documents:

- [Spreadsheet 06-09-25](#)
- [Summary 06-09-25](#)
- [Bill Language](#)

Article 8: Facilities, Health, and Safety: Modifies various facilities, health, and safety programs, including provisions relating to epinephrine and opiate antagonists; cardiac emergency response; capital project referendum authority and procedures; roof repair and replacement in the long-term facilities maintenance programs; review and comment requirements; and cooperative ice arena levy authority.

- Requires the commissioner of health to provide a district or school with a standing order for distribution of epinephrine delivery systems.
- Opiate antagonists. Allows a district or charter school to allow a high school student to possess and administer an opiate antagonist to another high school student.

OTHER STAND-ALONE BILLS WITH HUMAN SERVICES PROVISIONS

Cannabis Policy - [SF2370](#) – Regular Session Law [Chapter 31](#)

Sponsored by Sen. Scott Dibble (DFL-Minneapolis) and Rep. Zack Stephenson (DFL-Coon Rapids), SF2370 makes technical changes to the state’s cannabis laws, including the medical cannabis program, and the licensing and operation of cannabis businesses. It **removes the requirement that beverages with no more than 10 milligrams of THC be labeled as two servings, creates a lower-potency hemp wholesaler license, and gives visiting patients to Minnesota the same rights as medical cannabis patients in the state.**

The Senate passed the bill on a vote of 34-33 during the final weekend of the regular session; the House followed suit on a vote of 80-50. The bill was signed into law by Governor Walz on May 23.

Housing and Homelessness Prevention - [SF2298](#) – Regular Session Law [Chapter 32](#)

Sponsored by Sen. Lindsey Port (DFL-Burnsville) and Rep. Spencer Igo (R-Wabana Township), SF2298 represents the omnibus housing and homelessness prevention bill that includes millions in new spending. The Senate passed the bill on

a vote of 36-31 during the final weekend of the regular session; the House followed suit on a vote of 108-26. The bill was signed into law by Governor Walz on May 23.

The agreement provides authority to raise \$50 million through housing infrastructure bonds. It also increases General Fund spending to \$183.95 million in the 26-27 biennium, an \$18 million increase over base.

Supporting documents:

- [Spreadsheet 06-05-25](#)
- [Bill Language](#)

Appropriations:

- \$8.35 million to the Family Homeless Prevention and Assistance Program, providing emergency rental and utility assistance
- \$2 million to the Workforce Homeownership Program
- \$2 million for Greater Minnesota Housing Infrastructure Grants

Policy:

- Specifies that housing and redevelopment authorities are allowed to establish local housing trust funds (dedicated revenue for housing, for things such as rehabilitation, emergency assistance and gap funding) in the same way as cities and counties.
- Provides incentives for communities adopting [Yes to Homes](#) initiatives, including allowing multifamily housing in most residential zones and easing requirements on minimum lot and garage sizes. require Minnesota Housing to develop a framework for preserving affordable housing.
- Allows proceeds from housing infrastructure bonds to support adaptive reuse projects, such as converting schools into apartments.

Not included:

- Affordable Housing Annual Meeting: Would have required the commissioner to convene a meeting with the Interagency Council to End Homelessness and the cities and counties with high levels of cost-burdened households (cities and counties where gross rent or homeownership costs are 30% or more of household income). The purpose of the meeting was to discuss: (1) resources received by cities and counties; (2) regional needs for affordable housing; and (3) recommendations for the collaborative use of funds to effectively address homelessness, housing insecurity, security of affordable housing, and the lack of housing supply.

Human Services Policy - [HF2115](#) – Regular Session Law [Chapter 38](#)

Sponsored by Rep. Joe Schomacker (R-Luverne) and Rep. Mohamud Noor (DFL-Minneapolis) and Sen. John Hoffman (DFL-Champlin) HF2115 represents the omnibus human services policy bill. Includes the right to a designated support person for nursing home residents; **prohibits county boards from charging for emergency services provided to clients experiencing emotional crisis or mental illness**; and expanding the Health Care Bill of Rights. During the final weekend of the regular session, the House passed the bill on a 124-10 vote; the Senate followed suit on a vote of 55-8. Governor Walz signed the bill into law on May 23.

Selected Language:

Article 1: Aging and Disability Services

- Sections 16, 18: Directs DHS to add informed decision making to its case management training and requires case managers to annually complete an informed choice curriculum and pass a competency evaluation (as determined by DHS).

Article 2: Department of Health Policy

- Section 23: Nonrenewal of housing
 - Subd. 1: Assisted living facilities must provide notice to the Office of Ombudsperson for Long-Term Care. New language requires that for a person receiving home and community-based services, they must also provide notice to a resident’s case manager.
 - Subd. 2: Assisted living facility cannot decline to renew a resident’s housing on the grounds they are switching from private to public payment for housing or services. **Allows the Office of Ombudsperson for Long-Term Care to work with lead agency if a resident’s application for public funds is not processed within 30 days.**

Article 3: Direct Care and Treatment

- **Section 41: 48-hour rule**
 - Subd. 1 (b) (7): removes requirement for civilly committee individual to be admitted to a state-operated treatment program within 48 hours.
 - Subd. 1 (e): Strikes 48-hour requirement and expiration.
- Section 42: 48-hour rule
 - Subd. 1: New language requiring admission to state-operated treatment program within 48 hours.
 - Subd. 2: Temporary alternative admission timeline expires June 30, 2027.
- Section 75: Competency attainment program; adds notification requirements for elopement or leave status from a program.
- Section 76: Allows forensic navigators access to data from competency attainment programs for a defendant.

