

# Commentary

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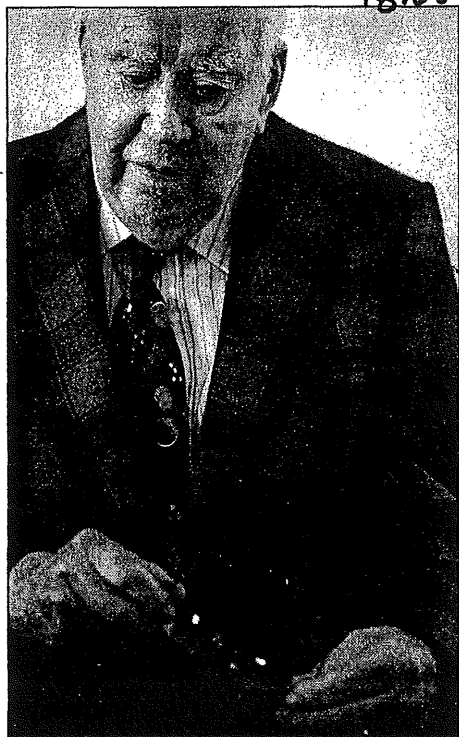
## An architect of 'Minnesota Miracle' is rooting for another one

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Star Tribune photo by Jane Hwang  
Former Minnesota Senate Majority Leader Stanley Holmquist knows that too much of the cost of education remains the responsibility of property taxpayers.

Say this much for Gov. Jesse Ventura: He doesn't just take the easy shots. Asking the 2001 Legislature to take over the state-mandated share of K-12 education aid while making property taxes simpler and fairer too is the public-policy equivalent of a lob from half-court.

Able legislators have devoted long careers to getting this right, and have retired unsatisfied. One of them — former Senate Majority Leader Stanley Holmquist — will be rooting for Ventura from the Edinborough Plaza sidelines this session.

Now 91, Holmquist still knows more than a thing or two about Minnesota's tangled state-local-school funding connections. He personally hooked up quite a few of them, always with the aim of improving K-12 education.

In 1947, as a freshman legislator who was also superintendent of schools in Grove City, he helped establish the original pupil-unit formula for state aid to schools, making the state a more reliable and equitable partner in school funding.

In 1967, over the veto of a fellow Republican governor, Holmquist helped enact Minnesota's first sales tax so that property tax bills could be cut without hurting schools. "The sales tax absolutely saved Minnesota," Holmquist says now. Before its enactment, property taxes took a bite three times larger than the income tax —



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large enough to bring protesters to the Capitol.

Then in 1971, in his final term, Holmquist helped create the "Minnesota Miracle." It increased state income taxes by 25 percent and the sales tax by a third, in order to pour more state money into schools and cut burgeoning property taxes.

How difficult was it? Consider: Holmquist spent 24 years on the issue. He worked his way up the ranks, until he could bring the power of Senate leadership to bear on it. But he still had to oppose his own Conservative (Republican) caucus, and team up with DFL Gov. Wendell Anderson to get the Miracle passed. It took a 157-day special session — longest in Minnesota history — to reach agreement. A bipartisan conference committee met day and night for months to seal the deal.

The arguments then and now are

much the same: More state funding could mean more state control of schools. And raising state taxes to cut property taxes is risky. What if local governments just tax more? Holmquist had an answer for that one. He put into law the state's first limit on local levy increases.

Despite the legislative and lobbying tumult required to produce the Miracle, it was popular with the people. The governor who pushed it was overwhelmingly reelected in 1974. Property taxes tumbled around the state — at least in the Miracle's early years — until their share of the total state-local tax burden had been cut in half.

### 'The most regressive tax'

Holmquist retired the next year, proud of what had been accomplished but aware that Minnesota could do better. That sense has grown in subsequent years, as Minnesota became more property-tax dependent again. Too much of the cost of education remained the responsibility of property taxpayers.

What's wrong with that? "The most regressive tax is the property tax," Holmquist said. "It must be paid every six months, whether incomes rise or fall. It pushes the elderly out of their homes and businesses out of the state." Cutting the property tax gives legislators a chance to flatten it at the same time, to make it fairer to renters and business owners.

That's the tax policy case that the governor has already committed to memory. To it, Holmquist adds a school policy argument — one that belongs in Ventura's script.

"On every tax statement, people can see that a good portion of what they pay goes to schools," Holmquist said. "People look at that and say, 'I have to pay these high taxes. I think the schools have enough money. I think people can't blame the schools for high property taxes, the public's appreciation for schools will go up. I can tell you this: After we passed the Miracle, people's opinion of education improved.'"

Holmquist was not afraid to raise state taxes for Miracle I. He thinks Ventura can do as much for Miracle II. Extending the state sales tax to a variety of services to the tune of \$300 million a year or more makes sense to him.

For the rest of the \$900 million a year needed to eliminate the mandated school levy, Holmquist would look to the forecasted surplus. "Certainly in this affluent economy, we can find the additional money it would take to eliminate this regressive tax," he said.

We can, if the current crop of lawmakers are as willing to take a tough shot as Holmquist was:

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