

# Revised

**Consolidated Fiscal Note**

**2025-2026 Legislative Session**

**HF1234 - 1A - Public Contracts Payment Transparency Required**

Chief Author: **Peggy Scott**  
 Committee: **State Government Finance And Policy**  
 Date Completed: **3/24/2026 3:38:12 PM**  
 Lead Agency: **Administration Dept**  
 Other Agencies:  
     Metropolitan Airports Commission      Metropolitan Council  
     Military Affairs Dept                      Minnesota State  
     Natural Resources Dept                  Transportation Dept  
     Veterans Affairs Dept

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Metropolitan Council</b>						
General Fund	-	-	121	132	132	
<b>State Total</b>						
General Fund	-	-	121	132	132	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>121</b>	<b>132</b>	<b>132</b>	
<b>Biennial Total</b>			<b>121</b>		<b>264</b>	

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Metropolitan Council</b>					
General Fund	-	-	.92	1	1
<b>Total</b>	<b>-</b>	<b>-</b>	<b>.92</b>	<b>1</b>	<b>1</b>

**Lead LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

This fiscal note has been revised to remove the University of Minnesota from the note as the agency is not impacted by the statutes being amended by the bill.

**LBO Signature:** Chloe Burns      **Date:** 3/24/2026 3:38:12 PM  
**Phone:** 651-297-1423      **Email:** chloe.burns@lbo.mn.gov

# Revised

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>	<b>Biennium</b>			<b>Biennium</b>	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Metropolitan Council</b>					
General Fund	-	-	121	132	132
<b>Total</b>	-	-	<b>121</b>	<b>132</b>	<b>132</b>
<b>Biennial Total</b>			<b>121</b>		<b>264</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>					
Metropolitan Council					
General Fund	-	-	121	132	132
<b>Total</b>	-	-	<b>121</b>	<b>132</b>	<b>132</b>
<b>Biennial Total</b>			<b>121</b>		<b>264</b>
<b>2 - Revenues, Transfers In*</b>					
Metropolitan Council					
General Fund	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
<b>Biennial Total</b>			-		-

# Revised

**Fiscal Note**

**2025-2026 Legislative Session**

**HF1234 - 1A - Public Contracts Payment Transparency Required**

Chief Author: **Peggy Scott**  
 Committee: **State Government Finance And Policy**  
 Date Completed: **3/24/2026 3:38:12 PM**  
 Agency: **Administration Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Chloe Burns    **Date:** 3/9/2026 9:12:55 AM  
**Phone:** 651-297-1423    **Email:** chloe.burns@lbo.mn.gov

# Revised

## State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029	
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

## Bill Description

The bill amends Minn. Stat. § 15.72 to require public contracting agencies to provide payment information to contractors and subcontractors upon written request. Agencies must supply the payment amount, payment date or approval date, and a copy of the payment application (or estimate/voucher for highway projects). Agencies must respond within seven calendar days and must post contact information for payment inquiries on their public website. No fees may be charged for providing the information.

## Assumptions

The Department of Administration (Admin) anticipates that the administrative requirements of the proposed law can be absorbed within existing staff and current appropriations. However, this absorption may temporarily affect staff workloads and could require reprioritization until the volume and nature of incoming requests are better understood.

Admin contracts directly with prime contractors, who in turn hold contracts with their subcontractors. Because these subcontractor relationships are managed by the prime, Admin's Real Estate and Construction Services division does not maintain direct data on the number of subcontractors working under each prime contract.

As of March 2026, the division reports approximately 300 active construction projects, which is consistent with typical annual activity levels. The division estimates an average of six subcontractors per project, resulting in a potential pool of 1,800 subcontractors across the active portfolio.

Based on historical billing patterns, it is assumed that 20-25 percent of subcontractors may have work eligible for payment in a given month. This results in an estimated pool of 360-450 subcontractors who may have a reason to submit an information request under the new law.

Admin has historically received very few subcontractor inquiries, but the new law is expected to increase inquiries as contact information becomes more accessible.

