



Laws 2026, Chapter 130 – Omnibus Capital Investment Bill (H.F. No. 719-2E)

Prepared by: Stephanie James, Senate Counsel (stephanie.james@mnsenate.gov)

Date: June 1, 2026

Article 1 – Appropriations

Section 1 [Capital Improvement Appropriations] specifies terms and conditions for appropriations in the bill. Appropriations are from the bond proceeds fund, unless otherwise specified. Appropriations of bond proceeds must be spent as permitted under certain provisions of the Constitution that permit the state to incur public debt. Unless otherwise specified, the money in the act can be used for certain agency staff costs and is available until a project is completed or abandoned or canceled, subject to a statutory cancellation procedure after four years. Money appropriated in this bill must not be used for asset preservation if the work can be done in a reasonable time using existing energy improvement financing programs. The commissioner of management and budget is authorized to make the appropriations in this act available when amounts sufficient to complete the project are committed to the project.

Sections 2 through 26 appropriate proceeds of general obligation bonds for projects and programs as listed on the spreadsheet prepared by Erik Olaphson, Fiscal Analyst, with Senate Counsel, Research, and Fiscal Analysis and Andrew Lee, House Fiscal Analyst. The following table is an aid to find sections within the bill:

Section Number	Agency
2	University of Minnesota
3	Minnesota State Colleges and University
4	Education
5	Minnesota State Academies
6	Perpich Center for Arts Education
7	Natural Resources
8	Pollution Control Agency
9	Board of Water and Soil Resources
10	Agriculture
11	Minnesota Zoological Garden

12	Administration
13	Amateur Sports Commission
14	Military Affairs
15	Public Safety
16	Transportation
17	Metropolitan Council
18	Human Services
19	Direct Care and Treatment
20	Children, Youth, and Families
21	Veterans Affairs
22	Corrections
23	Employment and Economic Development
24	Public Facilities Authority
25	Minnesota Housing Finance Agency
26	Minnesota Historical Society

Section 27 [Bond Sale Authorization] authorizes the sale of bonds.

Paragraph (a) authorizes the sale of general obligation bonds in an amount up to a specified amount to provide money appropriated in this bill from the bond proceeds fund and to provide for bond sale expenses.

Paragraph (b) authorizes the sale of general obligation bonds in an amount up to a specified maximum to provide money appropriated in this bill from the bond proceeds account in the state transportation fund and to provide for bond sale expenses.

Section 28 [Cancellations; Bond Sale Authorization Reductions] cancels certain unencumbered appropriations and reduces the bond sale authorizations accordingly. Cancellations have effect once. The appropriations, or portions of appropriations, cancelled in this section are:

- (a) an appropriation of \$62,372,000 in bond proceeds enacted in 2023 for the Hastings Veterans Home;
- (b) \$465,000 of an appropriation of bond proceeds enacted in 2017 for RIM conservation easements;
- (c) an appropriation of \$4,000,000 in bond proceeds enacted in 2020 for a recreation center in St. Joseph;
- (d) an appropriation of \$2,500,000 in bond proceeds enacted in 2023 for a behavioral health facility in St. Louis County; and
- (e) an appropriation of \$1,600,000 in bond proceeds enacted in 2023 for a lift station in Osseo.

Section 29 [Bond Sale Schedule] sets the cap on the amount to be transferred from the general fund to the state bond fund to pay principal and interest on outstanding bonds and bonds scheduled to be sold during the biennium. Requires the commissioner of management and budget to adjust the amount of bonds scheduled to be sold so that the debt service does

not exceed the cap. Appropriates from the general fund the amount necessary to make debt service payments, as required by statute.

Section 30 [Effective Date] sets the day after enactment as the effective date of Article 1.

Article 2 – Policy

Section 1 [Information provided; 16A.86, subd. 3a] requires a political subdivision, as part of a request to be included in the governor’s capital budget through a submission to MMB, to state whether the political subdivision has a plan for maintaining and preserving the project for which the political subdivision is requesting capital funding. This section is effective January 1, 2027.

Section 2 [Match; 134.45, subd. 4] allows federal funds to be considered part of the match for a library construction grant.

Section 3 [Eligible recipients; 446A.077, subd. 3] clarifies that only political subdivisions may be recipients of grants from state general obligation bond proceeds under the lead service line replacement grant program.

Section 4 [Eligible uses; 446A.077, subd. 4] increase to 100 percent, from 50 percent, the allowed amount of the cost of replacing publicly owned portions of lead service lines, through a grant from the lead service line replacement grant program. Clarifies that grants from state general obligation bond proceeds may only be used on publicly owned portions of lead service line replacement projects.

Section 5 [Drinking Water Contaminants Grants; 446A.082] makes changes to an existing grant program to address contaminants in drinking water.

Subd. 1. Program established. Changes the name of the existing “Emerging Contaminants” grant program to “Drinking Water Contaminants” grant program. Expands the allowed uses of grants under the program to include projects to address a confirmed exceedance of a maximum contaminant level defined by the federal Safe Drinking Water Act.

