

Good morning.

Thanks for coming here today to talk about my budget.

It's a budget designed for the people.

People who own and work at businesses like Wear-a-Knit.

People who are tired of the government growing faster than their own paychecks.

But change can be scary. And change this big tends to bring out the protectors of the status quo.

Objective observers are fairer.

Recently in the Wall Street Journal, the executive director of the Federation of Tax Collectors said that my tax plan "meets most precepts for sound tax policy you'd find in text books."

My administration worked hard on this plan and it shows.

However, it is more a "Package" than a plan.

It's major tax reform with major tax relief.

It's a package that reworks our tax system so it is fairer to you as taxpayers and makes Minnesota business more competitive in local and world markets.

It's a package that must be viewed in all its parts.

It's like a fine Wear-a-Knit sweater but if you pull out a thread or two the sweater will fall apart.

The two major threads in this plan are limited spending and the expansion of the sales tax.

If you spend more than my recommended budget, the sweater will lose an arm.

If you don't expand the sales tax to services, the sweater loses another arm.

And then you have a vest.

A vest that:

- Will not cover you during the cold of an economic recession,
- Will not reduce commercial industrial property taxes,
- Will not reduce farm and timberland property taxes,
- Will not reduce property tax for senior citizens,

- Will not bring greater accountability to local government, and
- Will not reduce the cost of government to the people of Minnesota.

This is a bold budget that will provide a secure tax foundation in the new economy but also a responsible budget that will not allow government to grow faster than the rest of the economy.

And let me emphasize that this budget does not cut our education budgets.

This budget allows total revenues available to K-12 school districts (over 8 billion dollars in 2001) to increase by 2.6% in 2002 and by 3.7% over the 2002 base.

A base, by the way, that contains the billion dollar increase from the last biennium!

I have made some tough decisions on this budget and I have yet to hear anything that would cause me to walk away from it.

I am going to continue to keep debating this budget—Because contrary to the conventional wisdom this budget is not dead.

But we need to focus on the total package—keeping the sweater a sweater.

Because if we don't, this tax package could become just another band aid, instead of a solid comprehensive tax reform that will benefit our state's main street business, farmers, senior citizens and families for years to come.

Thank you. (Questions?)