

Blake, Cumah (GOV)

From: Swenson, Matt (GOV)
Sent: Tuesday, May 12, 2015 3:30 PM
To: Mark Dayton; Smith, Tina (GOV); Tincher, Jaime (GOV); Piper, Emily (GOV); Sen, Katy (GOV); Hume, Bob (GOV); Zakula, Linden (GOV); Hardy, Shawntera (GOV); Dornfeld, Joanna (GOV)
Subject: Transcript -- Daudt on WCCO Radio
Attachments: 2015_05_12_daudt_hartman_wcco_radio.docx

Speaker Daudt was on WCCO radio this afternoon, before the negotiations began. Below and attached is a transcript of his remarks on the air.

Speaker Daudt on WCCO Radio May 12, 2015

Hartman: Mr. Speaker, take us through the schedule today. Are you, the Governor, and Tom Bakk about to meet again?

Daudt: We are. Thanks again Chad for having me on. I'm going to head over to the residence around 1:00pm, and then we'll start our days' worth of meetings. We'll probably be meeting until around 11:00pm or 12:00am tonight, maybe later if we are making progress.

If we don't have everything sealed up then, we'll come back early tomorrow morning and continue our talks.

Hartman: Could you do us a favor and leave your phone on at the end of this conversation and then just keep it there when you guys are meeting?

Daudt: [Laughs] Sure, I'll put it on speaker phone. Yeah, no problem.

Hartman: I know earlier, the Strib reported this, Joyce Peppin, a Republican from Rogers, who you know well was critical of the Governor and the Senate leadership for the lack of meetings, Monday and Tuesday. Do you have concerns that the opposite side is not putting in the required work, when we are staring at this deadline.

Daudt: Well, it is a concern. I don't want to assume that they are doing it on purpose. Although, when you see it happen time and time again, it appears that they are thinking that delaying gives them some sort leverage in the negotiations. And that's fine, but we need to stop playing games. It's time to roll up our sleeves and get to work for Minnesotans.

We wrapped up last night around 7:30pm after having some good conversations about a few things – having a kind of tense conversation about the gas tax. We agreed we would come back in an hour and half, take a little break for dinner and while we were gone we got notice that they were canceled and that we couldn't come back until 1:00pm today.

Taking a 17-hour break or whatever the math is on that, when we've got just a few days left to figure out these targets and still get the bills wrapped up enough and passed out of here – really doesn't show that the Democrats are serious about getting the work done.

Hartman: So let's talk about the gas tax. It's in the same story that was in the Tribune. Are they telling you right now that they are unwilling to move on the gas tax?

Daudt: Well, we aren't making any progress. As I survey the landscape, the Governor, the Senate, and us all said that solving the transportation issue and doing it on a long-term basis, 10 years is the time-frame we all talked about, was our number one priority. We all three said that.

So now apparently, while we were in session this morning, Senator Bakk talked to the media, he said, "If I don't get a gas tax then the transportation plan and the tax plan is completely off the table."

We haven't even talked about the tax plan, so that's not holding anything up. For him to take the number one priority of the Governor and the Senate, themselves and us off the table because they aren't getting a gas tax, if that doesn't demonstrate very clearly what's holding up negotiations, then nothing will.

They don't seem to be willing to engage and move on anything. And we're a ways apart, I'm willing to move. I've said that from the beginning. We've been compromising, we've been moving, they really have not. They are dug in.

We talk about a gas tax it becomes heated and everyone gets kind of passionate about it. As far as I'm concerned 2/3rds of Minnesotans are against a gas tax. We've put a plan on the table to solve the problem that doesn't use the gas tax, and I think that if you just ask Minnesotans, you know, we have an almost two billion dollar surplus – do you support raising taxes in that environment to pay for something that is a core, basic function of state government - defined in the constitution - taking care of our roads and bridges, and say "do you support that?"

No, they don't. Because they have common sense. And you know, we've got a two billion dollar surplus. If we can't handle this problem with the resources we have then we're not doing our jobs. And it doesn't show leadership on their part.

Hartman: It's fair to say on the two-thirds, but isn't that a dangerous precedent? Because many times, Republicans feel like "let's lower the size of government, let's stop taxing the wealthy, let's give entrepreneurs and citizens more money. And, Mr. Speaker, most of the time, people are inclined to say "let's continue to tax high earners". Are we just going to base this on what the public says in polls, and base policy on that?

Daudt: Well, not necessarily, but remember, we're not proposing to do any of those things. I mean, we're not proposing to roll back the fourth-tier tax that Democrats put in place. So, the last two years, we understand that, while we think that's bad for Minnesota's economy, and we can maybe disagree on that, we don't think that state government needs the money. You know, we've got a two billion dollar surplus right now. We're kind of back to the old tricks of the Democrats. Which is: if we've got a deficit, we need to raise taxes. If times are ok and the budget's a little flat, we need to raise taxes. Even when we've got a two billion dollar surplus, and I can't even remember the last time we had a surplus this big, what's the answer? We still have to raise taxes. You know what? I think Minnesotan's have had enough.

And while Minnesota's budget might be doing well right now, Minnesota families haven't seen that sort of surplus in their own family budgets. So let's give them back a little more of their money.

It was really interesting, yesterday, they put out new numbers from April which show that we've taken in about \$260 million new dollars of additional revenue. This came out from Governor Dayton's own department of Minnesota Management and Budget. And in those documents, they said that the reason we're having those surpluses (again - we learned this in February, but they said it again) is that gas prices are low, and that's left money in the pockets of Minnesotans which then helps benefit Minnesota's economy. They even went further in this document to say

that the gas tax is much life tax relief - it leaves money in Minnesotans budgets, and that's what helps Minnesota's economy.

