

COMMUNICATIONS RECEIVED PRIOR TO ADJOURNMENT SINE DIE
AND NOT ACTED UPON

PETITIONS AND COMMUNICATIONS

The following communications were received prior to adjournment sine die by the House:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 19, 2018

The Honorable Kurt Daudt
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Daudt:

I have vetoed and am returning H. F. No. 2940, Chapter No. 147, a bill that would have required Legislative approval for water permit fees.

Water fees at the Minnesota Pollution Control Agency (MPCA) have not been raised comprehensively since 1992, which has caused a structural imbalance in the agency's budget. To address this problem, the agency formed a Water Fee Advisory Committee in the fall of 2017. That Committee has been, and will continue, providing advice to the Commissioner on how to revise water fees.

The Legislature already has ample oversight of state agencies, including legislative reports, appropriations hearings, financial and program audits by the Office of the Legislative Auditor, and requests for information from individual legislators and legislative committees. It is redundant and unnecessary to add a legislative approval to agency fee adjustments. This unnecessary "administrative hoop" would interrupt an ongoing stakeholder process without addressing the current structural imbalance in the agency's budget.

I am vetoing this bill because it is an unwarranted and inappropriate legislative overreach.

Sincerely,

MARK DAYTON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 19, 2018

The Honorable Kurt Daudt
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Daudt:

I have vetoed and am returning H. F. No. 390, Chapter No. 150, a bill relating to public safety.

Since the introduction of this bill, my position has been clear. I believe that blocking access to freeways and airports is a matter of public safety for everyone involved.

However, I do not support the broad transit provisions in this bill. The language does not provide clarity regarding the actual crimes, for which it creates stiffer penalties. It incorporates existing statutory language: "...an act that interferes with or obstructs, or tends to interfere with or obstruct (emphasis added), the operation of a transit vehicle is guilty of a (gross misdemeanor) crime."

I believe that the Statute's existing language: "tends to...." is unacceptably vague and subjective. I do not support applying that language to acts that would be classified as gross misdemeanors.

Current law gives law enforcement the authority and tools needed to protect public safety. Under existing law, violations are prosecuted as misdemeanors, "a crime for which a sentence of not more than 90 days or a fine or not more than \$1,000, or both, may be imposed."

Other crimes so charged include: disorderly conduct, thefts of less than \$500, first-time DWIs with readings below .20, 5th degree assault, and domestic assault. Several of those crimes involve threats to public safety (DWIs) and crimes of violence against innocent individuals (assault and domestic assault). Furthermore, other illegal acts committed by individuals during protests, such as an assault against a police officer, are properly classified by themselves as gross misdemeanors or more severe.

For those reasons, I am vetoing and returning this bill.

Sincerely,

MARK DAYTON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 19, 2018

The Honorable Kurt Daudt
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Daudt:

I have vetoed and am returning H. F. No. 3759, Chapter No. 187, a bill that requires that the Minnesota Public Utilities Commission (PUC) permit the building of Enbridge Energy's Line 3 crude oil pipeline project across northern Minnesota. This bill negates the PUC process to determine whether the Line 3 pipeline project is needed in Minnesota, and, if so, which route would be the least harmful to our state.

This bill preempts the long-standing PUC process, which has been established in law, and which has been used for years to make those complex and controversial decisions. Thousands of Minnesotans, represented by tribal governments, labor unions, environmental organizations, and other stakeholders have participated in this process with Enbridge and state agencies to provide input to the PUC for this important decision. The PUC is the appropriate venue to consider all of the data, science, and technical expertise that have been developed and shared about this project to make a determination about whether the project is needed for the benefit of our state. This bill requires the PUC to permit Enbridge to construct the Line 3 pipeline on the company's preferred route, disregarding input from many stakeholders and circumventing the Commission's authority.

Furthermore, this bill is unnecessary, as the PUC is nearing the end of its deliberative decision-making process on this project. The Administrative Law Judge issued her report on April 23, 2018, which summarized the massive volume of public input received in this case, and provided her recommendations to the PUC. The record before the PUC is now complete, and the Commission has scheduled oral arguments and deliberations on need and route beginning June 18, 2018. This bill eliminates the input of thousands of Minnesotans who have participated in the process by attending public meetings and hearings, writing comments, or otherwise engaging in the process, just a month before a decision is scheduled to be made by the PUC.

This bill is a crass and foolhardy attempt by the Legislature to destroy the integrity and the intelligence of the existing, statutory decision-making process. It would set an extremely dangerous precedent that would severely undermine the PUC's authority in future cases.

I made clear months ago that I would veto this kind of ill-considered, politically-motivated pandering to the pipeline's proponents. I trust the bill's passage provides the re-election talking points desired by some of its proponents. Otherwise, it is a shameful abuse of responsible legislative authority.

