



STATE OF MINNESOTA

Office of Governor Mark Dayton

130 State Capitol ♦ 75 Rev. Dr. Martin Luther King Jr. Boulevard ♦ Saint Paul, MN 55155

February 10, 2011

The Honorable Kurt Zellers
Speaker of the House
463 State Office Building
Saint Paul, Minnesota 55155

Dear Mr. Speaker:

I have vetoed and am returning Chapter 1, House File 130, a bill to reduce appropriations and payments for fiscal years 2011 to 2013. My veto is based upon three strong objections.

First, the Minnesota Department of Revenue estimates that your bill would increase property taxes by \$428 million in the next biennium: \$322 million by cutting aid to local governments, and \$106 million by reducing renter refunds for property tax relief.

The property tax is the most regressive and unfair of all state and local taxes. Middle-income families pay four times more a percentage of their incomes in residential property taxes than the wealthiest Minnesotans. Minnesota businesses pay over four times more in property taxes than in the corporate tax. It would be a terrible mistake to target tax increases on the middle-class, on seniors, on lower-income renters, and on small businesses, while largely protecting the wealthiest Minnesotans from paying a fairer share of taxes.

I strongly believe that, unlike your regressive property tax increase contained in this legislation, we must make Minnesota's state and local tax system more progressive.

Secondly, your bill makes inaccurate and undocumented assumptions about the amounts not yet encumbered for this fiscal year. You have not fulfilled your oversight responsibility to determine the purposes for which the unencumbered amounts are intended to be spent. Furthermore, you do not know, or decline to say, what spending reductions you want to make.

Instead, you would abdicate your responsibility to make those difficult spending choices and your power to determine those cuts to an appointed official of the Executive Department. That is both inappropriate and unconstitutional.

Under the Minnesota Constitution, if appropriations for this fiscal year are to be reduced, it is the Legislature's responsibility to identify the changes in legislative priorities, change the appropriations, and pass the laws – subject to the Governor's veto -- to implement those changes.

This separation of powers and this allocation of responsibilities were reaffirmed last year by the Minnesota Supreme Court in its decision overturning Governor Pawlenty's unilateral unallotments, which were also discretionary changes by the Executive Department to state spending.

In that case, the Court construed the unallotment statute to avoid a clash with the doctrine of separation of powers. In his concurring opinion, Justice Alan Page, joined by Justice Paul Anderson, warned that the Constitution does not give the executive "virtually unfettered discretion to decide which funds to cut entirely, which to reduce in some measure, and which to leave fully funded." These decisions, said Justice Page, "inevitably change the legislative priorities established in the properly enacted laws."

I have offered the Legislature's majority leadership the full cooperation of my agency heads to participate with the appropriate oversight committees in identifying appropriations available for reduction. Furthermore, I have adopted the excellent suggestion of Senator Claire Robling and have written all agency heads the attached letter informing them that, given the State's serious financial situation for the next biennium, they must refrain from making any additional fiscal year-end purchases and, instead, cancel any unspent appropriations to the state treasury.

These are the responsible and constitutional means available to the Legislature and the Executive Department to achieve all possible savings for the less than five months remaining in this biennium, and I again offer my full cooperation in doing so lawfully.

Third, I disagree with this legislation's piecemeal approach to resolving the projected deficit for the next biennium. There is nothing to be gained, and much to be lost, by addressing, in this disjointed manner, the projected budget deficit for the biennium that does not begin until July 1.

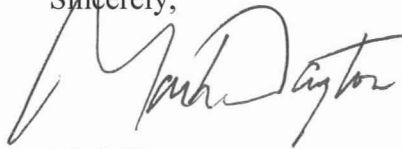
Budget decisions are a reflection of priorities. Your immediate cuts of funds for higher education, human services, and aid to local governments, while increasing property taxes on businesses and middle-income taxpayers, show misguided priorities, which should be reviewed in the context of other alternatives.

That careful and reasoned consideration of all options, and the opportunity for those Minnesotans who will be affected by your decisions to be heard in public meetings of your committees, is the sound intent of the Minnesota Constitution in establishing a five-month legislative session. Your rush to judgment on these matters disregards that proven wisdom.

Almost a year ago today, on February 18, 2010, Governor Pawlenty rejected legislation with these words: "As the state struggles to resolve a \$1.2 billion deficit [for the current biennium], the passage of this legislation is at best premature. Legislation that appropriates significant funds simply cannot be passed in a piecemeal fashion. A comprehensive, balanced budget solution must first be reached." In that respect, Governor Pawlenty was correct.

It is clear we can agree on most of the federal tax conformity provisions for 2010. I will ask the Commissioner of Revenue to work with you to draft a bill for immediate consideration to address federal tax conformity issues to assist Minnesota taxpayers with their 2010 filings.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Dayton". The signature is fluid and cursive, with the first name "Mark" being particularly prominent.

Mark Dayton
Governor

CC:

Senator Michelle L. Fischbach, President of the Senate
Senator Amy T. Koch, Majority Leader
Senator Thomas M. Bakk, Minority Leader
Senator Claire A. Robling
Representative Paul Thissen, Minority Leader
Representative Mary Liz Holberg
The Honorable Mark Ritchie, Secretary of State
Mr. Cal R. Ludeman, Secretary of the Senate
Mr. Albin A. Mathiowetz, Chief Clerk of the House of Representatives