This stuff - I mean, even Governor Dayton's own administration is admitting that that's good for Minnesotans. So, all we want to do is enjoy a little relief here and enjoy a little money in their budget and not put this burden on Minnesota families to pay for something that frankly they've already paid for - our roads and bridges.

Hartman: So, let's talk surplus again. The Speaker of the House Kurt Daudt is nice enough to join us, 47 past 12:00pm. As he said, about when he's done with this interview, he's going over to meet with the Governor and Tom Bakk and as he said, this could be a meeting that takes 10, 11 hours. On the surplus, there are many people in your party that still continue to believe that all of that money should go back to all of us as taxpayers. Is that one area where the Republicans are going to have to compromise? That yes, some of it, in different ways, is going to come back to us - but not the amount that many Republicans would like?

Daudt: Well, obviously, you know we would like to return the entire surplus. I understand that I am one leg of a three-legged stool, we've got the House, but I have to deal with Democrats in the Senate and the Governor's Office. So, he knows we're going to have to compromise, and yes, that'll be an area that we're certainly willing to compromise in as well. I think everybody understands that.

We haven't seen any compromise from the other side at all. And really, this is the reason they need a gas tax with the two billion dollar surplus. It's because they already mentally have that two billion dollars spent on other things. So just getting their thinking down from spending all that money is really what's been difficult, and that's why the gas tax is needed - from their perspective. But it certainly is not. We don't need to - an interesting statistic that we put out when we put out our budget targets is that since 2000, the average income for Minnesota families has increased 12 percent. Over that same time, as the Governor's budget was signed into law, state government spending will increase 75 percent.

Now, how can state government spending so grossly outpace Minnesota family budgets. And still, we have to remember where the money comes from. It comes from those Minnesotans. 70 percent - over 70. 72, 73 percent of our revenues, the state, comes from income tax and sales tax.

So what's the one thing we need for the state to be successful and flush in its budget? We need Minnesotans to make more money. And that's where our focus needs to be. If we can raise wages and raise income for Minnesotans, then the state will see more revenue, and we won't have these arguments.

But their plan is unsustainable. They keep taking more money out of Minnesota family budgets, and that hurts Minnesotans. We want to help everybody.

Hartman: So let me ask, with that last point too. Because we just Governor Carlson on, former Governor Carlson yesterday on a myriad of issues, including - he was pretty pointed in his comments about MinnesotaCare, the idea to end that, he said, would be a major mistake. Do you still think MinnCare should be eliminated? And if you're talking about helping everybody, isn't that going to do the opposite for folks who are getting that care right now?

Daudt: Well, first of all, we're not planning to eliminate it. What we're planning to do is transition those folks onto MNsure. And when these exchanges came out through Obamacare, every other state that had a plan like MinnesotaCare, they're called a basic health plan, every other state transitioned those folks into MNsure. We're the only state in the country that has a plan like MinnesotaCare. Now, the interesting thing about it - and the reason that we've brought this plan

up, is -- Democrats know that the provider tax, which goes into the healthcare access fund is phasing out in 2019.

So there is no -- yes, it's paid for in the next two-year budget -- but we can't put our heads in the sand and pretend like it's paid for beyond that. So, if we continue without solving this problem, or at least coming up with a plan to transition these folks, or combine these two programs into one, we will be headed for a huge state deficit. I mean, our general fund can't absorb the cost of that health coverage without transitioning those folks, or combining these two plans into one. So, at the very least, do we expect that it's going to go away? Maybe not. But we do need to force the conversation about what happens to these folks in the future. Because, maybe getting rid of that and transitioning them into MinnesotaCare can't happen as fast as we'd like it to. But we also can't pretend like there's funding for it in the future. Because we think it's irresponsible to leave these people on a health plan that has no future funding mechanism. And that's irresponsible for us as leaders. So, we're at least going to have that conversation to this problem.

Hartman: Last thing with about 90 seconds to go. Do you think, you talked about it, you're one leg of three branches, and, guess what, the other two are dominated by the other side. You're also more inexperienced compared to these two who've been a part of this for decades and decades. Do you think they're trying to wait you out? Do you think they think, at this point, they can out-negotiate you?

Daudt: Chad, I'm cool as a cucumber. And it's not going to change. You know, there's certain things that just -- I know that I'm not nervous about, and one of them is the gas tax. Minnesotans just so strongly do not support it.

And, frankly, what I need to happen at this point is for the Governor and Senator Bakk to come to the realizations that Minnesotans don't support it, and it's not going to happen.

They also need to read their constitution. You know, I'm not going to start appointing commissioners today, and I'm not going to confirm commissioners, because the constitution doesn't give me that right. It also doesn't give the Senate or the Governor's Office the ability to raise revenue. It gives that ability to the House. Those revenue bills have to start in the House.

And I don't have the votes for a gas tax at one cent, or this largest gas tax in state history that they're proposing, sixteen-and-a-half cents on the low end, which could go, who knows, as gas prices go up. So, the votes aren't here. We had a test vote on it a couple of weeks ago in the House, not even a single Democrat voted for the Governor's plan. So, we just need to get them to the realization that this isn't going to happen.

And no, I'm not getting nervous. I'm going to be cool as a cucumber right up till the end. You know why? Because I know that Minnesotans -- I'm on the side of Minnesotans, and they support the positions that I'm representing.

Hartman: I really think you should keep that phone on, during the meeting.

Daudt: I'll tell you, it would be interesting.

Hartman: I bet it would, I appreciate the direct comments, we'll reach out to you soon.

Matt Swenson | Press Secretary & Senior Communications Advisor
Office of Governor Mark Dayton & Lt. Governor Tina Smith
116 Veterans Service Building
20 West 12th Street, St. Paul, MN 55155