



2025

Legislative Sessions Summary





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The 101 on the 2025 Minnesota State Legislature's 101 – 100 Split

The 2025 Minnesota State Legislature was marked by extraordinary volatility and events that shaped an unpredictable and complex legislative session.

There are 201 legislative districts that make up the MN State Legislature. 134 in the House. 67 in the Senate. Some were vacant during the budget-setting legislative session. The judiciary played a hefty role in several ways throughout the process. While the political arrangement shifted in both chambers, participants and observers became familiar with an operative word: “power-sharing.”

In the end- meaning when the votes mattered the most in May and June- Minnesotans were represented by 101 Democrats and 100 Republicans in the House. But a novel was written in the preceding five months to produce the finale.

It began in the aftermath of the 2024 election, which produced razor-thin margins for the House of Representatives. Several close races led to recounts, while the court concluded that the declared winner of a House seat in Roseville did not meet residency requirements—prompting a special election. Minnesota Senate districts were not up for election and the slim DFL majority held at 34-33 for a bit. However, the death of Senator Kari Dziedzic, a respected leader and longtime DFLer, in December triggered another special election and produced a tie and subsequent power-sharing agreement between Senate Democrats and Senate Republicans. Senator Doran Clark was elected in helped maintain the Democrats’ narrow majority.

The House of Representatives was thrown into chaos early in the year. For three weeks, the chamber was unable to organize due to an unprecedented parliamentary and legal standoff. House Democrats protested over concerns that House Republicans might block the seating of DFL Rep. Brad Tabke, whose election vote totals were close. This led to a secret swearing-in ceremony and multiple cases before the Minnesota Supreme Court to determine a quorum and whether the House could legally conduct business.

This turbulent start eventually gave way to a unique power-sharing agreement after the House moved from a brief one-seat Republican majority to a 67-67 tie. The compromise installed Republican Lisa Demuth as Speaker of the House, while DFL Leader Melissa Hortman assumed the new role of Speaker Emerita.

Just as the House began to stabilize, the Senate faced its own headlines and difficulties. Democrat Senator Nicole Mitchell’s felony arrest in April 2024 and delayed trial until after the 2025 session loomed over the some of the chamber’s work. In March, Republican Senator Justin Eichorn resigned following federal felony charges, triggering yet another special election. The outcome with the election of Republican Senator Kari Heintzeman pushed the GOP total back to 33 and the Democrats from a two-seat back to a one-seat majority. All the legislative seats had a legislator resulting back to the most closely divided legislature possible- 101 (DFL) -100 (R).

All of this unfolded against a shifting fiscal and political landscape: a state moving from a record \$18 billion surplus to a structural deficit, the uncertainty of looming federal cuts, and Governor Tim Walz returning from an unsuccessful bid for Vice President.

For the sixth time in the past eight budget years since the 2011 shutdown, a special session was necessary after the legislature failed to complete their work by the constitutionally required adjournment date of May 19th.

Lawmakers reconvened for a one-day special session on June 9, 2025. In a strong display of bipartisan urgency, they averted a government shutdown and passed the remainder of the state’s \$66 billion budget for the next two years along with a \$700 million public infrastructure investment bill.



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Together, these events made the 2025 legislative year one of the most distinctive and tumultuous in Minnesota history. Is the North Star State the nation's showroom for displays of compromise and bipartisanship? The answer is open, nuanced. But an initiative that was a true display- designating a massive Ice Age rodent as the state fossil. The Giant Beaver joins other Minnesota state symbols including the Loon (state bird), the Walleye (state fish), and the Lady Slipper (state flower).

Minnesota: L'étoile du Nord!

All employers in the state will need to carefully review several new provisions and modifications to employment laws. AGC Government Affairs staff testified at numerous hearings and met with legislators on many provisions with both support and concerns, but with the overarching goal to educate legislators and the public about the construction industry. We are Your Trusted Resource. Please reach out to staff with any questions.

Below is an overview of legislation considered or passed as they relate to [AGC of MN's 2025 Legislative Policies](#). The text of the new laws are hyperlinked in the summary and available on the state Revisor of Statutes website: www.revisor.leg.state.mn.us/laws. Effective dates have been provided in some cases in the summary. If no effective date is provided and is a policy provision, it goes into effect on August 1. If the law is making an appropriation and not specified, the funding will be appropriated on July 1, which is the start of the new fiscal year within the biennium. Click on the Revisor link for further detail.

The 95th Minnesota Legislature will convene on February 17, 2026.

A Shocking Tragedy and a Plea for Civility

Speaker Emerita Melissa Hortman and her husband Mark were assassinated in their home in Brooklyn Park on June 14, 2025. An assassination attempt was made on Senator John Hoffman and his wife, Yvette, with their daughter Hope present just hours before.