For the reasons outlined above, I have vetoed this bill.

Sincerely,

MARK DAYTON
Governor

**MESSAGES AND COMMUNICATIONS RECEIVED
SUBSEQUENT TO ADJOURNMENT SINE DIE**

The following messages and communications were received subsequent to adjournment sine die by the House:

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Mr. Speaker:

This is to notify you that the Senate is about to adjourn the Ninetieth Legislative Session sine die.

CAL R. LUDEMAN, Secretary of the Senate

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 19, 2018

The Honorable Kurt Daudt
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Daudt:

Please be advised that I have received, approved, signed, and deposited in the Office of the Secretary of State the following House Files:

H. F. No. 2802, relating to environment; providing regulatory certainty to municipalities that construct publicly owned treatment works to comply with new or modified effluent limitations.

H. F. No. 2847, relating to natural resources; modifying Cuyuna Country State Recreation Area Citizens Advisory Council.

H. F. No. 2945, relating to human services; modifying requirements for intensive residential treatment and adult crisis response service provider entities.

H. F. No. 3689, relating to health; making changes to birth defect information system.

H. F. No. 3015, relating to human services; modifying correction order posting requirements for child care licensing.

H. F. No. 3089, relating to mines; modifying inspection requirements.

H. F. No. 1243, relating to security freezes; authorizing security freezes for protected persons; regulating fees; providing exceptions.

H. F. No. 3249, relating to public safety; modifying provisions governing passing emergency vehicles stopped on a roadway.

H. F. No. 3833, relating to commerce; providing financial exploitation protections for older adults and vulnerable adults.

H. F. No. 3196, relating to health insurance; establishing a step therapy protocol and override for prescription drug coverage.

H. F. No. 3819, relating to local government; discontinuing Ramsey Soil and Water Conservation District; transferring duties.

H. F. No. 2746, relating to health; modifying practice of advanced practice registered nurses; modifying the health professionals permitted to authorize prescription eyeglasses using old lenses or last prescription available.

H. F. No. 3548, relating to transportation; modifying certain requirements governing agricultural transportation.

Sincerely,

MARK DAYTON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 20, 2018

The Honorable Kurt Daudt
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Daudt:

Please be advised that I have received, approved, signed, and deposited in the Office of the Secretary of State the following House Files:

H. F. No. 3799, relating to commerce; regulating fraternal benefit societies.

H. F. No. 3095, relating to solid waste; modifying waste management provisions.

H. F. No. 3873, relating to workers' compensation; adopting recommendations of the Workers' Compensation Advisory Council; modifying workers' compensation provisions; modifying hospital outpatient fee schedules; modifying billing, payment, and dispute resolution; defining ambulatory surgical center payments; modifying covered benefits.

H. F. No. 3265, relating to human services; modifying provisions governing MAPCY and child foster care; establishing foster care sibling bill of rights.

Sincerely,

MARK DAYTON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 21, 2018

The Honorable Kurt Daudt
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Daudt:

Please be advised that I have received, approved, signed, and deposited in the Office of the Secretary of State, H. F. No. 4003, Chapter No. 181. Given the timing of the Legislature's adjournment, I have signed this bill and returned it to the Secretary of State in order to ensure it becomes law.

Sincerely,

MARK DAYTON
Governor

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
ST. PAUL 55155

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 2018 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:

| <i>S. F. No.</i> | <i>H. F. No.</i> | <i>Session Laws Chapter No.</i> | <i>Time and Date Approved 2018</i> | <i>Date Filed 2018</i> |
|----------------------|----------------------|-------------------------------------|--|----------------------------|
| | 2802 | 148 | 4:31 p.m. May 19 | May 19 |
| | 2847 | 149 | 4:32 p.m. May 19 | May 19 |
| | 2945 | 151 | 4:33 p.m. May 19 | May 19 |
| | 3689 | 152 | 4:34 p.m. May 19 | May 19 |
| | 3015 | 153 | 4:34 p.m. May 19 | May 19 |
| | 3089 | 154 | 4:36 p.m. May 19 | May 19 |
| 3245 | | 155 | 4:37 p.m. May 19 | May 19 |
| 3461 | | 156 | 4:54 p.m. May 19 | May 19 |
| 3000 | | 157 | 4:55 p.m. May 19 | May 19 |
| | 1243 | 158 | 4:57 p.m. May 19 | May 19 |