Admin estimates that approximately 1-3 percent of eligible subcontractors roughly 5 to 15 requests per month may submit payment information inquiries during an average month.

Admin estimates 0.5hrs per request at an Account Clerk Senior or similar level. At an average estimated total FTE cost of \$85,000/yr the annual impact for 5-15 requests/moth would be around \$2400 on average. This would be immaterial to the agency as the work would be spread across several position and is similar to the regular tasks of those positions.

## Expenditure and/or Revenue Formula

# Revised

## Long-Term Fiscal Considerations

## Local Fiscal Impact

## References/Sources

**Agency Contact:** Greg Ewig, 651-201-2566

**Agency Fiscal Note Coordinator Signature:** Ify Onyiah

**Phone:** 651-201-2387

**Date:** 3/6/2026 4:48:40 PM

**Email:** ify.onyiah@state.mn.us

# Revised

**Fiscal Note**

**2025-2026 Legislative Session**

**HF1234 - 1A - Public Contracts Payment Transparency Required**

Chief Author: **Peggy Scott**  
 Committee: **State Government Finance And Policy**  
 Date Completed: **3/24/2026 3:38:12 PM**  
 Agency: **Metropolitan Airports Commission**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>				-		-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Laura Cecko    **Date:** 3/9/2026 9:31:58 AM  
**Phone:** 651-284-6543    **Email:** laura.cecko@lbo.mn.gov

# Revised

## State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029	
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

## Bill Description

Public contracts Payment Transparency Required

## Assumptions

The Metropolitan Airports Commission does not anticipate any additional cost related to this bill.

## Expenditure and/or Revenue Formula

N/A

## Long-Term Fiscal Considerations

N/A

## Local Fiscal Impact

N/A

## References/Sources

N/A

## **Agency Contact:**

**Agency Fiscal Note Coordinator Signature:** Mitch Kilian

**Date:** 3/9/2026 9:24:28 AM

**Phone:** 612-794-9176

**Email:** mitch.kilian@mspmacc.org

# Revised

**Fiscal Note**

**2025-2026 Legislative Session**

**HF1234 - 1A - Public Contracts Payment Transparency Required**

Chief Author: **Peggy Scott**  
 Committee: **State Government Finance And Policy**  
 Date Completed: **3/24/2026 3:38:12 PM**  
 Agency: **Metropolitan Council**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
<b>Local Fiscal Impact</b>		
		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

<b>State Cost (Savings)</b>	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
<b>General Fund</b>	-	-	121	132	132	
<b>Total</b>	-	-	<b>121</b>	<b>132</b>	<b>132</b>	
<b>Biennial Total</b>			<b>121</b>		<b>264</b>	

<b>Full Time Equivalent Positions (FTE)</b>	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
General Fund	-	-	.92	1	1
<b>Total</b>	-	-	<b>.92</b>	<b>1</b>	<b>1</b>

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Laura Cecko    **Date:** 3/16/2026 12:58:04 PM  
**Phone:** 651-284-6543    **Email:** laura.cecko@lbo.mn.gov

# Revised

## State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029	
General Fund	-	-	121	132	132	
<b>Total</b>	-	-	<b>121</b>	<b>132</b>	<b>132</b>	
<b>Biennial Total</b>			<b>121</b>		<b>264</b>	
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	-	121	132	132	
<b>Total</b>	-	-	<b>121</b>	<b>132</b>	<b>132</b>	
<b>Biennial Total</b>			<b>121</b>		<b>264</b>	
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	-	-	-	-	
<b>Total</b>	-	-	-	-	-	
<b>Biennial Total</b>			-		-	

## Bill Description

Section 1 adds a new provision requiring public contracting agencies to provide payment information upon written request from any contractor or subcontractor working on a public improvement project. The agency must disclose the amount and date of payments and provide a copy of the contractor's payment application (or an estimate or voucher for highway projects). Agencies must respond within seven calendar days, publish contact information for such requests on their website, and may not charge a fee for providing the information.

