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It is no secret that I share the frustration of nearly 5 million Minnesotans that the Legislature has failed to accomplish its work during the 2001 regular session.

Contrary to uninformed editorial writers, in the days since the end of the regular session, my staff, my commissioners and I, have worked hard to help facilitate progress in resolving the budget and tax issues that separate the House and Senate.

It has been a frustrating experience. And in many ways it mirrors the political landscape. Two polarized political parties trying desperately to be true to their convictions and their principles. But in this system there must be compromise. We cannot fail. We must come to a middle ground.

Two times in this process I have made specific proposals to help them reach the middle ground. After being told countless times that a deal is close, yesterday I was informed that the House and the Senate were deadlocked and asked me to step in one more time to try to resolve the impasse.

Late yesterday and last night we put together a proposal that my commissioners and staff presented to the House and Senate early this morning.

Up to now this process has been pretty much going on in private. As a result many observers are getting a skewed perception of my involvement. Today I am proposing, in public, a solution to end the budget stalemate and allow the Legislature to complete its work.

The plan I put on the table this morning is not a compromise where everyone has to settle for second best. My commissioners have been working hard these past few weeks to listen attentively to the concerns and hopes expressed by both the House Republicans and Senate Democrats on what they want to achieve in reforming our tax and school funding systems. This plan gives both the House and the Senate much of what they have told us is most important to them while preserving the bold property tax reform and relief that I first proposed in December of last year. And does it in a responsible way.

Here are the key elements of my proposal:

- Eliminate the state-mandated general education property tax levy, and other property tax levies that fund statewide or regional, rather than local needs. This will provide for double-digit property tax relief next year, and restore the property tax to what it was supposed to be local tax, controlled by local citizens.
- Achieve dramatic reform of the property tax classification system. This will give us fairer, more uniform taxation of different kinds of homes and will reduce our nationally high tax burdens on businesses and apartment properties to improve our economic development and competitiveness.
- Make the school funding system more uniform across school districts by increasing the general education per-pupil amount by \$310 per student, by replacing that same amount



of referendum revenue with state funding. This will give additional property tax relief and stabilize revenues in most districts.

This package delivers most of the key goals that have been expressed by legislative leaders of both houses during the past few days of budget negotiations. But it is important to be clear that this is a compromise and not anyone's Plan A.

But clearly it delivers on the promise I made to Minnesotans last January: permanent property tax relief starting next year, combined with fundamental reforms of the tax and school financing system. I urge the legislative leadership to accept it and commit to a completion date.

Today we're standing at the edge of the most sweeping property tax and school financing reforms of the past thirty years. If we step forward boldly we will deliver our citizens and taxpayers a lower, simpler, fairer and more competitive property tax, and a more fair, understandable, and uniform means of paying for our public schools.

But we must not delay. In order for counties and school districts to implement these reforms it is imperative that we complete the special session by the week of June 11. If we continue to hesitate and delay, we risk losing opportunities for reform and tax relief that may never reappear, and if no budget is enacted at all, our citizens and institutions will be threatened with grave harm.