Messrs. Holmquist, Swenson and Anderson, E. J. intro-

S. F. No. 196: A bill for an act relating to employment security; amending Minnesota Statutes 1961, Section 268.04, Subdivision 2; Section 268.06, Subdivisions 5 and 8; Section 268.07. Subdivision 2, and repealing Subdivision 3; and amending Section 268.08, Subdivisions 1 and 3, and adding a new Subdivision 4; and amending Section 268.09, Subdivisions 1 and 2.

Which was read the first time and referred to the Committee on Labor.

## EXECUTIVE AND OFFICIAL COMMUNICATIONS—CONTINUED

May 17, 1963

The Honorable A. M. Keith

President of the Senate

Dear Sir:

I am returning herewith S. F. 196, a bill for an act relating to employment security, without my assent.

The stated objectives of this bill are to strengthen the unemployment compensation fund and to increase individual weekly benefits. These aims while desirable, do not compensate for the serious defects of this bill.

If enacted, this bill would exclude thousands from insurance protection, reduce benefits for countless thousands of other employees, discriminate against seasonal employers and employees, penalize smaller employers, perpetuate an unsound financing system, and tend to increase taxes on small property owners throughout the state.

- 1. This bill would discriminate against smaller employers and contrary to its stated objectives, perpetuate an unfair and unrealistic financing system: One of the most serious defects of this bill is its failure to adjust the wage base ceiling of \$3,000 which has a steeply regressive effect on many small employers. The result of this ceiling is that many small businesses pay taxes on 100 percent of their payrolls, while many larger remployers pay the tax on only 60 percent of their payrolls. Increasing the maximum rate to 4.8 percent under this bill will intensify an already unjust burden on many small employers.
- 2. This bill would exclude thousands of people from unemployment insurance protection: Up to 10,000 people covered by the present law would be completely eliminated from the insurance program if S. F. 196 were to become law. In St. Louis County alone for example, nearly eight percent of those now receiving benefits could not get them under the terms of this legislation.

4

- 3. This bill would discriminate against the seasonal employer, employees, and low income workers: It would deprive many workers in the mining, timber, food processing, and construction industries of benefits. It would also impair coverage of many low income workers and employees on reduced work weeks in other industries. The seasonal employer would suffer also from proposed increased tax rates up to 4.8 percent. This rate, as of January 1, 1963, is the highest rate in the nation.
- 4. This bill would tend to increase taxes on small property owners throughout the state: Overly severe exclusion from benefits would inevitably create an added burden on local relief services and local property tax payers. The monthly welfare bill in St. Louis County alone, which has been severely hurt by unemployment, currently runs over one million dollars per month. It would be unconscionable to permit an additional shift of workers from the unemployment insurance program to county relief rolls. It should be pointed out that the "declaration of public policy" of Minnesota's Employment Security Law specifically states that the law was created to aid in "limiting the serious social consequences of poor relief asistance."

The purpose of the unemployment insurance program is to protect workers against job displacement caused by fluctuations in the economic system. At a time when the reality of "hard core" unemployment is being more widely recognized, sound public policy dictates an extension, not a contraction, of unemployment benefits.

I remain fundamentally opposed to any bill which would withdraw already meager benefits from a significant segment of the working population, and reduce total benefits for thousands more. In addition, I think it is unfortunate that this bill fails to extend benefits for those tragically unemployed for long periods of time, as in Northeastern Minnesota. (It should be noted that this bill would not increase the benefits of any person now drawing unemployment compensation.)

It is with great reluctance that I must veto this bill. While it is desirable to strengthen our unemployment compensation fund at an early date, the fund balance is of such an amount that there is little danger of its being depleted in the next two years. I am of the opinion that no good will come from emasculating the law merely for the purpose of rebuilding the fund at this time.

Without question, our unemployment compensation benefits need improving. Our benefits are too low—a \$38.00 weekly maximum, as compared with \$52.00 in Wisconsin, which has an economy similar to our own. This bill, while it would increase weekly benefits from \$38.00 to \$44.00 for those who qualify, exacts too great a toll from several areas of the economy in order to provide limited gains for others.

I am convinced that this bill, viewed as a whole, is bad legislation and I am compelled to refuse my assent to its adoption.

Sincerely yours,

Karl F. Rolvaag, Governor.

## MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Holmquist moved S. F. No. 196, together with message from the Governor be laid on the table, and that the foregoing message from the Governor be printed in the Senate Journal. Which motion prevailed.

Mr. Wright moved that S. F. No. 1698, No. 2 on the Calendar of Ordinary Matters be stricken and placed on General Orders. Which motion prevailed.

Mr. Zwach moved that the Senate take up Senate General Orders. Which motion prevailed.

## GENERAL ORDERS

The Senate resolved itself into a Committee of the Whole, with Mr. Franz in the chair.

After some time spent therein, the committee arose and the President having resumed the chair, Mr. Franz reported that the committee had considered, S. F. No. 1698 which the committee recommends to pass with the following amendment offered by Mr. Dunlap, and adopted.

Amend S. F. No. 1698, the printed bill, as follows:

In Section 1, line 3, after the comma following the figures "1960" and before the word "shall" insert the following: "or died in active service after September 15, 1957 and who served as a district judge for not less than 30 years,".

And the following amendment offered by Mr. Wright, and adopted.

Amend S. F. No. 1698 by striking all of the new material in lines 36, 37, 38 and 39.

And then, on motion of Mr. Franz, the report of the Committee of the Whole, as kept by the Secretary, was adopted.

## MOTIONS AND RESOLUTIONS—CONTINUED

Mr. Wright moved that the Rules be suspended, that S. F. No. 1698, now on the Calendar be given its third reading and placed on its final passage. Which motion prevailed.

S. F. No. 1698: A bill for an act relating to judges and compensation and allowance for widows of district and supreme court judges; amending Minnesota Statutes 1961, Section 490:-102, Subdivision 6.

Was read the third time and placed on its final passage.