



2024 Minnesota Budget and Legislative Update

November Economic Forecast

On December 6, 2023, Minnesota Management and Budget (MMB) officials released Minnesota's November Economic and Budget Forecast. The budget forecast projects a \$2.4 billion supplemental surplus for the FY 2024-25 biennium while also projecting a modest surplus for FY 2026-27 of \$82 million. Key reasons for the change include:

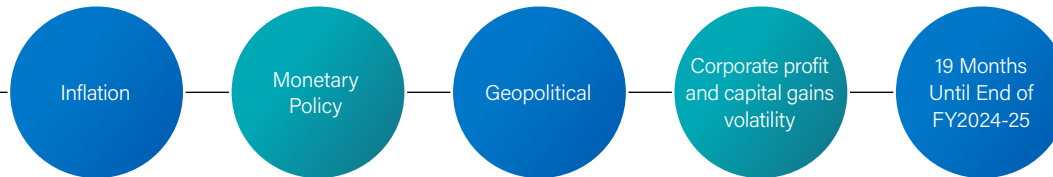
- **\$808 million** more than end-of-season estimate
- **Statutory inclusion** of inflation rates spending forecast
- **U.S. economic outlook** improves; stronger than expected consumer spending, business investment and employment
- **Spending** expected to exceed revenues through FY27
- **FY26-27 projecting** a structural imbalance of \$2.309 billion unless FY24-25 surplus unspent

Capital Investment in 2024

Traditionally, the legislature focuses on capital investment and infrastructure in the second year of the biennium. After years of inaction, the legislature passed a historic \$2.6 billion capital investment package in 2023.

However, there is still a backlog of projects, and the legislature is expected to pass another bonding bill in 2024. The November forecast assumes an \$830 million GO bonding bill.

The forecast contains the following risks:



Upcoming Dates

February 12: Legislature Reconvenes
March 27-April 2: Easter Recess
April 10-11: Eid Recess
April 22-24: Passover Recess
May 20 : Legislative Constitutional Adjournment

2024 Session Preview

Notwithstanding the record number of bills passed in 2023, there are several policies still on the table for consideration in 2024, including:

- **Legalizing sports betting**
- **Adding the Equal Rights Amendment** to the Minnesota Constitution
- **Continuing focus on climate** and clean energy initiatives to assist utilities in achieving 2040 clean energy requirements
- **Potential revisions on the Paid Family and Medical Leave (PFML)** and recreational cannabis legislation
- **Developing a low carbon fuel standard**, including investing in electric vehicle infrastructure
- **Correcting the tax bill drafting error**

More information on Gov. Walz's proposal can be found on the [state's website](#).

Caucuses Weigh in on Forecast

DFL caucus leaders attribute the supplemental surplus and growing economy to the policies they enacted in 2023. They committed to continue focusing on growing the middle class and supporting Minnesota's workforce.

GOP caucus representatives argued that, in effect, there is a structural imbalance and a \$10 billion deficit. They blamed one-party, DFL control for the structural imbalance and warned of significant consequences in the coming biennium.

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