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GOVERNOR RUDY PERPICH

**A Message To The Reconvened
70th Session Of The
Minnesota State Legislature
And The Citizens Of Minnesota**

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STATE OF MINNESOTA

January 24, 1978

A MESSAGE TO THE LEGISLATURE
GOVERNOR RUDY PERPICH

Mr. Chief Justice, Associate Justices, Mr. President,
Mr. Speaker, Members of the 70th Minnesota Legislature, fellow
constitutional officers, distinguished guests, good friends
and fellow citizens:

I warmly welcome this opportunity to speak to the
legislature and to the people of Minnesota.

We have been through a sad and difficult period.
Senator Humphrey has come home for the last time, to rest in
the state he deeply loved. We can best honor his memory by
striving even harder to achieve the humanitarian goals to which
his brilliant lifetime was dedicated.

Last January, when I first appeared before you as
Governor I promised that I would work hard for our people and
respond with compassion and imagination to their needs.

Since then, I have gained much experience and I hope, some new wisdom and fresh insight.

For 12 months, my administration has worked hard to open all of the decision-making processes of government to our people. We have sought the public's assistance in developing a broad range of programs and policies which directly affect the quality of their lives.

I consider our emphasis on openness in government the most important contribution my administration has made to Minnesota government. It will be difficult for any future administration to close its doors to the public or to ignore the priorities of the people.

At a number of critical times during the year, the public's involvement was essential in helping to resolve the crises with which we were confronted.

Last January 18, if you recall, the Executive Council declared the first energy emergency in Minnesota history. We were then in the midst of an energy scarcity made even more severe by the coldest early winter in 100 years.

This legislature quickly passed legislation to enable us to put our emergency plans into action.

It was not always easy for our citizens to accept the personal hardships that our energy shortages imposed. But given access to all the facts, they responded with that very special Minnesota spirit that distinguishes our state in times of crisis.

Because of their tremendous voluntary conservation efforts, we were able to escape the massive shutdowns and loss of jobs which were plaguing other states.

Together, we successfully managed to weather our first crisis of 1977.

The year also saw further resolution of the Reserve Mining case, an issue in which a great many individuals have had long and deep involvement.

Even before I became Governor, I was engaged in the struggle to halt the dumping of taconite tailings into Lake Superior. The state was involved in years of litigation to protect both the health of our people and the natural environment from the effects of such dumping.

Last April, the Supreme Court rendered its long-awaited decision in the Reserve case. Quite frankly, their selection of milepost 7 for an on-land disposal site was not my first choice. But I directed the appropriate agencies of state government to move quickly to accept and implement this decision.

The Supreme Court decision in this case may not have satisfied all of us.

But this case points out once again that in our democracy, there is a system of law to resolve disputes.

If democracy is to endure, our respect for law must also endure.

That is what is now at the heart of the present power line controversy.

No issue has taken more of my time.

The parties to this dispute have had the fullest access to our entire political system - to the Governor, to our state agencies, to the legislature and to the courts.

Let me review some of our efforts to resolve this dispute because I am proud of them and because I am confident that state government has demonstrated its ability to act responsively and responsibly in this matter.

Almost as soon as I became Governor, I visited with a number of the affected land-owners in Pope and Grant Counties.

I met with representatives of the power cooperatives.

I met with leaders of this legislature to urge that public hearings be held on the powerline issue.

The legislature was most responsive. Those hearings were held.

You then passed a bill which I signed into law last June responding in eight separate ways to the concerns the land owners expressed at the hearings.

Your bill substantially increased the compensation paid to owners of lands crossed by power lines.

Land-owners, including those affected by the present power line, may now chose 10 annual payments with eight percent interest instead of one lump sum payment.

An annual payment will also be made by the utilities to all owners of land crossed by a line in addition to the tax they now pay to the county.

The owner of a farm or homestead property to be crossed by a future powerline may require the utility to purchase the entire property, not just the right of way.

And in the routing process, no longer will state-owned wildlife lands receive priority over agricultural lands.

In addition to this legislation, we have taken other steps to respond to the land-owners' concerns.

The State Department of Health has reviewed all of the known research relating to the health and safety issues involved and will be monitoring for ozone levels along the line.

The case has been heard in the courts of our state.

The Minnesota Supreme Court, the highest court in our state, has affirmed that proper procedures were followed in routing the power line. It has authorized continuation of its construction.

We have employed a professional mediator in an attempt to bring the sides together.

