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**CITY OF SAINT PAUL**

# **2025 End-of-Session Legislative Report**



# SESSION OVERVIEW

- Uniquely challenging legislative session
- Immense budget pressure from various angles. Key factors included:
  - Federal uncertainty, tariffs, immigration and energy policies, disruptions from federal agency closures and contract suspensions, and inflation
  - State forecasted structural deficit of \$6 billion in FY 2028-29 despite \$456 million projected surplus for FY 2026-27
- Late start to the legislative session and several unexpected member vacancies
- Most closely divided state legislature in the nation
- Work completed during June 9<sup>th</sup> Special Session



## **SESSION OVERVIEW**

### **Priorities for Saint Paul:**

- 1. Arena Complex Renovation**
- 2. Downtown Revitalization**
- 3. Capital Investment Projects**

# #1 XCEL ENERGY CENTER ARENA COMPLEX RENOVATION

**2025 State Request :** \$395 million SF 3113 (Oumou Verbeten)  
(50% of total project cost)

- **Xcel Energy Center Renovation:** \$285 million
  - Reduced to \$50 million in April
- **Roy Wilkins Auditorium Renovation:** \$75 million
- **RiverCentre Visitors Authority  
Asset Preservation:** \$35 million

*\*Rendering courtesy of Populous*



# #2 DOWNTOWN SAINT PAUL REVITALIZATION

- **CUB Tax Credit:** HF 457 (Harder) / SF 768 (Mohamed)
- **Redevelopment TIF Flexibility Citywide:** HF 2574 (Hollins) / SF 2824 (Pappas)
- **Redevelopment TIF Downtown District 17:** HF 2585 (Hollins) / SF 2820 (Pappas)
- **Half-Cent Sales Tax Extension and STAR Changes:** HF XXXX () / SF 2657 (Pappas)
- **Science Museum & Union Depot Liquor License:** HF 2055 (PérezVega) / SF 2202 (Pappas)
- **Social Districts local authority statewide** HF 1372 (Perryman) / SF 1182 (Putnam)
- **Social Districts local authority cities of the first class** HF 3148 (Hollins) / SF 3346 (Clark)





# **#3 CAPITAL INVESTMENT**

The Legislature passed \$700 million in GO bonds and a \$10.5M cash bill, including:

- \$500,000 to the City of Saint Paul for Merriam Park Skate Park grant (previous allocation)
- \$1 million to SPPA for creation of a Capitol Area Economic Development Program – Saint Paul Port Authority
- \$176 million for water and sewer infrastructure through the Public Facilities Authority
- \$78 million for local roads and bridges, wetland replacement, and major bridges
- \$26 million for public housing rehabilitation
- \$15 million for metro area inflow and infiltration work required by the Metropolitan Council
- \$9 million for projects on the state flood hazard mitigation list
- \$6 million for infrastructure to mitigate drinking water contamination
- \$3 million divided between grant programs for economic development infrastructure
- \$1 million in tree planting grants through the Metropolitan Council



# TAXES

## **Saint Paul Priorities passed or protected:**

- Ford Site TIF extension
- No cuts to LGA or CPA
- Local sales tax moratorium ended on May 31, 2025

## **Saint Paul priorities not included in the final bill:**

- CUB Credit
- Saint Paul's half-cent local option sales tax extension to 2060
- STAR Program updates
- Redevelopment TIF authority for cities of the first class
- Sales tax exemption on construction materials purchased by local governments



# CANNABIS

- Cannabis gross receipts tax rate increased from 10% to 15%
- Local government cannabis aid eliminated – allocation had previously been 10% to counties and 10% to cities based on number of stores in jurisdiction
- Cities with a municipal cannabis retailer license are now allowed to also hold a lower-potency edible hemp retailer license. Previously no entity could hold more than one license
- Law clarified to say that Cities may issue a retail registration to a cannabis business that has preliminary license approval



## COMMERCE and LIQUOR

- Copper wire license law protected
- New law requiring access to free drinking water at large ticketed events
- Liquor Bill was not passed in 2025 – no authorization for cities to create new Social Districts or for Union Depot and Science Museum liquor licenses



## State & Local Government

- Ramsey County Economic Development Authority (EDA) established
- \$3M in Capitol Vitality funds to Ramsey County and Ramsey County Sheriff's office for public safety and community programming in the Capitol area and surrounding neighborhood
- Capitol Mall Design Framework Implementation for tree planting, wayfinding, and benches appropriation extended to June 30, 2027
- Change of deadline for dropping off absentee ballots on election day from 8:00 pm. to 5:00 pm (can still vote in person)
- A \$20M city and county cybersecurity grant program was introduced to advance cybersecurity measures, but did not pass



# DATA PRACTICES and OPEN MEETING LAW

- **The “open and accessible to the public” requirement for remote participants was removed**
- The newspaper publication requirement was amended to allow for posting notices on the public entity’s website if its designated qualified newspaper discontinues publication
- Government entities may suspend responses to a public data request if the requester fails to inspect or collect the data within five days of being notified of its availability
- Subjects of data entitled to a collision report must provide an unredacted copy of body camera footage upon request
- **Judicial officials’ personal information in real property records will now be classified as private**
- Government entities may share data with the Commissioner of the Minnesota Department of Administration when a data subject appeals the accuracy or completeness of data
- Authority was granted for government entities to share data related to confirmed or suspected fraud in public programs with other government entities, agencies, and law enforcement



## EMERALD ASH BORER

The Legislature allocated funds for several EAB-related initiatives, including:

