

Subject State Government Finance

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Overview

This is the omnibus state government finance bill. It would appropriate money to the legislature, constitutional officers, and certain state agencies for fiscal years 2026 and 2027. It would also make various statutory changes as summarized in articles 2 and 3.

Article 1: State Government Appropriations

This article appropriates funding in fiscal years 2026 and 2027 to the legislature, constitutional officers, and specified state agencies and modifies certain existing appropriations.

Section Description – Article 1: State Government Appropriations

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| 1 | Appropriations.
Explains the effect of, and format for, this appropriations article. |
| 2 | Legislature.
Appropriates funding to the house, senate, and Legislative Coordinating Commission and specifies funding amounts for certain joint offices. |
| 3 | Governor and lieutenant governor.
Appropriates funding for the Office of the Governor and Lieutenant Governor. |
| 4 | State auditor.
Appropriates funding to the state auditor. |
| 5 | Attorney general.
Appropriates funding to the attorney general. |
| 6 | Secretary of state.
Appropriates funding to the secretary of state. |

Section Description – Article 1: State Government Appropriations

- 7 **State Board of Investment.**
 Appropriates funding to the State Board of Investment.
- 8 **Administrative Hearings.**
 Appropriates funding to the Office of Administrative Hearings.
- 9 **Information Technology Services.**
 Appropriates funding to Minnesota IT Services (MNIT).
- 10 **Administration.**
 Appropriates funding to the Department of Administration, with amounts specified for certain purposes.
- 11 **Capitol Area Architectural and Planning Board.**
 Appropriates funding to the Capitol Area Architectural and Planning Board.
- 12 **Minnesota Management and Budget.**
 Appropriates funding to the Department of Management and Budget, with amounts specified for certain purposes.
- 13 **Revenue.**
 Appropriates funding to the Department of Revenue.
- 14 **Gambling Control Board.**
 Appropriates funding to the Gambling Control Board.
- 15 **Racing Commission.**
 Appropriates funding to the Racing Commission.
- 16 **State Lottery.**
 Appropriates funding to the State Lottery.
- 17 **Amateur Sports Commission.**
 Appropriates funding to the Amateur Sports Commission.
- 18 **Council for Minnesotans of African Heritage.**
 Appropriates funding to the Council for Minnesotans of African Heritage.
- 19 **Council on Latino Affairs.**
 Appropriates funding to the Council on Latino Affairs.

Section Description – Article 1: State Government Appropriations

- 20 **Council on Asian-Pacific Minnesotans.**
Appropriates funding to the Council on Asian-Pacific Minnesotans.
- 21 **Indian Affairs Council.**
Appropriates funding to the Indian Affairs Council.
- 22 **Council on LGBTQIA2S+ Minnesotans.**
Appropriates funding to the Council on LGBTQIA2S+ Minnesotans.
- 23 **Minnesota Historical Society.**
Appropriates funding to the Minnesota Historical Society, with amounts specified for certain purposes.
- 24 **Board of the Arts.**
Appropriates funding to the Arts Board, with amounts specified for certain purposes.
- 25 **Minnesota Humanities Center.**
Appropriates funding to the Humanities Center, with amounts specified for certain purposes.
- 26 **Board of Accountancy.**
Appropriates funding to the Board of Accountancy.
- 27 **Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and Interior Design.**
Appropriates funding to the Board of Architecture, Engineering, Land Surveying, Landscape Architecture, Geoscience, and Interior Design.
- 28 **Board of Cosmetologist Examiners.**
Appropriates funding to the Board of Cosmetologist Examiners.
- 29 **Board of Barber Examiners.**
Appropriates funding to the Board of Barber Examiners.
- 30 **Children, youth, and families.**
Appropriates funding to the Department of Children, Youth, and Families.
- 31 **General contingent accounts.**
Appropriates money for unforeseen contingencies.

