

Governor Walz's 2026 Infrastructure Plan



Presentation to the House Capital Investment Committee

February 19, 2026 | Commissioner Erin Campbell



mi MANAGEMENT
AND BUDGET

Capital Budget Process



The Capital Budget

- The process begins in odd-numbered calendar years, and Capital Budget recommendations are submitted to the Legislature in January of even-numbered calendar years
- MMB collects requests from local governments and state agencies
- MMB provides instructions, trainings, and technical assistance to requesters



2026 Capital Budget Process

- **Early May 2025:** MMB published instructions, and the Capital Budget System (CBS) opened for requests
- **Mid-June 2025:** Deadline for state agency and local government requests
- **July 15, 2025: Preliminary requests published and submitted to Legislature**
- **Mid-October 2025:** Deadline for state agency and local government final requests
- **Fall/Winter 2025:** Projects reviewed, including site visits and technical assistance
- **January 15, 2026:** Final requests published and submitted to Legislature with the Governor's Recommendations



2025 Legislation Removed Future Bonding Bills from the Forecast

- **The November 2025 Forecast did not include an assumption about the size of bonding bill enacted in future legislative sessions**
- The 2025 Legislature enacted a new statute directing that the State's budget forecast not include an assumption of future general obligation bond authorizations
- This means that the full cost of the general obligation bonds debt service for future bonding bills will need to be tracked against the bottom line of the general fund