- \$400,000 per year for the ReLeaf Community Forestry Grants program
- \$900,000 for metro area grants for community tree removal and planting
- \$1 million in grants for tree planting through the Metropolitan Council (included in the bonding bill)



# EMERGENCY MEDICAL SERVICES

\$27.5 million was appropriated for the 2026-2027 biennium to support EMS programs, including:

- Training and education for ambulance staff
- Ambulance service training and staffing grant program
- Ambulance operating deficit grant program

Funds will be managed by the Minnesota Office of Emergency Medical Services



## HEALTH & HUMAN SERVICES

- MinnesotaCare coverage eliminated for undocumented adults starting January 1, 2026
- Cannabis and Substance Use Prevention (CSUP) grants: \$2.5 million in FY 26-27
- Ramsey/Hennepin Counties Bridge to Shelter bill did not become law and no additional funding for preventing homelessness
- \$35 million allocated for Social Services Information System (SSIS) modernization



# EMPLOYMENT

- The Minnesota Paid Leave maximum premium rate was reduced from 1.2% to 1.1% of taxable wages
- No changes to the 50/50 employer/employee split
- Earned Sick and Safe Time (ESST) was modified to:
  - Allow employers to require reasonable notice and documentation if an employee is using two or more consecutive days of ESST
  - Allow employees to find a replacement worker
  - Allow employers to prorate frontloaded ESST hours
- Mandatory break policy changes require employers to allow for a 15-minute rest break for every four hours worked by an employee as well as a meal break of 30 minutes for every six hours worked
- The notice of termination statute was modified to include definitions of "fraud," "misuse," and "personal gain."



# **JOBS and ECONOMIC DEVELOPMENT**

- **\$5 million for World Juniors Hockey Tournament in Saint Paul**
- \$3 million for lead service line replacement grants
- \$2.5 million for the contaminated site clean-up and development grants
- \$1.4 million for the Host Community Economic Development Program
- \$3 million for local community childcare grants
- \$10 million for the Minnesota Job Creation Fund (a \$6 million cut)
- \$2.5 million for the Redevelopment Grant Program (a \$2 million cut)
- \$24.7 million for the Minnesota Investment Fund



# HOUSING, LAND USE, and ZONING

- Preemption of city zoning and land use authority did not pass this session
- Minnesota Housing Finance Agency will now be required to award additional points for grant applications from jurisdictions that include one of eight zoning and land use provisions in ordinance
- \$2 million in one-time increases for the Challenge Fund Grant Program, Workforce Homeownership Program, and Greater Minnesota Housing Infrastructure Grants
- \$50 million was allocated for housing infrastructure bonds
- Cities will be required to provide a link to the Attorney General's Landlord-Tenant Guide, along with instructions for requesting it in alternative formats with any renewal of rental license, registration, or certificate of occupancy



## LEGACY and PARKS

- Como Zoo and Conservatory: \$3.04 million in FY26/FY27
- No allocation for geothermal funding through the RDA account for Como Zoo for the Big Cat Exhibit
- Suni Lee cultural art installation extension to June 30, 2027 and location clarified
- Priority consideration for MN Historical Society grant funding for Tou Ger Xiong mural and statue at Lake Phalen's Tou Ger Xiong Island
- Minnesota Children's Museum in Saint Paul: \$1 million
- Community Identity and Heritage Competitive Grant Program: \$3 million to support cultural events and festivals
- Metropolitan Area Regional Parks Funding: \$51.532 million
- Science Museum of Minnesota: \$700,000
- Minnesota Regional Library Systems Funding: \$5.75 million



## PUBLIC SAFETY & JUDICIARY

- Theft or damage of public street lighting, vehicle charging stations, traffic-control signals, camera systems and electronic warning signs now classified as a felony
- Office of Justice Programs for crime victim services grants: \$103 million (down from \$173 million in FY2024-25)
- Philando Castile Police Training funding: \$4.942M in FY26-27
- Crime of assault on firefighters, emergency medical personnel and health workers enhanced to a gross misdemeanor
- No changes to the Brady-Giglio guidelines and process requirements
- No creation of a reimbursement program for law enforcement agencies that respond to protests and demonstrations at the Capitol complex and the Governor's residence
- No action toward banning firearms in government owned or leased buildings and properties



# PUBLIC SAFETY DUTY DISABILITY

- Employees who are eligible for a normal retirement (age 55+ with more than 20 years of service) will now be ineligible for regular duty disability benefits, including the continued health insurance benefit
- Regular duty disabled employees will receive continued health insurance for 60 months from the date of disability, replacing the previous benefit that extended coverage to age 65
- Continued health insurance benefits to age 65 were preserved for totally and permanently disabled employees and their dependents
- Monetary settlements in lieu of continued health insurance will now be prohibited
- Employers will now be prohibited from challenging the Public Employees Retirement Association's (PERA) duty disability determinations
- All changes were effective upon enactment May 23, 2025



# TRANSPORTATION

- No significant increases to local road and bridge funding
- \$250,000 appropriated in FY26 through DEED to the East Side Neighborhood Development Company (ESNDC) to provide business grants of up to \$5000 to businesses on or adjacent to Arcade Street and East 7th Street that are impacted by MnDOT reconstruction
- \$1 million appropriated in FY26-27 for traffic calming infrastructure for cities of the first class, allocated by population
- MnDOT required to update its local cost participation policy for MnDOT roads and rights-of-way by February 1, 2026
- Shift of \$77 million from Northern Lights Express (NLX) to balance Transportation cut target
- Metro Transit operations funding cut by \$61.41 million

# QUESTIONS?

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