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Minnesota House of Representatives

HOUSE DFL LEADER

July 14, 2016

Governor Mark Dayton
116 Veterans Service Building
20 W 12th Street
Saint Paul, MN 55155

Senator Tom Bakk, Majority Leader
3113 Minnesota Senate Building
95 University Ave W
Saint Paul, MN 55155

Speaker Kurt Daudt
463 State Office Building
100 Rev Dr Martin Luther King Jr Blvd
Saint Paul, MN 55155

Senator David Hann, Minority Leader
147 State Office Building
100 Rev Dr Martin Luther King Jr Blvd
Saint Paul, MN 55155

Dear Governor Dayton and Legislative Leaders:

The legislature adjourned nearly two months ago. Minnesotans continue to be rightfully frustrated with our inability to get the people's work done. It's long past time we come together in Special Session to resolve our unfinished business in a way that best serves the people of Minnesota.

Based on previous discussions, there remain serious obstacles to reaching a compromise, but I firmly believe that those difference can be bridged. More important, I remain confident that our differences can be bridged in a way that is not simply falling back to the lowest common denominator.

We also disserve Minnesotans when compromises are worked out entirely in secret and behind closed doors by a few guys. It is an impediment to progress and accountability. The Governor made a written and public Special Session proposal over seven weeks ago. No formal public response has ever been made by the Republican caucuses. To that end, I wish to publicly offer these suggestions as a compromise that our caucus and I believe most Minnesotans can support.

Pass A Corrected Tax Bill: Absent the \$100 million mistake, the tax bill would now be law. Although not everyone agrees with every item in the bill, there is broad consensus that the legislature should pass the tax bill with the two major corrections related to charitable gaming and the Minnesota High School League.

Pass A Bonding Bill That Works for Minnesota Rather than Focus on an Arbitrary Number. When you look around the state, you see over-stressed local roads and bridges, wastewater treatment plants that can no longer keep our water clean and safe, and outdated labs to train our future nurses, teachers and entrepreneurs on our college campuses. The way we tackle that challenge is to pass a bonding bill and invest in long-term infrastructure improvements.



Unfortunately, the bill that appeared on members' desks an hour before adjournment is (not surprisingly) not the legislature's best work, even setting aside the billion-dollar mistakes in the legislation. Governor Dayton was not included in the negotiations on the bonding bill and he is requesting several common sense initiatives that were left out and should be included. I am pleased by the general consensus in our meetings since adjournment that several if not most of these projects sought by the Governor should be included.

It is important that the process of developing a bonding bill include public hearings so that the public can weigh the merits of projects. That did not happen during the regular session to our detriment. As leaders, we should insist on a public process leading up to the Special Session. It is appropriate to start with the bonding proposal that was before the bodies on the last night of session, free of errors of course. We should include a handful of the common sense additions that Governor Dayton has requested. But we should also let the public process be real and allow the Conference Committee to reshape the bill based on public input.

Our caucus is also concerned by the insistence of Republicans in our meetings that we must abide by an entirely arbitrary *general obligation bond cap* of \$1 billion. To be clear, the cap insisted upon by Republicans is not an overall borrowing limit, but just a limit on general obligation bonds.

The cap is not related to any rational assessment of Minnesota's debt capacity. Indeed, as we all know, the state has exceeded that threshold - especially adjusted for inflation - many times in the past. (Not surprisingly, like most Minnesotans who do not incur debt that they cannot repay, the state is actually - and historically has been -- a prudent borrower.) Rather than an arbitrary cap, we should focus on a more productive discussion about what investments in shared, public infrastructure are really needed to support the farmers, small businesses and working families who rely on that infrastructure to propel our state ahead - and on the jobs created by such investment.

To get around the arbitrary general obligation bond limit, discussions have turned toward the use of appropriation bonds rather than general obligation bonds in order to preserve some illusion that we are borrowing less than we really are. Again, the fact is that the state will be borrowing beyond the billion dollar cap whether we're issuing general obligation bonds or appropriation bonds. Minnesotans are too smart to be fooled by those types of accounting gimmicks. And we all know that appropriation bonds are more expensive than general obligation bonds. Why would we agree to pay more to borrow the same amount? That makes absolutely no sense. (Of course, our traditional and necessary use of housing bonds is entirely appropriate and we should consider even greater investment in high quality housing considering the demand for it in all parts of the state.)

Pass a Transportation Bill Free of Earmarks. This was supposed to be the transportation session and our caucus continues to have interest in passing a truly comprehensive, long-term transportation plan that works for the entire state yet this year. If we cannot accomplish that (as seems to be the case based on the outcome of regular session), our caucus will agree to the short-term band-aid solution that has been proposed. But our caucus feels very strongly that in doing so we should not adopt bad policy precedents:

- The legislature should not earmark highway projects in the bill. Republican Congressmen and Congresswomen did away with earmarking at the federal level for a reason and Transportation Chairs of both parties here in Minnesota have long resisted such an approach. As the Commissioner of Transportation has set forth, many of the projects earmarked in the end of session bill are not ready to proceed and, as such, the money we appropriate will simply sit idle rather than go to work on other road projects that will serve Minnesotans. Further, there is currently a long list of over 160 potential projects that communities from across the state have put

forward seeking Corridors of Commerce funding. By earmarking winners behind closed doors for political purposes, we are leaving all those other communities who have played by the rules behind. Instead, we should appropriate the one-time money generally to the Corridors of Commerce program, small cities program, and through the MVST formula. (Using cash rather than G.O. bonding for the Moorhead rail separation and for the Virginia utility transfer do make sense.)

