

Legislature Adjourns with Budget Work Incomplete

The Legislature adjourned Monday *sine die*, leaving work incomplete on several budget bills. The Legislature is required to pass a state budget by June 30th, and a special session will be required to complete work on bills. While some omnibus bills passed both bodies, many bills remained in conference committee at the time of adjournment Monday evening. Leaders are continuing to meet today and indicated that 'working groups' will take the place of conference committees and be expected to resolve outstanding issues in bills. Leaders set a deadline of Wednesday, May 21 at 5:00 pm for working groups to finalize budget bills. Governor Walz indicated that he would call a special session once budget items were resolved.

Last week, the Governor and legislative leaders had agreed to a global budget framework that set parameters for budget bills, with specific items to be resolved by conference committees. While the House and Senate passed some completed conference committee reports, many remain in conference committees. These include transportation, jobs, health and human services, education finance, higher education, environment, taxes and bonding bills. With the *sine die* adjournment, working groups will take the place of conference committees, to complete work on bills.

The next regular legislative session officially begins on February 17, 2026.

Below is information on the progress and status of specific omnibus bills. Metro Cities will provide additional updates, information and alerts as work on bills, and a special session, gets underway.

Omnibus Bill Updates*Housing*

On Saturday, the Housing Conference Committee passed their final conference committee agreement, [SF 2298](#) – Igo. View a spreadsheet [HERE](#), and language [HERE](#). The bill contains \$2 million in additional funds for the Housing and Economic Development Challenge program for FY 26-27, bringing the program to \$14.9 million in 2026 and \$12.9 million in 2027. The bill contains \$2 million in funds in FY26-27 to the Community Based Homebuyer Downpayment Assistance Fund and makes this a standing program, and contains base funding for the Homeowner Education, Counseling, and Training (HECAT) program.

The bill contains an additional \$50 million in Housing Infrastructure bonds and allows for adaptive reuse as an eligible use of the funds. The bill contains policy language that Metro Cities supports to allow for Housing and Redevelopment Authorities to create a Local Housing Trust Fund. Finally, the bill contains new policy language requiring the Minnesota Housing Finance Agency (MHFA) to award additional points, not to exceed five percent of total available points, for a variety of local policies adopted by the local government.

Metro Cities, alongside other city groups, worked with legislators and housing chairs over the last few weeks, to determine whether there might be points of compromise on policy items regarding homeowner's associations and residential design standards. Ultimately, no policy items, including preemption language, made it into the bill.

The bill passed the Senate and House and is headed to the Governor.

Please contact Ania McDonnell at ania@metrocitiesmn.org with any questions.

Adult-Use Cannabis

The conference committee report for [SF 2370](#) (Dibble/Stephenson) was finalized. Most of what is contained in the agreement deals with licensing, product testing requirements, expungement, and the medical cannabis program. The bill language does include a provision authorizing municipalities to hold both a lower-potency hemp business license and an adult-use cannabis retailer license. This change in law is intended to allow cities interested in opening a municipal cannabis retail operation to continue selling low-potency hemp products at their municipal liquor store.

SF 2370 was repassed, as amended by conference, in the Senate with a vote of 34 to 33 and in the House with a vote of 82 to 50. Click [HERE](#) to view the full text of the SF 2370 conference committee report.

Contact Mike Lund at michael@metrocitiesmn.org or 651-215-4003 with any questions.

Judiciary and Public Safety

The conference committee report for [HF 2432](#) (Novotny/Latz) was finalized. Most of the judiciary and public safety budget target was consumed by agency operating adjustments. A high-profile provision contained in the agreement that generated a lot of discussion in committee and on the House and Senate floor is the closure of the Stillwater Prison. The final agreement includes \$4.942 million each year for the Philando Castile Memorial Training Fund, with base funding of \$878,000 beginning in 2028. These funds reimburse local law enforcement agencies for state-mandated training on use of force, crisis response, conflict management, cultural diversity, and autism training.

HF 2432 was repassed, as amended by conference, in the House with a vote of 131 to 3 and in the Senate with a vote of 34 to 33. Click [HERE](#) to view the budget spreadsheet for HF 2432. Click [HERE](#) to view the conference committee report language.

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Legacy

The conference committee report for [HF 2563](#) (Vang/Hawj) was finalized by the committee on Sunday, 5/18. The final bill includes \$51 million for the FY2026-2027 biennium for the Metropolitan Regional Parks and Trails. The language also includes funding for the Metropolitan Council's Water Sustainability Support Program and their Water Demand Reduction Program. Most of the discussion and debate concerned the Arts and Cultural Heritage Fund and the effort to move away from line-item appropriations toward competitive grant programs.

