



2026

Legislative Session Summary





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2026 Minnesota Legislative Session Overview

The 2026 Legislative Session adjourned sine die at midnight on May 18, delivering several significant victories for Minnesota's commercial construction industry despite an extraordinarily challenging political environment.

The session began amid heightened political and public safety concerns following Operation Metro Surge, the Annunciation School tragedy, and the assassination of Speaker Emerita Melissa Hortman and Mark Hortman. Leadership changes also reshaped the Capitol landscape. Representative Zack Stephenson assumed leadership of House Democrats, Speaker Lisa Demuth launched a gubernatorial campaign, Governor Tim Walz announced he would not seek reelection, the House remained evenly divided at 67-67, and Senate Democrats held only a one-seat majority.

Despite these dynamics, lawmakers successfully completed their work on time and reached bipartisan agreements on several key issues. The Legislature approved a \$1.2 billion capital investment package, addressed concerns surrounding fraud and government accountability, provided substantial financial assistance to Minnesota's safety-net hospitals, and advanced important infrastructure and construction-related policy initiatives.

For AGC of Minnesota, the session resulted in several notable accomplishments, including passage of Electronic Positive Response requirements for excavation safety, approval of a robust bonding package, and preservation of transportation funding despite temporary reductions in motor vehicle registration taxes.

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.

Following is an overview of legislation considered or passed as they relate to [AGC of MN's 2026 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 expressly stated in the law 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. Click on the Revisor link for further detail.

The 96th Minnesota Legislature will be convened on January 12, 2027.



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AGC of Minnesota Construction Day at the Capitol

AGC of Minnesota members once again demonstrated the strength and influence of Minnesota’s commercial construction industry during the association’s annual Construction Day at the Capitol. Over 70 contractors, suppliers, and industry partners met directly with legislators to discuss the latest at the Capitol, and focused on transportation funding, infrastructure investment, and jobsite safety.

These conversations came at a critical time in the decision-making process and reinforced the importance of maintaining a strong industry presence at the Capitol.





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Capital Investment / Bonding Bill **Session Law [Chapter 130](#) (bonding) and [Chapter 129](#) (cash)**

Passage of a robust bonding package remained AGC of Minnesota's top legislative priority throughout the 2026 session.

The Legislature ultimately approved a \$1.24 billion capital investment package with overwhelming bipartisan support. The final legislation passed the Senate by a vote of 60-7 and the House by a vote of 122-11. The package includes both general obligation bonding and cash-funded capital investment appropriations.

The largest component of the package invests approximately \$420 million in water infrastructure projects statewide. Transportation-related investments account for approximately \$185.65 million through MnDOT programs and other transportation infrastructure initiatives.

Major investments include:

- \$95 million for earmarked transportation projects
- \$47 million for Local Road Improvement Program grants
- \$25 million for the Local Bridge Replacement Program
- \$4.5 million for the Local Road Wetland Replacement Program
- \$1 million for Safe Routes to School
- \$64.81 million for Minnesota State asset preservation
- \$40 million for University of Minnesota asset preservation
- \$39.21 million for Department of Corrections asset preservation
- \$30 million for Department of Natural Resources asset preservation
- \$30 million in drinking water grants
- \$26 million in clean water grants
- \$15 million for lead service line replacement

The package provides investments in transportation, water infrastructure, higher education facilities, public safety facilities, housing, and local government infrastructure projects throughout Minnesota. A complete list of funded projects and programs are provided in Appendix A.



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Transportation Funding and Temporary Tab Fee Reduction **[Session Law Chapter 130, Article 4](#)**

One notable transportation provision included in the final capital investment agreement temporarily reduces motor vehicle registration taxes (“tab fees”).

Under the legislation, registration tax rates will temporarily revert to pre-2023 levels for one year beginning January 1, 2027. The estimated impact to the Highway User Tax Distribution Fund (HUTDF) is:

- FY 2027: \$118.96 million
- FY 2028: \$135.425 million

To ensure transportation projects are not impacted, lawmakers included a \$254 million transfer from the state’s General Fund to the Highway User Tax Distribution Fund in FY 2027. As a result, no reductions to transportation investments or construction projects are anticipated.

AGC closely monitored this proposal throughout session to ensure transportation funding remained whole and infrastructure investments were protected.

Damage Prevention and Safety: Electronic Positive Response and Utility Contact Information Requirements **[Session Law Chapter 112](#)**

One of AGC of Minnesota’s signature legislative initiatives became law in 2026 with passage of Electronic Positive Response (EPR) requirements for Minnesota’s excavation notification system.