Article 4: Behavioral Health

- Section 6: Adds qualification, education, and continuing education requirements for case managers (including county case managers) who work with patients with serious and persistent mental illness.
- Section 10: Adds qualifications for mental health case managers (including county case managers).

Article 9: Miscellaneous

- Section 2: Requires public listing in a single location of any provision under DHS jurisdiction that is contingent on federal approval.

Bill	Chapter	Chief	Short Description	Signed
HF2184	10	Feist	Office of Ombudsperson for American Indian Families exempted from court fee requirements.	04/30/25
HF0129	12	Repinski	Director of child sex trafficking prevention required to submit a program evaluation each odd-numbered year to the legislature.	04/30/25
HF1346	13	Nash	Training requirements modified for mandatory reporters.	04/30/25
HF0688	16	Frazier	Service dog provisions modified in housing accommodations for persons with disabilities.	05/08/25
HF2551	21	Kotyza-Witthuhn	Follow-up to 2024 children, youth, and families recodification; technical changes made.	05/15/25
HF0286	22	Perryman	Local units of government authorized to conduct criminal background checks under certain circumstances.	05/15/25

POLICIES THAT WERE NOT ENACTED THIS SESSION

No changes to Minnesota African American Family Preservation Child Welfare Disproportionately Act (MAAFPCWDA)

- We were working with several legislators about a potential phase-in for the other 85 counties that are not part of the Hennepin/Ramsey Counties Phase-In.
- In the end, legislators agreed that the **MAAFPCWA Statewide Working Group**, which is just getting underway, should continue to work through the process. The working group is required to submit an interim report of its findings by January 1, 2026.
- With the effective date of statewide implementation not going into effect until January 1, 2027, there may be opportunities to make changes next year if necessary.
- **MICA Members Commissioners Kurt Mortenson (Otter Tail) and Karla Bigham (Washington), along with Commissioners Angela Conley (Hennepin), and Joan Lee (Polk), serve on the working group.**

We advocated for the continuance of the county cost share exemption for individuals committed as mentally ill and dangerous. This provision is not included, which means our reprieve ends on June 30, 2025. This will result in **additional costs to counties of \$14.075 million (FY26-27) and \$18.196 million (FY28-29).**

Language that **would have prevented counties from contracting for case management services.** During the regular session, an amendment was considered that would have required counties to utilize a competitive proposal process at least every two years; would have required contract language to include county oversight to ensure high-quality case management services; and would have eliminated the option of contracted case management altogether, beginning on July 1, 2028. Although the language did not become law, we anticipate further discussion on this issue in the future.

The Senate Judiciary and Public Safety proposal that **would have established the Civil Commitment Coordinating Division, within the Office of the Attorney General**, and would have created a Transport Hold Work Group did not reach final passage.

Child welfare fiscal analysis was not included.

There was no increase in the health care provider tax.

County case management for individuals experiencing complex PTSD

- **Agreement was a pilot project for the Lower Sioux Indian community**
- **Report due January 1, 2027.**

ENVIRONMENT

POLICIES THAT PASSED

Omnibus Environment and Natural Resources – SS [SF3](#) – Session Law [Chapter 1](#)

[The environment budget and policy omnibus bill](#) had a negative \$6.5 million budget target in FY2026-27, which it met by reducing previously appropriated funds for resilient communities grants, tree seedlings for areas affected by drought, and enhancing grasslands and wetlands. The agreement also has revenue raisers, including new watercraft surcharges based on the size, type and use of the watercraft. These surcharges will become effective January 1, 2026. Fees will generate \$6.450 million in the next biennium and \$8.6 million each biennium starting in FY2028, with \$5.04 million per biennium going toward aquatic invasive species (AIS) management activities. Similarly, the bill increases water-use

permit and water appropriation permit application fees, which will bring in \$3.092 million in FY2026-27 and \$5.87 million in FY2028-29 and beyond. This revenue will increase groundwater management spending by \$4.35 million in the next biennium and \$5.34 million per biennium beginning in FY2028.

With a limited general fund target, there were not many major spending provisions of interest for MICA outside the funding increases noted above. Transfers from the Closed Landfill Investment Fund were increased from \$4.5 million to \$6.5 million per year, with statutory language extended through FY2029. The Metropolitan Council will receive \$900,000 for community tree planting grants in FY2026. The bill repeals the \$100,000 per year transfer from the general fund to the Metropolitan Landfill Contingency Action Trust, and the county feedlot program was also cut by \$1 million per year. Base funding for county SCORE grants was maintained at \$18.45 million per year—you can find more on SCORE in the “What didn’t pass” section below.

