



For Immediate Release
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**Minnesota treads water for another year under Governor's budget;
*Minnesota puts off tough decisions for another day, says Minnesota Budget Project***

(St. Paul) – The Governor's Supplemental Budget released today demonstrates that Minnesota continues to be unable to meet the state's priorities under our current system of raising revenues. While the Governor's budget makes some positive steps, it is striking in its lack of attention to the issues of most importance to struggling families.

Minnesota's working families continue to need affordable child care and health care. But the Governor's budget does not address these critical needs. In fact, the Governor's budget uses funding sources that could be used to make progress on these issues — including the Health Care Access Fund and Temporary Assistance to Needy Families funds — to pay for other initiatives.

The Governor's budget does not respond to recent federal budget changes that will have an impact in Minnesota. The state's ability to meet new federal requirements regarding its welfare-to-work programs may be compromised by the use of federal welfare-to-work funds for the Governor's early childhood initiative, and the Governor's proposal for levy limits would limit counties' choices at the same time they face significant cuts in federal funding.

"Given the pressing needs that are left out of the Governor's budget, it's disappointing that additional corporate tax breaks make the Governor's short list of priorities for this legislative session," said Nan Madden, Director of the Minnesota Budget Project at the Minnesota Council of Nonprofits. The Governor's budget would more quickly adopt a "single sales factor" in corporate taxation. Previous analysis found that only 9% of Minnesota businesses are helped by single sales factor, while 13% pay higher taxes. In addition, there is no requirement that the businesses that do receive a tax cut from single sales factor create jobs — or even maintain existing jobs — in Minnesota.

On the positive side, the Governor proposes "federal conformity" for married couples who do not itemize on their federal income taxes. In the 2005 Legislative Session, decision-makers chose not to conform to a change in federal law that lowers taxes on non-itemizer couples, many of whom have moderate incomes. The Governor's budget would conform to this federal change starting in the 2006 tax year.

"The Governor's budget makes it clear that under our current system of raising revenues, we are limited to relatively small tweaks to existing services, and even these small changes are funded through one-time funding sources, using funds intended for other purposes, or moving funding from one priority to another," said Madden. "This will continue to be the situation until Minnesota addresses the question of how to raise sufficient revenues to meet our state's needs, and to raise those revenues fairly."

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Additional information:

- Minnesota Budget Project, [Minnesota Cannot Afford Proposed Corporate Tax Cut](#)

The Minnesota Budget Project — an initiative of the Minnesota Council of Nonprofits — provides independent research, analysis, and advocacy on budget and tax issues, emphasizing their impact on low- and moderate-income Minnesotans and the organizations that serve them.