The legislation modernizes Minnesota’s underground utility locating process by requiring facility operators to electronically communicate the status of locate requests through the state’s notification center. The legislation also strengthens communication requirements and improves the availability of operator contact information.

Key provisions were added to Minn. Stat. §§ 216D.01, 216D.03, and 216D.04, including:

- Establishment of Electronic Positive Response (EPR) within Minnesota’s excavation notification system
- Requirement that facility operators provide electronic status updates on locate requests



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- Requirement that the notification center make those responses electronically available to excavators. All EPR provisions are effective August 1, 2026
- Updated contact information requirements for facility operators participating in the One Call system. Effective January 1, 2027

The legislation represents a major advancement for worker safety, excavation damage prevention, and coordination between excavators and utility operators.

AGC led this initiative, which received unanimous bipartisan support and broad stakeholder backing.

Environment and Natural Resources Trust Fund

[Session Law Chapter 104](#)

This chapter appropriates approximately \$102 million from the Environment and Natural Resources Trust Fund (ENRTF) for environmental, water infrastructure, resiliency, and natural resource projects across Minnesota. The bill is funded through Minnesota's lottery-supported trust fund and includes dozens of projects recommended through the Legislative-Citizen Commission on Minnesota Resources (LCCMR).

While Chapter 104 is not a traditional transportation or capital investment bill, it creates a pipeline of planning, engineering, environmental restoration, water infrastructure, and public works projects that may generate opportunities for contractors, engineers, environmental consultants, and specialty contractors.



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Payment Transparency Act **[Session Law Chapter 90](#)**

The Payment Transparency Act was enacted during the 2026 session and provides important new tools for contractors and subcontractors working on public construction projects.

Under the new law, contractors and subcontractors may request information regarding payments made by a public contracting agency on a project. Upon written request, public agencies must provide information concerning:

- Progress payments
- Retainage payments
- Final payments
- Other project-related payments

The law is intended to improve transparency and help subcontractors verify when public owners have made payments, allowing them to better enforce Minnesota's Prompt Payment requirements. Public agencies are also required to make relevant contact information available.

The legislation was supported by a broad coalition of construction industry organizations and passed unanimously through both chambers.

Hennepin County Medical Center Funding and Stabilization Funds **[Session Law Chapter 127, Article 3](#)**

Responding to significant financial challenges facing Minnesota's largest safety-net hospital, lawmakers approved substantial funding support for Hennepin Healthcare (HCMC) as part of the Health and Human Services omnibus legislation.

The final agreement includes:

- \$205 million in direct stabilization funding for HCMC
- Access to a reserve account of up to \$500 million through 2031
- \$30 million available statewide to help hospitals address uncompensated care costs

Legislative leaders identified HCMC's financial stability as a statewide priority given its role as Minnesota's premier trauma center and safety-net hospital. Article 3 also creates financial assistance programs for rural and safety-net hospitals and implements governance reforms designed to ensure the long-term stability of Minnesota's health care infrastructure.



Housing Policy and Infrastructure Bonds

Chapter 100

This chapter contains housing finance, housing policy, and infrastructure bonding provisions intended to address Minnesota's housing shortage while supporting affordable, workforce, and supportive housing development statewide. For commercial builders, the most significant provision is the authorization of an additional \$100 million in Housing Infrastructure Bonds to finance future housing projects.

Housing Infrastructure Bonds

The law authorizes the Minnesota Housing Finance Agency to issue an additional \$100 million in Housing Infrastructure Bonds. These bonds are used to support the development, preservation, and rehabilitation of affordable and workforce housing projects throughout Minnesota. For contractors and developers, this creates a pipeline of future housing construction opportunities by providing financing for projects that may otherwise struggle to move forward due to financing gaps. Housing Infrastructure Bonds have historically been used to support:

- Multifamily affordable housing developments
- Workforce housing projects
- Permanent supportive housing
- Preservation and rehabilitation of existing housing stock
- Housing projects serving seniors and vulnerable populations
- Housing Investments and Appropriations

In addition to bond authorization, the law appropriates \$25 million from Minnesota Housing Finance Agency investment earnings for housing programs, including:

- \$14.275 million for the Workforce Housing Development Program
- \$4 million for Supportive Housing
- \$4 million for Manufactured Home Park Infrastructure Grants and Loans
- \$2 million for the Family Homeless Prevention and Assistance Program
- Additional funding for homeownership counseling, tenant assistance, and innovative housing pilot programs



Disability Accommodations and the MN Human Rights Act **Session Law Chapter 99**

The law adds new language to Minn. Stat. § 363A.02 (Freedom from Discrimination) stating that:

- Failure to engage in the process to determine whether a reasonable accommodation exists for a person with a disability may constitute an unfair discriminatory practice.