Despite initial signs that committee chairs wouldn’t be able to reach agreement on any policy provisions, a number of changes made it into the final bill. This includes a repeal of the shotgun-only zone (allowing counties to adopt their own prohibition) and some exemptions to 2023 legislation banning the sale of products containing PFAS in Minnesota, based on guidance from a [Minnesota Pollution Control Agency \(MPCA\) report](#) released earlier this year. The agreement also contains permitting reform language in Article 6 of the bill.

Also of note, the bill contains the Legislative-Citizen Commission on Minnesota Resources’ recommendations for spending the full \$103.326 million available from the Environment and Natural Resources Trust Fund, as well as the \$28.18 million available in FY2026 for community grants. Several projects will receive funding to support soil health, address groundwater contamination and address the spread of AIS. The anaerobic digester project in Scott County is also included at \$5.167 million.

[Environment and natural resources omnibus bill spreadsheet](#)

Legacy – [HF2563](#) – Regular Session Law [Chapter 36](#)

[The Legacy bill](#) included \$304 million in Clean Water Fund appropriations across the FY2026-27 biennium, entirely aligning with the Clean Water Council’s recommendations. This includes \$33.35 million in Minnesota Department of Agriculture (MDA) projects, \$49.203 million for MPCA activities, \$28.8 million to the Minnesota Department of Natural Resources (DNR), and \$139.336 million for projects at the Minnesota Board of Water and Soil Resources (BWSR). The Minnesota Department of Health will also receive \$30.14 million, with most resources going toward developing guidance, testing and mitigating drinking water contamination.

Highlights from MDA funding include \$6.2 million for actions to protect groundwater from nitrate degradation, \$7 million to implement the Minnesota Agricultural Water Quality Certification program statewide, \$4 million for the Agriculture Best Management Practices loan program and \$1 million for testing drinking water wells for pesticides. MPCA funds are focused on groundwater assessments and include \$6.881 million for enhancing the county-level delivery systems for the subsurface sewage treatment system (SSTS) activities necessary for protecting groundwater. The majority of BWSR funding will go toward implementing projects or programs under the One Watershed, One Plan program and seven-county metropolitan groundwater or surface water management frameworks.

[Legacy bill spreadsheet](#)

DATA CENTERS – SS [HF16](#) – Session Law [Chapter 12](#)

Data centers were a surprising sticking point this session, and the [standalone data centers bill](#) included several provisions to ensure water conservation is taken into account when new projects are being scoped. For data centers

whose proposed water consumption exceeds 100 million gallons per year, the DNR may request preapplication information to assess factors affecting the ability of a water source to meet the project's water use needs. When issuing new or modified water use permits for data centers, the DNR must also ensure that public health, safety and welfare are protected and that efforts to promote water conservation, efficient use of water and watershed health are considered. Finally, an applicant must conduct an aquifer test if the DNR determines that to be necessary.

HEALTH & HUMAN SERVICES – SS [HF2](#) – Session Law [Chapter 3](#)

The [health and human services bill](#) includes some changes related to MDH's responsibility to maintain drinking water quality. First, the bill increases fees related to wells and borings for variance applications, permits, notifications, well disclosures, state core functions, and licensure, registration, and certification. It also increases the annual fee for service connection to a public water supply. Together, these increases will bring in an additional \$1.84 million in revenue for MDH each biennium, which will be deposited into a special revenue account dedicated to activities for drinking water protection. Additionally, the agreement updates MDH responsibilities for overseeing and inspecting groundwater thermal exchange devices, submerged closed loop heat exchangers, and well construction notifications.

AGRICULTURE – [HF2446](#) – Regular Session Law [Chapter 34](#)

The [agriculture bill](#) did not contain any funding to address groundwater contamination like we saw during the 2024 legislative session, but does provide \$75,000 in one-time funds for an evaluation of Olmsted County's Groundwater Protection and Soil Health initiative. Lawmakers established a new grant program to fund county agricultural inspectors at \$500,000 per year. This work, which helps manage the spread of invasive weeds, also has new requirements that govern communications when conducting noxious weed inspections on privately owned land.

POLICIES THAT WERE NOT ENACTED THIS SESSION

Legislation to establish an e-waste and battery product stewardship program, which MICA and other county partners advocated for, was not ultimately included in the final environment omnibus bill. Senate Environment, Climate and Legacy Chair Fong Hawj (DFL-St. Paul) added the language to his initial environment budget bill, but the bill received significant pushback from House Environment and Natural Resources Co-Chair Josh Heintzeman (R-Nisswa) and other Republican members of the committee and was never heard in that chamber. The language was taken out of the Senate bill early in May and amended into a separate vehicle bill that never advanced.

