

STATE OF MINNESOTA

Journal of the House

EXTRA SESSION 1971

FORTY-FIRST DAY

SAINT PAUL, MINNESOTA, TUESDAY, OCTOBER 12, 1971

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
ST. PAUL 55101

August 4, 1971

The Honorable Aubrey W. Dirlam
Speaker of the House

Sir:

I am herewith returning without my approval H. F. No. 5.

My reasons for vetoing this bill are contained in the attached remarks which I delivered to the people of Minnesota yesterday.

Sincerely,

WENDELL R. ANDERSON
Governor

Mr. Lindstrom moved that H. F. No. 5, together with the veto message from the Governor, be laid on the table. The motion prevailed.

STATEMENT BY GOVERNOR WENDELL R. ANDERSON
ACCOMPANYING VETO OF H.F. 5, OMNIBUS TAX BILL

Tuesday, August 3, 1971
Governor's Reception Room
State Capitol
St. Paul, Minnesota

SEVEN MONTHS AGO THE ELECTED REPRESENTATIVES OF THE PEOPLE OF MINNESOTA CONVENED IN ST. PAUL FOR THE 67TH SESSION OF THE MINNESOTA LEGISLATURE.

WE BEGAN THE TASK OF SETTING FORTH STATE PROGRAMS FOR THE NEXT TWO YEARS, AND

FINDING EQUITABLE METHODS OF FINANCING THOSE PROGRAMS.

ON JANUARY 27, AFTER A CAREFUL REVIEW OF REQUESTS OF EVERY AGENCY THAT RELIES ON STATE FUNDS FOR ALL OR PART OF ITS OPERATION, I PRESENTED MY PROPOSAL FOR STATE PROGRAMS AND FUNDING OF THOSE PROGRAMS.

MY BUDGET RECOMMENDATION RECOGNIZED SEVERAL REALITIES:

THE ABSOLUTE NECESSITY OF PROVIDING SUBSTANTIAL PROPERTY TAX RELIEF FOR MINNESOTA HOMEOWNERS, ESPECIALLY THOSE WITH LOW AND MODERATE INCOMES;

THE NEED TO MAINTAIN THE QUALITY OF STATE SERVICES IN THE FACE OF INFLATION AND RISING STATE COSTS;

THE NEED TO UNDERTAKE EFFORTS TO FIGHT DRUG ABUSE, RESTORE AND PRESERVE THE ENVIRONMENT, AND IMPROVE HEALTH CARE FOR MINNESOTA CITIZENS;

THE NEED TO RAISE THE NECESSARY ADDITIONAL FUNDS FROM THOSE SOURCES THAT WERE--AND STILL ARE--THE MOST ABLE TO PROVIDE THEM.

AS GOVERNOR, I FOUND THAT I COULD NOT RECOMMEND EVERYTHING THAT WAS NEEDED, AND I COULD NOT BEGIN TO RECOMMEND EVERYTHING THAT WAS REQUESTED. WE CUT MORE THAN 136 MILLION DOLLARS FROM THE REQUESTS THAT WERE MADE TO US.

AS THE MONTHS WORE ON, THE LEGISLATORS FOUND THAT THEY COULD NOT PROVIDE ALL OF THE FUNDS AND ALL OF THE PROGRAMS THAT I REQUESTED.

I ACCEPTED THEIR REDUCTIONS, IN SPITE OF SOME MISGIVINGS.

I SIGNED EVERY MAJOR APPROPRIATIONS BILL BECAUSE I JUDGED THAT IT WAS THE BEST THAT COULD BE DONE IN THE STATE'S ECONOMIC CIRCUMSTANCES.

THE REPUBLICAN LEGISLATURE WAS UNABLE TO FINISH ITS WORK IN THE TIME PROVIDED UNDER LAW. A SPECIAL SESSION BEGAN MORE THAN TWO MONTHS AGO, WITH MAJOR QUESTIONS STILL UNRESOLVED:

HOW COULD WE PROVIDE REFORM OF MINNESOTA'S SCHOOL AID FORMULA AND EQUALIZED EDUCATIONAL COSTS AND OPPORTUNITY ACROSS THE STATE?

HOW COULD WE PROVIDE MAJOR, PERMANENT, PROPERTY TAX RELIEF? HOW COULD WE REDUCE THE REAL ESTATE TAXES ON YOUR HOMES, FARMS, BUSINESSES?

HOW COULD WE PROVIDE MORE FUNDS FOR LOCAL UNITS OF GOVERNMENT ALREADY FACING A FISCAL CRISIS?

