



Earlier today Commissioner of Finance Pam Wheelock and State Economist Tom Stinson provided legislative leadership and the media with May revenue collections and updated economic information.

While the continued trend of revenues below those forecast in February is not a cause for panic, I do take it seriously.

If we had completed our work on time, by May 21st, I would have been willing to continue to rely on the February forecast. However, it is now well past that deadline, and legislation to establish tax and spending for the next biennium is still unresolved.

On January 23rd when I delivered my budget to the legislature, I made it very clear that the budget process must have integrity. Therefore, I was very clear in my budget message that if the February forecast changed the economic conditions upon which my budget was based, I would immediately revise my budget to account for the new data and assure a structurally balanced budget.

I did that then and I believe that it is imperative that we now, more than ever, build strong fiscal responsibility measures into whatever package of tax and spending decisions we adopt.

This includes the agreement to increase the budget reserve by \$31 million each biennium.

It includes a provision to adequately fund the general contingent account at \$3 million each year to better allow us to deal with unanticipated emergencies.

It requires that we stay focused only on the task at hand—the biennial budget for 2002-03—and that we **ABSOLUTELY RESIST** the temptation to start new initiatives either at the end of the this next biennium or the beginning of the following biennium.

And it does not include the passage of constitutional amendments that add additional pressure in the biennium beyond.

Finally, the agreement that legislative leadership is operating under in formulating their tax and spending bills includes a requirement that \$100 million be left on the “bottom line”. Since the latest financial information suggests we may end this fiscal year \$150 million below what we were previously expecting—that suggests our initial estimates for the next two years are already off by \$150 million per year.

I am therefore asking legislative leaders to prepare bills that allow for adjustments to the targets and leave \$300 million dollars unspent and left on the bottom line. That effort, together with an increased budget reserve, should leave sufficient flexibility to fund both state operations and reduce tax burdens for all Minnesotans.

Since this budget debate began I have constantly reminded the people and the legislature that we cannot be reckless spenders.

Consistent in that vein I will continue to be responsible and to meet the challenge of this latest forecast information. Given the difficulty that the legislature has had in agreeing to tax and spending bills I am hopeful that this new development will spur them on to a constructive and successful conclusion.

Even with this new information we can still pass a responsible tax bill that will lower property taxes for everyone in Minnesota, reform property taxes by abolishing the general education levy and implement the other provisions of the May 25th agreement.

And it is with this goal in mind that I will call a special session for Monday, June 11.

It is my expectation that the legislature will pass a tax bill and omnibus appropriation bill on Monday. Passing those bills will narrowly meet the deadline for state and county governments to implement property tax relief and reform in an accurate, timely fashion.

Because the legislature has failed to act up to now, I feel that I must call them into session. This process has gone on too long and is now dangerously close to causing a government shutdown. If the legislature does not act next week, the state will soon have to begin to expend tax dollars to prepare for a government shutdown on July 1.

I don't think that the legislature should be playing this game of chicken.

It is difficult for me—and I'm sure for the people of Minnesota—to understand why this could not have been done in the five months of the regular session and why, even three weeks later, some legislative leaders have little enthusiasm for resolution.

There is no excuse for any further delay. We are all elected to make decisions based on the best information available at the time and to avoid that responsibility is unfair to the people who elected us.

In the last three weeks I have done everything I can—the ball is now in the legislative court and the clock is ticking. We can do this and we can do it responsibly.

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