Melissa Hortman was truly the best of us. A visionary and dedicated policy maker who carried a passion to make the world better for all. Compassionate, smart, kind and empathetic, she was a shining star who I, and the entire AGC Advocacy Team, was fortunate to know well. Both Melissa and Senator Hoffman have always been construction industry champions who understood that construction is fundamental to creating the spaces and opportunities that directly improve society and change lives. While we grieve the loss of our friend Melissa and pray for strength and healing for the Hoffmans, we are comforted knowing she will forever be held close in our memories helping to channel our grief into positive action. We pledge our support for civility, goodness and decency and further hold to account the evil impurity of words (and now actions) that dominates current political speech and degrades our collective humanity.

If culture is defined by the most abhorrent behavior we are willing to tolerate, then let's not allow these unthinkable actions to pass quietly and further divide us. We are better than what we appear to have become. Responsibility for shaping a new tomorrow begins with the singular actions of the lone individual but it belongs to all of us. Melissa Hortman knew this. She lived it well and expressed it with dignity and purpose. She gave her life for it.

Tim Worke
CEO, AGC of Minnesota



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Transportation Policy and Budget

Chapter 8 passed during the 2025 First Special Session and contains the agency budget for MN Department of Transportation, some for the Department of Public Safety and Metropolitan Council. It also contains policy provisions of interest to contractors.

OVERALL BUDGET

- Total Transportation Funding: Nearly \$9.9 billion over biennium FY 26-27, with approximately \$8.9 billion from dedicated road and bridge funds
- General Fund Reductions: Decrease of \$115 million in FY 26-27 (\$133 million in FY 28-29), offset partially by:
 - Metro transit appropriations reduction (approx. \$61m)
 - Rural transit (approx. \$22m)
- State Highway User Tax Distribution Fund (HUTDF)
 - Electric Vehicle fee increases + \$76.5m in FY 26-29
 - \$94.7 million lost from previously dedicated phase in of auto parts sales tax fully to transportation
 - Total \$18.2 million reduction to HUTDF over the course of four years

Bonds & Metro Transit Support

- Metropolitan Council Bonds: Met Council can issue up to \$54.6m in FY 26 and \$56.2m in FY 27 for regional transit capital
- Metro Transit Operations: Retains funding, though with constrained General Fund appropriations; reserves and sales tax revenue to cover light/commuter rail cost > general fund

Highway Construction & Grants

- Major MnDOT Allocations: Highway, city, and county state-aid construction funding increases into FY 26-27 — over \$8.9 billion in total MnDOT funding.
- Trunk Highway Bonds: Article 2 authorizes new bond issuances backing trunk highway projects. Effective July 1, 2025.
- Major Projects: Includes funding mechanisms like a \$250m Metropolitan Council loan to MnDOT for Hwy 65 corridor improvements
- Fuel Tax Indexing Retained: No repeal of the 2023 indexing of fuel and delivery fees.
- No Major Structural Changes: No adjustments to metro-area sales tax, MVST, federal IIJA matching, trunk highway design standards, or asset sustainability programs.



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POLICY AND BUDGET

Other Notable Funding

Section 6 appropriates \$97m from the trunk highway fund to the Department of Administration to design and construct central headquarters for the State Patrol. Funds available until June 30, 2030.

Pipeline Safety

Section 4, subd. 6 funds the Office of Pipeline Safety at their base funding request of \$560,000 from the General Fund plus \$1.4m from their special revenue account.

Office of Traffic Safety

Article 2, sections 1 and 2 amend Minn. Stat. § 5.076 provide for increased flexibility and authorization for the Office of Traffic Safety. The Office can host an annual state traffic safety conference and enter into grant agreements for safety projects, such as work zone safety and redesign activities.

Electric Vehicle Fees

Section 16 amends Minn. Stat. § 168.013, subd. 1m by removing the \$75 surcharge on electric vehicles and replacing it with a registration fee tied to the vehicle's MSRP and age.

