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GOVERNOR ALBERT H. QUIE

State of the State Address

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1982 State of the State Address

State of Minnesota

Governor Albert H. Quie

Mr. President, Mr. Speaker, Mr. Chief Justice, Associate Justices,
Members of the 72nd State Legislature, Fellow Constitutional Officers, Governors,
distinguished guests, friends and fellow Minnesotans:

We know that the national economy is struggling. And because of this,
we know that Minnesota's economy is struggling.

But we also know that we will rebound from these difficulties and that we will
be stronger for them. This is as certain as our people's strength and our land's
abundance.

Just as certain is the fact that government will not be the same in the
future as it's been in the past.

In part because of current economic problems; in part because of economic
problems that may persist; but in largest part because of winds that awaken the
nation, the role state government plays will be different.

It will be more trusting.

The roles local government, families, individuals and the private sector
will play will be different too.

They will be larger.

These changes will be good for Minnesota and for our nation.

I want to talk this afternoon about these changing roles and my proposals and ideas for enhancing them in the next year, the next five years and the years beyond. These changes have been spurred, nationally and at home, by millions of votes and millions of voices.

Why do we face our current economic problems? Members of both parties don't agree on every point, but there is uniform agreement on the major cause: a national recession that is hurting 33 states in the same way it's hurting Minnesota.

But there are additional factors causing our projected budget shortfall.

Farm income is down significantly, reducing tax revenues, depressing farm communities and hurting farm families.

And state government has assumed too many obligations.

We must change the current arrangement so that local communities have a greater chance to run their own affairs, free of state intrusion.

We must look to the future realistically and responsibly.

We must change our policies so that we avoid, as much as possible, again having to make the terribly painful and disruptive choices that we must make now.

But more than a change in policy, we need a change in attitude.

Americans have come to realize, in a relatively short period, the real limits on our energy resources and the need to conserve them. In the same way that wasting energy was second nature to many of us a few years ago, saving energy is now instinctive.

We must develop the same responsible attitude toward government and its capacity. Only in this way can we plan wisely.

The times demand that we do better in providing public services. The men and women who carry out these services do a commendable, often excellent job. And our public institutions are not without cause for praise. We must not fall into the trap of criticizing, never nurturing them.

But the fact remains that government has grown too big and too expensive and we must look for new ways of serving the public; new ways that meet our responsibilities as a caring people; but ways that halt the prohibitive rise in the cost of government.

We can find new ways.

The proposals I will make to the 1982 Legislature are in six major areas:

(1) Because jobs mean individual dignity and economic health, I will propose steps to improve the capacity of Minnesota's private sector to create good jobs;

(2) because we must increase equity and local responsibility in education, I will propose improvements in the way in which we fund our schools;

(3) because we must strengthen the relationship people have with local government, I will propose reforms in the financial relationship between the state and local units of government;

(4) because we must show greater trust in the wisdom and compassion of local officials, I will propose elimination of stifling state mandates and regulations;

(5) because we must find less disruptive ways of settling our public labor-management disputes, I will propose changes in the Public Employees Labor Relations Act (PELRA) so that the public is better protected; and

(6) because drinking drivers are killing innocent people, as well as themselves, I will propose a stronger program to end this utterly senseless carnage by getting them off the road.

Let me describe these initiatives in greater detail.

First, I will propose legislation that will mean more jobs for Minnesotans.

Jobs, jobs, jobs. They are what we must have or else everything falls apart: Individual lives are pained, families break apart and the economy collapses. I'm determined that we do all we can to assure a good future for Minnesota's working men and women.

I propose that we lift the burden that we have heaped on the private sector so that we free the creativity and industry of our people. My program for improving our job climate includes the following points:

--We must bring our workers' compensation system into competitive posture with those of our neighboring states. This can only be done through substantial change in the benefit provisions of Minnesota's workers' compensation law. The report, presented to the Legislature yesterday by Insurance Commissioner Michael Markman, recommends this change as the only way to bring our system into line with those of neighboring states. We must control costs for employers while fully maintaining a workers' compensation system that provides adequate benefits paid promptly and equitably to men and women injured on the job.

--We must improve our unemployment compensation system so that it doesn't run a deficit--as it now does, and so that it doesn't have to borrow from the federal government--as it has done for years. Our current system is forced to do this despite the fact that our unemployment rate is significantly lower than the national average. My proposal will lead to a solvent trust fund, a more equitable distribution of costs based on the direct experience of employers and assurance that workers who lose their jobs are treated fairly. The proposal will also encourage unemployed workers to obtain suitable employment as soon as possible.