HF 2563 was repassed, as amended by conference, in the House with a vote of 113 to 21 and in the Senate with a vote of 37 to 30. Click [HERE](#) to view the Legacy budget spreadsheet.

Contact Mike Lund at michael@metrocitiesmn.org or 651-215-4003 with any questions.

State and Local Government, and Elections

The conference committee report for [SF 3045](#) (Xiong/Klevorn) was finalized by the committee on Monday, 5/19. The final agreement includes several local government policy provisions of note including changes to the open meeting law to allow for unlimited remote participation from a nonpublic location and a process for cities to post meeting notices online following the discontinuance of a local newspaper. Click [HERE](#) to view an overview of local government policy provisions included in the agreement.

The elections policy changes are largely technical, but some changes impacting elections administration were included in the final language. One amendment accepted on Monday shifts the deadline to drop off absentee ballots on election day from 8:00PM to 5:00PM. Click [HERE](#) to view an overview of the elections policy provisions. A policy provision of note is the repeal of the Advisory Council on Infrastructure, which was only just established in the last biennium.

SF 3045 was repassed, as amended by conference, in the Senate with a vote of 36 to 31 and in the House with a vote of 116 to 18. Click [HERE](#) to view the State Government budget spreadsheet and [HERE](#) to view the Elections budget spreadsheet.

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Federal Background Checks by Political Subdivisions

[Chapter 22](#) was signed into law by the Governor on 5/15. This chapter of law authorizes counties and cities to conduct national criminal background checks (via the Bureau of Criminal Apprehension) for individuals seeking a local license to operate a cabaret or massage business. Throughout the legislative process testifiers in support of the bill spoke about the difficulty of properly vetting massage therapy business applicants with background checks from Minnesota alone.

Economic Development

The conference committee for the Jobs and Labor Finance and Policy bill, SF 1832 - Champion, met on Friday afternoon and Sunday evening and made progress on some policy items in bills. View a list of the House and Senate policy provisions [HERE](#), spreadsheet comparison [HERE](#), and language side by side [HERE](#). Metro Cities signed on to a [joint letter](#), asking the conference committee to fund the Redevelopment Grant program and the Contaminated Site Cleanup and Investigation Grants program at base funding levels. The base funding for these programs was proposed to be reduced in the House omnibus Jobs and Economic Development Finance bill.

On Friday afternoon, the conference committee discussed and adopted many of their [same and similar policy](#) items between the House and Senate bills. On Sunday, the conference committee met and adopted [these](#) policy provisions. The committee did not complete its work before legislative adjournment Monday.

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Taxes

The House and Senate Tax Committees passed omnibus bills out of their respective committees, but the bills were not taken up by either body before the completion of the regular session, and conference committee members were not appointed. Notice of a first Taxes working group meeting was issued Tuesday afternoon.

Bonding

The Senate Capital Investment Committee met last week and discussed a proposal for an omnibus capital investment bill, but no bill has been passed by either the House or Senate Capital Investment Committees. The overall budget agreement does include parameters for a capital investment bill. Any bonding bill will now need to be addressed during a special session.

Environment and Natural Resources

The conference committee for [SF 2077](#) (Hawj/Heintzeman) has not met since their first meeting on 5/9. There are relatively few provisions of note for cities in these bills, but they do fund the Minnesota Pollution Control Agency, Department of Natural Resources, and Board of Water and Soil Resources. Click [HERE](#) for a comparison of the budget items in the Senate and House language and [HERE](#) for a side-by-side of the actual text of each bill.

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Transportation

The conference committee for [HF 2438](#) (Koznick/Dibble) did not meet in the last days of the regular session. The committee had adopted a small list of non-controversial policy provisions but has not produced a budget agreement or resolved disagreements on major policy such as the delay in implementing the 2023 greenhouse gas impacts mitigation law (which is contained in the House bill). Other items up for debate include general fund cuts for transit, changes to the allocation of auto parts sales tax, cuts to the Northern Lights Express train project, and the funding source for improvements to the upper deck of the Washington Avenue Bridge on the UMN Twin Cities campus.

Click [HERE](#) for a side by side of the House and Senate language and [HERE](#) for the budget tracking spreadsheet. Legislative staff has also produced a [summary table](#) of provisions contained in either bill.

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Social District Authority for Cities

[SF 2511](#) (Klein), the omnibus liquor bill was passed by the Senate on 4/28 with a vote of 53 to 12. Section 5 of the bill authorizes cities to establish social districts. The bill describes parameters for social district licenses, the designation of districts, their boundaries, management, maintenance, and other requirements. The companion to this bill, [HF 2027](#) (O'Driscoll), was never passed by the House. The likelihood of this authority being granted to cities remains unclear.

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