



# 2021 Minnesota Legislative Update

## February Economic Forecast

On February 26, 2021, Governor Walz and Minnesota Management and Budget (MMB) officials released Minnesota's February Economic and Budget Forecast. The budget forecast revealed a **\$1.571 billion** surplus for Fiscal Year 2022-23 biennium compared to a nearly **\$1.3 billion** deficit projection in November. Key reasons for change include:

- **\$940 million** from the current biennium carrying forward
- **\$491 million** falling to the bottom line from a 2019 law
- Federal COVID relief packages — **\$900 billion** from December and **\$1.5 trillion** being considered by Congress
- Reduced spending in education and health care
- Increased revenues from individual income, corporate, and sales taxes

The forecast includes the following assumptions:

Path of the pandemic and widespread vaccination

Federal support

Consumer behavior

Business confidence and financial market volatility

28 months until the end of FY2022-23

## Governor Loosens Restrictions

On Friday, March 12, Governor Walz announced:

- Work from home no longer required but recommended starting April 15
- Restaurants and bars allowed to operate at 75% capacity starting March 15 and 100% capacity starting April 1, maximum capacity 250
- Salons and other personal service business can operate at full capacity starting March 15
- All entertainment venues can operate at 50%, up to 250 people starting March 15
- Venues can operate at larger capacities starting April 1
- Gyms can operate at 50% starting March 15 and starting April 1 can exceed 250 people per applicable percentage limits

Masking and social distancing are still required. The full guidance can be found [here](#).

## Gov. Walz Bonding Proposal

Governor Walz released his "2021 Local Jobs and Projects Plan" which would invest more than **\$518 million** in public infrastructure projects. Key provisions of the proposal include:

- **\$150 million** for St. Paul and Minneapolis for areas damaged by civil unrest in May
- **\$100 million** in housing infrastructure bonds to preserve and build new housing opportunities
- **\$57 million** for University of MN and **\$64.4 million** for Minnesota State

House Capital Investment Committee Chair Fue Lee (DFL – Minneapolis) welcomed the governor's proposal and said the bill puts Minnesota "on the right track."

Senate Capital Investment Committee Chair Tom Bakk (Ind. – Cook) alluded that the legislature's top priorities "are putting together the state budget and appropriately responding to the coronavirus pandemic." House Minority Leader Kurt Daudt (R – Crown) stated he is willing discuss a small proposal.

## Upcoming Dates

- March 12** 1<sup>st</sup> Committee Deadline
- March 19** 2<sup>nd</sup> Committee Deadline
- March 26** Legislative Break begins
- April 6** Legislature Reconvenes
- April 9** 3<sup>rd</sup> Committee Deadline

## Contact Us



### Sonnie Elliott

Principal ■ Faegre Drinker Consulting  
+1 612 766 8630  
sondra.elliott@faegredrinker.com



### Tom Freeman

Director ■ Faegre Drinker Consulting  
+1 612 766 8155  
thomas.freeman@faegredrinker.com



### Donovan Hurd

Advisor ■ Faegre Drinker Consulting  
+1 612 766 8876  
donovan.hurd@faegredrinker.com



### Dave Johnson

Partner ■ Faegre Drinker  
+1 612 766 7506  
david.johnson@faegredrinker.com



### Emily Nachtigal

Advisor ■ Faegre Drinker Consulting  
+1 612 766 6852  
emilynachtigal@faegredrinker.com