Several points in my job climate proposal call for eliminating obstacles to job growth found in Minnesota's tax system. Changes would take effect in the next biennium.

--We must recognize the importance of small business in the creation of new jobs. Toward this end, I recommend that we reduce the corporate tax rate to 6 percent on the first \$100,000 of income.

--We must reduce commercial-industrial property taxes. I will recommend that the first \$50,000 of commercial-industrial market value be assessed at a reduced rate of 30 percent. Twenty-five percent of commercial-industrial property in the metropolitan area, and about 40 percent of such property in nonmetropolitan areas of Minnesota, have market values below \$50,000.

--And we must bring three additional taxes into conformity with federal schedules: Capital gains taxes, estate taxes, and depreciation rates.

I will also recommend two initiatives that recognize the important role played by high technology in Minnesota's future, and the increasingly important role that must be played by the private sector in helping meet community and human needs.

--I will propose a challenge grant program that will meet, dollar for dollar, private contributions to three research centers at the University of Minnesota's Institute of Technology. These are the Microelectronics Center, the Productivity Center and the Biotechnology Center.

--I will further propose a corporate social responsibility tax credit. This credit will encourage businesses to help neighborhood and other nonprofit organizations.

This total program will help keep Minnesota competitive with other states as it will get rid of serious obstacles to job growth. Let me make this last point clear: The goal behind this program is not just to get businesses to relocate in Minnesota. Research shows this kind of approach doesn't work well. Rather, the goal is to make certain that we don't have unnecessary disincentives to businesses starting here, coming here, growing here and staying here.

To fund this job climate program I will recommend that the 1 percent increase in the sales tax, that was passed last spring, be continued beyond its scheduled 1983 termination.

For my second initiative, I will propose legislation to significantly reform the basic funding formula for Minnesota school districts in order to assure greater equity and local discretion.

Our current system of school finance is not working well. It does not achieve the equity in educational opportunity that was hoped for when the program was put in place in 1971. Moreover, the current system limits local discretion too much.

I assure you that greater local discretion and improved equity are compatible goals.

In place of the grandfather revenue, declining enrollment revenue and the discretionary revenue programs, I will recommend legislation that will authorize local boards to obtain up to \$400 per pupil unit in additional equalized revenue. This will be above the basic equalized foundation allowance. Besides this, school boards would be able to levy above this total if they chose.

The decision about what level of revenue to seek would be that of school boards--not the state.

I will propose that this new program be phased in over three years, starting with the 1983-84 school year.

I also will propose a program to eliminate as many mandates and regulations as possible. This will apply not only to schools, but to other programs as well.

Third, I will propose a series of changes that will improve the relationship between local governments and the state, as well as the relationship between local governments and the people they represent.

These changes recognize that state aid to localities must reflect actual, rather than projected, state revenue. Therefore, I will propose that all state aids dispensed to local governments and schools be paid out in a shared, prorated manner based on actual state revenues. That is, if state revenues are unexpectedly low, local and school aids will fall by that same margin, up to 5 percent of the appropriation. On the other hand, if state revenues are unexpectedly high, local and school aids will increase by the same margin, again by up to 5 percent.

My proposals recognize that our current property tax system is too confusing. Therefore, I will recommend that the homestead credit system be ended and that, instead, homestead property taxes be held down by lowering the portion of market value which is taxable. Taxes would be no higher in this new system than in the current system.

Agricultural property taxes would be held down in the same way by reducing the portion of market value which is taxable. This would make up for the elimination of the homestead credit and the agricultural mill rate credit.

My proposals also recognize that local residents need to understand the real costs of local services and that a useful tension should exist between taxpayers and local officials. Therefore, I will recommend that levy limits for cities, towns and counties, that are scheduled to be lifted in 1983, not be reinstated. Local communities and schools will be better able to decide for themselves how they should conduct their affairs.

Fourth, I will recommend a program to eliminate, now and in the future, unnecessary state mandates and regulations. We must free the hands of local officials to the greatest extent possible.

These changes will be made by statute and by departmental action,

To get off to a good start, I will recommend the immediate elimination or amendment of 16 state mandates.