The surcharge is calculated as the greater of the minimum amount specified in paragraph (c) or:

The minimum amount is \$150 for a registration period beginning on or after January 1, 2026, and on or before June 30, 2027; or \$100 for a registration period beginning on or after July 1, 2027. These revenues go to the HUDTF. *Effective June 15 and applies to taxes payable for a registration period beginning on or after January 1, 2026.*

Plug-in Hybrid Electric Vehicle

Section 17 amends Minn. Stat. § 168.013 and adds a subd. for imposing a surcharge fee on plug-in hybrid electric vehicles tied to the vehicle's MSRP and age. The minimum amount is \$75 for a registration period beginning on or after January 1, 2026, and on or before June 30, 2027; or \$50 for a registration period beginning on or after July 1, 2027. These revenues go to the HUDTF. *Effective June 15 and applies to taxes payable for a registration period beginning on or after January 1, 2026.*

Delivery Fee Clarification

Section 29 adds a subd. to Minn. Stat. § 168E.01 to expressly exempt road construction materials from the 50-cent retail delivery fee. *Effective June 15 for retail deliveries made after June 30, 2025.*



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Work Zone Safety Training in Driver's Education

Sections 37, 38 and 43 add subds. to Minn. Stat. §§ 171.01 and 171.0701 mandating the Department of Public Safety to require work zone safety curriculum in driver's education and update the driver's education manual relevant to this section. *Effective July 1, 2026, for curriculum and manual update in the next published edition.*

Electricity as a Vehicle Fuel Tax

Section 76 adds new law (Minn. Stat. § 296A.075) to establish a state excise tax on electricity sold as vehicle fuel through public charging stations, creating a new transportation funding mechanism consistent with Minnesota's highway financing framework. Starting July 1, 2027, a tax of five cents per kilowatt hour (kWh) is imposed on all public charging station operators for electricity sold as vehicle fuel. Operators of public charging stations must report and remit tax payments monthly to the Minnesota Department of Revenue by the 23rd of each month, using electronic filing and payment methods. Public charging stations beginning operation on or after July 1, 2027, must meter and charge for electricity on a per-kWh basis, ensuring tax collection compliance.

All tax revenue collected under this section is deposited into the HUTDF, reinforcing Minnesota's constitutional dedication of transportation-related taxes to highway and infrastructure funding.

Legacy chargers are exempt from the tax through December 31, 2031.

On or after January 1, 2032, legacy chargers must also comply with per-kWh metering and taxation requirements.

The tax does not apply to electric vehicle charging at private residences using electricity billed to the resident, public charging stations under 50 kW capacity, or public charging stations that provide free vehicle charging.

Electricity as Vehicle Fuel Working Group

Section 118 establishes an Electricity as Vehicle Fuel Working Group to evaluate and develop policies for integrating electricity as a transportation fuel across Minnesota's systems. It aims to ensure the state is prepared for the transition to electric vehicles (EVs) while maintaining fair and sustainable transportation funding mechanisms.

The group will include up to 30 members, representing a wide array of public, private, and labor sectors, including AGC.

The Working Group is primarily tasked with analyzing infrastructure needs, opportunities, and challenges related to using electricity as transportation fuel. It's also charged with developing a funding and policy roadmap to sustain road and bridge funding under Minnesota's Constitution, proposing long-term alternatives to current EV registration surcharges, and researching national models for fair and comprehensive EV-related fuel assessments.



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Direct Negotiation Authority for the Metropolitan Council

Section 92 adds a subd. to Minn. Stat. § 473.129 allowing the Metropolitan Council specific authority to directly negotiate construction or maintenance contracts on a single project without following standard competitive bidding procedures under Minn. Stat. § 471.345. This authority applies only if the total contractual obligation does not exceed the threshold established in Minn. Stat. § 161.32, subd. 2 (which, as of 2025, governs smaller-value state transportation contracts). The council must obtain at least two quotations for the work to proceed with a direct negotiation contract. This provision applies specifically to the seven-county metropolitan area: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington counties. *Effective June 15, 2025.*

Small Business Contracting Preference

Section 95 amends Minn. Stat. § 473.142 to expand the Metropolitan Council's authority to promote contracting opportunities for small targeted group businesses and veteran-owned small businesses. The Council may award bid preferences up to 12% (or the amount allowed under Minn. Stat. § 16C.16, subd. 6a) for goods or services.

Contracts for construction, goods, or services may be designated as available only to TG or VO businesses if the agency reasonably determines at least three qualified businesses are likely to respond to the solicitation. *Effective June 15, 2025.*

Empowering Small Minnesota Communities Program

Section 6 adds a new law (Minn. Stat. § 137.345). Established by the University of Minnesota's Board of Regents, the Empowering Small Minnesota Communities Program is designed to assist small communities with infrastructure project analysis, development, and grant preparation.

"Small community" means a local government unit or collaboration of units, each with fewer than 15,000 residents. Funds appropriated for the program must support partnerships that assist small communities with infrastructure project development. Priority is given to political subdivisions and federally recognized Tribal governments lacking internal capacity for project development or applying for state/federal grants. Assistance may cover a range of project development phases, including planning, scoping, analysis, predesign, and design.

