

SF9033 - 0 - Permanent School Fund Dist. Mod.; Const. Amend.

Chief Author: **Mary Kunesh**  
 Committee: **Education Finance**  
 Date Completed: **2/22/2026 9:22:40 AM**  
 Lead Agency: **Secretary of State**  
 Other Agencies:  
     Education Department      Investment Board  
     Minn Management and  
     Budget

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
State Total						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-

**Lead LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Adam Bolling    **Date:** 2/22/2026 9:22:40 AM  
**Phone:** 651-2966053    **Email:** abolling@lbo.mn.gov

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-

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Chief Author: **Mary Kunesh**  
 Committee: **Education Finance**  
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 Agency: **Secretary of State**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology	X	
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>				-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Adam Bolling **Date:** 2/20/2026 7:29:17 PM  
**Phone:** 651-2966053 **Email:** abolling@lbo.mn.gov

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-
<b>2 - Revenues, Transfers In*</b>						
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-

**Bill Description**

This bill proposes that the constitution be amended to modify the permanent school fund in article XI, section 8. The amendment would be submitted to the voters at the 2026 general election.

Lines 1.9 through 1.11 are the title of the bill and introductory language. Lines 1.12 through 2.12 describe the proposed changes. Lines 2.13 through 2.18 describe how the question will be placed on the ballot.

Lines 2.21 through 3.15 describe statutory changes implementing the constitutional amendment, which would become effective January 1, 2027, if the proposed amendment is adopted by the voters.

**Assumptions**

This fiscal note covers only the cost of proposing the constitutional amendment. There will be minor programming for the Office of the Secretary of State and more substantial programming, tabulating, printing, and publishing costs to county auditors in preparing the ballots to include the constitutional amendment. Pursuant to section 204B.29, subd.1, there must be more ballots printed than voted for the office in the last election; either ten percent more than the number expected to be cast, or 100 ballots for every 85 voters who voted for the same office in the last election. Because 2026 is a midterm election year, and in 2022 there were 2,525,873 persons who voted, a ten percent increase would require that 2,778,461 ballots be printed statewide.

**Expenditure and/or Revenue Formula**

Estimated Secretary of State programming costs for reporting votes cast for the proposed amendment, canvassing the results, and preparing example ballots:

One hour of programmer time @ \$145.00/hour: \$145

One hour of elections administrator time @ \$50/hour: \$50

**Total Cost: \$195 (FY27)**

The Secretary of State is able to absorb the costs identified as part of ongoing operational activities associated with the work of the office. These activities are not anticipated to displace any other work of the office.

**Long-Term Fiscal Considerations**

None.

**Local Fiscal Impact**

There are costs to local government, including for adding the amendment question to the ballot card, programming tabulating machines and counting votes cast, and printing and publishing notices of the constitutional amendment.

The bulk of the costs are for adding the question to that 2,778,461 optical scan ballots. It is estimated that there is a five cent per ballot cost for that function:

2,778,461 ballots @ \$.05/ballot/constitutional question = \$138,923.05

If several constitutional amendments are put on the ballot, local election officials may need to provide voters with a second ballot. The number of constitutional amendments that would require any specific jurisdiction to use a second ballot will vary depending upon the number of other races on the ballot. According to the vendor printing most of the ballots in the state, the average cost of printing a second ballot is 29 cents. If all counties had to print second ballots, this would mean printing an additional 2,778,461 ballots for an added cost of approximately \$805,753.69.

**References/Sources**

Lauren Bethke, General Counsel

lauren.bethke@state.mn.us, 651-201-1326

**Agency Contact:** Adam Hansen (651-201-6870)

**Agency Fiscal Note Coordinator Signature:** Adam Hansen

**Phone:** 651-201-6870

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SF9033 - 0 - Permanent School Fund Dist. Mod.; Const. Amend.

Chief Author: **Mary Kunesh**  
 Committee: **Education Finance**  
 Date Completed: **2/22/2026 9:22:40 AM**  
 Agency: **Education Department**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Alyssa Holterman Rosas    **Date:** 2/20/2026 1:28:39 PM  
**Phone:** 651-284-6439    **Email:** alyssa.holterman.rosas@lbo.mn.gov

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029	
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

**Bill Description**

Article 1, Section 1 proposes an amendment to the permanent school fund in the Minnesota Constitution under article XI, section 8. It clarifies how Minnesota’s Permanent School Fund is invested, managed, and distributed. It allows the Legislature flexibility to adjust the payout formula over time without another constitutional amendment, as long as it follows these guardrails.

