

Chapter 130

2026 Regular Session

Subject 2026 Capital Investment Bonding Bill

Bill H.F. 719/S.F. 390

Analyst Chelsea Griffin
Matt Burress

Date June 5, 2026

Overview

This Act is the 2026 Bonding Bill, part of a dual law capital investment package. The general fund capital investment bill was enacted as Laws 2026, chapter 129.

Article 1 contains appropriations from the bond proceeds fund. See the spreadsheet by Andy Lee and Erik Olaphson dated 5/17/2026 8:16 PM.

This summary describes the remaining articles in the Act:

- Article 2 includes capital investment policy provisions.
- Article 3 includes modifications to prior capital project appropriations funded with state general obligation bonds.
- Article 4 includes a vehicle registration tax reduction provision and an associated general fund transfer for registration taxes payable in 2027.

Article 2: Capital Investment Policy

Includes various capital investment policy provisions.

Section	Description – Article 2: Capital Investment Policy
---------	--

1	Information provided.
---	------------------------------

	Requires a political subdivision applying for assistance through the state's capital budget process to include information about whether the political subdivision has a plan for maintenance and preservation of the project.
--	--

	Effective January 1, 2027.
--	----------------------------

2	Match.
---	---------------

	Changes the match requirement for Mary C. Murphy library construction grants to be matched with nonstate funds instead of local funds.
--	--

Section Description – Article 2: Capital Investment Policy

Effective for grants awarded after June 30, 2026.

3 Eligible recipients.

Adds language to the lead service line grant program clarifying that recipients of lead service line grants funded by state general obligation bond proceeds must be political subdivisions of the state.

4 Eligible uses.

Authorizes lead service line grant money to be used for up to 100 percent of the cost of replacing the publicly owned portion of lead drinking water services lines. Clarifies that lead service line grants funded with state general obligation bond proceeds are limited to certain activities.

5 Drinking water contaminants grants.

Changes the name of the grant program from “emerging contaminants grants” to “drinking water contaminants grants.” Provides a reference to maximum contaminant levels defined by the federal Safe Drinking Water Act as alternative criteria for what projects qualify for funding under the program. Makes technical changes to cross-reference specific provisions in the Minnesota Rules.

6 Amount of debt obligation authorized.

Increases the amount of outstanding debt the state will guarantee for certain local government capital projects to \$1,500,000,000.

Effective the day following final enactment (May 28, 2026).

7 State participation; limitations.

Changes the maximum amount of assistance for a port development project under the port development assistance program to be 80 percent of the total cost of any project, instead of 80 percent of the nonfederal share.

8 Emergency shelter facilities.

Establishes an uncodified emergency shelter facility grant program to be administered by the commissioner of human services. Funding for grants under the program is in Article 1, with additional funding from the general fund for program administration appropriated in Laws 2026, chapter 129.

Subd. 1. Definitions. Defines terms for the purposes of the section.

Subd. 2. Creation of account. Establishes an emergency shelter facility account in the bond proceeds fund. Applies the cancellation period for capital projects to money in the account.

Section Description – Article 2: Capital Investment Policy

Subd. 3. Project criteria. Specifies the emergency shelter facility capital projects that qualify for funding under the program.

Subd. 4. Eligible uses of grant money. Authorizes a grant under the program to be used to pay for 100 percent of the total project capital expenditures or a specified project phase, up to \$7,000,000 per project.

Subd. 5. State and local building codes met. Requires all projects funded with a grant under the program to meet all applicable state and local building codes at the time of project completion.

Subd. 6. Lease or management agreements. Authorizes an eligible applicant to enter into a lease or management agreement for operation of the emergency shelter facility.

Subd. 7. Competitive request for proposal process; priority. Requires the commissioner to use a competitive request for proposal process to identify potential projects and eligible applicants on a statewide basis. Requires at least 40 percent of the appropriation to be awarded to projects in greater Minnesota. Also requires the commissioner to prioritize projects that meet certain criteria relating to lease or management agreements and providing funding for the project.

9 Cloquet Forestry Center; land transfer.

Requires the commissioner of administration to convey for no consideration certain state-owned land within the boundaries of the Cloquet Forestry Center to the Board of Regents of the University of Minnesota.

10 Cloquet Forestry Center defeasance of general obligation bonds; appropriation.

Appropriates \$1,300,000 in fiscal year 2027 from the general fund to the commissioner of management and budget to prepay and defease outstanding state general obligation bonds used for capital improvements at the University of Minnesota Cloquet Forestry Center.

11 BCA Maryland Building.

Authorizes a new perimeter eight-foot security fence and access controls at the BCA Maryland Building site to be constructed without a building permit.

Article 3: Appropriation Modifications

Includes amendments to prior capital project appropriations funded with state general obligation bond proceeds.

Section Description – Article 3: Appropriation Modifications

- 1 Red Wing; rail grade separation.**
Authorizes any unspent portion of an appropriation for rail grade crossing separation at Sturgeon Lake Road in the city of Red Wing to be used for capital improvements to Sturgeon Lake Road in the area of the rail grade separation project. Extends the bond sale authorization and appropriation of bond proceeds for the project until December 31, 2030.
- 2 White Bear Lake communities; Lake Links Trail.**
Changes the project boundary for a trail project in the city of Dellwood. Removes trail segment descriptive language and removes one trail segment entirely.
- 3 Washington County; interchange at Trunk Highway 36 and Lake Elmo Avenue.**
Adds the city of Lake Elmo and the city of Grant as potential grantees of an appropriation for an interchange project at Trunk Highway 36 and County State-Aid Highway 17 in Washington County.
- 4 Oak Park Heights; redevelopment.**
Extends the bond sale authorization and appropriation of bond proceeds for public infrastructure for development of the Allen S. King power plant site in the city of Oak Park Heights until December 31, 2029.
- 5 Effective date.**
Applies an effective date of day following final enactment (May 28, 2026) to the article.

Article 4: Temporary Registration Tax Reduction

Provides a temporary motor vehicle registration tax rate reduction to taxes imposed for calendar year 2027 registrations.

Section Description – Article 4: Temporary Registration Tax Reduction

- 1 Temporary registration tax reduction.**

 - Subd. 1. Applicability.** Applies a motor vehicle registration tax rate reduction 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 rates at which the commissioner of public safety must calculate registration taxes on vehicles in

Section Description – Article 4: Temporary Registration Tax Reduction

2027 (which reflect the rates in effect prior to tax changes made by the 2023 Legislature).

Subd. 3. Limitation. Disregards the amounts calculated in subdivision 2 for the purposes of a “grandfather clause” that prevents increases in vehicle registration taxes compared to prior years.

Subd. 4. Implementation. Requires the commissioner of public safety to include on a vehicle’s registration tax invoice both a brief statement on the temporary registration tax rate reduction and information on the difference between the registration tax due and the amount that would have been due under the statutory rate.

Effective the day following final enactment (May 28, 2026).

2 Transfer.

Transfers \$254,000,000 in fiscal year 2027 from the general fund to the highway user tax distribution fund.

Effective the day following final enactment (May 28, 2026).



**MN HOUSE
RESEARCH**

Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.

www.house.mn.gov/hrd | 651-296-6753 | Third Floor, Centennial Office Building | St. Paul, MN 55155