The fate of the e-waste and battery product stewardship bill in 2025 was likely tied to the Packaging Waste and Cost Reduction Act ("packaging bill") that passed during the 2024 session. This expansion of Minnesota's approach to managing solid waste became law in the face of major Republican opposition, and even some DFL hesitancy. Seeking another significant change to product stewardship in Minnesota so close on the heels of that bill's passage was challenging, as expected.

Counties also had to work to protect the advancements made by the packaging bill as the state begins its implementation. There was interest from many industry groups, Republicans and some Senate Democrats to rollback this law, and Sen. John Hoffman (DFL-Champlin) even authored legislation to exempt all paper products and make other changes. Yet the fight got very little public attention: no amendments were ever offered in committee or on either floor. We expect this conversation will continue given the closely divided legislature heading into 2026, especially with no budget negotiations to distract from debates on policy. Counties remain trusted experts and messengers on all solid waste issues, so our advocacy did not go unnoticed on product stewardship legislation.

Similarly, counties continued a push to direct more of the revenue collected through the solid waste management tax to county SCORE grants to support our efforts to meet state-mandated recycling goals. Despite two positive hearings in the

House and Senate Tax committees earlier in session, and the inclusion of small, one-time increases for SCORE in the initial House Tax proposal released in mid-May, no money for SCORE made it into the final agreement. As is noted elsewhere, the significant cut target given to Tax committee chairs made it extremely unlikely that we'd secure more SCORE funding. The conversation remains important, and as we approach Minnesota's 2030 deadline to meet established recycling goals, we will continue to advocate for increased resources to manage solid waste.

The [energy bill](#) did not contain any Renewable Development Account funding for relevant projects, including the anaerobic digester and emerald ash borer wood waste processing facility in Scott County. We expect that, as part of the need to adequately resource counties' solid waste management activities, state investment in these types of projects will continue to be a discussion at the Capitol.

PENSIONS

POLICIES THAT PASSED

Pensions Bill – [SF2884](#) – Regular Session Law [Chapter 37](#)

While many other bills that were further along got stuck in the last week of the regular session, the omnibus Pensions bill was the example of bicameral and bipartisan cooperation. The pension bill received an increase in their spending target by \$80 million in FY 26-27 and 28-29, with that money going toward general increases in the police and fire plan, state patrol plan, teachers retirement association plan. The omnibus pension bill passed 55-12 in the Senate and 130-1 in the House.

- [Omnibus pensions bill language](#)
- [Omnibus pensions bill spreadsheet](#)

PERA General Pension Plan

PERA general plan changes would increase the COLA from 50% of CPI with a 1.5% cap to 100% of CPI with a 1.75% cap. The 1.75% cap would automatically decrease if the plan reaches only 85% or less funding in two consecutive valuations or 80% or less in one valuation. The plan currently has 89.1% funding and is projected to reach full funding in 2036 under the proposed changes. In order to hold public employers neutral, the proposal also allows the 1% higher supplemental rate expire once the plan reaches 98% funding rather than 100%, so that it is still projected to turn off in 2034 as projected under current law.

Working Group on Probation Officers and 911 Telecommunicators

This bill establishes a working group to make recommendations on future possible changes for probation agency officers and 911 telecommunicators. The working group must consider the proposal from [HF1779/SF1986](#) which would provide probation officers a 3% higher contribution rate from employees. The work group, which will consist of representatives from 17 different agencies, unions, and associations, is directed to meet during the interim to determine the features of the new pension plans and consider other related topics, including a cost study currently in progress at PERA and whether other public safety adjacent positions should be included in the new plans. The work group must report their recommendations, with proposed legislation, to the Commission by January 15, 2026.

Duty Disability/PTSD law change (Article 12)

The bill made changes to the PERA police and fire plan for those that receive a duty disability benefit under the plan. At a high level the changes would increase the long-term stability of the police and fire plan overall. It would limit any duty disability claims to 60 months rather than guaranteed through age 65 for those moving forward, without applying retroactively to anyone that had already applied for the benefits. These benefits are currently being covered by one-time

general funds set aside by the legislature in 2023, but once those funds run out the cost will fall to local governments. Total and permanent disabilities remain covered under existing law (continued health insurance to age 65) and employers cannot contest PERA's determination.

The new law applies only to those that apply for duty disability benefits moving forward, not those already enrolled. It states :

- For an officer or firefighter who applied for or been approved for duty disability benefits before the date of enactment, May 23, 2025, or who is approved for total and permanent duty disability benefits, the employer must provide and pay for continued health coverage until age 65.
- For an officer or firefighter who applies for duty disability benefits on or after May 23, 2025. The employer must provide and pay for continued health coverage for 60 months or, if earlier, age 65.

Other changes in the duty disability law include:

- Permits an employee who is eligible for treatment of a psychological condition to continue full-time or part-time work for the employer, if the employee submits a report by a mental health professional that satisfies the statute.
- Adds notice requirements and make language changes to take into account the ability to continue working while in treatment.
- Adds a sentence that prohibits an employer from requiring an officer or firefighter to use accrued leave benefits while receiving psychological treatment.
- Adds a requirement that an officer or firefighter receiving treatment must provide monthly billing statements for treatment costs.