Article 1, Section 2 requires the proposed amendment to be submitted to the people at the 2026 state general election.

Article 2, Section 1 establishes a structured method for calculating and distributing annual earnings from the Permanent School Fund by applying a 4.5 percent spending rate to the three-year average net asset value. Requires the director to report the total distributable earnings at the end of the fiscal year to the Legislative Permanent School Fund Commission and the Commissioner of Education.

Article 2, Section 2 strikes "income" and replaces it with "distributable earnings" when referring to the permanent school fund.

Article 2, Section 3 makes Sections 1 and 2 effective January 1, 2027 if the constitutional amendment is adopted by the voters.

**Assumptions**

This bill affects the distribution mechanics of an existing constitutional trust fund. Therefore, there is no state cost to MDE.

**Expenditure and/or Revenue Formula**

N/A

**Long-Term Fiscal Considerations**

N/A

**Local Fiscal Impact**

N/A

**References/Sources**

**Agency Contact:** Daley Lehmann (651) 582-8817

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SF9033 - 0 - Permanent School Fund Dist. Mod.; Const. Amend.

Chief Author: **Mary Kunesh**  
 Committee: **Education Finance**  
 Date Completed: **2/22/2026 9:22:40 AM**  
 Agency: **Investment Board**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Laura Cecko    **Date:** 2/17/2026 7:19:47 PM  
**Phone:** 651-284-6543    **Email:** laura.cecko@lbo.mn.gov

**State Cost (Savings) Calculation Details**

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Dollars in Thousands		FY2025	FY2026	FY2027	FY2028	FY2029
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-
<b>2 - Revenues, Transfers In*</b>						
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-

**Bill Description**

Article 1 of the bill amends Article 11, Section 8 of the Minnesota Constitution to remove the restriction on distributions from the Permanent School Fund to the fund’s dividend and interest income. The amendment provides that the distribution formula must be established in law and be consistent with the principles of maintaining the perpetual nature of the fund, using distributions solely for the purpose of providing financial support to school districts, and balancing the needs of current and future student beneficiaries of the fund.

Article 2 of the bill amends Minnesota statutes to establish a yearly withdrawal formula of 4.5% of the Permanent School Fund’s average net asset value as of the end of the preceding three fiscal years. The bill also removes the requirement that fund losses must be offset by fund gains prior to distributing money from the fund for apportionment to school districts.

**Assumptions**

**Expenditure and/or Revenue Formula**

**Long-Term Fiscal Considerations**

The fund's long term investment performance will impact the amount of distributions from the fund. In the event the fund's performance does not meet or exceed the withdrawal rate of 4.5%, the fund may experience loss of principal.

**Local Fiscal Impact**

**References/Sources**

Minn. Const. Art. 11, section 8

Minn. Stat. §11A.16

Minn. Stat. §127A.32

**Agency Contact:** John Mule

**Agency Fiscal Note Coordinator Signature:** Paul Anderson

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SF9033 - 0 - Permanent School Fund Dist. Mod.; Const. Amend.

Chief Author: **Mary Kunesh**  
 Committee: **Education Finance**  
 Date Completed: **2/22/2026 9:22:40 AM**  
 Agency: **Minn Management and Budget**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Chloe Burns    **Date:** 2/20/2026 10:08:08 AM  
**Phone:** 651-297-1423    **Email:** chloe.burns@lbo.mn.gov

**State Cost (Savings) Calculation Details**

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<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029	
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

**Bill Description**

SF 9033 proposes an amendment to the Minnesota Constitution article XI, Section 8 modifying the permanent school fund to calculate distributable funds.

**Assumptions**

Minnesota Management and Budget (MMB) assumes that additional workload resulting for the passage of this constitutional amendment would be part of normal business operations and activities.

However, constitutional amendments may have future expenditure or revenue implications on state funds. Any potential fiscal effects of constitutional amendments would be recognized in official state budget documents per 2026 Legislative Session Budget Rules.

**Expenditure and/or Revenue Formula**

MMB does not anticipate additional direct costs for our agency associated with this bill.

**Long-Term Fiscal Considerations**

**Local Fiscal Impact**

**References/Sources**

**Agency Contact:** Ronika Rampadarat 651-201-8115

**Agency Fiscal Note Coordinator Signature:** Ronika Rampadarat

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**Date:** 2/20/2026 9:35:08 AM

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