**Contents:**

1. Housing
2. Bonding Bill
3. New Minnesota laws that took effect Monday, August 1
4. Minnesota labor commissioner Roslyn Robertson to retire later this month
5. MnDOT announces $250M available in Corridors of Commerce funding
6. Think no bonding bill this year is saving you money? Not so fast.
7. Twin Cities metro homebuilders are constructing more multi-family homes
8. Walz, Jensen share stage at Farmfest, spar over pandemic and more
9. Xcel seeks proposals for new solar power
10. League of Minnesota Cities Bulletin
11. Fitch
12. Minnesota sells $587.6 million in General Obligation Bonds
13. Bonds
14. Minnesota transportation projects get $99M from feds
15. Fiscal Focus

**I. Housing** via *WCCO Radio:* “425 permits were filed for new builds in July across Minnesota, around 200 fewer than in June. And it's the first time since 2020 that monthly permit numbers fell below 500. **James Vagle** is the executive director of Housing First Minnesota. He says high interest rates and increased building costs are to blame. ‘Those cost factors are putting pressure on the market,’ Vagle explains. ‘And really it's where that deep, long term concern about any slowdown in home construction will lead. To a continued shortage of homes. It'll exacerbate our deficit.’ The housing deficit is currently around 60,000 units, Vagle says. And for that reason he believes demand will rebound. … Home prices and home sales surged across Minnesota during the pandemic, but numbers have started to come back down again reducing demand. The June report from MN Realtors shows pending sales down 16%. However, the median home price continues to rise, now at over $345,000 which is well above pre-2019 numbers.”[READ MORE](https://fluence-media.us1.list-manage.com/track/click?u=5c3cc7495e9273c8e831e32c3&id=22e5323079&e=dd71966378)

**II. Bonding Bill** via *Bill Salsbury of the Pioneer Press:* “If you think the Minnesota Legislature’s failure to appropriate funds for public construction projects this year is saving you money, you’re right — in the short run. But you’re probably wrong in the long run. Here’s why: Minnesota Management and Budget officials estimated the state will pay an estimated $13.5 million less on debt service during this fiscal year than it would have if the bonding bill that Gov. Tim Walz and legislative leaders tentatively agreed to in June had passed, MMB spokesman Patrick Hogan said last week…But many of the projects in that package will still need to be built, and they will cost more in the future because of rising construction costs…The Associated General Contractors of America recently estimated, based on federal data, that construction input prices for materials and services increased 16.8 percent since June 2021.” [READ MORE](https://fluence-media.us1.list-manage.com/track/click?u=5c3cc7495e9273c8e831e32c3&id=7dfb8caee5&e=dd71966378)

**III. New Minnesota laws that took effect Monday, August 1** via *KSTP:* Dozens of new laws took effect Monday in Minnesota. While none may be as eye-catching as the THC law that went into effect last month, many are still noteworthy. [READ MORE](https://api-internal.weblinkconnect.com/api/Communication/Communication/6841815/click?url=https%3a%2f%2fkstp.com%2fkstp-news%2flocal-news%2fnew-minnesota-laws-that-took-effect-monday%2f%3futm_medium%3donsite%26utm_campaign%3dthumbnails%26utm_source%3dzetaglobal&x-tenant=MinnesotaMNCOC)

**IV. Minnesota labor commissioner Roslyn Robertson to retire later this month** via *Brainerd Dispatch:* Minnesota Department of Labor and Industry Commissioner Roslyn Robertson announced Monday, Aug. 1, she will retire from the post later this month. [READ MORE](https://api-internal.weblinkconnect.com/api/Communication/Communication/6841815/click?url=https%3a%2f%2fwww.brainerddispatch.com%2fnews%2fminnesota%2fminnesota-labor-commissioner-roslyn-robertson-to-retire-later-this-month&x-tenant=MinnesotaMNCOC)

**V. MnDOT announces $250M available in Corridors of Commerce funding** via *Minnesota Dept. of Transportation* [READ MORE](http://dot.state.mn.us/news/2022/08/01-corridors-of-commerce.html)

**VI. Think no bonding bill this year is saving you money? Not so fast.** via *Twin Cities Pioneer Press:* If you think the Minnesota Legislature’s failure to appropriate funds for public construction projects is saving you money, you’re right – in the short run. [READ MORE](https://www.twincities.com/2022/07/31/no-mn-bonding-bill-saving-money-explainer/?utm_email=05A45530348F6575041C445014&g2i_eui=b7QuDdnICdDevIAD8QGLOKPNuTcDlYNGU0XuXltS4Do%3d&g2i_source=newsletter&utm_source=listrak&utm_medium=email&utm_term=https%3a%2f%2fwww.twincities.com%2f2022%2f07%2f31%2fno-mn-bonding-bill-saving-money-explainer%2f&utm_campaign=stpaul-evening-dispatch&utm_content=automated)