| | | | | |
|--------|------|-----|------------------|--------|
| | 3249 | 159 | 4:38 p.m. May 19 | May 19 |
| 2863 | | 160 | 4:40 p.m. May 19 | May 19 |
| | 3833 | 161 | 4:41 p.m. May 19 | May 19 |
| | 3196 | 162 | 4:43 p.m. May 19 | May 19 |
| 2685** | | 163 | Filed Unsigned | May 19 |
| 3143 | | 164 | 4:44 p.m. May 19 | May 19 |
| 3569 | | 165 | 4:45 p.m. May 19 | May 19 |
| 2683 | | 166 | 4:46 p.m. May 19 | May 19 |
| 3102 | | 167 | 4:48 p.m. May 19 | May 19 |
| 3480 | | 168 | 4:50 p.m. May 19 | May 19 |
| | 3819 | 169 | 4:51 p.m. May 19 | May 19 |
| | 2746 | 170 | 4:52 p.m. May 19 | May 19 |
| | 3548 | 171 | 4:53 p.m. May 19 | May 19 |
| 2991 | | 173 | 3:18 p.m. May 20 | May 20 |
| 327 | | 174 | 3:20 p.m. May 20 | May 20 |
| | 3799 | 175 | 3:21 p.m. May 20 | May 20 |
| 893 | | 176 | 3:22 p.m. May 20 | May 20 |
| | 3095 | 177 | 3:23 p.m. May 20 | May 20 |
| 3367 | | 179 | 3:24 p.m. May 20 | May 20 |
| 2675 | | 180 | 3:26 p.m. May 20 | May 20 |
| | 4003 | 181 | 8:25 p.m. May 21 | May 21 |
| 3326 | | 182 | 3:29 p.m. May 20 | May 20 |
| 3638 | | 183 | 3:30 p.m. May 20 | May 20 |
| 2869 | | 184 | 3:31 p.m. May 20 | May 20 |
| | 3873 | 185 | 3:32 p.m. May 20 | May 20 |
| 3168 | | 186 | 3:33 p.m. May 20 | May 20 |
| | 3265 | 188 | 3:35 p.m. May 20 | May 20 |
| 3297 | | 189 | 3:36 p.m. May 20 | May 20 |

Sincerely,

STEVE SIMON
Secretary of State

[NOTE: ** Indicates that S. F. No. 2685, Chapter No. 163, became law without the Governor's signature.]

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 21, 2018

The Honorable Kurt Daudt
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Daudt:

I have vetoed and am returning H. F. No. 4133, Chapter No. 190, the Agriculture Policy bill.

I am appalled that the Agriculture Policy Committee Chairs, Representative Paul Anderson and Senator Bill Weber, invoked Minnesota Statute 14.126 and passed resolutions attempting to prohibit the Department of Agriculture from adopting the Groundwater Protection Rule, in order to try to force my signature on this bill. This action was unprecedented and offensive. By adopting the resolutions, the Chairs interfered with the rights of Minnesotans, particularly people living in rural areas, to clean and safe drinking water. However, I refuse to sign away the rights.

The current soil loss law protects farmers' property rights by creating a practical process to deal with issues of excessive erosion from neighbors' lands and to achieve resolutions without going to court. The Legislature could have chosen to send me an Agriculture Policy bill that I could sign. By not doing so, the Legislature missed the opportunity to pass the following bipartisan-supported policies into law:

- **Beginning Farmer Tax Credit Revision** – This policy would have waived the education requirement for beginning farmers who have already received agricultural education through a degree program or other programs like the Farm Business Management.
- **Changes to the Rural Finance Authority Program** – In the current time of depressed commodity prices and an uncertain agriculture trade environment, the proposed changes to the RFA's loan programs would have better served farmers by expanding: the loan programs to farmers experiencing disaster and emergency, loan limits for the livestock expansion and farm opportunity loans, and use of loan programs for methane digesters.
- **Agriculture Best Management Practice Loan Program** – The policy would have made local public drainage ditch authorities eligible for Ag BMP Loans to provide low-cost financing options for buffer implementation after redetermination of benefits.
- **Aquaculture Industry** – The policy would have classified and created regulatory expectations for aquatic farms and facilities to help the shrimp industry establish and flourish in rural Minnesota.

It is my strong belief that farmers are good stewards of their lands. I also firmly believe that all farmers deserve the right to protect their property. It is unfortunate that the Legislature has attempted to reverse the soil loss law that was designed to prevent landowner-to-landowner conflicts.

For the above reasons, I have vetoed this bill.

Sincerely,

MARK DAYTON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 23, 2018

The Honorable Kurt Daudt
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Daudt:

I have vetoed and am returning H. F. No. 947, Chapter No. 205, a bill related to taxation and education.

Two weeks ago, I said that I would not begin to negotiate or sign a tax bill until there was an agreement to fund Emergency School Aid. I urged the Legislature to fund \$137.9 million in one-time Emergency School Aid to ensure that our schools could continue to provide the high quality educations students need and deserve. To date, at least 59 school districts across Minnesota are facing severe financial shortfalls, which will force the layoffs of hundreds of teachers and support staff, increases in class sizes and cuts to school programs. Thirty-three of the schools districts are in Greater Minnesota and twenty-six are in the metropolitan area.