The requirement applies across multiple areas covered by the Human Rights Act, including:

- Employment
- Housing and real property
- Public accommodations
- Public services
- Education

Prior to this change, Minnesota law prohibited discrimination based on disability and required reasonable accommodation in many circumstances. Chapter 99 goes a step further by emphasizing the interactive process itself.

Workers' Compensation Advisory Council **Chapter 103**

This chapter contains the 2026 consensus recommendations of the Minnesota Workers' Compensation Advisory Council (WCAC). As is typical of WCAC legislation, the bill reflects negotiated agreements between labor, employers, insurers, and other stakeholders and was enacted with broad support.

While Chapter 103 does not make sweeping changes to workers' compensation benefits or employer obligations, it includes several administrative and financial updates affecting Minnesota's workers' compensation system.

Workers' Compensation Reinsurance Association (WCRA) Changes

The most significant provisions update the operations of the Minnesota Workers' Compensation Reinsurance Association (WCRA), which provides catastrophic workers' compensation loss protection for insurers and self-insured employers. The law:

- Updates procedures governing WCRA surplus distributions and deficiency assessments
- Establishes a formal process for distributing excess surplus to employers and self-insured members



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- Creates a mechanism to assess members if future claim obligations exceed available reserves
- Clarifies how premiums, assessments, and surplus distributions are administered and approved by state regulators

Workers' Compensation Court of Appeals Flexibility

The bill also authorizes active compensation judges from the Office of Administrative Hearings to temporarily serve on the Workers' Compensation Court of Appeals when necessary to establish a quorum. This change is intended to prevent delays in appeals and improve case processing efficiency.

Chapter 103 primarily addresses administrative operations of Minnesota's workers' compensation system rather than changing employer benefit obligations, premium calculations, return-to-work requirements, or workplace safety standards.

The legislation is best viewed as a system maintenance bill that helps ensure the long-term financial stability of the workers' compensation reinsurance system while improving administrative efficiency within the workers' compensation appeals process.

Did Not Become Law: Prevailing Wage Payroll Reporting Portal SF 4745

Legislation proposing the creation of a centralized prevailing wage payroll reporting portal did not become law during the 2026 session.

As introduced, the proposal would have required contractors performing prevailing wage work (sans MNDOT highway/heavy work) to submit payroll information through a statewide reporting system administered by the Department of Administration.

AGC of MN supported the goal of the system, while advocating and negotiating changes regarding:

- Interoperability with existing contractor payroll systems
- Data privacy and security
- Implementation timelines

While the proposal did not advance in 2026, discussions are expected to continue.



Did Not Become Law: Electronic Invoicing Ban

Language included in the payment information request bill would have restricted or prohibited the use of electronic invoicing systems in certain public contracting situations.

AGC of Minnesota opposed these efforts because electronic invoicing systems provide efficiencies for contractors, owners, and public agencies while reducing administrative costs and improving payment processing.

No electronic invoicing restrictions were enacted during the 2026 Legislative Session.

Did Not Become Law: Data Center Non-Disclosure Agreement Restrictions and Moratorium Proposals

Several proposals emerged during the session aimed at restricting the use of non-disclosure agreements (NDAs) associated with data center development projects and limiting future data center construction activity.

Ultimately, none of these proposals were enacted into law. As a result, Minnesota's existing framework governing data center development remains unchanged. Legislative discussions regarding data center growth, utility usage, local government approvals, and project transparency are expected to continue in future sessions.

Did Not Become Law: Rochester Sports Complex Funding Revocation

One proposal closely watched during the 2026 session would have revoked the City of Rochester's authority to use voter-approved local sales tax revenues for the Rochester Regional Sports Complex. Despite efforts by several Rochester-area legislators, the proposal was not included in the final tax bill and did not become law.

The sports complex was approved by Rochester voters in 2023 as part of a broader local sales tax package. In 2026, legislation (HF 4194) was introduced to eliminate the project's \$65 million sales tax authorization and redirect those funds to other voter-approved projects. The proposal advanced through committee discussions, but ultimately failed to gain inclusion in the final tax agreement.



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For AGC members, the outcome was significant because the project was already underway, contracts had been awarded, construction activities had begun, and substantial project commitments had been made. Revoking funding after construction had commenced would have created considerable uncertainty for contractors, owners, subcontractors, and local governments. It also could have established a troubling precedent whereby the Legislature retroactively altered financing for locally approved projects after work was already in progress.

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*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 A

2026 Capital Investment: List of Projects and Programs