POLICIES THAT WERE NOT ENACTED THIS SESSION

Unreduced early retirement annuity for probation agency employees

This bill would have provided an unreduced early retirement annuity to probation agency employees upon retirement at age 60 or with 35 years of service and increases employee contributions for probation agency employees. Probation agency employee was defined as "an employee of a county or state agency who is a probation or supervisory officer, supervisory staff member, or program manager and who provides community supervision services or oversees the delivery of probation services." PERA voiced opposition to the bill, with concerns that there was no requirement in the bill regarding how many years the member must be a probation agency employee to receive the unreduced early retirement annuity and that with such a high percentage of income going to retirement that it may become more difficult to attract workers. There was significant debate over this proposal with multiple hearings on the bill. The final agreement included a work group that must make recommendations instead, due to the legislature by January 2026.

STATE AND LOCAL GOVERNMENT & ELECTIONS

POLICIES THAT PASSED

State and Local Government & Elections – [SF3045](#) – Regular Session Law [Chapter 39](#)

The State and Local Government & Elections omnibus bill was one of the rare larger bills that got across the finish line during regular session. The bill passed the House 116-18 and the Senate 36-31 on May 19, the final day of the regular session. Of note to counties, it included a local government policy article as well as numerous administrative election law changes which were supported by the Minnesota Association of County Officers.

- [State and local government bill language](#)

- [State and local government bill spreadsheet](#)

Open Meeting Law Modifications

Amends the open meeting law to allow members of a public body to participate remotely in a meeting governed by the open meeting laws from a location that is not open and accessible to the public. Prior to enactment, a member may only participate from a nonpublic location three times a year, and only if the member is serving in the military or has personal or family medical reasons for not being in a public place.

Public Notification Requirements

Amends the law regulating qualified newspapers. In most circumstances where public notice is required by law or court order, the notice must be published in a qualified newspaper that meets certain requirements of law. This bill modifies how notices must be published if a qualified newspaper ceases to be published before a notice is published, or during the time the notice was required to be published. When a local qualified newspaper ceases publication, the political subdivision must post notices on its website and on the Minnesota Newspaper Association's statewide public notice website, until another qualified newspaper can be identified.

Lobbyist definition

Amends the definition of a lobbyist by modifying the political subdivision employee exception by striking numerous activities like research, monitoring, compiling, or disseminating legislative or administrative action that potentially pulled employees into the definition of a lobbyist.

Local official definition

Amends the definition of local official to clarify that it includes political subdivision employees that have the responsibility to make recommendations to a chief executive or the governing body about major decisions regarding the expenditure or investment of public money. The previous definition was more vague and included the ability to recommend "major decisions regarding the expenditure or investment of public money."

Lobbyist reporting

Creates a new requirement that lobbyists must report the name of the expert witness or finance professional requested to communicate with public officials, the employer, if any, of the expert, and the government entity that received the communication from the expert, and the specific subject that the expert communicated.

Major decisions of nonelected officials

Codifies a Board Rule and amends the rules around lobbying of unelected local officials by clarifying language relating to the local official's authority or responsibility for the expenditure or investment of public money. Provides guidance on what constitutes a major decision of nonelected local officials regarding the expenditure of public money, including making recommendations to a chief executive or the governing body about major decisions regarding the expenditure or investment of public money.

Administrative election law changes

Article 9 of the bill made many different election law changes, including:

- Clarifies that an individual may update voter registration at the same time a person may register to vote
- Requires an updated residential housing list for students proofs of residence be certified to the county auditor no later than 35 days before each election, instead of 20 days. Specifies that additional proof of residence for students must be allowed during the 18 days before an election and on election day.
- Requires election judges to attempt to keep a record of the number of individuals who attempt to update a voter registration on election day but who cannot provide proof of residence

- Requires a county auditor who receives notice of an update of a registration record to check the statewide voter registration system to determine whether that individual voted in more than one precinct in the most recent election
- Requires the secretary, state and county auditors to provide the public information registered voter list within 5 business days of receiving a complete request, instead of the 10 days required by current law.
- Provides that the effective date for the voter registration or the update to a voter registration through automatic voter registration is the date the county auditor processes the application
- Updates terminology regarding absentee voting envelopes to refer to the proper type of envelope. Absentee ballots delivered in person must be returned by 5 p.m. on election day. After 5 p.m., the county auditor or municipal clerk must post a notice with information on how voters may vote in person on election day.
- Requires the county auditor and secretary of state to post notice of absentee polling places on their respective websites. The notices must include the polling place's address and the dates and times the polling place will be open for voting.
- Amends the handling of absentee ballot signature envelopes. This requires counting, cross-checking, and accounting for empty signature and ballot envelopes at various steps in the process. Discrepancies in the count must be noted in the ballot board incident log and reported to the official responsible for the ballot board. All envelopes must be retained for the duration of the contest period.
- Requires two members of the ballot board to make sure that the number of absentee ballots removed from the ballot box is equal to the number of absentee ballots from the tally of absentee ballots from the tally of ballots that were inserted into the ballot box that day. Requires absentee vote totals to be added to the vote totals on summary statements for the appropriate precinct in all elections.
- Requires a notice to be posted in a conspicuous place if a polling place is changed. The notice must be posted at the closed polling place and must include the location of the new polling place
- Requires the county auditor to develop a county elections chain of custody plan for elections in the county. The plan must account for both physical and cyber security of elections-related materials. A municipal clerk, school district clerk, or special district clerk must either use the county plan or create a local chain of custody plan for use in local elections not held in conjunction with federal, state, or county elections. Plans must be filed with the state by June 1, 2026.
- Provides that election judge party balance requirements do not apply to a county election not held in conjunction with a state or federal election