Funding may be used for:

- Project partnership activities involving the University of Minnesota's Regional Sustainable Development Partnerships, Center for Transportation Studies, Minnesota Design Center, Humphrey School of Public Affairs, Center for Urban and Regional Affairs, or similar entities.
- Support and assistance to small communities that incorporate:
 - Sustainability, resiliency, and climate change adaptation.
 - Identification and cross-sector analysis of related projects for coordinated investments.
- The Board of Regents must maintain a publicly available website with required information.



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Greenhouse Gas and Vehicle Miles Traveled Mitigation

Section 12 amends Minn. Stat. § 161.178, subd. 4 to expand GHG/VMT mitigation options to include ecosystem restoration, afforestation, wetland conservation and restorative agriculture practices as well as land acquisition including easements, restoration, and enhancement for: (i) the outdoor recreation system under section 86A.04, excluding state rest areas; and (ii) regional parks

Passenger Rail Project Cancellation

[Chapter 33](#) contained several large funding shifts to address the structural deficit that represented a compromise between the tied House and then between the House and the Senate. It included a cancellation of a \$77.232m appropriation for the Minneapolis-Duluth Northern Lights Express passenger rail project.

Capital Investment (General Obligation Bonding)

A top AGC priority crossed the finish line after a two-year hiatus. The Legislature passed a \$700 million capital investment bill funding water projects, higher education, asset preservation, roads, and more. See Appendix A for funding table.

Data Centers

[Chapter 12](#) passed during the 2025 First Special Session sets up Minnesota's first statewide regulatory framework for data centers.

Interagency Coordination

Adds a new law coded Minn. Chapter 84 and 103B to require state agencies (BWSR, PCA, Health, DNR) must refer data center permitting inquiries to the Minnesota Business First Stop Program administered under the Department of Employment and Economic Development to streamline processes.

Definition of "Data Center"

Adds to Minn. Stat. § 216B.02: A "data center" is defined as a facility with a load of 100 MW or more, dedicated primarily to digital storage, processing, with supporting infrastructure (backup power, cooling, security). A separate definition for "qualified large-scale data center" references tax-code language.



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Water Appropriation for Department of Natural Resources

Subd. 5 (103G.265): Projects needing >100 million gallons/year must submit pre-application water use data (volumes, source, quality, etc.). DNR evaluates availability and flags constraints. Discussions are nonpublic and do not replace formal permits.

Subd. 5b (103G.271): Permit conditions must ensure public health/safety, consider conservation practices (e.g., recycling, reclaimed or closed-loop systems), address water conflicts, and require aquifer testing if needed.

Clean Energy & Capacity Tariff

Minn. Stat. §§ 216B.1622-1623 include:

- By December 15, 2026, the Public Utilities Commission must define a “very large customer” class/subclassies.
- Utilities must offer an optional tariff allowing commercial/industrial customers to pay for new clean energy or capacity resources, maintaining reliability and preventing cost shifting.

Solar Standards Adjustments

Solar energy statutes (§216B.1691) now include:

- “Qualified large-scale data centers” are excluded from solar energy sales calculations.
- Data centers are reclassified as “industrial customers,” affecting how utilities account distributed solar capacity and compliance.

Energy & Conservation Funding

Minn. Stat. § 216B.241 includes a new fee revenue stream from qualified large-scale data centers to be added to the Energy & Conservation Account. Funds must be spent on low-income conservation/weatherization, following RFPs.

Data Center Fee Structure

Minn. Stat. § 216B.72 outlines the annual fees based on peak demand:

- 100-250 MW: \$2m
- 250-500 MW: \$3m
- 500-750 MW: \$4m
- 750+ MW: \$5m

Fee data classified as nonpublic.

Sales & Use Tax Exemptions

Minn. Stat. § 297A.68 subdivision 42 & § 297A.75 is amended to include:

- “Qualified large-scale data centers” (≥ \$250M investment over 60 months post-June 30, 2025) qualify for exemptions on:
 - Enterprise IT equipment, software, electricity
 - Building materials
- Exemption duration increased from 20 to 35 years, but applies only to purchases after June 30, 2025.



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Labor & Sustainability Requirements

For qualified large-scale data centers:

- Must pay prevailing wages on construction/refurbishment projects.
- Within 3 years of service, must attain certification under green-building standards (e.g., LEED, BREEAM, Energy Star).
- Failure to comply triggers exemption repayment and potential tax penalties.

Effective Dates

Most provisions are effective June 15, 2025. Tax, fee, and exemption-related provisions apply to sales/use after June 30, 2025.