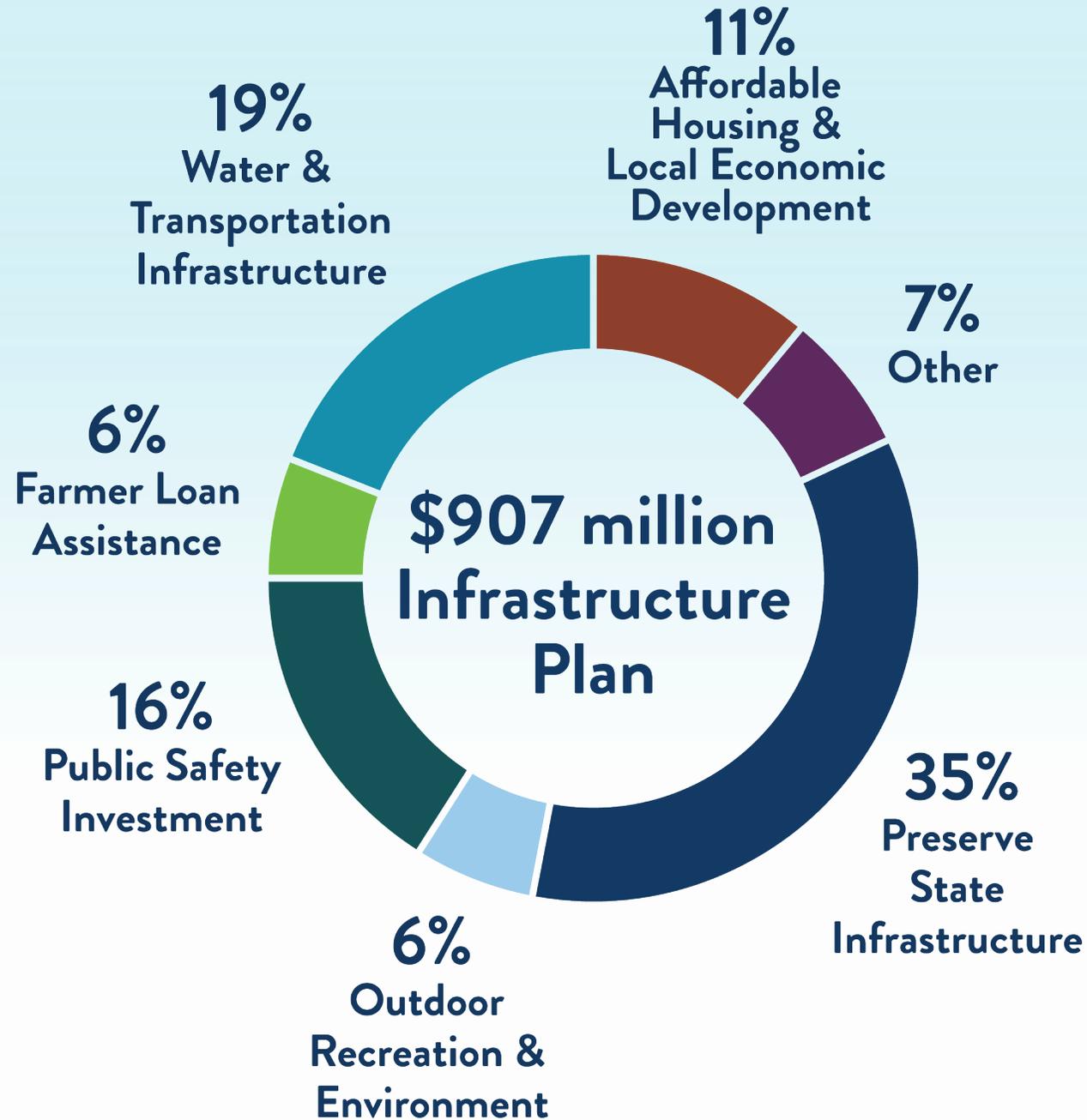


2026 Bonding Tour Visits



Overview of the Governor's Infrastructure Plan







Preserve State Infrastructure: \$316 million

- \$75 million for Minnesota State
- \$75 million for the U of M
- \$54 million for Corrections
- \$30 million for Natural Resources
- \$24 million for Veterans Affairs
- \$24 million for Direct Care & Treatment



Deferred Maintenance

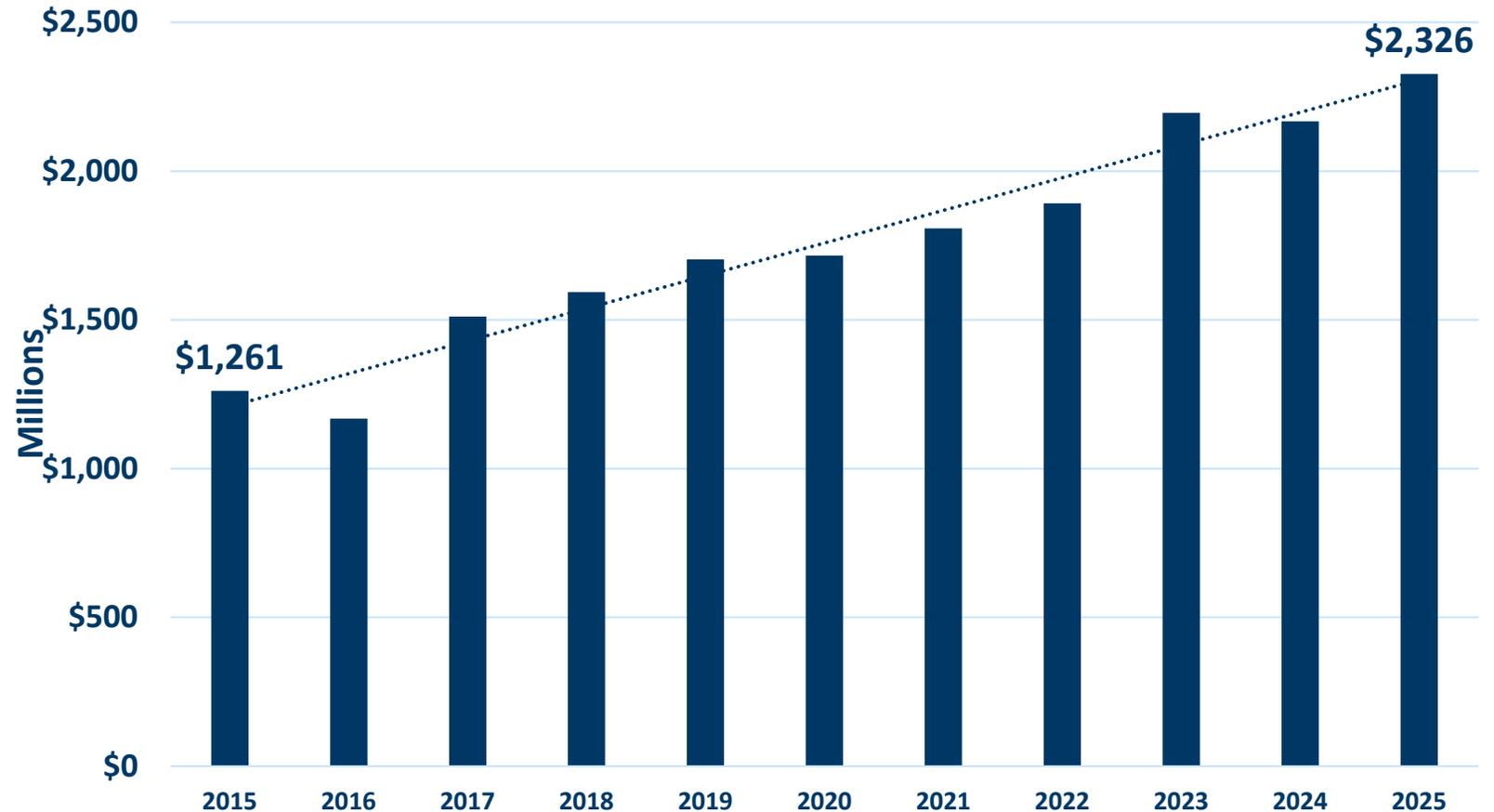
\$6.7 billion deferred maintenance backlog:

- State Agencies: \$2.3 billion
- Minnesota State: \$1.7 billion
- University of Minnesota: \$2.7 billion

Average age of state agency buildings is 44 years; 30-40 years is when a major renovation is needed

Cheaper to maintain than fix crisis and poor condition

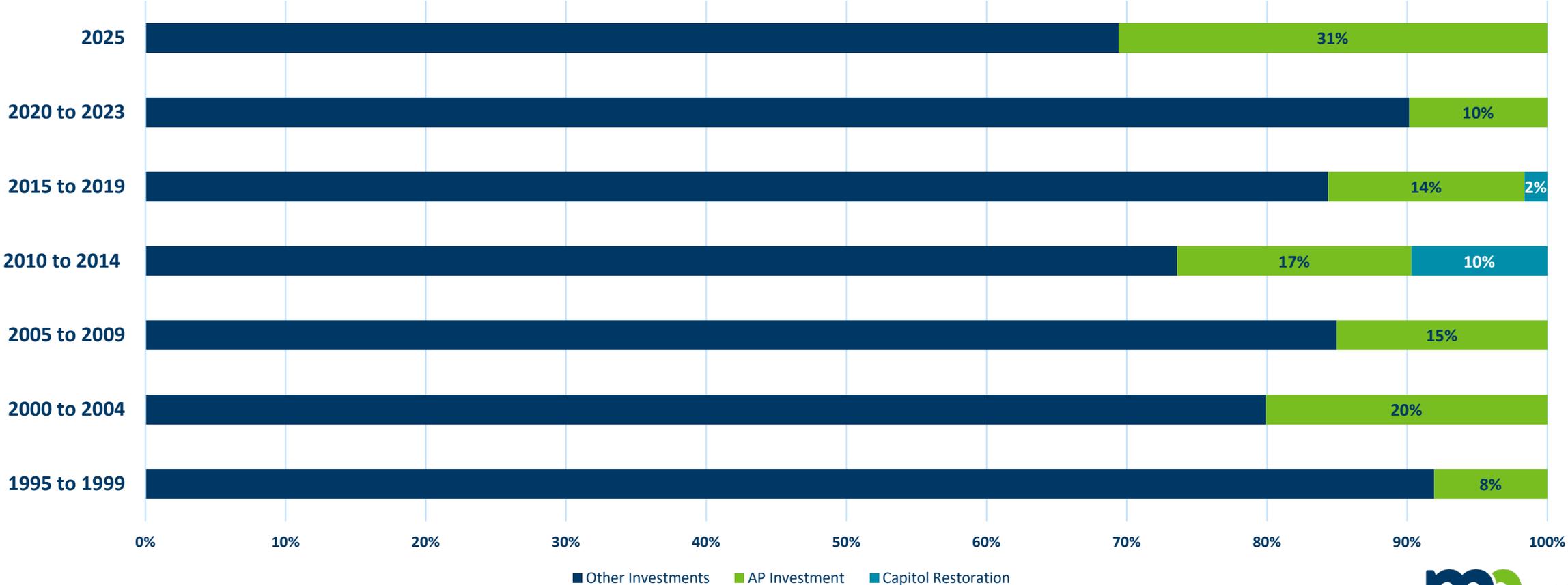
7% growth each year over past 10 years in state agency deferred maintenance backlog