Section Description – Article 1: State Government Appropriations

- 32 **Tort claims.**
Appropriates funding for the payment of tort claims against the state.
- 33 **Minnesota State Retirement System.**
Appropriates money for aid to the Minnesota State Retirement System, with amounts specified for certain purposes.
- 34 **Public Employees Retirement Association.**
Appropriates money for aid to the Public Employees Retirement Association, with amounts specified for certain purposes.
- 35 **Teachers Retirement Association.**
Appropriates money for aid to the Teachers Retirement Association, with amounts specified for certain purposes.
- 36 **St. Paul Teachers Retirement Fund.**
Appropriates money for aid to the St. Paul Teachers Retirement Fund Association.
- 37 **Government and citizen services.**
Retroactively extends the availability of a \$5,000,000 appropriation to the Department of Administration to implement the updated Capitol Mall Design Framework.
- 38 **St. Anthony Falls study.**
Extends the due date and funding for a University of Minnesota geophysical study and hazard assessment of the St. Anthony Falls area and St. Anthony Falls cutoff wall in Minneapolis.
- 39 **Commissioner of management and budget.**
Modifies a 2024 law requiring Minnesota Management and Budget to transfer money from the health care access fund for the Minnesota insulin safety net program.

Article 2: State Government Statutory Provisions

Among other things, this article would require the Office of the Legislative Auditor (OLA) to report to legislative committees regarding agency implementation of OLA recommendations; establish a Healthy Aging Subcabinet and Office of Healthy Aging; repeal the existing crime of Medical Assistance fraud and replace it with a new offense with a penalty of up to 20 years of imprisonment; modify education and reciprocity requirements for certified public accountants; and modify licensing requirements for lottery ticket retailers.

Section Description – Article 2: State Government Statutory Provisions

1 Leaders.

Authorizes the house of representatives and senate to increase the number of leadership positions that may receive up to 140 percent of the compensation provided to other representatives and senators.

Effective date: This section would be effective retroactive to January 14th of this year.

2 Implementation of audit recommendations.

Requires OLA, as resources permit, to submit an annual report to the leaders of each legislative committee with fiscal jurisdiction over an entity subject to OLA oversight. Requires OLA to report annually, as resources permit, to certain legislators regarding the legislative committees to which OLA presented this report during a public meeting.

3 Preparation; duties.

Authorizes the ranking minority member of certain legislative committees to request a fiscal note. Under current law, only the committee chair may make this request. Background: a fiscal note is an estimate of the monetary impact (staff costs, information technology needs, etc.) for affected state agencies if a bill is enacted.

4 Distribution.

Requires the Legislative Budget Office to distribute completed fiscal notes to the ranking minority members who requested them.

5 Healthy Aging Subcabinet.

This section establishes a Healthy Aging Subcabinet and an Office of Healthy Aging and assigns duties to each entity.

Subd. 1. Establishment. Establishes the subcabinet within Minnesota Management and Budget as a distinct entity dedicated to ensuring all Minnesotans age with dignity and have equitable health and well-being opportunities.

Subd. 2. Membership; chair. Provides that the subcabinet consists of the heads of state agencies that administer policies that impact aging Minnesotans, as determined by the governor in consultation with the director appointed under subdivision 5. Designates the director as chair of the subcabinet.

Subd. 3. Purpose. Specifies the four-pronged purpose of the subcabinet.

Subd. 4. Duties. Requires the director to lead the Citizens' Engagement Council established under subdivision 6 in carrying out 12 specified duties, including integrating aging-related considerations into state agency planning and

Section Description – Article 2: State Government Statutory Provisions

operations, promoting the adoption of evidence-based approaches to support healthy aging across public and private sectors, and evaluating the oversight system for long-term care facilities, assisted living residences, and home-care agencies to ensure public safety and accountability.

Subd. 5. Director; Office of Healthy Aging; staffing; duties. Requires the governor to appoint the subcabinet’s director, who must possess a background in public health, public policy, and community engagement, have knowledge of older adult abilities and needed supports, and who may have experience working with an aging population. Establishes the director’s minimum responsibilities, including leading and coordinating the duties of the Healthy Aging Subcabinet and appointing members to a Citizens’ Engagement Council. Authorizes the director to hire additional staff.

Subd. 6. Citizens’ Engagement Council; public engagement. Requires the director to appoint a Citizens’ Engagement Council consisting of 20 diverse members from differing geographic regions and demographic groups. Provides additional criteria for council membership. Establishes the three-pronged purpose of this council and authorizes compensation of \$55/day plus expenses for council members (see Minn. Stat. § 15.059).

Subd. 7. Discretionary powers. Authorizes the Office of Healthy Aging to apply for and receive grants, issue grants, and enter into contracts subject to applicable law.