We have secured funding from the Ford Foundation for a Science Court, which I propose to publicly re-examine all of the health and safety concerns of the land-owners.

I think it is clear that all of government has worked hard to be responsive. We have willingly -- all of us -- gone the extra mile to act with justice and humane concern for the rights of all parties.

I still regard the Science Court as the best mechanism for resolving this controversy. I again call on all parties to join with us to make the Science Court a reality.

I am confident that if we apply to the powerline issue the same cooperative spirit with which we have met all of Minnesota's other crises, it too will be resolved successfully.

As a further extension of openness in government, we have also developed an open appointments process. Through this process, it is my intention to make government as representative as possible of all of the groups who comprise our society.

Our Appointments Commission has received applications from nearly 2,000 Minnesota citizens.

Many were encouraged to apply because they felt for the first time they had a chance to compete on a fair and equal basis.

I am proud to have appointed a substantial number of women and minority group members to boards, commissions and key posts in government where they have never served before.

In the coming year, we will do even better.

Too often in the past, there has been good reason to regard affirmative action hiring and promotion efforts merely as tokenism.

But our State Commissioners have been instructed to engage in an all-out effort to increase job opportunities for those now under-represented. A successful affirmative action program will add a fresh, welcome and needed dimension to the conduct of the state's business.

For the 1978 legislative session, you will be pleased to know that I propose no lengthy legislative agenda for your consideration.

I know you are eager to make this a short and productive session. I will do all that I can to help you reach this objective.

You may remember when I addressed you last year I said:

"The time is coming when governors and legislators will no longer be judged on the number of their new proposals or their success in passing them.

"Instead the test will be our wisdom and skill in making present laws work for our people."

This is more true today.

You have enacted an impressive body of laws to meet the needs of our people.

Now it is up to us to make these laws work as they were intended -- to provide the best possible service to the people of Minnesota at the lowest possible cost.

My own efforts this year will be concentrated on working to improve the management of state government.

Nothing will strengthen the people's faith in government and their elected officials more than a responsive, cooperative and well-managed administration.

We have made a strong beginning towards this with the aid of our new Task Force on Waste and Mismanagement. It has helped us to find new ways to cut government expenditures and save millions of dollars annually.

We are reducing our inventories and disposing of our surplus and obsolete assets.

We are cutting back on long distance phone calls, out-of-state travel and state-sponsored meetings.

We have saved many thousands of dollars by cancelling a number of periodical subscriptions.

We are reducing the size of the state automobile fleet. We shall only purchase more economical vehicles offering better gas mileage and lower maintenance costs.

In this time of inflation and rising costs, these savings will help us maintain needed programs and services.

Since I have been Governor we have not purchased a single filing cabinet. This is helping us to make excellent progress towards our goal of a 30 percent reduction in the number of our government forms. And we are finally beginning to translate them into English!

There is also good news about the state's economy. Basically, our economy is sound.

If it were not for the plight of Minnesota's farmers we would have good reason to begin this year in an optimistic mood.

I hope shortly to speak with President Carter about our great fear for the future of farm families throughout the midwest.

It is tragic that our farmers -- who do so much to lessen hunger in the world -- are so poorly rewarded for their labors.

Still, our great economic diversity as a state justifies a bright economic outlook for the state as a whole.

Throughout the 1970s, Minnesota's non-agricultural job growth has exceeded that of the nation.

Minneapolis - St. Paul is now the 11th largest non-agricultural employment area in the nation. Of the 25 largest employment areas in the United States, it is the only area outside of the sunbelt states to have an employment growth above the national average.

Minnesota's retail and manufacturing sales, in the current year, have been running ahead of the national average.

This is also true for our personal income.

Our rate of unemployment continues well below the national average.

But sometimes figures can conceal almost as much as they reveal. To think of the unemployed only in terms of percentages is to forget that thousands of individuals in Minnesota are out of work.

I can still remember how when I was a boy, everything seemed to stop when my father couldn't find work. The same situation still prevails in many, many homes throughout our state today.

This is why despite our encouraging economic advances in Minnesota, we still need more jobs -- decent, meaningful jobs -- that will give all of our people the security, the dignity and the freedom which comes from being employed.

In discussing a strengthened jobs climate, it is important to recognize that we in Minnesota have done well in bringing more jobs to our state.

We have done so despite the handicap of our weather, our distance from most major markets, and the fact that we are at the end of the energy pipe line.

