

Today is the second day of summer—a summer that we have all been looking forward to.

Almost six months since the beginning of the regular session in January and just over one month since the end of the regular legislative session.

Twenty-eight days since the Speaker, the Majority Leader and I agreed to the essential elements of tax and spending bills.

And in eight days the state of Minnesota will be out of money.

In eight days—unless the legislature lives up to its constitutional responsibility to “faithfully discharge the duties of the office”—the people of Minnesota will be left without many vital services.

In the last three weeks I have had many state employees contact my office to share their concerns over a potential government shutdown. On Wednesday I sent a letter to all state employees telling them that I share their concerns and understand the hardship this uncertainty brings not only to their lives, but to the lives of so many Minnesotans whose lives are affected by programs and services provided by the state.

In my letter I assured state employees that I would do everything I could to avoid a shutdown.

Several times in the last month I have stepped into the negotiations and tried to bring them to a successful conclusion. Each time we all assumed that we were very close to a solution.

We’re all tired of being close. What we need is achievement.

Our goal should be to achieve the boldest and most comprehensive tax relief and reform that this state has seen in thirty years.

We cannot give up to the easy way out. If we are willing to compromise it can still be done. Therefore I am presenting today, the structure of a tax bill that I believe reflects the bottom line priorities of all three sides.

Earlier today Commissioners Smith and Wheelock, along with Paul Aasen, my Director of Policy Management, met with legislative leaders and presented them with an outline of the compromise bill. Clearly it is a bill that includes enough of what they need, and I need, that we should be able to move beyond “close” and actually come to closure.

My expectation is that unless the three parties to the negotiations can produce a better—and mutually agreeable—bill within a couple days, then they should vote on this bill early next week.

My compromise bill fully implements the May 25th agreement for property tax and school finance reform and relief. It provides for more stable and uniform school funding and resolves fairly the differences between House and Senate positions.

It reduces the cost of doing business for farmers by reducing their homestead property taxes by 25%.

It eliminates the general education levy and exempts cabins and farmland from school operating referenda.

It lowers property taxes on homes by 24%.

It reduces by 10% some of the highest property taxes in the nation on Minnesota businesses.

It lowers property taxes on apartments by 25%.

And very importantly, it addresses the concerns of local governments that property taxes will increase as a result of the elimination of certain state aids.

My compromise increases payments under the Local Government Aid formula, and reserves additional funds for city aid payments until the legislature restructures the Local Government Aid formula.

In another effort at compromise my bill establishes a new statewide levy as a part of the general education levy elimination but dedicates future growth of the levy to education purposes.

However, while I have made concessions on education spending, I will continue to insist on meaningful accountability standards. And that means structurally balanced budgets for school districts must be a part of this compromise.

Be assured that there are a number of tax issues that have been discussed and lobbied that you will not find in this bill.

This bill focuses on property tax reform and relief and narrows the list of other tax provisions largely to those already agreed to by the House and Senate.

It's time to focus exclusively on the task at hand and leave other issues to be resolved another day.

Let's work together on what is possible this week and put off until another time what is not.

On the spending side – the targets previously agreed to continue to serve as the basis for spending decisions.

However, in an effort to narrow the list of priorities on the spending side as well, I am willing to wait until another day to try to advance my proposal for a consolidated childcare program.

In addition—and this is not easy for me—I am willing to accept that only a couple of provisions of the Campaign Finance Reform will be enacted.

But I do expect a bill that makes significant progress on my goal of insuring all kids in the State of Minnesota.

But again, omnibus spending bills are no place for language that restricts access to abortion services. Any such bill is unacceptable and will be vetoed. Abortion issues should stand on their own and not hold other policy and spending hostage.

Let me be absolutely clear: I expect a Health and Human Services bill that I can sign into law before June 30.

And finally, while this bill is still a \$900 million dollar tax bill in 2003, I will continue to insist that we be fiscally responsible and leave \$250 million dollars on the bottom line and increase the budget reserve from \$622 million to \$653 million.

This is it. It is time to move forward with resolve to get bills produced and voted on.

Failure to take advantage of this opportunity will risk a government shutdown—and that would be a tragedy.

The time to act is now.

Thank you.

(Commissioner Smith will now explain the compromise bill in more detail.)