Section 2 updates retainage rules for public construction contracts. It maintains the five percent cap on retainage but requires agencies to release all retainage within 60 days after substantial completion, with limited exceptions for correcting known defects or completing final paperwork. Contractors must pay subcontractors their share of retainage within ten days of receiving payment, unless the subcontractor's work is in dispute. The section also requires written explanations when funds are withheld, prohibits withholding retainage for warranty work, allows agencies to delay payments funded by state or federal aid until those funds are received, and makes contract provisions that prevent or delay invoice submission void and unenforceable.

Section 3 makes similar changes to retainage rules for private construction contracts. It confirms that progress payments are generally made monthly, limits retainage to five percent, and requires owners to release retainage within 60 days after substantial completion with limited exceptions for defects and final paperwork. Contractors must pay subcontractors their retainage within ten days after receiving it, provide written explanations for any withholding, and cannot withhold retainage for warranty work. The section also states that provisions preventing or delaying invoice submission are void and clarifies that these requirements do not apply to public agencies or professional services contracts.

## Assumptions

Implementing this process would require developing and posting language specific to payment information requests on our existing public facing website and responding to requests. Accounts payable has access to the required information (payment amount, date, and copy of payment request). However, the Council does not have an automated internet-based system that can be made available to requestors, so responding to requests within seven days would be manual and require one (1) additional FTE.

## Expenditure and/or Revenue Formula

1 FTE at \$132,037.89 (including salary and benefits)

# Revised

SFY 2027: \$132,037.89 x 91.7% (11 months given effective start date of August 1, 2026) = \$121,078.75

SFY 2028-SFY 2029: \$132,037.89/year

## **Long-Term Fiscal Considerations**

1 FTE will be required to remain on staff to support information collection, dissemination, and verification to ensure compliance.

## **Local Fiscal Impact**

N/A

## **References/Sources**

Jody Jacoby 651-602-1144

**Agency Contact:** Jody Jacoby 651-602-1144

**Agency Fiscal Note Coordinator Signature:** Stewart McMullan

**Phone:** 651-602-1374

**Date:** 3/16/2026 12:55:44 PM

**Email:** [stewart.mcmullan@metc.state.mn.us](mailto:stewart.mcmullan@metc.state.mn.us)

# Revised

**Fiscal Note**

**2025-2026 Legislative Session**

**HF1234 - 1A - Public Contracts Payment Transparency Required**

Chief Author: **Peggy Scott**  
 Committee: **State Government Finance And Policy**  
 Date Completed: **3/24/2026 3:38:12 PM**  
 Agency: **Military Affairs Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Adam Bolling    **Date:** 3/16/2026 11:50:45 AM  
**Phone:** 651-296-6053    **Email:** adam.bolling@lbo.mn.gov

# Revised

## State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029	
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

## Bill Description

The bill amends Minn. Stat. § 15.72 to require public contracting agencies to provide payment information to contractors and subcontractors upon written request. Agencies must supply the payment amount, payment date or approval date, and a copy of the payment application (or estimate/voucher for highway projects). Agencies must respond within seven calendar days and must post contact information for payment inquiries on their public website. No fees may be charged for providing the information.

## Assumptions

The Department of Military Affairs (MDMA) anticipates that the administrative requirements of the proposed law can be absorbed within existing staff and current appropriations. However, this absorption may temporarily affect staff workloads and could require reprioritization until the volume and nature of incoming requests are better understood.

MDMA contracts directly with prime contractors, who in turn hold contracts with their subcontractors. Because these subcontractor relationships are managed by the prime, DMA does not maintain direct data on the number of subcontractors working under each prime contract.

DMA estimates 0.5hrs per request at an Account Clerk Senior or similar level. At an average estimated total FTE cost of \$85,000/yr the annual impact for 5-15 requests/month would be around \$2400 on average. This would be immaterial to the agency as the work would be spread across several position and is similar to the regular tasks of those positions.

