

## 2025 Legislative Session MCPA Update

### Week of May 12 and 19

#### Overview

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On Thursday, May 15<sup>th</sup> Governor Walz and legislative leaders held a press conference to unveil the long awaited budget targets deal that would balance the state's budget for the next two years. One part of the announcement was budget targets for each finance committee jurisdiction that outlines the spending allocation for their projects and departments.

As the state's budget status sits now, there is forecasted to be a small \$456 million surplus in the next two years, otherwise known as the next biennium. The state's budget forecast also predicts a staggering \$5.995 million budget deficit two years from now, the following biennium. The governor and legislative leaders must keep these numbers in mind when negotiating spending and saving efforts for the coming years.

The budget framework released outlines \$280M in cuts for FY 2026-27 and \$1.85B in cuts for FY 2028-29, which represents about half of the structural deficit. Other notable items in the budget agreement include:

- Undocumented immigrant adults will no longer be eligible for MinnesotaCare beginning January 1, 2026;
- The payroll tax cap for the Paid Family Leave Program is lowered from 1.2% to 1.1%;
- No changes to Earned Safe and Sick Time;
- Increase cannabis gross receipts tax from 10% to 15%;
- Reinsurance for the individual health insurance market is funded through the Health Care Access Fund through 2026 and then an assessment on health plans kicks in in later years; and
- Repeal of the electricity exemption on data centers, paired with sunset extension or elimination.

Although leaders did have a deal with five days to go, there is just not enough time on the clock for all the work that will need to be completed by midnight on Monday, which is the constitutional date for adjournment. Legislative leaders have shared there will need to be a special session called in the coming weeks. Prior to the start of the special session, working groups will work to come to agreements on their finance bill of jurisdiction.

#### Public Safety

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The Public Safety and Judiciary Conference Committee held their last hearing late in the night on Friday, May 16<sup>th</sup>. The committee released their [agreed on budget spreadsheet](#) with the funding over the next two years. The committee adopted their remaining policy and budget items and passed the conference committee report on to each body's perspective floors.

**Philando Castile Memorial Training Fund** – The House, Senate, and governor have agreed to \$4.942 million in FY2026 and FY 2027, in total \$9.884 million for the next biennium.

**ICPOET** - The program did not receive funding for the next biennium as shown on [the public safety budget agreement spreadsheet](#).

**Tracking Devices** – The conference committee adopted the bill language from [HF 1744](#), which includes the MCPA's preferred mobile tracking device language that creates an exemption for the use of mobile tracking devices on fleeing motor vehicles. This exemption would allow law enforcement to deploy a mobile tracking device on a fleeing motor vehicle. It would also require the device be removed once the vehicle is recovered and the officer to prepare a report that includes the evidence relied upon to establish the vehicle was fleeing, the date and time the device was attached to the vehicle, the method used to attach the device to the vehicle, the duration for which the tracking device was attached to the vehicle, and an explanation of how the device impacted the outcome of the investigation.

**Unmanned Aerial Vehicles** – In the last days of the regular session, the public safety conference committee adopted amended language that would allow law enforcement to use unmanned aerial vehicles (UAVs) for the following purposes:

1. during or in the aftermath of an emergency situation that involves the risk of death or bodily harm to a person;
2. to document evidence that is at imminent risk of destruction;
3. over a public event where there is a heightened risk to the safety of participants or bystanders;
4. to counter the risk of a terrorist attack by a specific individual or organization if the agency determines that credible intelligence indicates a risk;
5. to prevent the loss of life and property in natural or man-made disasters and to facilitate operational planning, rescue, and recovery operations in the aftermath of these disasters;
6. to conduct a threat assessment in anticipation of a specific event;
7. to collect information from a public area if there is reasonable suspicion of criminal activity;
8. to collect information for crash reconstruction purposes after a serious or deadly collision occurring on a public road; collision occurring on a public road;
9. over a private area with the written consent of the occupant or a public area for officer training or public relations purposes; and officer training or public relations purposes; a
10. for purposes unrelated to law enforcement at the request of a government entity provided that the government entity makes the request in writing to the law enforcement agency and specifies the reason for the request and proposed period of use; and
11. to facilitate the active search for a missing person that involves risk of death or bodily harm to a person.

The House and Senate passed the [Public Safety and Judiciary Conference Committee Report](#) on Sunday afternoon with a vote of Y131 – N3 in the House and Y34 - N33 in the Senate. The discussion began with remarks from committee chairs and co-chairs of the public safety and judiciary committees on what was included in the final report. Members from both sides of the isle shared their concerns for the closure of the Stillwater Correctional Facility as outlined in the leadership global deal. Now that the finalized conference committee report has been passed by both bodies, it will be sent to the governor to be signed into law.

## Pensions

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Late Saturday evening, the Legislative Commission on Pensions and Retirement met to hear their 2025 Omnibus Pension and Retirement Bill that was amended with the [delete-everything amendment S2884-DE1](#) and a couple others that made minor changes to the delete-everything amendment. Just before the hearing, another amendment ([A-12](#)) was posted regarding duty disability benefits.

MCPA was in support of the A-12 amendment along with the League of Minnesota Cities, Metro Cities, Coalition of Greater Minnesota Cities, Municipal Legislative Commission, Association of Minnesota Counties, Minnesota Inter County Association, Minnesota Professional Firefighters Association, Minnesota State Fire Chiefs Association, and Minnesota Sheriffs Association.

The amendment was adopted by the Commission and would apply to Public Employees Retirement Association (PERA) police and fire members. The amendment changes existing law by prospectively reducing the healthcare benefit to 60 months instead of to age 65. Those currently receiving the benefit to the age of 65 would be grandfathered in and it would cover total and permanent disabilities as covered under existing law - continued health insurance to age 65. Employers would not be able to contest PERA duty disability determination and it eliminates settlements, or compensation, in lieu of health insurance.

Anyone who is a retiree over age 55 is exempt from receiving continued health insurance benefits and would be allowed to access treatment benefits while they actively remain at work. This change protects employees from having to use paid leave or sick time for mental health treatment. It further adds a requirement for communication between an employer and employee regarding healthcare invoices. As for employers, they must pay treatment costs not covered by an employee's insurance and may seek reimbursement from the Department of Public Safety by August 1 annually, with proof of cost. This change aims to solve the concerns many employers have noted with difficulty in getting necessary information from employees during treatment that leads to missing the reimbursement deadline.

On Sunday afternoon the Senate passed the Pensions bill with a vote of Y55 - N12. The House followed on Monday afternoon with a vote of Y133 - N1.

### Legislation of Interest

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[Full report](#) of legislation tracked for MCPA