

FCS MONDAY MORNING

Legislative Update

March 23, 2009

IT'S A NUMBERS GAME, NOW... Following Senate, Governor and House Roll Out Budget Proposals

After the Minnesota Senate rolled out its plan for balancing the state's troubled budget, the Governor and the Minnesota House followed suit with their own proposals, last week.

Since the November budget projection was presented, the state's revenue deficit has grown to over \$6 billion. The "good news," however, is that Minnesotans can count on nearly \$2.6 billion in federal stimulus relief. Therefore, to balance the state budget, lawmakers must come up with \$4.57 billion in cuts, shifts of new revenue.

On Tuesday (3/17), Governor Pawlenty revised his original budget proposal by reducing the cuts to education and the courts that he suggested in his original proposal. He continued his press for "no new taxes" but, retained the idea of using one-time money from the sale of "tobacco appropriation bonds" to balance the budget in this biennium. For details of the Governor's proposal, link to [Governor's Budget Proposal](#).

The House criticized the Governor's budget as being "unrealistic" and responded on Thursday (3/19) with their own proposal which they claimed would balance the state's budget over the next four years and "prioritize" reductions to programs in ways that were more fair than those suggested by Pawlenty. The proposal is short on details but would protect education from cuts while calling for \$1.5 billion in new revenues. It would, however, rely on a "shift" in payments to local schools. Where the new money comes from has been left to the House Tax Committee to propose.

Further details of the House plan can be found at [House Budget Plan](#).

Earlier the Senate proposed raising revenues by nearly \$2 billion and "sharing the pain" through an across-the-board reduction of 7% in all state spending, including education. That resulted in harsh criticism from Minnesota education unions, criticism that House Democrats obviously hoped to avoid.

With battle lines now drawn, the work on fine tuning the various proposals get serious. Spending committees in both bodies will be working in earnest to get their segments of the state budget in order by April 16 - the self-imposed legislative deadline for appropriation bills to be completed. Meanwhile, the tax committee will be looking for new revenue sources, always a tricky game even in the best of times.

HOUSE TAX COMMITTEE TAKES ITS TURN AT REVIEWING GREEN ACRES Over a Dozen Proposals Offered to "Fix the Fix"

On Tuesday (3/17), the Property Tax Division of the House Tax Committee listened to nearly 5 hours of public input on more than a dozen bills dealing with ways to "fix the Green Acres fix" that adopted, last year. From an outright repeal of last year's changes to more modest updates in the program, a host of legislators brought their proposals and their constituents before the committee to voice the outcry that has been heard since last fall.

Most of the proposals would attempt to turn the clock back by allowing landowners in the Green Acres program to continue receiving a property tax reduction without making changes in the character of their property. In the future, property owners who exited the program by selling their property would have to pay three year's back-taxes, rather than the seven years not required under the 2008 changes. In addition, if the property were sold to a relative, the tax reductions allowed under Green Acres would continue.

The committee did not take action on any of the bills however, most of those who testified encouraged lawmakers to enact changes soon so as to allow time for the public to make better informed decisions than was the case, last year.

A comparison of the 4 various Green Acres reform bills can be found by linking to [Green Acres is the Place to be.](#)

FEDERAL STIMULUS DOLLARS START FLOWING TO RURAL AREAS Fifty-three City/County Projects Identified for Economic Stimulus Funding

On Thursday (3/12), MnDOT today announced city and county road and bridge projects in Greater Minnesota that will be fast-forwarded with transportation funding from the federal economic stimulus package.

The \$75 million in projects include 22 road projects, 22 bridge projects and several state and local partnership projects.

These city and county projects are in addition to the 60 state highway projects announced by Governor Pawlenty and Transportation Commissioner Tom Sorel in February. Using federal stimulus funds, the state projects are slated to begin construction in Greater Minnesota as early as this spring and total \$180 million.

"MnDOT worked closely with our local partners to select a balanced package of projects to create jobs and improve transportation for Minnesota citizens," said Transportation Commissioner Tom Sorel. "This cooperation is important so that projects that require state and local shared funds can be staged and coordinated properly."

The projects may be advertised by local governments and contractors selected as early as April 2009.

Partnership projects include resurfacing Interstate 90 and County Road 46 in Freeborn County. Local improvements include a new alignment of an urban four-lane roadway in Waite Park, replacement of a three-span bridge in Aitken County and construction of a new interchange and elimination of an at-grade railroad crossing near Mankato.

A list of the projects is available on MnDOT's Web site at <http://www.dot.state.mn.us/federalrecovery/local.html>.

"Mn/DOT's State Aid Office will work with local governments to ensure that Minnesota's share of the federal stimulus funds is used efficiently and effectively on shovel-ready transportation projects around the state," said Sorel. "We are optimistic that Minnesota will meet the required federal deadlines and we appreciate the support of our local partners and stakeholders."

The Federal Highway Administration estimates that the Greater Minnesota state and local projects will create approximately 5,000 jobs. Projects in the Twin Cities Metro area are still being finalized and will be announced later this month.

More information is available on Mn/DOT's Federal Recovery Web site at <http://www.dot.state.mn.us/federalrecovery>.