Third Party Locating Services Study

[Chapter 34](#) passed during the 2025 Regular Session is the agriculture budget. Article 1, section 2, subd. 4 appropriates \$50,000 in a competitive bid process to an entity that is not a for-profit entity to conduct a study of market and workforce factors that may contribute to the incorrect marking for the installation of underground telecommunications infrastructure that is located within ten feet of existing underground utilities or that crosses the existing underground utilities. The study must include recommendations to the legislature and be submitted to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance by June 1, 2027.

Environmental Permitting Reform

[Chapter 1](#), passed in the 2025 First Special Session, is the environment and natural resources budget and policy. Article 6 significantly amends Minn. Stat. §§ 116.03, 116.07, and 116D.04 related to environmental permitting.

Streamlined Permit Processing & Timelines

Tier 1 permits (no public comment required) must be processed within 90 days. Tier 2 permits (require public comment/individualized review) must be processed within 150 days. These deadlines do not apply to enforcement-related applications.

Application Review and Notification

Within 30 business days of submission, the Minnesota Pollution Control Agency (MPCA) must notify applicants whether their permit application is complete or incomplete, and explain any deficiencies with statutory citations. Applicants have 5 business days to remedy deficiencies. If a Tier 2 application likely won't meet the 150-day deadline, the agency must notify the applicant and, if requested, provide a project-specific review timeline.



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New Annual Permitting Efficiency Report

MPCA must annually report (due October 1) on:

- Number and percentage of Tier 2 permits completed on time.
- Reasons for delays (categorized by cause: applicant delay, staffing, technical disagreement, public engagement).
- Staff resource estimates needed to meet goals.

Modernized Permit Cost Recovery

Permit applicants may request expedited permitting, reimbursing the agency for costs.

Scoping & Document Process

No Environmental Assessment Worksheet (EAW) needed for projects requiring a mandatory Environmental Impact Statement (EIS). EIS scoping must be completed within 280 days of notice publication. Project proposers can submit a preliminary draft EIS, but agencies must validate its completeness and adequacy.

Consolidated Hearings

For projects requiring multiple permits and public hearings, agencies may consolidate those into a single hearing process, reducing duplication.

Environmental Impact Statement (EIS) Specifics

Mandatory EIS not required for certain biofuel or chemical plants under capacity thresholds. Animal feedlots under 1,000 animal units may be exempt from environmental review, if compliance and local public meetings are held. Public engagement timelines defined as:

- 30-day public comment on EAWs, with one optional 30-day extension.
- EIS must be completed within 280 days, with potential 60-day adequacy review extensions.
- Environmental petitions (100+ residents or landowners) still trigger review.

Legislative Intent & Accountability

Expressed legislative intent is to modernize permitting systems, promote economic growth and innovation, and ensure transparency and regulatory clarity.

Report on Use of Authority to Extend Timelines for Certain Agency Actions

The Board of Water and Soil Resources must submit a report by March 1, 2028, on wetland review extensions and permitting timelines.



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Employment, Labor, and Economic Development

Chapter 6 of the 2025 First Special Session is the biennial budget for jobs, labor, and economic development. It includes agency funding for the Department of Labor and Industry, Department of Employment and Economic Development, Workers' Compensation Court of Appeals, and more. It also includes some policy changes of interest to the construction industry.

CONSTRUCTION INDUSTRY MENTAL HEALTH

Subd. 10 of Section 2 for DLI contains a targeted investment for construction industry mental health. Under the Construction Codes and Licensing, there's a one time appropriation of \$500,000 per year in the biennium from the Workforce Development Fund, and is available through June 30, 2029, to:

- Promote mental health awareness and suicide prevention within the construction sector,
- Facilitate outreach and education,
- Develop stigma reduction resources and worksite strategies, and;
- Award grants to industry groups for related activities.

MISCLASSIFICATION REPORT & ANALYSIS

DLI, in collaboration with the Departments of Revenue and DEED, will research the number of misclassified workers, the cost burden on those workers, misclassification prevalence by industry, and economic impacts on state programs (UI, tax revenues, workers' comp, etc.). The report is due January 15, 2027, and every six years after; budget requests for follow-up reports due January 15, 2031.

EMPLOYMENT & TRAINING PROGRAMS

- \$400,000 in FY 26 & FY 27 for Building Strong Communities for statewide apprenticeship readiness, targeting women, BIPOC individuals, and veterans entering commercial/trades sectors.
- \$238,000 per year to support Helmets to Hardhats, facilitating veteran entry into building/construction apprenticeship. This is appropriated from the Workforce Development Fund through Building Strong Communities.