Subd. 8. Staff and administrative support. Requires Minnesota Management and Budget to coordinate with other agencies and provide staffing and administrative support.

Subd. 9. Public awareness. Requires the Office of Healthy Aging to maintain a website and publish annual reports to share and gather ideas.

Subd. 10. The Minnesota Healthy Aging Plan. Establishes deadlines and provides that the Minnesota Healthy Aging Plan must include recommendations from council members and other citizens that support older Minnesotans and their contributions and healthcare needs. Specifies ten areas that the plan must address.

Subd. 11. Annual report. Requires the Office of Healthy Aging to submit an annual report to the legislative committees with primary jurisdiction over aging policy and funding.

Section Description – Article 2: State Government Statutory Provisions

- 6 **Authority.**
Expands the scope of the attorney general’s authority to subpoena certain information in ongoing legitimate law enforcement investigations to include wage and employment records, insurance records related to claim settlement, and the financial records of the subject of an investigation of suspected Medical Assistance fraud.
- 7 **Duties and powers.**
In combination with section 8, this section changes the deadline for the State Board of Investment’s annual legislative report from December 31 to no later than March 31.
- 8 **Annual report.**
See section 7.
- 9 **Monitoring Office of the Legislative Auditor audits.**
Requires MMB to submit an annual report to OLA detailing the implementation status of all OLA recommendations issued in the previous five years, itemizing and explaining those that have not been implemented to date.
- 10 **Payments to state.**
Increases the regulatory fee for advance deposit wagering (ADW) on horse racing to two percent of all amounts wagered by Minnesota residents. Under current law and this bill, ADW fees are paid by authorized advance deposit wagering providers and the proceeds are appropriated to the Racing Commission to regulate horse racing, pari-mutuel wagering, and card clubs.
- 11 **Legal representation.**
Makes a conforming change in a section authorizing the attorney general or a county attorney to initiate a criminal or civil action related to Medical Assistance fraud and other theft offenses. See section 20.
- 12 **Certificate; required education and experience until July 1, 2030.**
Provides that the existing education and experience requirements for certified public accounting (CPA) certification, including the 150 semester-hour education requirement, expire on July 1, 2030.
- 13 **Certificate; required education and experience after June 30, 2030.**
Establishes alternative CPA education and experience criteria that would replace the criteria in section 12 beginning July 1, 2030. In place of the 150 semester-hour education requirement, applicants would be required to hold a master’s degree and

Section Description – Article 2: State Government Statutory Provisions

have at least one year of acceptable experience, or a bachelor’s or graduate degree and at least two years of acceptable experience.

14 Transitional period.

Provides that from January 1, 2026, to July 1, 2030, the board must award CPA certification to a person who satisfies the education and experience criteria under section 11 or 12, and other relevant certification requirements in statute or rule.

Effective date: This section would take effect January 1, 2026.

15 Mobility.

Modifies reciprocity requirements for CPAs from other states. Provides that an individual whose principal place of business is in another state may operate in Minnesota without a license if the person is certified/licensed/permitted and in good standing in another state, has a bachelor’s degree or higher with a concentration in accounting or an equivalent as determined by the board in rule, and has passed the Uniform CPA Examination.

Effective date: This section would take effect the day following final enactment.

16 Resonsible lottery official.

Defines this term for purposes of the lottery’s retailer eligibility criteria and contract cancellation/suspension/refusal conditions, which are modified in sections 17 to 19. For retailers that are not organized as sole proprietorships, “responsible lottery officials” would be limited to those officers, directors, or owners that oversee lottery ticket sales.

17 Qualifications.

Establishes separate but parallel eligibility criteria for lottery ticket retailers that are sole proprietorships versus those retailers that are organized as a firm, partnership, or corporation. Clarifies that lottery retailer background checks must examine criminal records in other jurisdictions outside of Minnesota. Provides that for retailers that are not sole proprietors, the disqualifying conditions based on age, tax delinquency, convictions, familial relationships with lottery staff, etc., apply only to those employees that satisfy the definition of “responsible lottery official,” as defined in section 16.

18 Criminal history.

Modifies procedures and requirements for background checks of lottery retailers.