THE SPECIAL SESSION WAS NOT A FIGHT OVER THE AMOUNT OF MONEY THE STATE WAS TO SPEND ITSELF--BUT RATHER HOW MUCH MONEY WOULD BE RETURNED TO SCHOOL DISTRICTS AND LOCAL UNITS OF GOVERNMENT FOR TAX RELIEF AND TAX REFORM.

FOR 66 DAYS THE MINNESOTA LEGISLATURE STRUGGLED TO FIND ANSWERS TO THOSE QUESTIONS.

ON THE 67TH DAY, THE REPUBLICANS PASSED AN OMNIBUS TAX BILL BY THE SMALLEST OF MARGINS.

THERE WERE REPUBLICAN LEGISLATORS WHO FELT COMPELLED TO VOTE FOR THAT BILL, EVEN THOUGH THEY KNEW IT WAS A POOR ONE. BUT THEY BELIEVED THERE WAS NO HOPE OF PASSING A GOOD BILL AND THEY WANTED TO GO HOME.

AND SO THEY VOTED FOR A BAD BILL, AND ASKED ME TO SIGN IT INTO LAW.

THIS **TAX** BILL IS OVER 130 PAGES LONG, AND IT'S COMPLICATED. BUT SOME THINGS ARE VERY CLEAR--FOR EXAMPLE, WHO PAYS THE 600 MILLION DOLLARS OF ADDITIONAL TAXES?

LET'S COMPARE FOR 2 FAMILIES, BOTH WITH 2 CHILDREN,
THE IMPACT OF THE INCREASED INCOME AND SALES TAXES.

IF YOU MAKE \$4,000 A YEAR, YOUR TOTAL INCOME AND SALES
TAX LIABILITY IS INCREASED 29.4%.

IF YOU MAKE \$100,000 A YEAR, THE INCREASE IS 1.4%.

THE PERCENTAGE OF TAX INCREASE IS TWENTY TIMES AS
GREAT FOR THE FAMILY TRYING TO LIVE ON \$4,000 A YEAR AS IT IS
FOR THE FAMILY MAKING \$100,000 A YEAR.

THE PERCENTAGE OF INCREASE FOR THE FAMILY MAKING
\$10,000 A YEAR IS FOUR TIMES AS GREAT AS FOR THE FAMILY
MAKING \$50,000.

AND IF A FAMILY MAKES \$15,000, IT'S NEARLY THREE TIMES
AS MUCH AS FOR THE \$50,000 FAMILY.

UNDER THIS REPUBLICAN BILL, THE LESS YOU MAKE, THE HARDER
YOU ARE HIT. THE MORE YOU MAKE, THE BETTER THIS BILL TAKES CARE OF YOU.

WHO GETS THE RELIEF UNDER THIS BILL--WHO GETS THE HELP?

THE IBM COMPANY GETS SOME HELP. THE IBM COMPANY, JUST
IN HENNEPIN COUNTY, RECEIVES \$1,470,867 OF PERSONAL PROPERTY TAX
RELIEF UNDER THIS BILL--AND IT'S PERMANENT. ALL THE SENIOR CITIZENS
OF THE CITY OF MINNEAPOLIS COMBINED -- RECEIVE JUST \$429,000 WORTH
OF RELIEF, AND THAT IS TEMPORARY. THE AVERAGE NEW RELIEF PER SENIOR
CITIZEN FAMILY IS JUST \$57.00. THAT IS NOT QUITE \$5.00 PER MONTH.

IN JUST 3 COUNTIES IBM RECEIVES OVER 3 MILLION DOLLARS IN PERMANENT RELIEF. THAT IS A QUARTER OF A MILLION DOLLARS PER MONTH.

ALL OF THE FARMERS AND ALL THE HOMEOWNERS OF YELLOW MEDICINE COUNTY TOGETHER RECEIVE \$262,818 WORTH OF TEMPORARY RELIEF. THIS IS \$18.23 PER PERSON. THE XEROX COMPANY ALONE RECEIVES \$573,538 WORTH OF PERMANENT PERSONAL PROPERTY TAX RELIEF IN JUST ONE COUNTY.

ALL OF THE FARMERS AND ALL THE HOMEOWNERS OF BIG STONE COUNTY TOGETHER RECEIVE \$145,005 WORTH OF TEMPORARY RELIEF. THE SPERRY RAND COMPANY IN JUST ONE COUNTY RECEIVES \$560,031.84 WORTH OF PERMANENT RELIEF. IT IS THE 1967 SALES TAX ALL OVER AGAIN--TEMPORARY RELIEF FOR THE HOMEOWNER AND FARMER, SUBSTANTIAL PERMANENT RELIEF FOR BIG BUSINESS.

