




**Date:** March 16, 2023

**To:** Senator John Marty, Chair, Finance Committee  
Senator Sandra L. Pappas, Chair, Capital Investment Committee  
Representative Liz Olson, Chair, Ways and Means  
Representative Fue Lee, Chair, Capital Investment Committee

**From:** Jim Schowalter, Commissioner, Minnesota Management and Budget 

**Subject:** Update to 2023 Governor's Capital Budget Recommendations

The purpose of this letter is to officially transmit an update to Governor Walz's 2023 capital budget recommendations, which were originally released on January 26, 2023. No projects have been added or removed compared to the original recommendations. These revised recommendations have been updated to reflect the debt service impact for the February 2023 Forecast and to make technical changes described below.

As a result of these updates, general fund debt service for the Governor's recommendations decreased by \$2.904 million in FY 2024-25 and increased by \$5.461 million in FY 2026-27. Additionally, trunk highway fund debt service decreased by \$2.695 million in FY 2024-25 and decreased by \$782 thousand in FY 2026-27. There was no change for the special revenue fund impact of \$2.17 million in savings in FY 2024-25 and \$2.17 million in savings in FY2026-27. These impacts are shown in the table below.

Department of Administration – State Building Energy Conservation Revolving Loan Fund and State Building Renewable Energy Production Account (Revised)

The Governor recommends adding language for the State Building Energy Conservation Revolving Loan Fund and the State Building Renewable Energy Production Account programs' appropriation language, to allow up to 5 percent of the appropriations to be used for administrative costs. As a result, up to 1.3 FTEs for the State Building Energy Conservation Revolving Loan Fund and up to 0.6 FTEs for the State Building Renewable Energy Production Account are estimated to be added each year for four years. The overall amount appropriated for each program remains the same as the original Governor's capital budget recommendations.

Minnesota Zoo – Renovate Animal Hospital (Revised)

The Governor recommends amending language for the Minnesota Zoo's Renovate Animal Hospital project to allow the appropriation to be used for either a renovation or a new building.

The Governor's 2023 capital budget recommendations result in the following general fund cost, for debt service and cash, above the February 2023 forecast:

(\$ in thousands)	FY 2024	FY 2025	FY 2026	FY 2027
<b>General Fund Impact for Governor's Original</b>	904,609	52,386	90,037	96,454
<b>General Fund Impact for Governor's Revised</b>	903,642	50,449	87,575	104,377
<b>General Fund Difference</b>	(967)	(1,937)	(2,462)	7,923

<b>Trunk Highway Fund Impact for Governor's Original</b>	13,051	9,290	14,410	15,537
<b>Trunk Highway Fund Impact for Governor's Revised</b>	10,906	8,740	14,010	15,155
<b>Trunk Highway Fund Difference</b>	(2,145)	(550)	(400)	(382)

<b>Special Revenue Fund Impact for Governor's Original</b>	(1,085)	(1,085)	(1,085)	(1,085)
<b>Special Revenue Fund Impact for Governor's Revised</b>	(1,085)	(1,085)	(1,085)	(1,085)
<b>Special Revenue Fund Difference</b>	-	-	-	-

A complete listing of projects in the Governor's revised 2023 capital budget recommendation is posted on MMB's website: <https://mn.gov/mmb/budget/capital-budget/current/>.

Should you have any questions about this revised recommendation, please contact MMB's Capital Budget Coordinator at [Marianne.Conboy@state.mn.us](mailto:Marianne.Conboy@state.mn.us) or 651-201-8189.

cc:

Rep. Melissa Hortman, Speaker of the House  
 Sen. Kari Dziedzic, Majority Leader  
 Rep. Lisa Demuth, Minority Leader  
 Sen. Mark T. Johnson, Minority Leader  
 Rep. Dean Urdahl, Ranking Minority Member, Capital Investment  
 Sen. Karin Housley, Ranking Minority Member, Capital Investment  
 Emily Adriaens, Chief Fiscal Analyst, House  
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 Andy Lee, Capital Investment Fiscal Analyst, House  
 Hannah Grunewald Noeldner, Capital Investment Fiscal Analyst, Senate  
 Leah Montgomery, Deputy Chief of Staff, Governor's Office  
 Erik Anderson, Senior Policy Advisor, Governor's Office  
 Ahna Minge, Assistant Commissioner and State Budget Director, Minnesota Management & Budget  
 Alice Roberts-Davis, Commissioner, Minnesota Department of Administration  
 John Frawley, Director/CEO, Minnesota Zoo