- Our caucus is open to using Trunk Highway Bonds instead of cash to fund the one-time appropriations. In establishing our targets, however, we should not rely on State Road Construction dollars that have already been programmed (the so-called carry-forward) since that would mean MN DOT would be prevented from completing projects that have already been promised. Again, our caucus is interested in only spending real money rather than relying on gimmicks.
- Our caucus believes in a broad, statewide approach to transportation. I do not understand why Republicans are insisting on blocking meaningful investment in road and bridge repair and expansion in the metro area and across Greater Minnesota because some members of the Republican Party do not want to allow one part of the state to raise and spend *their own local money* to build transit infrastructure – transit infrastructure broadly supported by the local communities who will be funding it and by the state’s business community. I urge us to not hold communities like Mankato and Willmar and Moorhead hostage to an ideological position on transit that those communities will have no part in paying for.

Focus on the Basic Functions of Government. When the legislature adjourned, it left a handful of fundamental and high priority functions of government unfinished. Governor Dayton has reasonably requested that the legislature support those core functions of government in a Special Session.

For instance, I believe that we all agree that Minnesota faces a public safety crisis in our State Security Hospital in St. Peter, with workers getting seriously injured. Governor Dayton has asked for an infusion of money to make sure that the facility can be operated safely. As leaders, we should step up and make sure the people who work can safely meet the needs of the residents at the State Security Hospital. The Governor also has requested money for improving the physical safety of service members at National Guard facilities. We should all agree to that funding proposal.

I understand the concern that we need to be prudent about additional state spending and some argue that we already spend enough. That’s a fair debate to have. The argument would ring a lot more true, however, if the legislature had chosen to fund these core functions of government rather some other, more questionable expenditures. For instance, I believe that keeping our National Guard members safe and avoiding additional serious injuries to staff at St. Peter are higher priorities than a \$32 million tax break for big tobacco. I believe that those core functions of government are also higher priorities than funding pet pork-barrel projects in the districts of Reps. Loon and Knobloch. We could eliminate those tax cuts and some less important expenditures and have sufficient funds to pay for the higher priorities set forth above.

The Governor has also made higher education a priority and has asked that the legislature support our public higher education institutions - the economic and innovation engines for our state - to avoid increases in tuition and student debt. I and our caucus agree with him. Already the University of Minnesota has proposed another tuition

hike for next fall and MN State is cutting back offerings available to students. The Governor has also properly urged support for effective early education efforts like the Northside Achievement Zone and Promise Neighborhoods. It appears clear from our discussions, however, that any additional investment in colleges and Promise Neighborhoods is a bridge too far for the Republican caucuses. In the interest of reaching a Special Session deal, we could accede to the Republican demands that such new spending not be included.

Pass a Revised Pension Bill. This was the only other major bill that the Governor vetoed. With the exception of the COLA adjustments, there is broad support for the provisions in the pension bill and appropriately so since the bill takes important steps to make sure our state pensions are fiscally sound. We can readily drop the one provision that the Governor found objectionable and pass the rest of the important provisions in the legislation.

Take Steps to Rebuild Trust Between Police and the Community. The events of the last week have been tragic. They have both exposed once again increasing divisions and tensions among Minnesotans and highlighted the capacity of Minnesotans (citizen's calling for justice and law enforcement alike) to rise to the occasion. The fact is that the lives of our neighbors, particular people of color and Native Americans, as well as police officers who are defending us every day, are increasingly in danger. In the past week, I've reached out to diverse members of the community and to law enforcement representatives. I believe there is an appetite among Minnesotans and legislators for moving ahead together to make our streets and communities safer for all. And I believe we have an obligation to take action.

Although I would prefer otherwise, it is apparent that the national conventions and the upcoming primary elections make it unlikely we will meet in Special Session until mid-August. As leaders, we should instruct appropriate committee members to use that time to sit down with community members and law enforcement to come up with ideas that we can adopt in the upcoming Special Session as first steps to address this urgent situation.

As examples, the legislature already agreed in past sessions to make a small one-time investment in crisis de-escalation training. We could act to make those grants permanent and increase them. We could also increase funds to the POST Board to allow additional training money to get out to local jurisdictions and direct the POST Board to reconsider police education requirements and practices. We know that the cost of non-lethal tools and training is often cost prohibitive, especially for smaller local jurisdictions. The state could provide grant funding to overcome that obstacle. We could consider whether "vehicle owner" violations like broken taillights could be reported remotely without the need for a traffic stop (just like outdated license tabs are today). And there are many other ideas to consider including those contained in the Report of the President's Task Force on 21 Century Policing. Of course, we will not solve this issue in a Special Session, but I do think it is critical that we take meaningful action.

I look forward to continuing our discussions. I am confident that there is a path forward to a Special Session that will serve all Minnesotans.

Sincerely,



Paul Thissen
House DFL Leader