I will recommend the creation of a permanent procedure for cataloging, analyzing and evaluating existing state mandates. The goal will be to remove and amend as many mandates as possible.

I will recommend that the Office of Local Government in the Department of Energy, Planning and Development be responsible for this job. I have chosen the Office of Local Government, rather than a new task force or commission, so as to avoid the very duplication and red tape that we must excise.

And I will recommend that all proposed legislation affecting local governments, from this point on, clearly identify potential costs for communities.

Fifth, I will propose changes in PELRA that take into account our experience over the past year. PELRA, as amended in 1980, has produced over 50 strikes.

I will propose amendments in PELRA that will lead to more voluntary settlements and fewer strikes. This will be accomplished by strengthening the role of mediators in the collective bargaining process.

In addition, automatic time frames for strike legalization will be eliminated. This will encourage a greater degree of good-faith bargaining and will be fair to all concerned.

And I will propose that certain state hospital workers be given "essential" status similar to that covering local hospital workers. This will ensure that mentally ill and other residents of our state institutions receive basic care without interruption.

Sixth, and last, I want to talk about saving lives. I will recommend specific, unflinching steps to get drinking drivers off the road. We must further lead the way in ending the nation's amazing indifference to highway death and injury.

Almost seven out of 10 drivers killed in traffic accidents in Minnesota had been drinking beforehand.

I will propose legislation that will enable law enforcement officers to increase their arrests for drinking drivers and to insure that repeat offenders are dealt with more severely and more effectively.

Minnesota already has one of the best driving while intoxicated control systems in the country, and I thank the thousands of law enforcement officials who make it so, but we must do better.

Drivers must know that tough enforcement will become even tougher and that certain and immediate consequences will follow all drinking and driving offenses.

I will propose legislation that will broaden the authority of law enforcement officers to give alcohol tests to traffic violators. Any driver with an alcohol concentration of more than .05 will be considered impaired; and repeat drunken drivers who test .10 or higher will be charged with a gross misdemeanor. Strict enforcement and heavier penalties will be the rule, though we will not back off on our commitment to rehabilitation.

We must convince people that they have the deepest personal responsibility not to drive if they drink.

These, then are the proposals I will be presenting for your consideration this session. They're in keeping with principles of frugality and individual and local responsibility.

But let's look further into the future, beyond the constraints of this legislative session.

We must seek a society in which there are good jobs for everyone who is able to work.

We must seek a society in which communities are warm and neighbors are compassionate.

And we must seek a society in which families are strong, for their loving arms are the arms that hold the nation together.

These, of course, represent noble thoughts more than they do a plan for the future. All good things cannot be, and should not be, in the hands of governmental officials.

What we must expect from public officials is leadership in charting government's course.

The long-term changes I envision in public services are so fundamental that they can only take root outside of government.

As things now stand, government not only funds great numbers of programs, it also manages them. Why? How can we expect government to provide effective and efficient service if there are few alternatives?

Shouldn't people have a greater opportunity to shop around for the services they now receive?

Shouldn't the private sector be given greater opportunity to offer these services at a competitive price?

And shouldn't public officials have substantially more flexibility than they now have in carrying out welfare, sanitation, law enforcement and any number of other public services?

My answer to all these questions is absolutely yes.

For these things to happen, government must become less parochial, less self-protective and less fearful of competing on the open market. But government cannot accomplish these changes alone, or even lead the way.

Leadership must come from the private sector. I stand ready to offer as much help and encouragement as I can in enabling creative people in the private sector to play a larger role in carrying out needed services that have been monopolized by government.

I also call upon individuals and groups to rethink, in the most fundamental way, the way in which we provide public services. We must make certain that good public services are not dependent on ever-increasing taxes.

Suggestions have been made recently in newspapers and elsewhere that such studies be made. I agree. I have asked Kent Eklund, Commissioner of Energy, Planning and Development, to convene a diverse group, from both in and out of government, to take a sharp look at Minnesota's future.

Ladies and gentlemen, these are difficult days.

They are difficult for political leaders who must make decisions that please no one.

They are difficult for employees, both public and private, who are afraid for their jobs.

And they are difficult days for those who foot the bill for government.

As we go about our work this session we must balance two, at times conflicting, goals.

We must provide exemplary public service for the people of Minnesota.

But at the same time, we must remember that these very same people--our neighbors and others who have chosen us to represent them--are in a financial corner, just as our state is.

I urge us to be responsive to their wishes.

Thank you.