**VII. Twin Cities metro homebuilders are constructing more multi-family homes** via *Twin Cities Business Magazine:* According to data released by homebuilding trade group Housing First Minnesota on Friday, Twin Cities homebuilders are constructing more multi0-family homes than single-family ones. In July, construction firms pulled permits for 987 multi-family units, a 50% increase from the same month last year. In total, multi-family construction now makes up 70% of permitted housing units year-to-date. Meanwhile, permits for single-family homes declined. In July, homebuilders pulled permits for 383 single-family units, representing a 33 percent year-over-year decline. Many would-be buyers have been negatively affected by high interest rates, which has caused a significant slowdown in single-family home construction, according to Housing First.” [READ MORE](https://fluence-media.us1.list-manage.com/track/click?u=5c3cc7495e9273c8e831e32c3&id=17c8457345&e=dd71966378)

**VIII. Walz, Jensen share stage at Farmfest, spar over pandemic and more** via *MinnPost:* The first face-to-face between Minnesota Gov. Tim Walz and his GOP challenger Scott Jensen was completely lacking in sports metaphors, a surprise given that the two are prone to posing with footballs the way other politicians pose with babies. [READ MORE](https://api-internal.weblinkconnect.com/api/Communication/Communication/6882592/click?url=https%3a%2f%2fwww.minnpost.com%2felections%2f2022%2f08%2fwalz-jensen-share-stage-at-farmfest-spar-over-pandemic-and-more%2f&x-tenant=MinnesotaMNCOC)

**IX. Xcel seeks proposals for new solar power** via *Finance & Commerce:* As it moves ahead with plans for a new power line, Minneapolis-based Xcel Energy is seeking proposals to develop new solar-powered electric generation in the Upper Midwest with the goal of bringing the power to market by the end of 2025. [READ MORE](https://news.finance-commerce.com/acton/ct/22719/s-1826-2208/Bct/q-0080/l-007f%3A598/ct7_0/1/lu?sid=TV2%3ATGFNdeoyP)

**X. League of Minnesota Cities Bulletin** via *The League of Minnesota Cities:*

$250M in Corridors of Commerce Funding Available for Local Transportation Infrastructure Projects. The Deadline is Nov. 30 to submit project recommendations that improve local transportation infrastructure and support economic development. [READ MORE](https://r20.rs6.net/tn.jsp?f=001PICjNiozyoNvdxV_1MZvO64tJPaNHt6qhUmqg1mjHU9uI9D0PVfvcLXhLCIPd5mXnhGq-_MqoiJ1rGIvWjnUwjYTCftGcgbzPEs9EuxZEhfhdR4q2syuWZFbu8sDqDWRRHzsQ5g97VbKsINHTm2okbi9z78qPrvYULZMldU-Oy_FpyQ_wJKccqSaEfduKXrYoaZRPOtXZn0gSwdDIScBbNFaqa3_WcW2Oqnmsdzj68uFFHDubQQe-0Rs1WzfaPC4Pk0uFwb32AzssMA-OFIWxYn4phlsjmYj2qb-bEOYSWdJUvKFGL_htoPVq6hsKAq0&c=9bzb1NH0z9MDKESZAJYzouk6iq8FqD7pH-eADnBOl4LezLMPS-iobQ==&ch=Q0nda43u1nDt2ke1uMHVcKVZZlWY5ob1YsXwiNi-7Zpvvr0ifCMTkA==)

Local Government Aid 2023 Certification Posted. Overall funding for 2023 will decline due, in part, to failure of the Legislature to agree on a 2022 omnibus tax bill. [READ MORE](https://r20.rs6.net/tn.jsp?f=001PICjNiozyoNvdxV_1MZvO64tJPaNHt6qhUmqg1mjHU9uI9D0PVfvcLXhLCIPd5mXKpRddtmFjNTg9q0Fk71Nm4sJr2rYF0PU2qSDBSrQVaMQTwBweGHTMYzMDclrliMC6ZLUOzSYfC1BrsYcZQIN9xqYixE-iKWYg5DnL7xAd1bWgdBcqfwSRLOoasmoPx8ZYtDf4TYkp_RKUkDjtKEN8XJTBVarYr0IRXz7X5FGIikjb4IsMmo6rQ==&c=9bzb1NH0z9MDKESZAJYzouk6iq8FqD7pH-eADnBOl4LezLMPS-iobQ==&ch=Q0nda43u1nDt2ke1uMHVcKVZZlWY5ob1YsXwiNi-7Zpvvr0ifCMTkA==.)

**XI. Fitch** via *the Office of the Governor:* “Governor **Tim Walz** today announced Fitch has affirmed its AAA bond rating for Minnesota, following a similar affirmation by Standard & Poor’s and an upgrade to AAA by Moody’s last week. **WALZ:**‘Minnesota has once again received a AAA bond rating cementing the success of our economy even while there continues to be economic uncertainty in the global marketplace,’ said Governor Walz. ‘Careful fiscal management, a diverse economy, record low unemployment, and strong financial reserves has put Minnesota in a strong financial position resulting in AAA bond ratings from all three major rating agencies.’ … In confirming Minnesota’s AAA rating, Fitch stated, ‘Minnesota's 'AAA' IDR and GO bond ratings reflect the state's solid and broad-based economy, highly educated workforce, expanding population and a revenue structure well-designed to capture economic growth.’”

