



**Capitol Contact**  
**by State Representative Steve Simon**  
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**WHERE WE'RE HEADED ON  
 THE STATE BUDGET**

Dear Friends,

Our Minnesota Constitution requires that we balance our state budget. There's no easy way to solve the huge budget shortfall this year. After many months of work, I voted for a balanced budget compromise that includes a combination of spending cuts, targeted revenue increases, and other options that strike the right balance. The Governor has rejected the compromise because he objects to the use of any ongoing revenue whatsoever as part of the solution. I think that's too inflexible.

*Steve*

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STATE REPRESENTATIVE

The budget shortfall in Minnesota is the largest in state history: \$6.4 billion of a total two-year budget of about \$37 billion.

**Here's the compromise balanced budget plan that I supported:**

- \$1.8 billion in spending cuts (with no cuts to K-12 education or early childhood education)
- \$1.8 billion in federal stimulus money
- \$1.8 billion in delayed aid payments
- \$1 billion in targeted revenue increases (including an income tax increase on people earning over \$300,000 per year – only 2.3% of all tax filers, the first liquor tax increase since 1986, and fees on credit card companies that charge their customers excessive interest rates)

**Here's why I voted the way I did:**

***We need a balanced solution.***

A “no new taxes” approach is as rigid and unhelpful as a “no spending cuts” approach. A balanced solution means a sensible blend of spending cuts and new revenue.

***We need a true compromise.***

The Governor should accept more revenue than he would normally like, and the Legislature should likewise accept more spending cuts than it would normally like.

***We need to be fiscally responsible.***

No “shifting” of money without a long-term plan to pay for it; and no reckless borrowing that will leave future generations to pay today's debts.

***We need to be fair.***

We can't balance the budget on the backs of those who are hurting the most during the current economic crisis.

**Here's what's next:**

Although the Legislature completed its work on time and with a compromise plan, the Governor has declined the compromise in favor of acting alone – relying entirely on his own spending cuts to close the budget gap. Starting July 1st, he'll have to cut hospitals, nursing homes, colleges, the disabled, and aid to cities (which will result in property tax increases). In my opinion, we need and deserve a more balanced and reasonable approach.

*As always, please feel free to contact me about any issue, idea, or concern.*