## Expenditure and/or Revenue Formula

None

## Long-Term Fiscal Considerations

None

## Local Fiscal Impact

None

## References/Sources

None

# Revised

**Agency Contact:** Eric Athman

**Agency Fiscal Note Coordinator Signature:** Eric Athman

**Phone:** 651-268-8946

**Date:** 3/12/2026 5:06:32 PM

**Email:** eric.c.athman.mil@army.mil

# Revised

**Fiscal Note**

**2025-2026 Legislative Session**

**HF1234 - 1A - Public Contracts Payment Transparency Required**

Chief Author: **Peggy Scott**  
 Committee: **State Government Finance And Policy**  
 Date Completed: **3/24/2026 3:38:12 PM**  
 Agency: **Minnesota State**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Kate Schiller    **Date:** 3/12/2026 11:55:08 AM  
**Phone:** 651-296-6052    **Email:** kate.schiller@lbo.mn.gov

# Revised

## State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029	
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

## Bill Description

This bill would require Minnesota State to provide certain payment information to contractors and subcontractors upon written request.

## Assumptions

It is current practice to provide this kind of information if it is requested. Assuming the volume of requests does not increase manifold due to this option being put into law, we assume there would not be substantial increases in administrative costs.

## Expenditure and/or Revenue Formula

## Long-Term Fiscal Considerations

## Local Fiscal Impact

## References/Sources

**Agency Contact:** Steve Ernest (651-201-1710)

**Agency Fiscal Note Coordinator Signature:** Steve Ernest

**Phone:** 651-201-1710

**Date:** 3/9/2026 4:14:20 PM

**Email:** Steve.Ernest@minnstate.edu

# Revised

**Fiscal Note**

**2025-2026 Legislative Session**

**HF1234 - 1A - Public Contracts Payment Transparency Required**

Chief Author: **Peggy Scott**  
 Committee: **State Government Finance And Policy**  
 Date Completed: **3/24/2026 3:38:12 PM**  
 Agency: **Natural Resources Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

<b>State Cost (Savings)</b>	Biennium			Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-
<b>Biennial Total</b>			-		-

<b>Full Time Equivalent Positions (FTE)</b>	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Jordan Peoples    **Date:** 3/22/2026 10:49:12 PM  
**Phone:** 651-296-6044    **Email:** jordan.peoples@lbo.mn.gov

# Revised

## State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-
<b>Biennial Total</b>			-		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>					
<b>Total</b>	-	-	-	-	-
<b>Biennial Total</b>			-		-
<b>2 - Revenues, Transfers In*</b>					
<b>Total</b>	-	-	-	-	-
<b>Biennial Total</b>			-		-

## Bill Description

This bill requires public contracting agencies to notify subcontractors of payments made on public improvement projects upon request.

## Assumptions

The Department of Natural Resources would provide appropriate payment information to subcontractors upon request. DNR assumes that the number of requests would not substantially increase due to this bill, and impacts to workload would be minor enough to have minimal fiscal impact.

## Expenditure and/or Revenue Formula

None.

## Long-Term Fiscal Considerations

If contract volume, subcontractor complexity, or reporting requirements increase beyond current assumptions, additional administrative costs could occur.

## Local Fiscal Impact

None.

## References/Sources

None.

**Agency Contact:** Rick Byers

**Agency Fiscal Note Coordinator Signature:** Tyler Teggatz

**Phone:** 651-259-5304

**Date:** 3/20/2026 11:27:49 AM

**Email:** tyler.teggatz@state.mn.us

# Revised

**Fiscal Note**

**2025-2026 Legislative Session**

**HF1234 - 1A - Public Contracts Payment Transparency Required**

Chief Author: **Peggy Scott**  
 Committee: **State Government Finance And Policy**  
 Date Completed: **3/24/2026 3:38:12 PM**  
 Agency: **Transportation Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact	X	

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

<b>State Cost (Savings)</b>	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

<b>Full Time Equivalent Positions (FTE)</b>	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Laura Cecko    **Date:** 3/18/2026 2:48:56 PM  
**Phone:** 651-284-6543    **Email:** laura.cecko@lbo.mn.gov

# Revised

## State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029	
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

## Bill Description

The bill requires payment transparency in public contracts.