# **XII. Minnesota sells $587.6 Million in General Obligation Bonds** via *Minnesota Management and Budget:* **First Across-the-Board AAA Bond Ratings in Nearly 20 Years Keep Interest Rates Low.** Today, the state of Minnesota sold $587.6 million in general obligation bonds. Money generated from the sale will support programs and capital improvements related to such projects as educational facilities, parks, pollution control facilities, transportation, natural resources, and agricultural enterprises as well as bond refunding. “Money from the bond sale will be used to invest in Minnesota’s future,” said Minnesota Management and Budget Commissioner Jim Schowalter. “Capital investments can be built at low interest rates because of investors’ confidence in Minnesota and our solid track record of responsible fiscal management.”

The four series of general obligation bonds sold today include:

* $251,775,000 General Obligation State Various Purpose Bonds, Series 2022A (3.0 percent interest)
* $220,000,000 General Obligation State Trunk Highway Bonds, Series 2022B (2.9 percent interest)
* $9,200,000 General Obligation Taxable State Various Purpose Bonds, Series 2022C (3.5 percent interest)
* $106,660,000 General Obligation State Various Purpose Refunding Bonds, Series 2022D (2.1 percent interest)

Kutak Rock LLP served as bond counsel on the transaction.

## ****Sound Fiscal Management****

Ahead of the sale, Moody’s upgraded its rating for the state of Minnesota from Aa1 to Aaa and both Fitch and S&P Global affirmed their AAA ratings, marking the first time since 2003 that all three rating organizations gave Minnesota the very top bond rating**. When upgrading Minnesota’s rating to Aaa from Aa1, Moody’s issued a statement that reads, “The State of Minnesota…ranks among the strongest US states in high per capita income compared to the cost of living, robust financial reserves, and low leverage and fixed costs. The state has demonstrated improvements in fiscal governance including implementing relatively conservative and timely budgets, building up very high reserves, contributing to pensions at healthy levels that prevent growth in liabilities and refilling its unemployment trust fund after depleting it during the pandemic.”**

**In confirming Minnesota’s AAA rating, Fitch stated, “Minnesota's 'AAA' IDR and GO bond ratings reflect the state's solid and broad-based economy, highly educated workforce, expanding population and a revenue structure well-designed to capture economic growth. The ratings also reflect a low long-term liability burden and strong control over revenues and spending that, in conjunction with a sophisticated approach to reserve funding, leaves Minnesota well positioned to manage through economic cycles while maintaining a high level of financial flexibility.”**

**In affirming Minnesota’s AAA rating, S&P Global noted Minnesota’s: “Deep and diverse economy, with the Minneapolis-St. Paul metropolitan area, the center of the Upper Midwest economy, anchoring regional economic hubs; History of strong financial results, building its reserve accounts to $3.33 billion (11.4% of 2023 annual revenue) on a budgetary basis; Strong governmental framework, with legislative authority to raise revenues and executive authority to reduce and defer expenditures to maintain budgetary balance; and moderate debt levels, with well-defined debt management guidelines and improved pension-funded levels.”**

**XIII. Bonds via *Minnesota Management and Budget:*** “Today, the state of Minnesota sold $587.6 million in general obligation bonds. Money generated from the sale will support programs and capital improvements related to such projects as educational facilities, parks, pollution control facilities, transportation, natural resources, and agricultural enterprises as well as bond refunding. ‘Money from the bond sale will be used to invest in Minnesota’s future,’ said Minnesota Management and Budget Commissioner **Jim Schowalter**. ‘Capital investments can be built at low interest rates because of investors’ confidence in Minnesota and our solid track record of responsible fiscal management.’”

**XIV. Minnesota transportation projects get $99M from feds** via *Finance & Commerce:* Six projects, including bus rapid transit improvements in Minneapolis, will divvy up $99.4 million in grants. [READ MORE](https://news.finance-commerce.com/acton/ct/22719/s-1840-2208/Bct/q-0080/l-007f%3A598/ct7_0/1/lu?sid=TV2%3AubWCcYrE1)

**XV. Fiscal Focus** via *Minnesota Center for Fiscal Excellence:*

What would Minnesota without an Individual Income Tax Look Like?

 A look at commonly shared revenue system features and spending characteristics of states without an individual income tax indicates that a phase-out of the tax would require a complete transformation of the state fiscal system – and the ideals underlying it – that has defined Minnesota government for more than half a century. ATTACH PDF

How Does Minnesota’s Fiscal Effort Compare?

 Minnesota’s reputation as a high tax state is a function of high rates and collections. Is our reputation still deserved when factoring in states’ underlying ability to raise revenue? ATTACH PDF