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REST & MEAL BREAK MANDATES

Article 5 amends Minn. Stat. § 177.253-4. Rest breaks now clearly defined: 15 minutes (or time to use the restroom) for every four consecutive work hours. Meal breaks are defined as 30 minutes after six continuous hours of work; unpaid unless employer violates rules. If an employer does not allow an employee rest or meal breaks as required, the employer is liable to the employee for the break time that should have been allowed at the employee's regular rate of pay, plus an additional equal amount as liquidated damages. DLI may fine employers up to \$1,000 per employee per day for violations. *Effective January 1, 2026.*

Workers' Compensation

Passed during the regular session, [Chapter 27](#) is the 2025 Workers' Compensation legislation. It reflects compromise and support from the Workers' Compensation Advisory Council (WCAC). Of interest for the construction industry:

- addition of a section to chapter 79 to require employers in building construction or improvement services applying for a zero estimated exposure policy to attest to certain statements at the time of application (Article 2, section 1);
- addition of a section to chapter 79 related to owner- and contractor-controlled insurance programs for large construction projects (Article 2, section 2); and
- updates to chapter 176 related to the definition of a zero estimated exposure policy, data collection related to zero estimated exposure policies and notice requirements related to zero estimated exposure policies (Article 2, sections 3-5).

View a [complete summary](#) provided by the Department of Labor and Industry.

Expert Witness and Lobbying Registration Clarifications

[Chapter 39](#) passed during the 2025 Regular Session is the State Government budget and policy law. Article 7 contains key definition changes and clarifications as there were previously concerns that people working in construction going before elected bodies or working on behalf of a local government may fall into the definition of a lobbyist. The Minnesota Campaign Finance Board provided the following [summary](#) of relevance to the industry:

Definition of “Expert Witness”

Section 4 creates a definition for “expert witness” in Minn. Stat. § 10A.01, subd. 16c. An expert witness is an individual preparing or delivering testimony or a report that contains information, data, or professional opinions on which the individual has expertise. The expertise may be gained



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through formal education, professional or occupational training, or experience working in a field that is relevant to the testimony or report. *Effective June 1, 2025.*

Definition of “Lobbyist”

Section 5 amends the definition of “lobbyist” found in Minn. Stat. § 10A.01, subd. 21, in three ways. First, the amendment eliminated the need for a nonelected local official or an employee of a political subdivision to register as a lobbyist if they spend more than 50 hours in a month communicating with public or local officials to influence an official action of another political subdivision (other than a metropolitan governmental unit). A nonelected local official or an employee of a political subdivision will still need to register as a lobbyist if they spend more than 50 hours in a month communicating with public or local officials to influence legislative or administrative action. The amendment also eliminates time spent urging others to communicate with public or local officials, time spent monitoring legislation or administrative action, and time spent compiling information related to legislative or administrative action, as activities that count towards the 50-hour threshold. Second, the section provides a new exception from the definition of lobbyist for finance professionals when the professional works with a registered lobbyist to obtain conduit financing through a political subdivision. To qualify for this exception the finance professional must be subject to Securities and Exchange Commission regulation. Third, the section amends the exception to the definition of lobbyist for an expert witness (as defined in section 4). The amendment expands the exception to include expert witnesses who testify before public or local officials at a public meeting, or in writing if the testimony is made available to the general public. Prior to amendment the exception for an expert witness applied only to individuals who were paid for their testimony and who were requested to appear by the government body before which the witness appeared. The exception to register as a lobbyist for an expert witness does not apply to individuals who appear before the Minnesota Public Utilities Commission. *Effective June 1, 2025.*

Definition of “Local Official”

Section 6 amends the definition of “local official” in Minn. Stat. § 10A.01, subd. 22. The definition still provides that an individual is a local official if they hold elective office in a political subdivision, or are appointed or employed by a political subdivision, and the individual has specified authority or responsibility related to major decisions regarding the expenditure or investment of public funds. The amended definition narrows the scope of individuals that will be defined as a local official. In order to be a local official an individual must have 1) the authority to make major financial decisions; 2) the responsibility to make recommendations to the chief executive or the governing body regarding major financial decisions; or 3) the authority to vote on major financial decisions as a member of the governing body. This section became effective on June 1, 2025. Section 8 updates the definition of “Official action of a political subdivision” found in Minnesota Statutes section 10A.01, subdivision 26b. The definition is modified to closely parallel the language used to define a non-elected local official (section 6). With the amendment it is an official action of a political subdivision if an action requires a vote by elected officials, or if the local official uses their authority to make a major financial decision, their responsibility to make a recommendation on a major financial decision, or their authority to vote on a major financial decision. *Effective June 1, 2025.*



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New Reporting Requirements for Lobbyists

Section 9 amends Minn. Stat. § 10A.04, subd. 4, to create a new reporting requirement for lobbyists. Lobbyists are now required to report each expert witness who testified at the request of the lobbyist or the lobbyist principal, and each finance professional who participated in a conduit financing request through a political subdivision. The report will include the name of the expert witness or financial professional, their employer, the government entity that received the communication, and the specific subject on which the expert witness or financial professional communicated. Effective June 1, 2025.