## Assumptions

MnDOT's current contract system does not restrict, delay, or prohibit a party from submitting an invoice. MnDOT's construction contracts and payment system are based on progress of the project and corresponding invoicing. As projects progress, invoicing or payments are made with no delay.

MnDOT assumes costs and work hours spent adjusting contracts to these requirements will constitute normal work and not incur additional costs.

MnDOT assumes staff would spend negligible time programming and testing system notification emails, which would automatically be sent if required by the bill. MnDOT assumes costs associated with this work would be negligible.

## Expenditure and/or Revenue Formula

MnDOT assumes no impact.

## Long-Term Fiscal Considerations

MnDOT assumes no long-term impacts.

## Local Fiscal Impact

The bill's notification requirement appears to apply to most local governments.

## References/Sources

MnDOT Office of Chief Counsel

MnDOT Office of Finance

MnDOT Construction and Innovative Contracting

# Revised

**Agency Contact:**

**Agency Fiscal Note Coordinator Signature:** Catherine Greene

**Phone:** 612-523-2198

**Date:** 3/18/2026 2:43:32 PM

**Email:** catherine.greene@state.mn.us

# Revised

**Fiscal Note**

**2025-2026 Legislative Session**

**HF1234 - 1A - Public Contracts Payment Transparency Required**

Chief Author: **Peggy Scott**  
 Committee: **State Government Finance And Policy**  
 Date Completed: **3/24/2026 3:38:12 PM**  
 Agency: **Veterans Affairs Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Adam Bolling    **Date:** 3/16/2026 11:50:35 AM  
**Phone:** 651-296-6053    **Email:** adam.bolling@lbo.mn.gov

# Revised

## State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2025	FY2026	FY2027	FY2028	FY2029
<b>Total</b>	-	-	-	-	-
<b>Biennial Total</b>			-		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>					
<b>Total</b>	-	-	-	-	-
<b>Biennial Total</b>			-		-
<b>2 - Revenues, Transfers In*</b>					
<b>Total</b>	-	-	-	-	-
<b>Biennial Total</b>			-		-

### Bill Description

The bill requires, upon written requests from a contract or subcontractor participating in public improvement projects, progress payment, retainage payment, final payment or other payment made by the contracting agency. The contracting agency cannot prohibit, delay, or withhold payments.

### Assumptions

The Minnesota Department of Veterans Affairs (MDVA) assumes that all construction contracts (public improvement projects contracts) would be managed by the Minnesota Department of Administration Real Estate and Construction Services (RECS). RECS would hold any and all construction contracts and would then send invoices to the MDVA for payment processing.

MDVA assumes any contractor or subcontractor requesting information within this bill language would contact RECS directly as the contracting agency. RECS would notify the MDVA of the request and the MDVA and RECS would work together to provide any necessary information to the requestor. This will allow the MDVA and RECS to verify this information and RECS can then supply this information to the requestor.

RECS tracks the retainage on these construction projects and the MDVA assumes this would be a collaboration with RECS to meet the requirements of this bill language.

A requirement that the contracting agency cannot prohibit, delay, or withhold payments will not have any fiscal impact for MDVA.

Since all requests must be made in writing and only for public improvement contracts, MDVA assumes there will be an insignificant burden in complying with this bill and costs will be absorbed.

### Expenditure and/or Revenue Formula

N/A

### Long-Term Fiscal Considerations

N/A

### Local Fiscal Impact

# Revised

N/A

## References/Sources

**Agency Contact:** Jon Kelly

**Agency Fiscal Note Coordinator Signature:** John Lindsey

**Phone:** 612-548-5957

**Date:** 3/11/2026 2:26:06 PM

**Email:** john.lindsey@state.mn.us