The Minnesota Capital Budget Explained

What is the capital budget?
The capital budget primarily funds public infrastructure projects, which are owned by a government entity. These projects are mainly funded through the use of bonds.

What is a capital project?
Generally, a capital project is the acquisition or improvement of long-lived fixed assets: buildings, roads, and other infrastructure. Capital budgets often include projects like acquisition of land, repair or construction of state facilities or state parks, as well as for local governments to repair or build bridges and parks.

What is the timeline for the capital budget?
The governor is required to submit a capital budget recommendation every even-numbered year, but can submit one every year.

How are capital projects funded?
The state pays for capital improvement projects using a variety of methods. The prevalent method is by borrowing money through the issuing of bonds. Bonds are essentially promises to repay the money borrowed at a specified time and interest rate. Additionally, local projects often combine state funds with local funding.

Questions about the process?
Contact Clark at cgoldenrod@mnbudgetproject.org

Want to know who serves on the Legislature's Capital Investment Committees?
https://www.leg.state.mn.us/

Sources: Minnesota Management and Budget, House Research
Minnesota Capital Budget Timeline

**Project Proposals**
- March through June

**Development of Governor's Recommendations**
- July to January

**Legislative Process**
- January or February through May

- **March to May**
  - The governor releases guiding strategies for state agencies to submit capital budget requests. Minnesota Management and Budget (MMB) facilitates this process.

- **June to October**
  - MMB staff assess proposals and visit project sites.

- **September-December**
  - Legislators may visit some project sites.

- **Mid-January to May**
  - Mid-January
    - The governor’s recommended bonding budget is sent to the Legislature. The Legislature also receives a full list of all submitted requests.
  - Likely in May
    - The House omnibus bonding bill is referred to the Senate, which typically passes its own capital investment bill. This bill also requires a 3/5ths majority vote in the Senate to pass.
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  - Late-May
    - Once the final capital budget is negotiated, the bill is sent back to the House and Senate to be passed. It is then sent to the governor. The governor can either sign it, veto it, or line-item veto certain aspects of the bill.

- **Mid-July**
  - MMB delivers a preliminary list of all submitted capital budget requests to the Legislature.

- **November to December**
  - The governor decides which projects to include in the governor’s recommended bonding budget.

- **Mid-January to February**
  - Mid-January
    - The House and Senate Capital Investment Committees begin holding hearings on project proposals. Agencies, local governments, and other advocates testify for their requested projects.
  - Likely in May
    - The House Capital Investment Committee decides which projects to include in their omnibus capital investment bill. This needs a 3/5ths majority vote in the House to pass.
  - Late-May
    - One bill must pass in identical forms in both chambers before being sent to the governor. So after the House and Senate pass their capital budget bills, the two chambers and the governor typically engage in negotiations to arrive at a final bill.

- **Post-Legislative Session**
  - Proponents of capital investment proposals that did not make the final bill can continue to advocate for them to be included in the next year’s capital budget. Often it can take several years to get a proposal into the final budget.

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Research by Ben Becker