THE AVERAGE HOMEOWNER WITH AN \$18,000 HOME WHO MUST PAY AN INCREASED SALES TAX, INCREASED INCOME TAX AND ALL THE REST -- RECEIVES LESS THAN \$50.00 IN TEMPORARY RELIEF FROM THE 10% CREDIT IN THE BILL.

UNDER THIS BILL RAISING NEARLY 600 MILLION DOLLARS IN NEW TAXES, BUSINESS RECEIVES NEARLY 1/2 OF ALL THE RELIEF. THE HOMEOWNERS, FARMERS, WORKING PEOPLE PAY NEARLY 2/3 OF ALL OF THE INCREASE.

WE FIND THE HARD PRESSED ANOKA SCHOOL DISTRICT RECEIVES \$4,362,000 LESS UNDER THIS BILL THAN UNDER THE SENATE COMPROMISE BILL WHICH NEARLY PASSED SOME 3 WEEKS AGO.

THE WHITE BEAR LAKE SCHOOL DISTRICT, WHICH HAS SOME OF THE HIGHEST REAL ESTATE TAXES IN THE STATE, RECEIVES \$2,312,000 LESS UNDER THIS BILL. MINNEAPOLIS RECEIVES \$4,873,000 LESS; ST. PAUL \$1,822,000 LESS; AND DULUTH \$3,597,000 LESS.

THE EDINA SCHOOL DISTRICT -- YES, YOU GUESSED IT -- THE EDINA SCHOOL DISTRICT GETS \$1,646,000 MORE. GOLDEN VALLEY GETS MORE. WAYZATA GETS MORE.

THIS BILL WOULD TIE THE HANDS OF THOSE SCHOOL DISTRICTS AND MUNICIPALITIES FACING THE MOST CRITICAL FINANCIAL PROBLEMS WITHOUT GIVING THEM THE MONEY THEY MUST HAVE.

THIS BILL IS HARDEST ON THOSE LEAST ABLE TO PAY -- THE POOR, THE RETIRED, THE YOUNG. THE CITIES AND SCHOOLS THAT ARE PRESSED THE HARDEST PAY THE MOST.

THE HIGHER YOUR INCOME AND THE WEALTHIER YOUR COMMUNITY, THE LESS YOU PAY AND THE MORE YOU GET.

NOT EVERYBODY IS UNHAPPY WITH THIS BILL.

THE MINING COMPANIES ARE PLEASED AND RIGHTLY SO.

THE INCOME TAX ON IRON ORE COMPANIES WAS NOT INCREASED ONE DOLLAR. YET THESE SAME COMPANIES WERE RELIEVED OF OVER ONE MILLION DOLLARS IN PERSONAL PROPERTY TAXES IN THIS BILL.

THE TACONITE COMPANIES IN MINNESOTA TAKE WEALTH FROM OUR GROUND EVERY YEAR, AND THEY PAY VERY LITTLE FOR THE PRIVILEGE OF DOING SO. EVERY FAIR STUDY OF THE SITUATION CONCLUDES THAT THE TACONITE PRODUCTION TAX SHOULD BE GREATLY INCREASED. RIGHT NOW THEY PAY ONLY 11 1/2¢ PER TON.

EARLY THIS YEAR I SUPPORTED AN INCREASE TO FIFTY CENTS PER TON. THE CONFERENCE COMMITTEE OF BOTH HOUSES CUT THAT DOWN TO A MERE TEN CENTS PER TON -- AN INCREASE OF ONLY A DIME PER TON IN THE TACONITE TAX, WITH HALF OF IT DEDICATED TO AN ENVIRONMENTAL FUND.

THAT INCREASE STAYED THERE UNTIL THE CLOSING HOURS OF THE SESSION. THEN, AT THE LAST MINUTE, THE LOBBYISTS FOR THE MINING COMPANIES MOVED IN -- AND SUDDENLY EVEN THE DIME WAS TAKEN OUT.

THIS BILL NOW CALLS FOR NO INCREASE AT ALL. THE LOBBYISTS
HAVE DONE THEIR WORK.

AND THE LIQUOR INTERESTS ARE PLEASED WITH THIS BILL.

I CALLED FOR A TWENTY-FIVE PERCENT INCREASE IN THE LIQUOR
TAX. EVEN THE HOUSE WAS WILLING TO GO ALONG WITH A TEN PERCENT
INCREASE. AND THEN, AT THE LAST MOMENT, THERE WAS NO INCREASE
AT ALL IN THE TAX ON LIQUOR.