Lobbying Handbook

Section 11 creates Minn. Stat. § 10A.066, which requires that the Campaign Finance Board publish a handbook for lobbying on the Board's website. The handbook must clearly explain registration requirements, including registration requirements if a person is employed by a government entity. The handbook must also explain what is a lobbying activity, and the differences between lobbying the legislature, the executive branch, the Public Utilities Commission, and political subdivisions. The handbook must be published no later than January 15, 2026.

Major Decision by a Nonelected Local Official

Section 15 creates Minn. Stat. § 10A.52, which provides guidance on what is a major decision by a nonelected local official. The language is very similar to Minnesota Rules part 4511.1100, with the addition that language identifying a major decision of nonelected local officials reflects the language provided in section 6. The statute also specifies that the act of applying for a grant or responding to a request for proposals is not lobbying, and that communications of a purely administrative or technical nature regarding the submission of a grant application or in response to a request for proposals is not lobbying. *Effective June 1, 2025.*

Small Business and Subcontracting Requirements Application

Chapter 39 passed during the 2025 Regular Session is the State Government budget and policy law. Section 47 of Article 2 amends Minn. Stat. § 16C.16, subd. 2 grants flexibility to the commissioner of the Department of Administration to use the definition of "small business" in the Code of Federal Regulations, title 49, section 26.65, or they may adopt another standard.

Sections 49 and 50 amend Minn. Stat. § 16C.16, subds. 6, 6(a) and 7 by applying subcontracting requirements and goals to prime contractors who are small businesses, small-targeted group businesses, veteran-owned small businesses, and small businesses located in an economically disadvantaged area.



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Additional Administrative Subpoena Authority for County Attorneys related to Wage Theft Investigations

Chapter 35 passed during the 2025 Regular Session relates to the judiciary. Article 5 contains public safety policy. Section 12 amends Minn. Stat. § 388.23, subd. 1, and extends the authority of county attorneys to issue administrative subpoenas for any of the following records of an employer or business entity who is the subject of or has information related to a wage theft investigation:

- accounting and financial records such as books, registers, payrolls, banking records, credit card records, securities records, and records of money transfers;
- records required to be kept pursuant to section 177.30, paragraph (a); and
- other records that in any way relate to wages or other income paid, hours worked, and other conditions of employment of any employee or of work performed by persons identified as independent contractors, and records of any payments to contractors, and records of workers' compensation insurance. *Effective August 1, 2025.*

Certification of Underground Telecommunications Installers

Chapter 23 passed during the 2025 Regular Session changed the recently enacted underground telecommunications installer law. It amends Minn. Stat. § 326B.198, subds. 2 and 3 by eliminating the two safety-qualified installer requirements, pushing the effective date to January 1, 2026, and allows for equivalency credit to be applied to the classroom hours if an approved training provider has offered similar or substantially similar training in the last two years. *Effective May 20, 2025.*

Questions? Contact your AGC Government Affairs team:

Laura Ziegler / lziegler@agcmn.org

Tom Murphy / tom@murphysolutionsmn.com

Sarah Psick / spsick@psickcapitalsolutions.com

*This document is a summary of new laws impacting the construction industry
but is not intended to be comprehensive legal advice.*



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Appendix: 2025 Capital Investment Budget

2025 Capital Budget

All figures in thousands 000's

GO Bill

	Fund	6/6/2025
1 University of Minnesota		
2		
3 Higher Education Asset Preservation and Replacement (HEAPR)	GO	60,000
4		
5 Agency Total		60,000
6 Minnesota State		
7		
8 Higher Education Asset Preservation and Replacement (HEAPR)	GO	60,000
9 Alexandria Community and Technical College	GO/UF	24,000
10		
11 GO Subtotal		76,000
12 UF Subtotal		8,000
13 Agency Total		84,000
14 Department of Education		
15		
16 Library Construction Grants	GO	750
20		
21 Agency Total		750
22 Minnesota State Academies		
23		
24 Asset Preservation	GO	1,000
28		
29 Agency Total		1,000
30 Perpich Center for Arts Education		
31		
32 Asset Preservation	GO	1,260
33		
34 Agency Total		1,260
35 Natural Resources		
36		
37 Natural Resources Asset Preservation	GO	33,000
41 Improving Accessibility to State Parks, Rec Areas, WMAs	GO	1,000
43 Flood Hazard Program - Undesignated	GO	9,000
48 Reforestation	GO	1,000
56		
57 Agency Total		44,000

