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State Representative TINA LIEBLING

HOUSE OF REPRESENTATIVES

LEGISLATIVE UPDATE

JULY 7, 2011

Dear Friends,

The weather has turned beautiful but there is a cloud over Minnesota's Capitol and over our entire state. Like you, I am angry, frustrated, and concerned about those hurt by the government shutdown and what it will mean to our state. I deeply regret the pain and difficulty it will cause and I know the governor feels the same way.

The government shutdown will cause short-term stresses and sacrifices by many who are not to blame for the shutdown. However, it appears that the Governor's only alternative would be to capitulate to the Republican demand to balance the budget without any increases in revenue. That is not acceptable because the Republican budget would inflict long-term damage on the state. For example, the Republican budget would cut 140,000 Minnesotans off health care coverage, cut home care to seniors, slash the budgets of the U of M and MnSCU and increase property taxes on homeowners, renters and businesses. By drastically cutting state spending on health and human services and the federal matching funds that come with it, the Republican budget sucks \$3.3 billion out of Minnesota's health care economy and would result in the loss of about 30,000 jobs. Most of these jobs would be in the private sector.

Some Republicans say the state should "live within its means" and spend only what is "in the checkbook." This is misleading because the state's "means" vary with changes in the tax code. The state expects a certain amount of money to come in and a certain amount to be spent over the next two years. These numbers are based on legislation passed under Governor Pawlenty. Neither of these is cast in stone.

The governor proposed to resolve our \$5 billion projected deficit through a combination of budget cuts and tax increases. But because Republicans object to any tax increases—even on the wealthiest people in Minnesota—the governor compromised by twice reducing proposed tax increases and putting further spending cuts on the table. However, Republicans refuse to raise one extra dollar in revenues. Instead, they offered to borrow money to fill the budget gap. This is all too similar to

what was done during the Pawlenty years. We can no longer borrow from our schools and from funds collected for other purposes and pretend that we will have the money tomorrow.

With a fragile economy and increasing needs across the state, such as more students in public schools, there will be no avoiding the impact of budget cuts over the next two years. However, the governor wants to prevent the worst impact of the cuts by asking Minnesota's top earners to pay a little more in state income taxes. The Governor's recent offer to the Republican leadership was to raise the income tax by 3% on taxable income over \$1,000,000 dollars per year. Unfortunately, Republicans refused to consider that, preferring to subject 99% of Minnesotans to draconian budget cuts and higher property taxes.

The Governor and I want middle class and working families to be treated fairly in this economy. We want to make sure the more vulnerable members of our society are not forgotten. We want to keep property taxes down so homeowners can stay in their homes. We want all Minnesotans to have access to affordable, quality health care. And we want higher education to be economically accessible, so Minnesota's students can build their futures and ours.

While I did not run for office to raise taxes or witness a government shutdown, I also did not run to participate in the social dismantling of our state. Like the late Senator Paul Wellstone, I believe that we all do better when we ALL do better not when some have great opportunities and others are locked out.

I will continue working toward a fair and balanced budget solution that gets Minnesota working again.

It is a privilege to represent you, even during these difficult times. Please continue to share your questions, comments, and concerns.

Warm regards,



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