WHAT SHOULD A GOVERNOR DO WHEN FACED WITH A BILL THAT
WAS WRITTEN UNDER THESE CONDITIONS AND WHICH HAS SO MANY
WEAKNESSES?

IT MIGHT BE WISE POLITICALLY TO ALLOW THE BILL TO BECOME LAW WITHOUT MY SIGNATURE AND CAMPAIGN AGAINST IT.

CERTAINLY THERE IS A RISK IN VETOING IT.

SINCE THE REPUBLICANS CONTROL BOTH HOUSES OF THE LEGISLATURE, THEY MIGHT JUST REPASS THE SAME BILL -- OR A WORSE BILL -- AS WAS THREATENED YESTERDAY BY THE SPEAKER OF THE HOUSE.

BUT WE MUST AVOID THE POLITICAL TEMPTATION AND TAKE THE RISK -- BECAUSE THIS IS A BAD BILL FOR THE PEOPLE OF MINNESOTA.

I CANNOT IN GOOD CONSCIENCE ALLOW IT TO BECOME LAW. AND I WILL NOT.

I AM VETOING THIS TAX BILL TODAY.

I REFUSE TO ADD THE FAILURE OF A GOVERNOR TO THE FAILURE OF THE LEGISLATURE.

IT ISN'T ONLY A TAX BILL THAT I AM VETOING TODAY. IT IS AN APPROACH TO THE PROBLEMS OF OUR PEOPLE. I AM VETOING THE OLD WAY OF DOING THINGS, A WAY THAT NO LONGER WILL BE TOLERATED.

I AM VETOING NOT JUST A BILL, BUT AN APPROACH.

I AM VETOING THE IDEA THAT THE SPECIAL INTERESTS ARE ENTITLED TO WRITE THE PEOPLE'S LAWS.

I AM VETOING THE IDEA THAT PROPERTY TAXES DON'T REALLY HAVE TO BE LOWERED VERY MUCH.

I AM VETOING THE IDEA THAT THE PEOPLE DON'T HAVE TO BE CONSULTED.

I AM VETOING THE IDEA THAT THOSE WITH THE MOST POWER AND WEALTH SHOULD GET THE MOST TAX RELIEF.

I AM VETOING THE ASSUMPTION THAT A LEGISLATURE CAN BE OUT OF TOUCH WITH THE PEOPLE IT WAS ELECTED TO SERVE.

WE MUST CONTINUE THE FIGHT TO REDUCE PROPERTY TAXES ON OUR HOMES, OUR FARMS. WE MUST CONTINUE TO SEEK FAIR FUNDING OF OUR SCHOOLS.

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I AM PLEASED THAT SOME VERY DISTINGUISHED MEN IN CITY AND STATE GOVERNMENT HAVE CHOSEN TO BE HERE TODAY. MANY OF THEM, FROM BOTH POLITICAL PARTIES, HAVE URGED ME TO VETO THIS TAX BILL BECAUSE THEY KNOW IT IS UNFAIR. THE MAYORS OF MANY CITIES, INCLUDING MINNEAPOLIS, ST. PAUL AND DULUTH

ARE PRESENT TODAY, AND I APPRECIATE THE FACT THAT THEY ARE
HERE. I BELIEVE THAT THEIR PRESENCE SIGNIFIES MORE THAN
MERE COURTESY -- IT IS A SIGN THAT IT IS NOT TOO LATE TO
PASS A FAIR TAX BILL FOR MINNESOTA.

THESE MAYORS AND SCHOOL OFFICIALS AND OTHER CIVIC
LEADERS CAN STILL HELP CHANGE THE COURSE OF EVENTS. WE
HAVE A VERY BAD TAX BILL NOW, BUT WE ARE ONLY A FEW VOTES
AWAY FROM HAVING A GOOD TAX BILL! THREE REPUBLICAN VOTES IN THE
HOUSE WOULD HAVE BROUGHT A TAX PLAN I COULD SIGN.

I ASK THOSE OF YOU GATHERED HERE TODAY TO MEET
WITH THE LEGISLATORS FROM YOUR AREAS. I ASK YOU TO HELP US
FIND THE HANDFUL OF VOTES THAT MAKE THE DIFFERENCE BETWEEN
AN UNACCEPTABLE TAX BILL AND A FAIR ONE.

AND I ASK NO LESS OF THE PEOPLE OF MINNESOTA. YOU,
TOO, CAN HELP CHANGE THE OUTCOME OF THIS SESSION. I URGE
YOU TO ASK YOUR LEGISLATOR TO SUPPORT A FAIR TAX BILL.
IF HE VOTED FOR THIS BILL, ASK HIM WHY. AND THEN LET HIM
KNOW WHAT YOU THINK ABOUT HIS VOTE.