Subd. 2. Eligibility. Adds conditions that result in priority points. Current law cross-references a Minnesota Rule 4720.9020, subpart 4a, for how priority points are awarded. This section adds two additional conditions or bases for awarding priority points. Subpart 2 authorizes up to 100 priority points for a project with any of several violations of federal rules within the previous 36 months: an “acute violation” under federal rules; a violation of the nitrate or nitrite maximum contaminant level set by federal rule; a waterborne disease outbreak, or for exceeding a maximum contaminant level set by federal rule for E. Coli.

Section 6 [Amount of debt obligation authorized; 446A.086, subd. 11] increase the cap on the amount of a debt obligation owed by a governmental unit that the state can secure.

Section 7 [State participation; limitations; 457A.03, subd. 3] effectively increases the maximum loan or grant allowed under the port assistance program by allowing federal contributions to be included in the basis for the calculation of maximum allowed for a project.

Section 8 [Emergency Shelter Facilities] establishes parameters for selecting grant recipients for an appropriation in this bill to fund emergency shelter facilities. Specifies eligible applicants, project criteria, eligible uses, and other parameters for the grants.

Section 9 [Cloquet Forestry Center; Land Transfer] requires the commissioner of administration to convey all state-owned land within the Cloquet Forestry Center, in Carlton County on the Fond du Lac Reservation, to the University of Minnesota, for no consideration, to allow the university to transfer the land to the Fond du Lac Band of Lake Superior Chippewa. Specifies that the conveyance must be in a form approved by the Attorney General. Provides a description of the land to be conveyed and allows the Attorney General to correct errors and ensure accuracy of the description.

Section 10 [Cloquet Forestry Center Defeasance of General Obligation Bonds; Appropriation] appropriates \$1,300,000 from the general fund in fiscal year 2027 to the commissioner of management and budget to prepay and defease outstanding state general obligation bonds used for improvements and betterments at the University of Minnesota Cloquet Forestry Center to turn the land to the Fond du Lac Band of Lake Superior Chippewa. Makes other technical changes and declarations to facilitate the transfer.

Section 11 [BCA Maryland Building] exempts the BCA Maryland Building project from certain requirements under the State Building Code requiring a perimeter fence.

Article 3 – Modifications of Prior Appropriations

NOTE: If you do not find the modification you're looking for in this article, please check the modifications in the cash capital investment bill.

Article 3 amends riders for appropriations previously enacted in a capital investment bill. The sections in this article do not spend any additional money. Several provisions extend availability of an appropriation. For reference, unencumbered portions of appropriations enacted in 2023 would be listed on a cancellation report published in January 2028 and would be cancelled in July 2028, under Minn. Stat. section 16A.642, or by operation of a provision in the preamble to the bill in which these appropriations were enacted.

Section 1 [Red Wing; Rail Grade Separation] modifies a 2020 appropriation of bond proceeds for a grant to the city of Red Wing for a rail grade crossing separation at Sturgeon Lake Road. Authorizes the unspent portion of the appropriation to be used for capital improvements to Sturgeon Lake Road in the area of the rail grade separation project described in the 2020 rider. Extends availability of the appropriation to December 31, 2030.

Section 2 [White Bear Lake Communities; Lake Links Trail] changes the end point for a portion of the trail and removes constraints on the location of certain trail segments and on

requirement to complete all segments. This section amends a provision first enacted in 2020 and amended in 2023 and 2025.

Section 3 [Washington County; Interchange at Trunk Highway 36 and Lake Elmo Avenue] adds eligible grant recipients (the cities of Lake Elmo and Grant) for the appropriation from 2023 for the interchange at TH 36 and CSAH 17 (Lake Elmo Avenue).

Section 4 [Oak Park Heights; Redevelopment] extends the availability to December 31, 2029, of an appropriation from 2023 for a grant to the city of Oak Park Heights for public infrastructure for development of the Allen S. King power plant site.

Section 5 [Effective date] makes this section effective the day after final enactment.

Article 4 – Temporary Registration Tax Relief

Section 1 [Temporary Registration Tax Reduction] reduces the rates for vehicle registration taxes for a limited time.

Subd. 1 [Applicability] makes the registration reduction applicable to taxes payable for a registration period starting on or after January 1, 2027, and on or before December 31, 2027.

Subd. 2 [Registration tax reduction] specifies the reduced rates for calculation of vehicle registration tax.

Subd. 3 [Limitation] specifies that amounts paid under the reduced rates must be disregarded for determining how the amounts paid must decrease through the life of a vehicle.

Subd. 4 [Implementation] requires the commissioner of public safety to include certain information on a vehicle registration tax invoice regarding the rate being temporarily reduced due to legislative action in 2026 and to specify the difference in the amount due under the temporarily reduced rate and the full rate.

This section is effective the day following final enactment.

Sec. 2 [Transfer] transfers \$254,000,000 in fiscal year 2027 from the general fund to the highway user tax distribution fund. This is a onetime transfer. This transfer effectively backfills the reduction in money contributed to the highway user tax distribution funds as a consequence of the temporary vehicle registration tax reduction in section 1, with money from the general fund. This section is effective the day after final enactment.



Senate Counsel, Research, and Fiscal Analysis provides nonpartisan legislative, legal, fiscal, and analytical services to the Minnesota Senate. This document can be made available in different formats upon request.

www.senate.mn/scrfa/home | 651-296-4791
95 University Ave. W., STE 3300, Saint Paul, MN, 55155