



STATE OF MINNESOTA

Office of Governor Mark Dayton

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

May 30, 2017

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

Dear Madam President:

On the advice of my General Counsel, to ensure there are no legal challenges, I am signing Chapter 94, Senate File 1456 rather than allowing it to become law without my signature.

Senate File 1456 funds several of my budget priorities, including \$20 million for broadband development to drive economic development in Greater Minnesota. I appreciate your modest increases in the Minnesota Investment Fund and Job Creation Fund, incentives that help attract businesses to our state. Further, the \$7 million in additional funding for Vocational Rehabilitation Services is critical to ensuring that Minnesotans with disabilities can find employment and live more independently. I also commend your decision to fund wage theft prevention at \$1 million and Homework Starts with Home at \$2 million.

I support several legislative initiatives included in the bill, including funding for the Helmets to Hardhats program which supports recruiting active duty military members and veterans into registered apprenticeship programs. And the new Youth Skills Training program has the potential to attract young people to high-demand, high-growth careers.

Despite these positive investments, I am deeply concerned that the bill cuts funding for the 2016 equity grants. Minnesota has some of the worst racial and ethnic disparities in the nation and we must work together to close these gaps, through education, job skills training, and support for entrepreneurs, among other efforts. The future of our state depends on all Minnesotans having the opportunity to succeed. I urge you to reconsider these cuts during the next legislative session.

While the bill removes objectionable policy provisions including Voice-over-Internet Protocol service deregulation, limitations on agency transfers, and requiring legislative approval of certain proposed rules, I am disappointed that Senate File 1456 includes controversial policy including shortening the amount of time a consumer has to redeem property from a pawnbroker before it is forfeited, and preempting local governments from passing ordinances regulating plastic bags. The bill also fails to include Internet privacy provisions that would have required consumers to give express approval before internet service providers could collect, distribute, sell, or share personally identifiable information about a consumer. I hope you revisit this issue next session.

The Honorable Michelle L. Fischbach
May 30, 2017
Page 2

I noted in my previous veto letter on this topic that perhaps the most egregious policy provisions in this bill focus on energy. I am still of that same opinion. In the same month that Minnesota celebrates the tenth anniversary of its landmark bipartisan Next Generation Energy Act, the Legislature passed a bill that moves our state backward in our hard-fought progress on renewable energy and job creation. It includes policies that roll back incentives that support Minnesota's solar industry, exempts some rural utilities from meeting energy efficiency requirements through the Conservation Improvement Program (CIP), and prevents municipal and cooperative utility customers from using the Public Utilities Commission (PUC) to resolve disputes. It also extends the timeframe for Excelsior Energy's site and route permits, which I have not supported in the past.

The bill also makes wholesale changes to the agreement reached in the 1990s that allowed nuclear waste to be stored in Minnesota. This agreement created the Renewable Development Fund (RDF), as well as mandates for energy production from renewable sources, including biomass. This bill essentially rewrites that agreement by allowing Xcel Energy and the Legislature to have direct control of the RDF, while significantly obligating these funds over the next several years for non-renewable energy uses. The latter is particularly concerning to me, because I sympathize with the concerns expressed by the Prairie Island Indian Community that the state and the utility will be less motivated to find a permanent storage solution for nuclear waste. These provisions effectively relieve the utility from having to meet the biomass mandate required by the agreement, to the detriment of much of Minnesota's timber industry and management of public and private forests. Because this policy was hastily written and passed, we do not yet know the full impact these provisions will have on the loggers, mills, and truckers that had planned business decisions on contracts intended to last for up to another 11 years. A meager effort to study the economic impact on this industry, after the fact of passing these policy provisions, is inadequate.

Sincerely,



Mark Dayton
Governor

cc: Senator Paul E. Gazelka, Senate Majority Leader
Senator Thomas M. Bakk, Senate Minority Leader
Senator Jeremy Miller, Minnesota Senate
Representative Kurt Daudt, Speaker of the House
Representative Melissa Hortman, House Minority Leader
Representative Pat Garofalo, House of Representatives
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