Past Asset Preservation Investments

2025 bonding bill made a historic \$216 million asset preservation investment

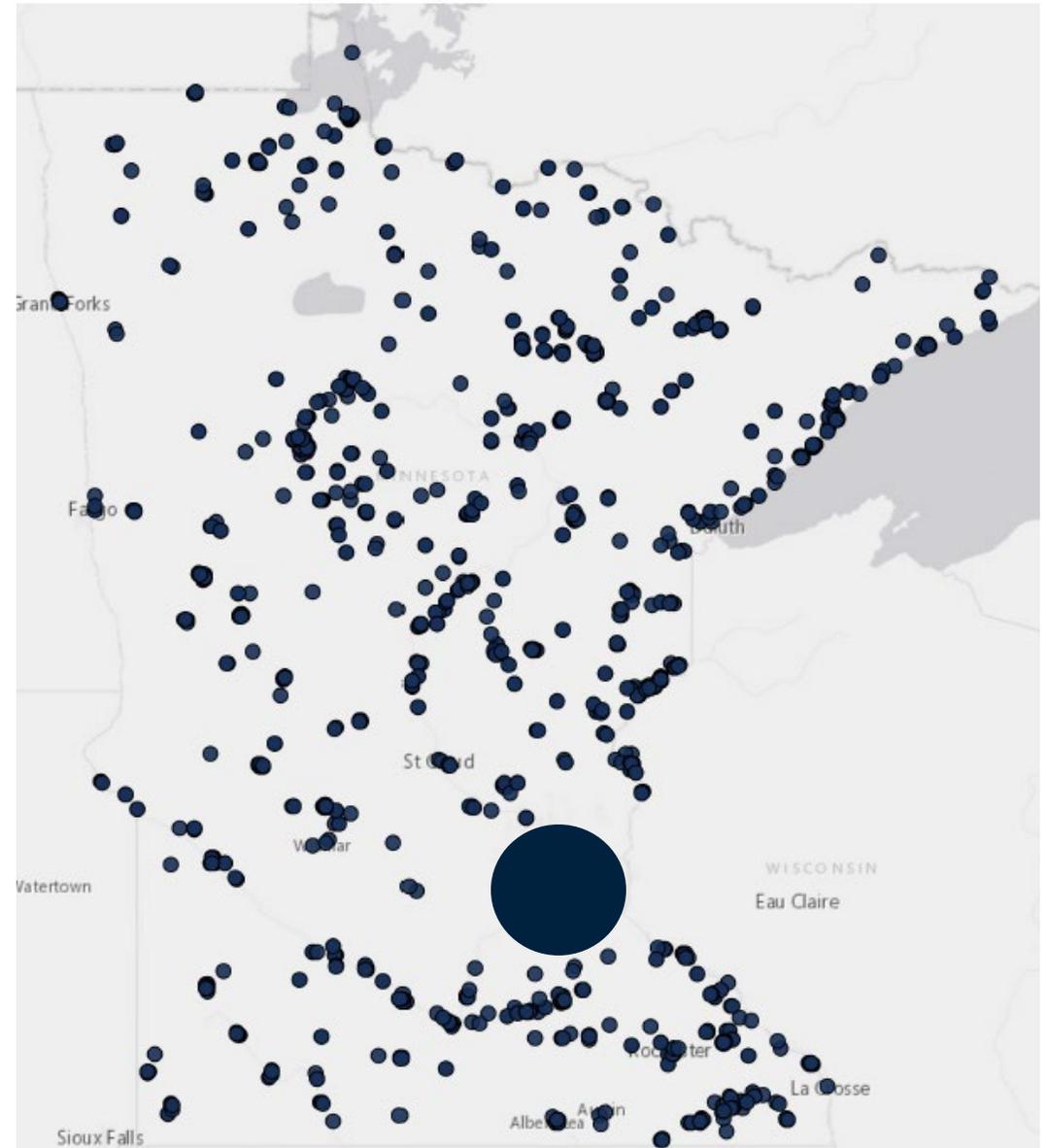
Average Asset Preservation Investment in Recent Bonding Bills



