# 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.



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 evennumbered 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
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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** 

**Development of** Governor's **Recommendations** 

**Legislative Process** 

March through lune

July to January

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

The governor's recommended bonding budget is sent to the Legislature. The Legislature also receives a full list of all submitted requests.

### Mid-lanuary to May

Legislators in the House and Senate introduce bills with ideas for capital budget proposals.

#### 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.

#### 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.

#### May to Mid-June

Project requests from state agencies, counties, cities, and school districts are submitted to MMB.

#### Mid Iulv

MMB delivers a preliminary list of all submitted The governor capital budget requests to the Legislature.

#### November to December

decides which projects to include in the governor's recommended bonding budget.

#### Mid-lanuary to February

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.