



STATE OF MINNESOTA

Office of Governor Tim Pawlenty

130 State Capitol ♦ 75 Rev. Dr. Martin Luther King Jr. Boulevard ♦ Saint Paul, MN 55155

May 7, 2007

The Honorable James Metzen
President of the Senate
75 Rev. Dr. Martin Luther King Jr. Blvd.
322 State Capitol
Saint Paul, Minnesota 55155

Dear President Metzen:

I have vetoed and am returning Senate File 2089, Chapter 55, the Jobs and Economic Development Finance omnibus bill.

Without an agreement on the overall total state budget, I am not able to sign this bill as it spends \$56 million more than my recommended budget in this area, lacks fairness in distribution of economic development funding, contains policy items that will have a detrimental impact on business, and negatively impacts efficient administration of state programs.

I strongly encourage the Legislature to pass a jobs and economic development finance bill with the following provisions and concerns addressed:

- In the absence of agreed upon budget targets, the bill needs to be within the limits specified in my budget request.
- The bill needs to include a more equitable statewide distribution of economic development funding. This can be done by allocating sufficient dollars to recapitalize the Minnesota Investment Fund, which is the statewide economic development tool.
- The removal of unemployment insurance policy language that will increase employer costs by \$10 million the first year and \$7 million every year thereafter by allowing certain employees to collect unemployment while also receiving severance pay.

Senator James Metzen

Page 2

May 7, 2007

- The removal of language dictating the assignment by geographic area of state OSHA personnel as this will hinder the ability of the agency to most efficiently administer this program in order to ensure worker safety statewide.
- The removal of policy language eliminating the three citizen members of the Iron Range and Rehabilitation Board, leaving only the 10 legislative members. This is a policy step backwards, as consideration should be given to increasing citizen participation as citizens can bring valuable skills and experience to help conduct the economic development activities of the agency.

I also have concerns with the workforce development fund provisions, the use of the workers' compensation special compensation fund for equipment purchases, the meatpackers language, and language regarding the taconite development fund.

The bill eliminates the current law reduction in the workforce development fund enhancement fee and makes numerous permanent allocations from the workforce development fund. These changes will raise business costs and the permanent allocations may limit the future ability to use the fund for its intended purpose of providing benefits to dislocated workers.

The nursing home lifting equipment allocation from the workers' compensation special compensation fund is more appropriately funded through the general fund. The workers' compensation fund is for benefit payments to injured workers.

The meatpacker language is duplicative of current federal and state labor laws and sends a negative signal to this industry that is very important to Greater Minnesota and our agricultural economy.

The taconite economic development language requiring the commissioner to only release tax rebate funds to taconite producers upon approval of majority of

Senator James Metzen

Page 3

May 7, 2007

the Iron Range Resources and Rehabilitation Board is also a concern. It usurps the IRR commissioner's ability to administer agency programs.

I commend the Legislature for your work to fund the many important programs contained within this bill and believe we can come to an acceptable compromise. I encourage the Legislature to pass the bill without the problem policy items, and with a more equitable distribution of economic development funding and a more acceptable overall funding level.

My hope is that the legislature will present comprehensive budget targets soon so that work on this and other budget bills can proceed in a timely manner. My staff and I look forward to working with you in that regard.

Sincerely,

A handwritten signature in black ink, appearing to read 'Tim Pawlenty', written over a horizontal line.

Tim Pawlenty
Governor

cc: Representative Margaret Anderson Kelliher, Speaker of the House
Senator Lawrence J. Pogemiller, Majority Leader
Senator David Senjem, Minority Leader
Senator David Tomassoni
Representative Marty Seifert, Minority Leader
Representative Tom Rukavina
Representative Mary Murphy
Mr. Patrick E. Flahaven, Secretary of the Senate
Mr. Al Mathiowetz, Chief Clerk of the House of Representatives
Mr. Mark Ritchie, Secretary of State