19 Cancellation, suspension, and refusal to renew contracts or locations.

Provides that the conviction criteria for which the lottery must cancel, suspend, or refuse to renew a retailer contract applies only to the retailer’s “responsible lottery

Section Description – Article 2: State Government Statutory Provisions

officials,” as defined in section 16, when the retailer is not a sole proprietorship. Modifies the crimes for which the lottery may suspend or terminate a retailer’s contract from fraud, misrepresentation, and deceit, to any crime involving fraud or misrepresentation, or any gambling-related offense.

20 Medical Assistance fraud.

Establishes that a person who makes a claim for payment from Medical Assistance funds commits a crime if the person intentionally submits the claim knowing, or having reason to know, that it is false. Establishes felony penalties that range from up to five years of imprisonment to up to 20 years of imprisonment. Authorizes claims made in a six-month period to be aggregated and establishes that an offense may be prosecuted in any place where part of the offense was committed or where the entity receiving the claim is located.

Effective date: This section would take effect on August 1, 2025, and would apply to crimes committed on or after that date.

21 Acts constituting fraud.

Makes a conforming change to remove a portion of the theft statute that is replaced by the new Medical Assistance fraud crime in section 20.

Effective date: This section would take effect on August 1, 2025, and would apply to crimes committed on or after that date.

22 Limitations.

Makes a conforming change to the statute of limitations for criminal offenses, including Medical Assistance fraud.

23 Open positions report.

Requires Minnesota Management and Budget to report three times during the FY 2026-2027 biennium regarding certain unfilled positions in the executive branch.

24 Integrating application information and a referral process for the transit assistance program on the MNbenefits web portal.

Requires the Department of Children, Youth, and Families, in consultation with others, to integrate application information and a referral process for the Transit Assistance Program into the MNbenefits web portal. Requires Metro Transit and the Metropolitan Council to continue to process applications for the Transit Assistance Program after the information and referral process are integrated into the MNbenefits web portal.

Background: the MNbenefits web portal is a partnership between the state agencies that administer benefit programs, Minnesota IT Services, and Minnesota counties

Section Description – Article 2: State Government Statutory Provisions

and Tribal nations, and allows individuals to apply for multiple benefit programs in one application.

25 Statue replacement.

Authorizes the Department of Administration to accept private funds and replace one of Minnesota’s two statues in the United States Capitol.

Effective date: Provides that this section is effective only after the house and senate certify that the state has satisfied federal requirements for a statue replacement request (i.e., both bodies have passed a resolution, which is approved by the governor).

26 Repealer.

Repeals the following statutes.

Subd. 1. Employee gainsharing. Repeals the statute that requires Minnesota Management and Budget to administer an employee gainsharing program.

Subd. 2. Advisory Council on Infrastructure. Repeals the statutes that govern this advisory council and require the Department of Administration to provide administrative support to the council.

Subd. 3. CPA substantial equivalence. Repeals the Minnesota Board of Accountancy rule governing substantial equivalency for CPAs from other states.

Effective date: This subdivision would take effect the day following final enactment.

Subd. 4. Medical Assistance fraud. Repeals the existing crime of Medical Assistance fraud, which is replaced with a new offense in this article.

Article 3: Business Filing Fraud and Deceptive Mailings

This article establishes a process for challenging and removing fraudulent business filings that were filed with the Office of the Secretary of State, authorizes the assessment of a late penalty, and prohibits deceptive business mailings.

Section Description – Article 3: Business Filing Fraud and Deceptive Mailings

1 Late renewal penalty.

Allows the secretary of state to assess a late penalty of up to \$25 when a person files for renewal or reinstatement of a business entity that was administratively dissolved

Section Description – Article 3: Business Filing Fraud and Deceptive Mailings

due to failure to file prior to dissolution. Appropriates the proceeds to the secretary of state for three specified purposes. Requires the secretary of state to submit an annual report to the legislature identifying the amount of penalty revenue collected and the outcomes achieved under this section.

2 Scope.

Technical – updates a Government Data Practices Act cross-reference to conform to section 3.

3 Business fraud investigations.

Modifies the Government Data Practices Act to note that data maintained by the secretary of state and related to fraudulent business filing investigations is governed by section 12.

4 Citation and definitions.

Allows sections 300.70 to 300.78 to be cited as the Minnesota Business Filing Fraud Prevention Act. Defines key terms, including “complainant” and “filer.”