The reason for our success is to be found in the productivity and the positive attitude of our people.

Minnesota possesses a highly motivated, well trained and educated labor force. Labor and government have an excellent working partnership.

Minnesota's business community has also shown great willingness to cooperate in solving the state's most pressing problems. We will count on their aid again to provide greater numbers of jobs for our citizens.

This legislature too has helped to foster a favorable jobs climate with the passage of much excellent legislation.

But there is still more we can do. Let me suggest some immediate actions for your consideration.

-- I am recommending an appropriation this session of \$840,000 to help attract many more visitors to our state and spur the growth of the tourist/travel industry throughout Minnesota.

Our tourist industry is already one of the largest and most important industries in our state. It has a tremendous potential for creating new jobs, new businesses and increased tax revenues. Increased tourism can be especially helpful to many of our smaller communities whose economies are largely dependent on such business.

-- We can also begin construction on many authorized projects earlier so that workers can be hired faster. We have already begun to cut down on the time required for environmental impact statements and on the burdensome paper work that delays construction.

-- We must remove barriers to greater employment by making our buildings more accessible to the handicapped. I hope we will greatly accelerate the pace at which this is now proceeding.

-- Many of our largest employers are high technology companies. It is especially important to our economic future that we encourage the research and the technology necessary to spark the growth of more such science-oriented firms.

These firms can supply many of the answers to our vital energy and environmental needs. From their creativity will come tomorrow's jobs.

I am therefore recommending planning money for a new civil and mineral engineering building at the University of Minnesota. This facility, to be part of the Institute of Technology, will be built underground, making it a conservation model for the nation.

Its graduates can help to provide a continuous flow of the creative ideas and advanced technology we are seeking for Minnesota.

Each one of us too can do a great deal on our own to improve the jobs climate in Minnesota.

If we all work just a little bit harder, do our jobs just a little bit better, we will demonstrate that our system can indeed do whatever is necessary so that full employment can thrive.

Our success will depend upon:

--the teacher who stays after school to help a student;

--the business that pioneers in the development of new products and services;

--the worker who finishes a task a little better or a little faster;

--the employer who hires the handicapped person or the recovering alcoholic;

--the organization that fully utilizes the talents of women and minority members.

If we are to be a truly successful society, we must also act now to preserve our state's most precious resource - our Minnesota Families. They are now undergoing a transition greater than at any time in our history.

Marriages end in divorce in the United States more often than anywhere else in the world.

In the past ten years, the divorce rate has doubled. The rise in the number of single-parent families has been particularly notable. As of 1975, Minnesota had 70,000 single-parent families.

Already, 162,000 Minnesota children under age 18 are living in such households.

Of every ten children born in this decade, four are expected to spend part of their childhood in a one-parent household.

It is facts like these that we will explore at the first Minnesota Governor's Conference on Families which will be held this May.

My own view is that many of our public policies do not serve the changing needs of Minnesota's families. They may in fact actually be weakening the family structure.

I am concerned that households headed by women have especially low incomes. At all educational levels, women throughout the nation are still earning an average of nearly 40 percent less than their male counterparts. We need to remedy this inequity.

We can also develop greater job opportunities for working parents of school-age youngsters through programs which permit job-sharing and more flexible schedules.

And families should not be needlessly uprooted or separated. We can seek an end to job transfer policies which thoughtlessly ignore the school year and strong community ties.

The recommendations coming out of our conference will be presented at the 1979 White House Conference on Families. And I am certain Minnesota once again will receive national recognition for the excellence of its contributions.

For this legislative session, I have one chief priority - a reduction in the state's income tax.

It is important to our people and our economy.

There is general agreement that our state's fiscal management is excellent.

Our budget is balanced. We pay as we go. Our credit rating is triple-A, the highest rating a state can obtain.

I am proud of this record and I want to preserve it.

I also recognize that governments need to set money aside for unanticipated needs. It makes good sense to keep some money in reserve.

But we expect a substantial surplus at the end of this biennium.

I believe that any excess funds, beyond a prudent reserve, should be used to reduce taxes.

We all worked hard last year planning our state budget. We allocated our resources carefully. I see no need to begin any costly new programs.

If I thought for one moment, we would have to lower the quality of the services we now provide, I would not stand here advocating that we lower taxes in Minnesota.

If I thought it would jeopardize the economic health of our state, I assure you, I would not now ask you for a tax reduction.