POLICIES THAT WERE NOT ENACTED THIS SESSION

Economic reprisals language

This proposal would have prohibited employers, including public employers from engaging in economic reprisals against an individual because of that individual's refusal to communicate with public or local officials about a legislative or administrative action or the official action of a political subdivision. Specifies that political activity includes becoming a candidate for elected public office. Allows an individual injured by a violation of this section to bring a civil action for damages. Counties raised some concerns about this preventing them from being able to place employees on administrative leave when they run for county offices.

LABOR

POLICIES THAT PASSED

Workforce, Labor, & Economic Development – SS [SF17](#) – Session Law [Chapter 6](#)

The main areas of focus in the Workforce and Labor committees for counties this year was on the issues of paid leave and earned sick and safe time. While other groups and legislators were pursuing wholesale changes or delays to those programs, MICA was attempting to make modifications to the existing programs in an attempt to make them work more like similar programs in other states. For earned sick and safe time the focus was on reversing 2024 changes to that program so that the requirement that all ESST provisions apply to collectively bargained higher leave levels would not be in place. On paid leave MICA was pursuing multiple smaller scale changes. Ultimately, these changes did not become law. While the changes counties were pursuing in 2025 to these programs were not controversial on their own, they often got wrapped up in larger policy discussions about the programs and were framed in a way of trying to remove or reduce benefits for the general public. While the split in the House did open the door to potentially getting some modifications through, there were other competing issues that ultimately got prioritized. In the end a few very minor modifications to ESST were negotiated into the final agreement, but on an even smaller scale than counties were pursuing.

- [Workforce, labor, & economic development bill language](#)
- [Workforce & economic development spreadsheet](#)
- [Labor spreadsheet](#)

Minor Earned Sick and Safe Time policy changes

The changes in the final labor bill included several minor changes to ESST. Those changes included:

- Allowing employers to require notification of the need to use ESST by an employee that is unforeseeable as that is “reasonably required by the employer,” instead of the current “as soon as practicable” allowance for employees. Effective August 1, 2025.
- Allows an employer to request reasonable documentation of the need for an employee to use ESST after two consecutive scheduled work days of an employee’s use of ESST. Prior to enactment the law allowed an employee to request this documentation after three consecutive scheduled work days. Effective August 1, 2025.
- Provides clarifying permissive language to allow an employee to voluntarily seek or trade shifts with a replacement worker to cover the hours the employee uses as earned sick and safe time. Effective August 1, 2025.
- Adds new clarifying language regarding an employer’s ability to advance ESST based on the number of hours an employee is anticipated to work. The new language also requires an employer to make up any difference in what would have been accrued based on the actual hours worked. Effective January 1, 2026.

POLICIES THAT WERE NOT ENACTED THIS SESSION

Modify Earned Sick and Safe Time Application to More Generous Leave

This proposal would have reversed certain 2024 modifications to ensure employees can use all employer provided leave time consistent with the parameters that applied when those higher leave benefits were collectively bargained. This language was carried in SF2300, which passed 38-29. While comparable language was heard in the House, it was laid over in committee and never advanced out. The discussion of SF2300 on the senate floor was almost entirely focused on exemptions from ESST rather than these modifications. With exemptions for small farmers and employers with fewer than four employees amended onto the bill during floor debate, only a handful of DFLers joined Republicans in voting for the bill. These changes were included in higher level leadership discussions around making modifications to ESST and Paid Leave, but they did not end up included in any final bill.

Modify Paid Leave to Support Local Public Employer Flexibility in How Required Paid Leave Benefits are Implemented
MICA was pursuing the following changes to the paid leave program in advance of it going into law on January 1, 2026:

- Capping the local public employer assessment at 50% of the statewide assessment
- Clarifying that use of required unpaid leave works in combination with, and not in addition to the paid leave program
- Excluding elected officials or persons appointed to fill a vacancy in an elected office

These changes were heard at the committee level in the House and laid over but did not move from there. In the Senate there was less conversation, with senators instead focusing on ESST and saying there would be time to consider changes to paid leave in 2026. Practically speaking, it is going to be more difficult to get changes to paid leave once it is in effect and issuing benefits. Like the ESST conversation, there wasn't strong opposition to these proposals specifically. Even when meeting with DFL legislators, while they didn't express support for these changes, they appeared open to the idea. Republican legislators were generally supportive of these changes, though they were also interested other changes to the paid leave program as well.

