

COMMUNICATIONS RECEIVED SUBSEQUENT TO ADJOURNMENT**EXECUTIVE AND OFFICIAL COMMUNICATIONS**

May 30, 2017

The Honorable Michelle L. Fischbach
President of the Senate

Dear Madam President:

I have vetoed and am returning Chapter 2, S.F. No. 3, a bill relating to labor standards that would preempt local governments' ability to set wage and benefit levels higher than state law.

The role of state government is to set minimum standards for workplace protections, wages, and benefits, not maximums. Should local officials, who were elected by their constituents in their communities, approve higher wage and benefit levels to meet the needs of their residents, they ought to retain the right to do so.

Local government can be more adept at responding to local needs with ordinances that reflect local values and their unique needs of their communities. State government does not always know what works best for every community, and may lag behind when improvements are needed.

As an example, in 2014 I signed into law an increase in the minimum wage that rose to \$9.50 per hour for larger employers on August 1, 2016, with modest inflationary increases scheduled to go into effect on January 1, 2018. While long overdue, we already are learning that the increase isn't keeping pace with our changing economy. A full-time worker earning the minimum wage earns an annual salary of only \$19,760 which is about \$5000 below the poverty level for a family of four.

By making the bill retroactive to January 1, 2016, S.F. No. 3 would strip 150,000 workers of the earned sick and safe time benefits they have secured that are scheduled to go into effect on July 1 of this year. This would be particularly hard on low-wage workers, because access to paid sick leave is not evenly distributed across occupations. Workers in low-wage jobs are the least likely to have access to paid sick time, and have the least financial ability to forego wages to take unpaid time off from work to care for themselves or a sick family member.

If the concern is truly to set uniform labor standards throughout the state, to avoid the so-called patchwork of labor standards that proponents allege would burden businesses, legislation instead should have proposed to improve wages and benefits statewide, such as a higher minimum wage and statewide earned sick and safe time.

Instead, this legislation interferes with local control, harms workers, and takes away the power of citizens to make positive changes in their communities.

The legislation also includes changes to public employee retirement plans and addresses wage theft. These provisions would improve the economic security of tens of thousands of Minnesotans, including hardworking state employees and retirees. It is reprehensible that the Republican legislative majorities would attach these provisions to the preemption legislation which I have said for weeks that I would not accept.

Attached is the letter released today by Minnesota Management and Budget regarding the legislative ratification of collective bargaining agreements and compensation plans including ratification of memorandums of understanding that provide paid parental leave for state employees. As the letter describes, the ratification by the legislature of those provisions was effective immediately upon the final votes of the Senate on May 24 and the House on May 25, 2017. The veto of this bill has no legal effect on the bargaining agreements and compensation plans.

Sincerely,
Mark Dayton, Governor

May 30, 2017

The Honorable Michelle L. Fischbach
President of the Senate

Dear Madam President:

Pleased be advised that I have received, approved, signed, and deposited in the Office of the Secretary of State, Chapter 4, S.F. No. 1, with the exception of the line-item vetoes listed below:

| | | |
|--|------------|-------------|
| Page 2, Line 24: "Subd. 2 Senate | 32,299,000 | 32,105,000" |
| Page 2, Line 25: "Subd. 3 House of Representatives | 32,383,000 | 32,383,000" |

At the last minute, the Legislature snuck language into the State Government bill that would hold hostage the Department of Revenue appropriation in this bill to my signature on the Taxes bill. I am unwilling to put the jobs of 1,300 Department of Revenue employees at risk. As a result of this action, I am line-item vetoing the appropriations for the Senate and House of Representatives to bring the Leaders back to the table to negotiate provisions in the Tax, Education and Public Safety bills that I can not accept. Attached is my letter to Speaker Daudt and Majority Leader Gazelka explaining my reasoning for line-item vetoing the Senate and House of Representatives' appropriations.

Minnesotans expect state government to provide high-quality services. S.F. No. 1 provides the needed operating adjustments for state agencies and constitutional offices to maintain these services. Providing the adjustments will help to ensure that our state can address the challenges presented with rising costs over the next biennium as well as population growth and increased demand for services.

There are other investments in this bill that will also benefit Minnesotans, such as: funding to ensure every Minnesotan is counted in the 2020 census; moving the state historic preservation office to the Department of Administration to benefit businesses, and additional funding for tuition incentives that the men and women who join our national guard can take advantage of.

However, there are provisions in this bill that cause concern. The bill intrudes upon my authority to manage the executive branch of state government. It places onerous reporting requirements on state agencies and limits the flexibility of commissioners to manage their agencies.

Minnesota has a long history of checks and balances between the executive and legislative branches and having Minnesota Management and Budget keep track of the cost of legislation has served us well. S.F. No. 1 transfers the responsibility for fiscal notes from Minnesota Management

and Budget to the Legislature. Putting this work under the authority of the legislature creates redundancies and inefficiencies and unnecessarily grows government.

The bill reneges on our commitment by \$10 million each year beginning in 2020, to fund the Minneapolis Employees Retirement Fund (MERF) placing that state obligation onto the taxpayers of Minneapolis.

I am extremely disappointed by what is not in this bill. In my budget I prioritized investments in technology, specifically cyber security. I prioritized these not for the benefit of state agencies, but for the benefit of Minnesotans. We need to ensure we can protect our data and systems from cyber-attacks. And, we need to do so while still ensuring that state agencies have the operations capability to responsibly serve our state's citizens. This is not an either/or proposition and I continuously sought both. In addition, we need to ensure that the backbone of our government - how we pay our bills and keep track of our finances - is running smoothly. Critical improvements are needed to these systems to keep them operating. Our procurement systems likewise can use updating. Funding those improvements is not in this bill.

Minnesotans deserve a transparent, fiscally responsible budget. We must make investments to build a more competitive state workforce, ensure efficient and accountable outcomes in state programs, secure our IT infrastructure, and deliver the high quality of state services that Minnesotans deserve.

Sincerely,
Mark Dayton, Governor

May 30, 2017

The Honorable Michelle L. Fischbach
President of the Senate

Dear Madam President:

On the advice of my General Counsel, to ensure there are no legal challenges, I am signing Chapter 6, S.F. No. 2 rather than allowing it to become law without my signature.

Sincerely,
Mark Dayton
Governor

May 30, 2017

The Honorable Michelle L. Fischbach
President of the Senate

Dear Madam President:

Please be advised that I have received, approved, signed and deposited in the Office of the Secretary of State, Chapter 7, S.F. No. 4.

Sincerely,
Mark Dayton, Governor

May 31, 2017

The Honorable Kurt L. Daudt
Speaker of the House of Representatives

The Honorable Michelle L. Fischbach
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 2017 1st Special Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

| S.F. No. | H.F. No. | First Special Session Laws Chapter No. | Time and Date Approved 2017 | Date Filed 2017 |
|-------------|-------------|--|-----------------------------------|--------------------|
| | 1 | 1 | 9:56 p.m. May 30 | May 30 |
| | 3 | 3 | 4:24 p.m. May 30 | May 30 |
| *1 | | 4 | 4:40 p.m. May 30 | May 30 |
| | 2 | 5 | 4:31 p.m. May 30 | May 30 |
| 2 | | 6 | 4:30 p.m. May 30 | May 30 |
| 4 | | 7 | 6:17 p.m. May 30 | May 30 |
| | 5 | 8 | 4:35 p.m. May 30 | May 30 |

Sincerely,
Steve Simon
Secretary of State

*Chapter with line item vetoes.