*Based on total net GO Bonds & GF cash, excluding user-financing bonds

Asset Preservation Makes Investments Across the State

- The map shows all facilities that would be eligible to receive Asset Preservation funds in the Governor's Plan
- About 45% of funds are expected to be spent on facilities in Greater Minnesota and 55% of in the seven-county metro area





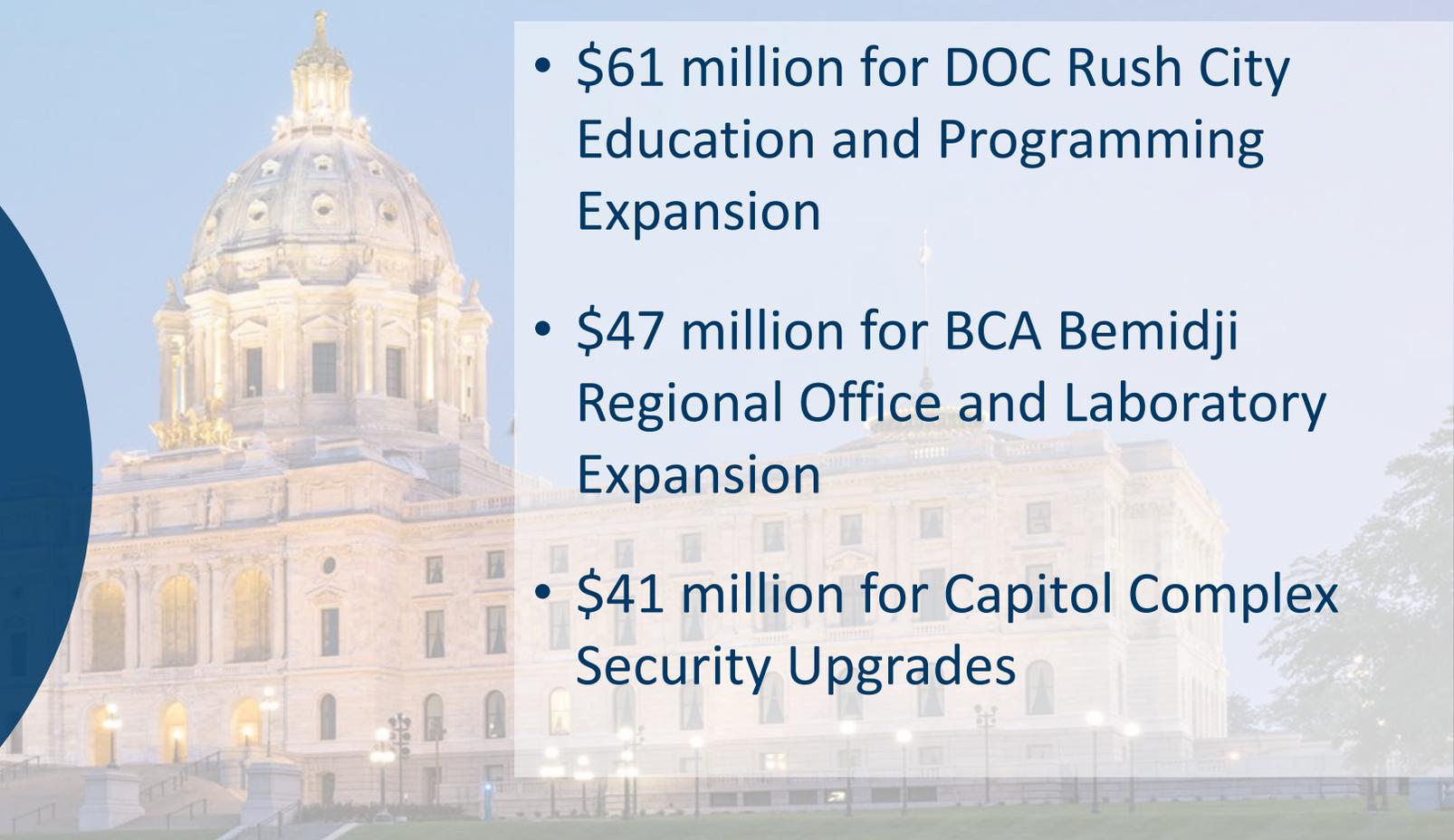
Water and Transportation Infrastructure: \$174 million

