March 28, 2011

The Honorable Kurt Zellers  
Speaker of the House  
463 State Office Building  
100 Rev. Dr. Martin Luther King, Jr. Blvd.  
St. Paul, Minnesota 55155

Senator Amy T. Koch  
Majority Leader, Minnesota Senate  
208 Capitol  
75 Rev. Dr. Martin Luther King, Jr. Blvd.  
St. Paul, Minnesota 55155

Dear Speaker Zellers and Leader Koch:

At our bi-weekly breakfast last Tuesday, we discussed briefly the protocol we would follow to discuss and agree upon a balanced state budget for the 2012-13 biennium. After further consideration, I would outline a framework for those discussions.

I will begin formal negotiations with you or your representatives on bills with significant revenue or expenditure implications after both the House and the Senate have passed the conference reports. At that point you will have one legislative position established, with which to compare my position as set forth in my final budget proposal.

Furthermore, except for small expenditures that might mirror my proposed budget, I will not agree to any bills containing revenue increases, reductions, or expenditures, until after the Legislature has established and decided upon one complete, comprehensive, and balanced budget for the 2012-13 biennium, either through the passage of all relevant conference reports or some other definitive mechanism. I will not favorably consider a single budget bill without knowing its relationship to a complete and balanced budget solution.

A complete, comprehensive, and balanced budget for the next biennium was required of me, when I submitted my final budget to you. I believe it is essential that the Legislature meet the same requirement, as a necessary precondition before we begin to negotiate a final budget resolution.
I am very concerned, Speaker Zellers, by the comments that you and other legislators made last week about your disregard for the fiscal notes being prepared by the Department of Management and Budget. MPR quoted you as saying that “in some cases, the GOP majority doesn't trust the analysis being put forward by state agencies now controlled by the governor. ‘I'm not surprised that the people who do not want to do this came back with a fiscal note that is not supportive of the cause,’ (you) said.”

The MPR report cites former Republican Speaker of the House David Jennings, who said “fiscal notes have been a fact of life as long as he's been around the legislative process. ‘The numbers have to come from somewhere,’ Jennings said. ‘The understanding among and between the Legislature was that they would rely on the department of finance's numbers and everybody would agree that those are the numbers we're going to use.’”

MMB Commissioner James Schowalter says in the same report that he never sees the fiscal notes before they are released and has no say in the analysis. He also said “14 members of his staff assemble the notes for the Legislature after working with experts in the different state agencies.” Moreover, this process is built on the constructive, non-partisan input and review by legislative fiscal staff.

As I said to both of you at our last breakfast, I have instructed the Commissioner of the Department of Management and Budget and the Commissioner of the Department of Revenue to work with legislative fiscal staff to ensure that their agencies’ fiscal notes and other analyses, both before our final discussions begin and throughout those negotiations, must provide all of us with the same honest, unbiased, and impartial analyses of all our proposals.

In return, they must be accepted by all parties as the official arbiters of the revenues and expenditures resulting from our respective proposals. Otherwise, there will be no objective basis for our reaching final agreement upon an honestly and accurately balanced biennial budget, as the Minnesota Constitution requires of us.

Given those remarks, I will not begin final negotiations with you or your representatives, until I have been assured by you that you are willing to accept the Departments of Management and Budget and Revenue as the official and final arbiters of our respective expenditure and revenue proposals and our final agreements. Nor will I begin final negotiations with you, until those two agencies have reviewed and concurred with you that your budget proposals and conference reports contain verifiable and accurate expenditure and revenue assumptions and projections.
Finally, I invite you to initiate a genuine and long-overdue reform to the legislative process by removing all extraneous policy items from your appropriations and tax bills. Governor Pawlenty properly opposed this practice of inserting policy matters into revenue and expenditure bills, and I concur with his position on this matter.

We have already negotiated successfully, and I have signed into law, important policy legislation such as the Streamlining of Permitting, Alternative Licensure, and the Protection of Police Canines. They should serve as models for how we can work constructively together to reach bi-partisan accords.

However, I want to serve notice now, with almost two months remaining until your adjournment, that I will not sign revenue or expenditure bills that include policies, to which I have not agreed, which I oppose, and which should be passed and presented to me as separate legislation. If I reject those items, and therefore the bills containing them have to be returned for separate passage, those delays will be the Legislature’s responsibility, not mine.

Sincerely,

Mark Dayton
Governor