



STATE OF MINNESOTA

Office of Governor Tim Pawlenty

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

May 11, 2009

Senator Larry Pogemiller
Senate Majority Leader
235 State Capitol
St. Paul, MN 55155

Representative Margaret Anderson Kelliher
Speaker of the House
463 State Office Building
St. Paul, Minnesota 55155

Dear Majority Leader Pogemiller and Speaker Kelliher:

As we enter the final week of the 2009 legislative session, my Administration is committed to working with you to sign into law a budget that will position Minnesota for future success.

My budget proposal was presented to the legislature in January, with revisions in March following the updated economic forecast and the passage of the federal stimulus bill. The legislature has had the opportunity to consider and debate the ideas outlined in that proposal for several months.

In the spirit of compromise, I offer the following ideas to help facilitate an agreement:

- **Significantly Reduce the use of appropriation bonds.** You have raised concerns regarding the utilization of approximately one-half of annual tobacco revenues to the state. Similar proposals have been used by approximately 16 other states. Under my budget, this would have raised \$986 million to pay debt service obligation in FY 2010-11. While not ideal, I believe this approach is significantly better than the Senate's proposal to dramatically cut K-12 education or the House's proposal to shift school K-12 payments by the largest amount in state history. Nonetheless, I am willing to reduce the amount of the appropriation bonds used in the budget solution by 50 percent.
- **Accept Senate position regarding budget reserve.** The Senate DFL budget proposal does not provide funding for the state budget reserve. I

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requested \$250 million in reserves. I am reluctantly willing to agree with the Senate position.

- **Move towards House position regarding K-12 education funding timing.** Even though the DFL has criticized my budget for some one-time solutions, the DFL majority in the House proposes the largest K-12 education payment shift in state history. The House budget proposal would shift approximately \$1.8 billion in K-12 education funding from the FY 2010-11 budget period to future budgets. I am willing to move towards the House position in the interest of compromise.

The proposals noted above would generate \$1 billion which is the level of funding included in the vetoed tax bill.

While I offer these ideas in the spirit of compromise, I want to be clear that I will continue to oppose tax increases. Minnesota is already a highly-taxed state. The people of Minnesota are taxed enough. We should also stay focused on holding taxes down so employers can grow jobs and help us recover from the recession.

As you know, we have much important work left to do. The remaining budget bills, including Health and Human Services and K-12 education, contain more than 85 percent of all state spending. Completing these bills will be a tremendous challenge. I look forward to working with you to reach a positive conclusion to this legislative session.

Sincerely,



Tim Pawlenty
Governor

cc: Senator David Senjem, Senate Minority Leader
Representative Marty Seifert, House Minority Leader
Members of the Minnesota State Senate
Members of the Minnesota State House of Representatives