5 Declaration of wrongful filing.

Establishes a process for accepting and reviewing wrongful filing complaints.

Subd. 1. Form and contents of declaration. Allows a complainant to deliver a declaration of wrongful filing to the Office of the Secretary of State if they believe the document was not authorized and was filed with the intent to either modify business records or register a business using another person’s information. Requires a declaration of wrongful filing to contain certain information. Requires the office to provide a form for declarations filed under this section. Provides that a false statement in a document submitted under this act is a violation of section 609.48 (i.e., perjury).

Subd. 2. Review of declaration. Requires the Office of the Secretary of State to promptly accept or reject a declaration of wrongful filing. Allows the office to reject a declaration that is incomplete or doesn’t use the correct form, if the office reasonably believes it was delivered with the intent to harass or defraud, or if the office issued a prior final order on the filing at issue.

Subd. 3. Nonexclusive remedy. Provides that the remedies of this act are not exclusive and an aggrieved party can seek district court action without initiating or completing the processes of this section.

6 Notice.

Requires the Office of the Secretary of State to provide notice of a filed declaration to the complainant and filer. Requires the notice to include certain information.

Section Description – Article 3: Business Filing Fraud and Deceptive Mailings

Provides mailing requirements the office must abide by for the notice. Deems that notice is received by the complainant and filer upon mailing. Allows the office to deem a filing fraudulent and immediately issue a final order if the notice the office mails to the filer is returned as undeliverable.

7 Response.

Requires the filer to respond to allegations in writing within 21 days of receipt of notice. Requires filers to provide any information that refutes allegations in the declaration.

8 Procedure when no response received.

Requires the Office of the Secretary of State to deem a filing fraudulent and issue a final order if the filer does not respond within 21 days of receiving the notice.

9 Procedure when response received.

Establishes a process for handling and evaluating responses submitted by the filer.

Subd. 1. Preliminary determination. If a timely response is received, requires the Office of the Secretary of State to investigate allegations in the declaration and response and make a preliminary determination regarding whether the filing is fraudulent. Allows the office to request additional information from the complainant and filer if necessary to make a preliminary determination.

Subd. 2. Notice of preliminary determination. Requires the office to send notice to the complainant and filer of the office's preliminary determination.

Subd. 3. Response. Allows the nonprevailing party to respond to the preliminary determination within ten days with additional information or evidence in support of their position. Allows the prevailing party to send additional information during that same time period.

Subd. 4. Procedure if no second response received. Provides that a preliminary determination becomes a final order if the nonprevailing party does not file a response in compliance with subdivision 3.

Subd. 5. Procedure if second response is received. Requires the office to consider additional information if provided in compliance with subdivision 3 before issuing a final order about the declaration.

Subd. 6. Factors. Requires the office to take certain information into account when making a preliminary or final determination.

Section Description – Article 3: Business Filing Fraud and Deceptive Mailings

10 Final order.

Requires the Office of the Secretary of State to issue a final order if it finds a filing is fraudulent. Requires that if a filing is found fraudulent, it must be treated as never having existed and provides that a fraudulently-filed business is dissolved. Allows the office to issue a final order stating that it is not removing the filing if it is deemed not fraudulent or the office has insufficient information.

11 Judicial review.

Creates an appeal system in district court if a party aggrieved by a final order issued by the Office of the Secretary of State chooses to appeal.

12 Data practices.

Classifies data collected by the Office of the Secretary of State as part of a fraudulent filing proceeding as not public data. Allows the office to release data to the attorney general to aid in an investigation, to a person or agency to aid in a criminal or civil investigation, or as required by a court order or other state or federal law.

13 Prohibition on deceptive business mailings.

Requires solicitations, as defined, to include certain information, be formatted in a specific way, and include a disclaimer. Provides that a person who violates this section is guilty of a misdemeanor and in violation of the Uniform Trade Practices Act.

14 Acts constituting.

Technical: adds a cross-reference to the crime of perjury for submitting knowingly false material statements to the Office of the Secretary of State.

15 Rulemaking.

Allows the Office of the Secretary of State to adopt rules with no time limit to this authority.

Effective date: Provides that this section takes effect the day following final enactment.

16 Effective date.

Provides that the sections pertaining to fraudulent business filings take effect for filings made on or after January 1, 2026.



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