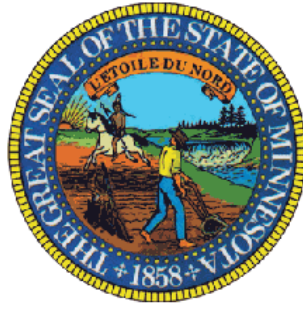


**Minnesota Senate
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May 24, 2012

Dear Friends,

Thank you for giving us the honor of representing you at the Minnesota state legislature. We appreciated hearing from you during this and previous legislative sessions.

The legislature adjourned for the year on May 10th, and we are writing to share our perspective on three critical issues that were decided during the final days of session: the Vikings stadium, bonding and taxes. (A more thorough legislative wrap up will be forthcoming.)

Unfortunately, the legislative session concluded with few significant accomplishments. The Republican majorities in both the House and Senate continued to prioritize social issues, and tax breaks for corporate interests over building a robust state infrastructure or support for public education.

Vikings Stadium

We received tremendous constituent interest on this issue and appreciated hearing the passionate views on both sides of the Vikings stadium debate. We agree that the Vikings are an economic and cultural attribute and an enjoyable pastime for many Minnesotans. Our goal during the stadium discussion was to significantly increase the private share of financing while ensuring that the entire state – not just Minneapolis – cover a small share of public costs. We are disappointed that these principles were not incorporated into the bill.

Our votes in opposition to the stadium financing package were informed by several key issues:

- The state's share of stadium financing totals \$348 million, before inflation and interest, and relies on a major expansion of gambling. The state's contribution to Vikings stadium costs will be tax revenue from what is known as "electronic" gambling and sports-themed gaming. The costs of expanded gambling in Minnesota from associated crime, devastation to families, and increases to human services and public safety costs have the potential to significantly reduce, and even exceed, any net tax revenue collected from the new gambling tax.
- The stadium bill passed by the legislature relies too heavily on Minneapolis sales taxes. Minneapolis residents will be paying a citywide sales tax to support the Vikings stadium. The city's payment, often described as \$150 million for construction costs, will actually

amount to over \$675 million after adding up annual operating costs and all of the interest on the upfront costs covered by state revenues. The state, in effect, is lending money to the city until Convention Center bonds are paid off.

- The legislation exempts the Vikings stadium from the Minneapolis City Charter, which requires a referendum for city stadium costs in excess of \$10 million. As a result, Minneapolis residents will not have an opportunity to vote on the plan.
- We supported other options for funding a stadium that did not rely on gambling, and required a larger share of private financing for the stadium. These included asking stadium users themselves to pay for a larger share of the public portion of stadium costs and insisting the Minnesota business community, who demanded the new stadium and who control many billions of discretionary dollars, also contribute to stadium costs.

In sum, we believe that there were fairer and more reliable ways to fund the stadium. Furthermore, we asserted throughout the stadium debate that if additional state revenues were to be raised this year, there were much higher priorities than a stadium. These include restoring cuts to education, health care, the environment, and public transportation.

Passage of a Bonding Bill

The chief hallmarks of the capital investment bill (known as the “bonding bill”) that was passed actually were the vital construction projects that were left out – victims of doctrinaire rigidity and Vikings-stadium political bargaining. The fact that we were able to encourage Republicans to support any construction of state assets was a success. As is, the package that managed to pass is expected to create 13,500 statewide jobs and support many important projects. But at \$496 million – more than \$1 billion less than the state can comfortably afford to bond in this era of record-low interest rates – the opportunities lost are regrettable. In particular, the Southwest Corridor Light Rail Transit project, the single-most important infrastructure investment in the metropolitan area, was left out. That project’s construction would support hundreds of jobs and the operation of a new transit line would actually grow regional economic activity along the entire corridor. It is a critical piece of the state’s transportation future that should have been prioritized, not caught up in political games.

Integral to creating a first-class transit system in the metropolitan area, the state’s contribution to Southwest Corridor LRT would have leveraged nine dollars for every one dollar spent. That is a \$1.25 billion return on a \$125 million state investment. Construction itself would have created 3,825 jobs representing \$300 million in payroll (a return on the state’s investment at more than 200% for payroll alone). More importantly, SW LRT could have connected several of the fastest growing business and mixed-use hubs in the metro area, including a number of office and work campuses, high-density housing, downtown Minneapolis and St. Paul, the University and beyond – linking 210,000 jobs the day it was to open and 60,000 additional jobs that would have been created in the corridor by 2030. A significant check on sprawl, and a crucial investment in our quality of life and regional competitiveness, the project was the only high priority new transit line in the Upper Midwest for the Federal Transit Administration. The legislature’s failure puts the line in doubt. In terms of actual economic benefit, an apples-to-apples comparison with the Vikings Stadium shows that it isn’t even a contest with SW LRT. The fact that it was sacrificed for the stadium may turn out to be a real tragedy for the Twin Cities.

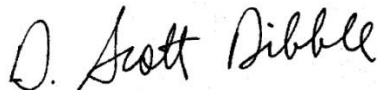
The Tax Bill

The final tax bill was the other big miss of the 2012 legislative session. We were adamant that any tax bill include property tax relief, tax credits for targeted job creation, and a mechanism to pay back schools the \$2.4 billion they still are owed from last year's budget-balancing tricks. The Republican majority didn't even give such a bill a committee hearing. Instead, the tax bill they rammed through produced new tax credits for big corporations while adding \$150 million to the state's deficit, once again spending money that the state does not have. In addition, it did nothing to pay back schools and only offered property tax relief to a tiny number of homeowners. The vast majority of Minnesotans suffering from the \$1 billion property tax hike sponsored by Republicans last year were offered no relief.

The 2012 legislative session left much work undone. The 2013 session will present many challenges, but we are committed to spending the interim building legislative and political support for responsible policies and fiscal stewardship that will at long last move Minnesota forward.

We appreciated hearing from you this session, and please feel free to contact us again if you have additional ideas, advice, or concerns.

Sincerely,



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