But we can afford a tax cut at this time. We do have more revenues than we anticipated last year. We are finding sound ways to save money and operate government with greater efficiency.

In addition, tax reductions at this time will spur our economy and improve Minnesota's image as a good place to do business.

Last year at this time, I indicated my desire to see the individual income tax in Minnesota both reduced and simplified.

However, shortly after the legislative session began, it became clear that local property taxes would increase substantially unless additional state resources were used to prevent this from happening.

I therefore joined you in responding to the impending property tax crisis and deferred my own income tax proposals.

Minnesota's tax legislation last year continued the trend of recent years toward reducing reliance on the property tax as a means of financing the costs of local schools, counties, cities and towns.

As a result, most property taxes will not be going up this year. In fact, most homeowners will pay lower property taxes this year than they paid last year.

Ramsey County tax officials predict property tax reductions ranging from 4 to 11 percent for St. Paul homeowners.

Also, because of changes in the law last year, most Minnesotans will be receiving bigger refunds this year through the state's property tax refund program known as the circuit breaker.

Our relative national property tax ranking has been declining steadily. In 1967, Minnesota ranked 11th highest in the nation in property taxes paid per person. In 1975, we dropped to 22nd.

In the fiscal year ending July 1, 1976, Minnesota dropped again from 22nd to 24th.

In that same period we dropped in all tax areas-- from 35th to 36th in sales taxes; from 3rd to 4th in individual income taxes; and from 4th to 6th in corporate income taxes.

Are you aware that we now pay lower sales and property taxes per person than the national average? These signs are encouraging - especially in view of our sound economy and our balanced budget.

But I think we can do better. And now is the time to do it.

I am particularly concerned that Minnesota still ranks number one in certain income levels of the individual income tax.

My income tax proposals this year are designed to change our number one status where possible, to provide some degree of relief to all taxpayers.

In addition, I am asking you to provide some additional tax relief for business in our state.

There has already been much discussion of the amount of the balance anticipated in the State Treasury at the end of the biennium.

Making revenue projections is exceedingly difficult but based on the best available information, I am proposing a program for tax reductions amounting to \$102.9 million.

I am making these proposals in a cooperative spirit and I want again to express my desire to work with you to refine the elements of these proposals.

Today I would like to present the essentials of my tax proposals to you in priority order.

I am confident we can afford to enact all of them in this session.

My highest priority is to expand the existing low income or working poor tax credit from the current maximum of \$7800 for a married person with four dependents to a new maximum of \$8900.

My proposal will extend this credit to another 100,000 taxpayers and provide seven million dollars in relief in the biennium.

Next, I am proposing a permanent reduction of the income tax rates which will provide \$82 million in income tax relief during the biennium. Almost all taxpayers will receive some benefits.

After many hours of considering almost every option available to us, I have determined that this proposal, which spreads the relief over a broad base of income and family situations, is the fairest for most Minnesotans. It would remove us from 11 of the 17 categories in which Minnesota's income tax liabilities are now the highest in the nation.

My third recommendation is to take the final step in the phase-out of the employers' payroll tax. Already we have eliminated this tax on firms with payrolls up to \$250,000.

Removing this burden at a cost of \$11.2 million for the biennium will improve the business climate and help to create more jobs.

I am also proposing a measure to simplify our Minnesota itemized deductions for our taxpayers. I have allowed \$1.6 million for this purpose.

My final recommendation is to remove the sales tax on news print and ink. This tax is not consistent with our overall policy which exempts from the sales tax materials which are used in production. The cost of this would be \$1.1 million for the biennium.

In the year ahead, as Governor, I intend to work as hard as I can because I have goals for Minnesota.

I would like to see Minnesota become a model among the states as a place where people matter -- a place where the communication between the people and their leaders is so open and so frequently exercised that the government really is the people.

I would like to see Minnesota as a place where people will have their faith restored in the political process and in a government that is a model in its management of the state's affairs.

I see Minnesota as a place where state employees take pride in their work and where creative, innovative and efficient programs to improve the security and wellbeing of our people are developed and copied by other states.

I want Minnesota to show the rest of the country the essential, important role state and local governments must perform in our nation.

I have every confidence that the people of the state and members of this legislature will join me in these undertakings so that all of us can continue to improve and share in the good life here in Minnesota.

Have a good session -- and please remember that the door to the Governor's office is especially wide open at all times to each of you.

Thank you very much.