- \$113 million in water infrastructure programs at the Public Facilities Authority, Met Council, and Pollution Control Agency
- \$50 million for High Priority Pavement projects





Public Safety
Investment:
\$149 million

- 
- \$61 million for DOC Rush City Education and Programming Expansion
 - \$47 million for BCA Bemidji Regional Office and Laboratory Expansion
 - \$41 million for Capitol Complex Security Upgrades



Affordable Housing & Local Economic Development: \$99 million

- \$50 million for Housing Infrastructure Bonds
- \$10 million in Public Housing Rehabilitation
- \$35 million set-aside for local projects





Outdoor Recreation & Environment: \$52 million

- \$10 million for Dam Safety Repair
- \$9 million for Flood Hazard Mitigation
- \$9 million for Reinvest in Minnesota
- \$5 million for DNR Aviation Infrastructure at Brainerd Regional Airport
- \$5 million for Local Roads Wetlands Replacement





Rural Finance
Authority
Loans:
\$50 million





Other Projects: \$68 million

- \$22 million for renovating the Transportation Building
- \$19 million for the Demolition of the Centennial Office Building
- \$19 million for Water and Sewer Replacement at DCT in St. Peter
- Repurposing Veterans Homes Domiciliary Program Investments



Governor's Recommendations Funding Summary

General Obligation Bonds	\$750 million
General Obligation (GO) Bonds	\$700 million
User-Financed GO Bonds	\$50 million
Other Investments	\$157 million
Trunk Highway Bonds	\$50 million
Appropriation Bonds	\$50 million
Trunk Highway Cash	\$12 million
General Fund Cash	\$45 million
Total Investment	\$907 million

Totals above rounded to the nearest million



Biennial Impact of the Governor's Recommendations

General Fund	FY 2026-27	FY 2028-29
Debt Service General Obligation Bonds	\$12,336	\$93,198
Debt Service Appropriation Bonds	-	\$1,000
General Fund Cash	\$45,000	-
Total General Fund	\$57,336	\$94,198
Trunk Highway Fund	FY 2026-27	FY 2028-29
Debt Service Trunk Highway Bonds	\$1,428	\$7,787
Trunk Highway Cash	\$12,000	-
Total Trunk Highway Fund	\$13,428	\$7,787

Amounts in thousands



Materials are available on MMB's website:

<https://mn.gov/mmb/budget/capital-budget/current/>





Questions?