CORRECTIONS & PUBLIC SAFETY

The 2025 Judiciary and Public Safety legislation reflects a continued emphasis on supporting courts, law enforcement, and corrections while advancing reforms that promote fairness, accountability, and improved service delivery across the criminal justice system. It includes operational updates, funding adjustments, and statutory changes designed to enhance coordination between state and local government partners and ensure the justice system better serves both the public and justice-involved individuals.

POLICIES THAT PASSED

Acceptance of certain gifts related to a line of duty death – [HF124](#) – Regular Session Law [Chapter 7](#)

The new law authorizes state agencies and local governments to accept gifts (money, property, plaques, or services) related to a public safety officer's death in the line of duty, during the 24-month period following the officer's death. Gifts may honor the fallen officer or promote team morale, provided they adhere to existing gift policies. These gifts must be used within one year of receipt and in line with donor intent.

Agencies and subdivisions can adopt stricter policies if desired. They are required to report gifts; detailing their value, source, and use to the Commissioner of Public Safety within three months of distribution, and to publish the information on their websites. The Commissioner must then compile these reports into a statewide summary specifically covering gifts funding funerals, memorials, and travel or participation expenses for national memorial events within the same 24-month period.

Additionally, the law explicitly authorizes local governments to spend public funds on:

- Funeral and memorial services for officers killed in the line of duty.
- Travel and participation costs for family or qualified individuals in national memorial events.
- Soliciting and receiving gifts to support these purposes

Department of Corrections budget deficiencies – [SF3196](#) – Regular Session Law [Chapter 19](#)

This act funds the Department of Corrections' \$19,091,000 fiscal year 2025 deficiency request. Of this amount, the agency received a \$9,091,000 general fund appropriation. The agency also received authorization to reallocate

\$10,000,000 from unspent appropriations. The Department of Corrections stated the primary cause of the deficiency is increased staffing costs associated with the agency hiring additional staff.

Judiciary, public safety and corrections policy and finance bill – [HF2432](#) – Regular Session Law [Chapter 35](#)

HF2432 was approved after bipartisan votes in the House (131–3) and Senate (34–33) and signed into law by the governor on May 23, 2025. Key budget allocations provided stable funding for corrections, courts, legal aid, Board on Judicial Standards, Guardian ad Litem, public defense, Human Rights, and the Tax Court, among others—notably increasing victim services funding and establishing a Minnesota Victims of Crime account. Law enforcement enhancements included expanded access to training reimbursements and drone deployment, plus mandated school reports of active-shooter drills to the BCA Fusion Center.

Supporting Documents:

- [Spreadsheet 05-17-25](#)
- [Summary](#)
- [Bill Language](#)

Notable Judiciary and Public Safety Appropriations

Stillwater Prison Decommissioning Study – *\$1,000,000 in FY 2026, one-time*
Minnesota Victims of Crime Account Transfer – *\$7,232,000 in FY 2026, one-time*
Philando Castile Memorial Training Fund (POST Board) – *\$4,942,000 per year, ongoing*
In-service Officer Use-of-Force Training Grants – *\$250,000 in FY 2026, one-time*
Supplemental Nonprofit Security Grants – *\$125,000 per year, ongoing*
Child Representation Grants (legal services) – *\$100,000 per year, ongoing*
County Attorneys Association Training Grants – *\$100,000 per year, ongoing*

Community Supervision

Sections: Article 7, Sections 3–5, 6–13, 16–23

Chapter 35 includes several significant reforms to Minnesota’s community supervision system. The community supervision funding formula (Section 16) is updated to use a three-year average of felony and misdemeanor probation populations, rather than a single-year snapshot, providing counties with more stable and predictable funding. The Department of Corrections (DOC) is authorized to retain funding for supervision services it directly provides to counties (Sections 7–9), eliminating the need for counties to pay and later be reimbursed. Counties will receive an annual accounting of how these funds are used. The community supervision report to the Legislature is now required biennially (Section 18) instead of annually.

The bill also maintains the \$250,000 annual set-aside per Tribal Nation to support supervision and reentry services (Section 20). These funds will be distributed in a manner consistent with county allocations, and nonparticipating Tribal Nations must submit abbreviated comprehensive plans. The cost of the Interstate Compact Transfer Unit will now be shared among all counties based on their share of the probation population (Section 17).

Supervision credit and abatement policies are revised: the DOC may now deny, or revoke earned incentive release or compliance credits if an individual poses a public safety risk or violates rules while incarcerated (Sections 11–13). Additionally, the scheduled sunset of correctional supervision fees is delayed until 2029 (Sections 3–5), giving counties more time to adjust to the eventual elimination of this revenue stream. The Community Supervision Advisory Council is expanded to include judiciary members and requires greater diversity among appointments (Section 23).

