The Office of
Minnesota Attorney General Keith Ellison
helping people afford their lives and live with dignity, safety, and respect • www.ag.state.mn.us

July 28, 2026

Via Email

Secretary of State Steve Simon
210 Veterans Service Building
20 West 12th Street
St. Paul, MN 55155

Re: Proposed 2026 Constitutional Amendment

Dear Secretary Simon:

Pursuant to Minn. Stat. § 3.21, this letter provides a statement of the purpose and effect of a proposed amendment to the Minnesota Constitution that will be presented for voter approval at the state general election on November 3, 2026.

In May, the Minnesota Legislature enacted a proposal to amend Article XI, Section 8, of the state constitution, which addresses the state's permanent school fund. 2026 Minn. Laws ch. 114, § 1. The constitution currently requires the fund to be invested to secure the maximum return consistent with maintaining the fund's perpetuity. If adopted, the proposed constitutional amendment would (1) require the fund to be managed as a perpetual financial resource for the sole purpose of apportioning money to school districts, (2) require that management of the fund preserve its purchasing power over time while balancing the needs of current and future beneficiaries, (3) authorize payment from the fund of reasonable and necessary administrative costs associated with managing the fund or school trust lands in the manner prescribed by law, and (4) provide that the fund's distribution policy be prescribed by law consistent with the above principles. *Id.*

If amended as proposed, Article XI, Section 8, would read as follows:

> The permanent school fund of the state consists of (a) the proceeds of lands granted by the United States for the use of schools within each township, (b) the proceeds derived from swamp lands granted to the state, (c) all cash and investments credited to the permanent school fund and to the swamp land fund, and (d) all cash and investments credited to the internal improvement land fund and the lands therein. No portion of these lands shall be sold otherwise than at public sale, and in the manner provided by law. All funds arising from the sale or other disposition of the lands, or income accruing in any way before the sale or disposition thereof, shall be credited to the permanent school fund. Within limitations prescribed by law, the fund shall be invested and managed as a perpetual financial resource for the sole purpose of apportioning money to the different school districts of the state. Management of the fund shall be designed to provide annual distributions while preserving the purchasing power of the fund over time and balancing the needs of

> current and future beneficiaries. Reasonable and necessary administrative costs associated with managing the fund or school trust lands may be paid from the fund in the manner prescribed by law. The distribution policy shall be prescribed by law and consistent with the aforementioned principles. Distributions from the fund shall be apportioned to the different school districts of the state in a manner prescribed by law.

2026 Minn. Laws ch. 114, § 1.

The legislature passed additional legislation that will take effect if voters approve the amendment. *Id.* §§ 3-5. Specifically, the related legislative amendments would:

- Require the State Board of Investment to (1) calculate an annual distributable amount equal to 4.5 percent of the average net asset value of the fund over the preceding three fiscal years and (2) report that amount annually to the Legislative Permanent School Fund Commission and the Commissioner of Education. *Id.* § 3 (amending Minn. Stat. § 11A.16, subd. 5).
- Require the Commissioner of Management and Budget to transfer the permanent school fund's annual distributable amount to the school endowment fund as needed for payments under Minn. Stat. § 127A.32. *Id.* § 4 (amending Minn. Stat. § 11A.16, subd. 6).
- Provide that the school endowment fund consists of the permanent school fund's annual distributable amounts rather than the fund's income. *Id.* § 5 (amending Minn. Stat. § 127A.32).

If the amendment is approved by voters, the above provisions will go into effect on July 1, 2027, for aid payable in fiscal year 2028. *Id.* § 6.

Very truly yours,

/s/**Nathan J. Hartshorn**

NATHAN J. HARTSHORN
Assistant Attorney General

(651) 757-1252 (Voice)
(651) 297-1235 (Fax)

Enclosure: 2026 Minn. Laws ch. 114