THERE ARE MEMBERS OF OUR LEGISLATURE WHO VOTED
FOR THIS TAX BILL, BUT WHO MAY BE PERSUADED TO SUPPORT A BETTER
BILL. YOU CAN MAKE THE DIFFERENCE.

THE SPECIAL INTEREST LOBBIES HAVE ALREADY HAD THEIR SAY. NOW LET US FORM TOGETHER A LOBBY FOR THE PEOPLE, AND WORK TO SEE THAT THAT IS THE ONLY LOBBY WHICH PREVAILS.

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IN POLITICS AND GOVERNMENT, ELECTED OFFICIALS MUST COMPROMISE OR THE SYSTEM SIMPLY WILL NOT WORK. THE MEMBERS OF MY POLITICAL PARTY AND I HAVE TRADITIONALLY OPPOSED THE SALES TAX. IN AN EFFORT TO CREATE AN ATMOSPHERE IN WHICH TAX REFORM COULD BE ACHIEVED, I INDICATED THAT I WOULD SUPPORT A SALES TAX INCREASE IF IT WAS PART OF AN OVERALL PROGRAM TO REDUCE REAL ESTATE TAXES ON YOUR HOMES AND FARMS.

WHEN DFL MEMBERS OF THE LEGISLATURE AND THE DFL GOVERNOR SWALLOWED HARD AND AGREED TO SUPPORT A SALES TAX INCREASE, LADIES AND GENTLEMEN, WE WERE WALKING THE SECOND MILE. WE WERE COMPROMISING IN THE HOPE THAT WE COULD REDUCE THE REAL ESTATE TAXES. BUT WE ARE NOT GOING TO MAKE THAT KIND OF SACRIFICE ON BEHALF OF A BAD BILL THAT TRULY SATISFIES ONLY THE LIQUOR LOBBY, THE IRON ORE INDUSTRY OF MINNESOTA, AND A FEW SPECIAL INTERESTS.

IN ACHIEVING A FAIR TAX BILL, I SEE NO PURPOSE IN ASKING THE ENTIRE LEGISLATURE TO RECONVENE AT A COST OF \$10,000 PER DAY.

I BELIEVE IT IS POSSIBLE TO PREPARE A FAIR TAX BILL AT NO ADDITIONAL EXPENSE TO THE PUBLIC. AND I DO NOT BELIEVE THE JOB NEED TAKE LONG.

I ASK THE LEGISLATIVE LEADERSHIP TODAY TO ESTABLISH A TEN-MEMBER TAX CONFERENCE COMMITTEE. I ASK FOR EQUAL REPRESENTATION FROM THE HOUSE AND SENATE, AND I ASK FOR SIX REPUBLICAN MEMBERS AND FOUR DFL MEMBERS TO BE PICKED BY THEIR OWN CAUCUSES.

AND I ASK THIS CONFERENCE COMMITTEE TO MEET IN PUBLIC AND NOT BEHIND CLOSED DOORS.

I ASK IT TO CONSULT WITH PUBLIC OFFICIALS, WITH REPRESENTATIVES FROM BUSINESS, FROM LABOR, FROM AGRICULTURE, AND FROM EDUCATION. BY THE TIME THIS COMMITTEE IS READY TO WRITE A BILL, IT SHOULD KNOW WHAT THE PEOPLE NEED. IT CANNOT KNOW THAT UNLESS THE PEOPLE ARE CONSULTED -- UNLESS THEY ARE LISTENED TO.

MY OFFICE IS READY TO COOPERATE IN ANY WAY THAT THE TAX CONFERENCE COMMITTEE SEES FIT.

BUT I DO NOT INTEND TO CALL THE LEGISLATURE BACK INTO SESSION AT THIS TIME. I BELIEVE THE CONFERENCE COMMITTEE, WITH CONSULTATION, SHOULD WORK OUT A BILL THAT CAN ACHIEVE

BROAD PUBLIC SUPPORT, THAT CAN BE SUPPORTED ENTHUSIASTICALLY
BY BOTH POLITICAL PARTIES, AND THAT CAN BE SUBJECTED TO
CLOSE AND THOROUGH PUBLIC SCRUTINY.

WHEN THAT WORK IS ACCOMPLISHED, IT SHOULD TAKE NO
MORE THAN A DAY TO PASS A FAIR TAX BILL. AND WHEN THAT
HAPPENS, I WILL SIGN IT.