2025 Capital Budget

All figures in thousands 000's

GO Bill

	Fund	6/6/2025
58 Pollution Control Agency		
59		
60 Statewide Drinking Water - Contamination Mitigation	GO	6,000
62 Capital Assistance Program	GO	6,000
70		
71 Agency Total		12,000
72 Board of Water and Soil Resources		
73		
74 Local Road Wetlands Replacement Program	GO	5,000
77		
78 Agency Total		5,000
79 Minnesota Zoo		
80		
81 Animal Hospital	GO	11,000
82 Asset Preservation	GO	2,740
83		
84 Agency Total		13,740
85 Administration		
86		
87 ADA Capitol Tunnel Accessibility Upgrades	GO	8,500
92 CAPRA (Capital Asset Preservation and Replacement Account)	GO	1,000
93 Capitol Area Security Upgrades Phase 3	GO	2,000
101		
102 Agency Total		11,500
103 Amateur Sports Commission		
104		
105 National Sports Center Asset Preservation	GO	5,000
106 Mighty Ducks Grant Program	GO	1,000
107		
108 Agency Total		6,000

2025 Capital Budget

All figures in thousands 000's

GO Bill

	Fund	6/6/2025
114 Public Safety		
115		
116 BCA Southern Minnesota Regional Office and Laboratory	GO	67,000
129		
130 Agency Total		67,000
131 Transportation		
132		
133 Major Local Bridge Replacement Program	GO/TF	11,000
134 Highway Railroad Grade Crossings - Installation and Replacement	GO	1,000
136 Local Bridge Replacement Program - Undesignated	GO/TF	20,000
137 Local Road Improvement Program - Undesignated	GO/TF	42,000
138 Township Roads	GO	5,000
141 Minnesota Rail Service Improvement Program	GO	1,000
162		
163 Agency Total		80,000
164 Metropolitan Council		
165		
168 Inflow and Infiltration Grant Program - Public Infrastructure	GO	15,000
169 Tree Planting Grants	GO	1,000
181		
182 Agency Total		16,000
183 Direct Care and Treatment		
184		
185 Asset Preservation	GO	7,500
188 Anoka Miller Building Regional Treatment	GO	55,000
192		
193 Agency Total		62,500
200 Children, Youth, and Families		
201		
202 Early Childhood Facilities	GO	1,000
203		
204 Agency Total		1,000

2025 Capital Budget

All figures in thousands 000's

GO Bill

	Fund	6/6/2025
205 Veterans Affairs		
206		
207 Asset Preservation	GO	7,500
209		
210 Agency Total		7,500
211 Department of Corrections		
212		
213 Asset Preservation	GO	33,000
217 Lino Lakes Treatment and Programming Space Expansion	GO	7,400
218		
219 Agency Total		40,400
220 Department of Employment and Economic Development		
221		
222 Transportation Economic Development Infrastructure	GO	1,500
223 Greater MN Business Development Public Infrastructure Grant Program	GO	1,500
275		
276 Agency Total		3,000
282 Public Facilities Authority		
283		
284 State Match for Federal Grants to State Revolving Loan Programs	GO	39,000
285 Water Infrastructure Funding Program Roll up	GO	87,000
286 Drinking Water Grants		43,500
287 Clean Water Grants (Waste Water)		43,500
288 Point Source Implementation Grants	GO	32,000
289 Emerging Contaminants Grant Program	GO	18,000
333		
334 Agency Total		176,000
335 Housing Finance Authority		
336		
337 Public Housing Rehabilitation	GO	26,000
338 Greater MN Housing Infrastructure Coop Manufactured Housing	GO	3,000
340		
341 Agency Total		29,000

2025 Capital Budget

All figures in thousands 000's

GO Bill

	Fund	6/6/2025
342 Historical Society		
343		
344 Historic Sites Asset Preservation	GO	4,000
345 County and Local History Preservation Grants	GO	1,000
348		
349 Agency Total		5,000
357 MINNESOTA MANAGEMENT AND BUDGET		
358		
360 Estimated GO Bond Sale Expenses	GO	715
361		
362 Agency Total		715
366 TOTALS		
367 Total - General Obligation (Excludes TF, Max Effort)	GO	646,365
368 Total - GO / TF (Transportation Fund is GO Debt)	GO/TF	73,000
369 Total - General Obligation (Excludes TF, Max Effort)	GO/UF	8,000
370 Total - General Fund	GF	-
374 Total		727,365
375 General Fund Supported GO Debt (GO + TF + MAX)		719,365
376		
377 GO Cancellations		(19,589)
382		
383 Net GO Impact		699,776
388		
395 Net Total General Fund		-