

State gambles on government solutions

DFL didn't stop at spending the surplus, betting on a second Minnesota Miracle.

By [Editorial Board](#) Star Tribune

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Minnesota's elected leaders are wrapping up a legislative session for the ages that will almost certainly chart a new course for this state, with a broad array of major policies on every front.

The result could make Minnesota a lodestar for progressive politics for years to come. But what exactly does that look like? Larry Jacobs, founder and director of the Center for the Study of Politics and Governance at the University of Minnesota, told an editorial writer, "I think this is so unprecedented, we can't possibly predict with any confidence how all this is going to wash out. This is really a new chapter for Minnesota."

It is, above all, a gamble. How high are the stakes? What follows is a not-comprehensive list:

While some other states have passed restrictive abortion bans, Minnesota rightly adopted strong and sweeping abortion rights. Gun reforms long supported by the Star Tribune Editorial Board and others will now expand background checks to private sales and create red-flag laws to curb domestic violence and suicide. Public safety gets a welcome juvenile justice overhaul, along with fresh funds for local law enforcement agencies across the state. Voting rights and access will expand, including ballot access for non-incarcerated felons.

Affordable housing gets a \$1 billion boost. K-12 school meals will be free for all students. The state will begin a replacement program for decaying lead water pipes and adopt a promising clean energy climate standard. The state-subsidized health insurance program MinnesotaCare will expand and include a study for a public option. Public universities and colleges will be free to families making under \$80,000.

There's more: Minnesota has legalized cannabis and will expunge lower-level offenses. The state has declared itself a "refuge" for transgender young people. The most robust labor bills in decades will create mandated paid sick days for most working Minnesotans. A separate paid family and medical leave program, funded by a payroll tax, will allow up to 20 weeks with partial pay to deal with longer-term situations. Wage theft laws were strengthened.

Democrats are betting big that pro-labor and other progressive policies will attract skilled workers, young families and others who can infuse this state with fresh energy and restore it as a Midwestern powerhouse.

"Minnesota is in intense competition with other states," Jacobs said. "It's no secret our businesses are not growing as fast as they could, in part because of a lack of trained workers. This is a big gamble on the future, definitely." It is one, he said, that comes with potentially great rewards but also considerable risk.

"Are we also going to attract people looking for handouts?" he said. "You can't dismiss that possibility. Will the ongoing cost of these initiatives be offset by new growth and tax revenue? These are the kinds of calculations we need to be thinking about."

This gusher of 2023 legislation was partly fueled by a huge \$17.5 billion surplus, much of that leftover from the previous session when the GOP rejected a session-ending deal that left \$12 billion on the table.

But — and this is where their risk-taking gets questionable — the DFLers haven't stopped at spending the surplus. Eager to nail down future revenues, they also pushed through a gasoline tax indexed to inflation, costly corporate tax changes, higher license tab fees, higher metro sales taxes and a new 50-cent "road maintenance fee" on delivered packages over \$100.

To be sure, they have not forgotten the tax cut side: Some 80% of seniors will now be exempt from state tax on their Social Security benefits. Generous family tax credits are expected to reduce childhood poverty by more than a third. Minnesotans earning \$75,000 or less will get modest rebate checks of \$260.

Republicans, for their part, have insisted throughout the session that private, market-driven solutions, lower taxes and less regulation better serve the state. In a high-stakes move, they have voted against nearly every major proposal, allowing them to claim clean hands should things go south. But if, as DFLers predict, their new agenda unleashes a second Minnesota Miracle, Republicans cannot share in the credit.

Rep. Pat Garofalo, R-Farmington, a veteran lawmaker, told an editorial writer he is dismayed at what he sees as a shift toward a more European, "government-first" style of governance. "This changes Minnesota from a centrist state to hard left," he said. "We had politics that skewed sometimes center right, sometimes center left. But this, whether you call it progressive or ambitious or just extreme, it is outside the norm of what I always thought of as Minnesota's sort of deliberative temperament and centrist culture." The Senate's one-vote DFL majority, he said, is a silent testament to the shakiness of the Democratic mandate.

Garofalo said the ultimate test of success or failure for a state's policies "is whether people are moving there." States with "government-first models," he said, "are bleeding people, money and investment. States that have been able to control their costs are prospering."

That, of course, depends in part on how one measures prosperity.

"We had a tremendous transfer of wealth in this country during the pandemic that made the wealthy even wealthier," Gov. Tim Walz told an editorial writer. "That's not the same as having ordinary folks prosper. We're choosing a different path."

The changes enacted this session, he said, "will re-establish Minnesota as an innovator, willing to put human rights at the forefront, proud to make the case that there is room for everyone to thrive." He pointed to such projects as the lead water-pipe replacement program and rural broadband as improvements that average families can't accomplish on their own but will provide dividends in health and regional prosperity.

All sides did come together at the last minute for a \$2.6 billion capital investment bill that gives Republicans a needed win on nursing home funding. Partisan gridlock has prevented a bonding bill from being adopted since 2020.

Asked about the risk of going this big on policy and spending, Walz said the greater risk was doing nothing. Minnesota transformed itself from a cold, agrarian state into a national leader decades ago, he said, "because we were willing to take risks, to do things differently. We're doing that again."