

## BONDING, TAXES, AND LATE-SESSION MOVEMENT



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Legislators continue to work toward a capital investment (“bonding”) bill—traditionally the focus of the second year of the biennium. Unlike the budget-setting year, there is no requirement for the legislature to pass a budget this session, which raises the stakes for any major package that does move forward.

A bonding bill requires a three-fifths supermajority—81 votes in the House and 41 in the Senate—meaning bipartisan support is essential in both chambers.



Senate DFL leaders recently outlined their 2026 bonding priorities. Sandy Pappas (DFL-St. Paul), chair of the Senate Capital Investment Committee, noted the committee received approximately \$7 billion in project requests over the past year. She is currently developing a roughly \$1.4 billion proposal focused on local projects and pointed to ongoing bipartisan discussions, including coordination with Karla Housley (R-Stillwater), the committee’s ranking minority member.

Erin Murphy expressed optimism that a deal can be reached before adjournment, though Sen. Pappas cautioned that the timeline is tight, with just over two weeks remaining in session. Separately, the Senate tax omnibus bill includes a significant provision affecting St. Paul. It would expand bonding authority tied to the city’s 0.5% local sales tax—from \$65 million to \$275 million—to support renovation and improvements to the Grand Casino Arena. The proposal also increases the total allowable bond issuance from \$130 million to \$325 million and extends the tax’s expiration date to December 31, 2061.

On the policy front, a proposal addressing “stay-or-pay” employment agreements stalled in a House committee but may re-emerge locally. These provisions require employees to repay training costs if they leave employment before a specified period. While the state legislation has not advanced, the St. Paul City Council has indicated interest in pursuing restrictions at the local level.

The legislature is scheduled to adjourn on May 18th.