Corrections Policy and Closure of Stillwater Prison

Sections: Article 2, Sections 10–11, 15; Article 5, Sections 6–7; Article 7, Sections 1–2, 25–26

The bill includes provisions affecting facility planning and inmate treatment policies. Section 10 appropriates \$1 million to DOC to conduct a management and decommissioning study for the planned closure of MCF–Stillwater, with a report due by September 30, 2026. Section 15 requires DOC to develop written layoff mitigation plans if considering facility closures. One-time funds from DOC’s asset preservation budget are canceled (Section 11).

The Mental Health Unit (MHU) pilot program is extended through 2027 (Section 25), allowing counties to transfer seriously mentally ill inmates from jails to MCF–Oak Park Heights. Transfers can now be initiated through licensed mental health professionals rather than requiring inmate consent. Section 26 repeals outdated statutes related to civil commitment procedures for DOC inmates.

To improve care continuity, Sections 6 and 7 (Article 5) require local correctional facilities to continue previously prescribed medications unless specific exceptions apply and ensure Jarvis Orders are identified and enforced. Section 1 (Article 7) mandates that DOC maintain a sufficient supply of naloxone (Narcan) in state facilities and train staff to respond to overdoses. Section 2 updates language related to American Indian cultural programming in prisons and community-based programs.

Law Enforcement and Public Safety Operations

Sections: Article 2, Sections 13, 21; Article 4, Sections 7–8, 10–11; Article 5, Sections 3–4, 23–25

Chapter 35 enhances local law enforcement authority and support. Section 13 authorizes the Department of Public Safety to use up to 10% of grant funds for administrative costs (5% for named recipients), helping counties and others better plan for overhead. Section 21 mandates all law enforcement agencies register for and use the ATF’s eTrace system to trace firearms, with DNR and State Patrol exempted.

The bill provides \$4.94 million per year through FY 2027 to POST for law enforcement training via the Philando Castile Memorial Training Fund (Article 2 appropriation language), and Section 26 (Article 2) establishes a task force on mandatory minimum sentences. Section 7 (Article 4) expands fourth-degree assault penalties when directed at EMS, fire, or hospital emergency personnel, and Section 8 requires consecutive sentencing for jail inmates who assault sheriffs or deputies.

Sections 23–25 (Article 5) update laws related to warrantless uses of unmanned aerial vehicles (UAVs) and mobile tracking devices, allowing expanded deployment to preserve evidence, search for missing persons, or respond to vehicle thefts and pursuits. New training requirements (Section 3) also call for inclusion of DPS’s anonymous threat reporting system in violence prevention instruction. Sections 4 and 9 (Article 5) require K–12 schools to report active shooter threats and incidents to the Minnesota Fusion Center, and DPS must report how tips are handled.

Crime Victims Services and Support

Sections: Article 2, Sections 12, 16–20; Article 6, Sections 1–6

To strengthen support for victims of crime, Section 16 creates the Minnesota Victims of Crime Account in the special revenue fund, with an annual transfer beginning in FY 2028. Sections 17 and 18 increase marriage license fees and require that \$10 of each fee go into the account. Sections 19 and 20 establish new assessments on individuals and corporations convicted of crimes, directing revenue to the account.

Section 12 transfers \$7.23 million into the fund in FY 2026. Article 6 formally recognizes children’s advocacy centers as victim assistance programs (Section 1), making them eligible to receive a portion of court fines. Notification statutes are updated to ensure victims are informed of their rights (Sections 2, 3, 5), including when a prosecutor declines to charge or dismisses a domestic violence case. Sections 4 and 6 create notice requirements when an incarcerated person submits

a letter of apology and allows agencies to exhaust printed notification materials before updating to comply with new statutes.

Judiciary and Court System Provisions

Sections: Article 1 (appropriations), Article 8, Sections 1–5; Article 11, Sections 2–5

The bill provides appropriations for court operations and related boards, including funding for additional Guardian ad Litem supervisors (Article 1). Filing fees for civil actions are increased by \$25 (Article 1), and a new fee for accessing electronic court records is authorized. Sections 2–3 (Article 8) eliminate outdated filing location restrictions in St. Louis County. Section 5 ensures reports from conservators are also provided to interested parties.

The Guardian ad Litem Board must submit detailed annual reports on staffing, caseloads, and performance (Section 5, Article 11). Sections 2–4 establish the Statewide Office of Appellate Counsel and Training as an executive branch agency and clarify staffing and compensation policies. Clarifying language in Sections 17–21 updates reference to forensic navigators, ensuring their monitoring role is clearly distinguished from direct supervision.

POLICIES THAT WERE NOT ENACTED THIS SESSION

Legislation aimed at boosting local emergency management support [SF2119/HF2099](#). proposed a combined \$12 million annually to assist counties, tribes, and cities with planning, training, and equipment. Unfortunately, the bill was not included in the final omnibus, leaving local governments without dedicated state funding and forcing reliance on federal grants and existing budgets.

2026 LEGISLATIVE SESSION

The next regular session will begin on Tuesday, February 17, 2026. This means there will only be 13 weeks to complete the 2026 agenda, as session must end by May 18, 2026.

Finally, we will keep you updated regarding a possible special session should one occur.

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