



STATE OF MINNESOTA

Office of Governor Mark Dayton

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

May 15, 2017

The Honorable Michelle L. Fischbach
President of the Senate
2113 Minnesota Senate Office Building
St. Paul, Minnesota 55155

Dear Madam President:

I have vetoed and am returning Chapter 64, Senate File 1937, a bill appropriating money for jobs and economic development and making changes to commerce, telecommunications, and energy policy. The bill insufficiently funds the Departments of Employment and Economic Development, Labor and Industry, Commerce, and the Bureau of Mediation Services and contains policies that will limit workforce and economic development opportunities throughout Minnesota, as well as erode the clean energy progress we have made over the last decade.

Our state's economy continues to grow and thrive, with Minnesota's private sector attaining over 2.5 million jobs for the first time in state history earlier this year. It is thanks to hardworking Minnesotans and businesses that our economy continues to prosper. However, that improvement does not mean we should retreat from the progress we have made. Indeed, too many Minnesotans are not sharing in the benefits of this growth. For example, the unemployment rate for Itasca County stands at 9.9 percent, far exceeding the state unemployment rate of 4.4 percent. And the unemployment rate for black Minnesotans at 8.4 percent is more than double the white unemployment rate at 3.1 percent. Now is the time to ensure our economy works for everyone, everywhere in our state.

Senate File 1937 disinvests in Minnesota. With only \$15 million for the Border-to-Border Broadband Development Grant program, the bill fails to provide the funding needed to expand broadband access to strengthen our rural communities, attract and retain businesses, and improve student success. Further, the bill provides only \$2 million each for the Minnesota Investment Fund and Job Creation Fund, economic development incentives that can play a key role in business expansions. Since 2014, the Minnesota Investment Fund and Job Creation Fund helped to create or retain over 10,600 jobs and led to \$1.96 billion in private investment throughout the state.

I am exceedingly disappointed that with a \$1.5 billion surplus you would choose to eliminate the equity grants funding we agreed to on a bipartisan basis just last year. If Minnesota's economy is to continue to improve, we must address economic disparities in our communities for people of color, veterans, youth, women, and people with disabilities. Cutting funding from organizations before they've had a chance to deliver their services is short-sighted.

Further, Senate File 1937 fails to provide the funding needed to ensure Minnesotans with the most significant disabilities receive employment training and counseling to ensure they are able to find and keep a job and live as independently as possible. Vocational Rehabilitation Services supports access to competitive and integrated employment opportunities for Minnesotans with disabilities, yet the bill does not include the recommended \$7 million increase for this program.

I believe that a strong economy means Minnesota workers are paid the wages they have earned and Minnesota business compete on a level playing field. Yet the Minnesota Department of Labor and Industry estimates that 39,000 Minnesota workers experience wage theft in our state each year and lose out on an estimated \$11.9 million in wages. Senate File 1937 includes only \$250,000 to combat wage theft and fails to include the increased financial and criminal penalties for employers who steal from their employees that I have proposed.

Student success is also critical to our future economic prosperity. Over 9,000 children are identified as homeless or highly mobile in school districts across the state and face barriers to educational success due to housing instability. It is disappointing that the bill fails to include funding for the Homework Starts with Home initiative which would build on the success of the Rental Assistance for Homeless and Highly Mobile Students Initiative. This pilot has proven successful, with 90 percent of students achieving housing stability while having better attendance at school.

In addition to these budgetary concerns, I find it baffling that the bill includes extraneous policy language that I have made clear I find objectionable. For example, Senate File 1937 includes a ban on fire sprinkler requirements for single and two-family homes and accessory structures, language that was added to the bill as a political ploy. The bill also unnecessarily prohibits the transfer of funds between programs and among agencies, contains duplicative reporting requirements, deregulates Voice-over-Internet-Protocol service, prohibits local governments from enacting plastic, paper, or reusable bag bans, and requires legislative approval of a proposed rule if it will increase the cost of residential construction by \$1,000 or more per unit which would create delays in adopting changes to the Minnesota Residential Code and harm homeowners. They are just some of the concerning policy provisions in this legislation, which are so varied and broad as to clearly violate the Minnesota Constitution's Single Subject Rule.

Perhaps the most controversial policies proposed in this bill focus on energy. Taken together, these policies would have the cumulative impact of removing citizen input in energy infrastructure decisions, jeopardizing hundreds of solar industry jobs across the state, setting back the state years of energy efficiency progress, endangering Minnesota's ability to receive \$47 million from the Volkswagen settlement, and rewriting the intent of the Renewable Development Fund, which has been a core component of the nuclear waste storage agreement with the Prairie Island Community for nearly twenty years. These policies are polarizing individually, but have all been included in this bill with minimal public discussion.

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We must work together to build Minnesota's economy throughout the state for all Minnesotans. I seek your commitment to fund important economic development programs and services to support Minnesota workers and businesses.

For these reasons, I am vetoing this bill.

Sincerely,

A handwritten signature in black ink that reads "Mark Dayton". The signature is written in a cursive, flowing style.

Mark Dayton
Governor

cc: Representative Kurt Daudt, Speaker of the House
Representative Melissa Hortman, House Minority Leader
Representative Pat Garofalo, House of Representatives
Senator Paul E. Gazelka, Senate Majority Leader
Senator Thomas M. Bakk, Senate Minority Leader
Senator Jeremy Miller, Minnesota Senate
The Honorable Steve Simon, Secretary of State
Mr. Cal R. Ludeman, Secretary of the Senate
Mr. Patrick Murphy, Chief Clerk of the House of Representatives
Mr. Paul Marinac, Revisor of Statutes