

Summary of Meeting with Bill Blazar

Civic Caucus, 8301 Creekside Circle, Bloomington

Friday, April 14, 2006

Guest speaker: Bill Blazar, senior vice president, Minnesota Chamber of Commerce

Attendance: Verne Johnson, chair; Chuck Clay, Paul Gilje, Jim Hetland, Jim Olson (by phone), and Clarence Shallbetter (by phone)

A. Introduction of Bill Blazar--Paul introduced Blazar, who for several years was a co-worker with Paul in the Citizens League. Blazar is a graduate of Northwestern University (B.A. in political science) and the Humphrey Institute of Public Affairs at the University of Minnesota (M.A. in public affairs). After leaving the Citizens League, Blazar was manager of government affairs for Target Corporation, 1987-1992, before joining the Minnesota Chamber, where he is senior vice president of public affairs and business development.

B. Comments by Blazar--In his comments and in discussion with the Civic Caucus, the following points were made:

1. Review of the history of the transportation constitutional amendment--Blazar reviewed the history of how a constitutional amendment on transportation funding, to be presented to Minnesota voters in November 2006, was adopted by the Legislature.

The Chamber had supported a 5-cent-a-gallon increase in the gasoline tax in the 2005 Legislature. A 10-cent-a-gallon increase was included in a bill that reached the governor's desk. Among other provisions in that bill was a constitutional amendment to dedicate sales tax receipts from the sale of new and used motor vehicles to transportation. The governor vetoed that bill, but to the surprise of many, his veto could not cover the constitutional amendment. The Legislature submits constitutional amendments to the voters without going through the governor. Consequently, the constitutional amendment remains valid, even though other provisions, including the 10 cent gasoline tax, were vetoed.

The proposal would guarantee at least 40 percent of the dollars for transit. The other portion, up to 60 percent, would flow into the highway user trust fund and be distributed in the same manner as current highway user funds are distributed (62 percent, state; 29 percent, counties, and 9 percent, cities.) The transit dollars would flow into a separate dedicated fund that the Legislature would have to create. Blazar doesn't know how "transit" is defined. For example, he doesn't know if HOV lanes would come from the highway fund or the transit fund.

The Chamber didn't originally advocate this specific amendment, but now, with the amendment the only opportunity for more transportation funding, the chamber is supporting the amendment.

2. Why the Legislature turns to the constitution--Blazer was asked why the Legislature would propose an amendment to the constitution when the Legislature itself could do everything the amendment provides.

Blazer mentioned two main reasons. One reason is the deeply divided nature of the Legislature. The House is 68-66 for Republicans and the Senate, 37-30 for Democrats. The divisions on social issues such as gun control, abortion, and gay rights are very strong. Now, social issues have so affected the Legislature that their impact is felt on all other questions.

The other reason is that the Legislature lacks a working theory on solving community problems. Some Democrats want to run state government much as they did 25 years ago. Some Republicans don't want government to do anything. And some Republicans, just like Democrats, would pour money back into the bureaucracy without seeking any change in service delivery. He mentioned that a House committee dealing with employment and training, now headed by a Republican, accepts to a significant degree the way administrative functions are carried out by state agencies, just as a previous Democratic chair did.

The general public is so skeptical and cynical about government that they generally ignore what's happening.

3. A new theory for dealing with community problems is needed--Blazar suggested we need to look outside of government for new ways to deal with community problems. As an example he mentioned a 10-year-old program of the Minnesota Chamber of Commerce called "Minnesota Waste Wise", involving about 500 businesses in voluntary programs of recycling and in saving energy. At a business' request the Chamber conducts audits of what the business is doing and makes suggestions for improvement. One successful aspect of Minnesota Waste Wise has been to encourage removal of mercury switches from junk cars that removed 80 to 90 pounds of mercury that otherwise would have polluted the air and groundwater. Blazar sees opportunities for such non-governmental action in many areas, including child care and job training.

4. Opposition to initiative and referendum--Blazar said the chamber's support for the constitutional amendment does not indicate the chamber supports initiative and referendum, which he called a simplistic solution to complex problems. He said the chamber and organized labor stand together on that position. The chamber is supporting the transportation amendment because one needs to play the cards you are dealt. Its impact would be to add \$300 million a year for transportation. Given the state's long term infrastructure needs, the chamber cannot pass up this opportunity.

5. Relative interest in investment in education and health versus transportation--Blazar was asked why the chamber would support a proposal that could reduce the access of other public services, such as education and health, to sales tax revenue. It was noted that business has been less critical in its evaluation of the effectiveness of certain transit expenditures, such as light rail, than it has been in its evaluation of the effectiveness of education and health care.

6. "Yes" to spending, and "no" to taxes--A questioner wondered if the state is following the lead of the federal government, taking convoluted approaches to finding money to spend without facing up to the hard realities of taxation. Blazar responded that what we are seeing reflects the skepticism of

the public regarding public spending and services. It's especially great with respect to the state's general fund and any tax increase for the general fund.

7. Influence of special interest groups--Another questioner wondered whether the state has caved in to the no-tax-increase special interest groups. Blazar said the chamber talked about how to find \$80 million a year for the state to meet federal clean water standards. The chamber supported a special tax or fee to be paid by farmers, businesses and homeowners. The key thing is that the new dollars are aimed at solving a specific problem that's recognized by the business community as well as environmental groups and local governments.

The question was raised whether some people would just as soon have paralysis in government because they think Minnesota is already taxing too much. Blazar said he doesn't believe businesses are all opposed to taxation. For example, the state urgently needs to find a way to generate more electricity in coming years. There will be a bill for this and businesses will pay a large share of it. But, as a recognized need, business will pay its share. He went on to say that chamber members are practical people, not civic types. They want to solve the transportation problem first, rather than deal first with reforming the Legislature and its procedures. Someone else probably needs to lead on reforming our policy development and adoption process.

8. Avoid making the use of constitutional amendments a precedent for solving public problems--Blazar said he is working so that the transportation amendment does not become a precedent for others to follow.

9. Achieving smarter spending--The business community for many years has had an agenda for the state to deliver more value to taxpayers. He said that the public sector is not getting the value it should from its compensation, health benefits and pension benefits provided to public employees. Right now we're talking about \$1 billion just to bail out the Minneapolis teachers' retirement fund.

10. A possible Civic Caucus seminar on the constitutional amendments--In response to a question, Blazar said he would not be averse to the Civic Caucus' undertaking a series of meetings this summer on the general question of whether revenue-raising measures for specific functions should be placed in the constitution. He doesn't like the proposed natural resources-arts amendment, for example. He acknowledged that it is possible that the Civic Caucus could end up opposing the transportation amendment. But he sees that such opposition would be from a civic standpoint not a transportation needs standpoint.

11. A passing phase?--Some of Blazar's personal associates, including family members, aren't overly worried about the Legislature's inaction today, he said. They regard current developments and behavior as a passing phase and wonder if any structural change would result in real change. Time may be the best cure.

12. St. Paul Ford plant question--In a response to a question, Blazar touched briefly on likely pressures for tax-increment financing and other public subsidies in redeveloping the Ford plant site. He said the chamber generally doesn't favor these policies, because they sometimes end up subsidizing some businesses at the expense of others.

13. Thanks--Verne thanked Blazar for meeting with us.