Republicans misleadingly claim to provide \$225 million in this bill for schools, but 80% of the funding is from existing sources that have already been allocated and budgeted for staff training and community education. The other \$50 million is from the State's budget reserve. Instead of providing critical new funding, this bill simply shifts funding by allowing school districts to transfer money out of community education and professional development programs. Community education funding is crucial to meet the needs of our most at-risk preschoolers, ECFE parents and adults seeking a GED. Professional development for our teachers is critical when we need to train our teachers in school safety. With a \$329 million budget surplus, it makes no sense for us to take funding away from our schools and teachers. This funding is not only inadequate, it completely misses the mark on school funding priorities our teachers and students sorely need.

Misguided Tax Priorities

Late last year, President Trump and Republicans in Congress enacted a federal tax law that overwhelmingly favored large corporations and the richest Americans. The federal tax law cut taxes by 40 percent for corporations, totaling 92 percent of the net total, or \$1.35 trillion. In response to the federal tax changes, I proposed a near revenue-neutral tax bill on March 16th that would separate state income taxes from the federal tax code and cut income taxes for over 2 million Minnesota families. Unfortunately, like the federal tax bill, this bill prioritizes corporations and wealthy individuals over Minnesota families.

While there are items in the bill that align with my approach, there are significant proposals left out of the bill that would help Minnesota families. My approach would have helped low and middle-income families with the expansion of the Working Family Credit to larger families, saving 329,000 Minnesotans an average tax reduction of \$160. I proposed a new Personal and Dependent Credit of \$60 per person tax credit for individuals earning less than \$90,000 and married tax filers earning less than \$180,000 per year. For a family of four that is a tax credit of \$240. About 2 million Minnesotans would have received an average tax cut of \$115.

Individual Rate Cuts

The bill provides little in tax reductions to low- and middle-income families and instead prioritizes rate cuts that benefit wealthy Minnesotans the most. One in five Minnesota households do not have enough taxable income to benefit from the bill's rate reductions.

Under this bill, when comparing the tax impact of the rate cut for a married joint filer with two children:

- Earning \$30,000 or less would see no tax reduction
- Earning \$65,000 (state median income) would see a \$92 tax reduction
- Earning \$150,000 would see a \$262 tax reduction
- Earning \$250,000 would see a \$263 tax reduction

Under my tax bill, when comparing the tax impact of the new personal and dependent credit a married joint filer with two children:

- Earning \$30,000 or less would see a \$240 tax reduction
- Earning \$65,000 (state median income) would see a \$240 tax reduction
- Earning \$150,000 would see a \$240 tax reduction
- Earning \$250,000 would see a \$72 tax reduction

Corporate Rate Cuts

The bill provides a larger rate cut for corporations than for working Minnesota families. Although the conference agreement changes income tax rates for both individuals and corporations, for individuals, the bill provides a 0.2 percent second tier rate cut for taxpayers, but a 0.7 percent rate cut for corporations. That means the cut in rate for corporations (7.6 percent) is over double that for the second tier rate (2.9 percent).

For businesses, this bill provides a corporate tax rate cut of 0.7 percent costing \$85 million per year when fully phased in, repeals the corporate alternative minimum tax costing \$23 million, and provides full Section 179 expensing with a first full year of \$85 million. All this on top of the 40 percent tax rate cut corporations already received on their federal taxes.

International Provisions

This bill shields multi-national corporations with foreign subsidiaries from \$200 million in state taxes on the profits they have sheltered overseas. It provides a 100 percent subtraction for Global Intangible Low Tax Income (GILTI) of individuals and corporations. It also decouples 100 percent from Foreign Derived Intangible Income deductions for both individuals and corporations. These were tax changes made at the federal level that Minnesota should follow.

And although the bill would bring to Minnesota some of its share of deemed repatriation income, it first allows the federal preferred rate deduction and the Minnesota Dividend Received Deduction (DRD). My approach – following established Minnesota policy – allows the DRD, but not the federal preferred rate deduction. Allowing corporations to claim both of these preferential treatments for this income reduces the revenue apportioned to Minnesota even further.

Fiscal Responsibility

This tax bill also seriously jeopardizes Minnesota's future fiscal stability. The rate cuts in the bill are phased-in to hide their full costs. The personal income rate cuts cost \$136 million in FY 18-19, but the full cost will be \$395 million a biennium. The corporate rate cut costs \$23 million in FY 18-19, but the full cost will be \$170 million. These future revenue losses are in addition to the average \$200 million per biennium that will be lost from freezing business property taxes last year. I will not sacrifice our state's hard-earned fiscal stability, as this bill does.

I have been very clear about my commitment to fiscal sustainability for the State of Minnesota. As I expressed in a letter to legislative leaders on April 9, the long-term fiscal stability of the state is my highest priority. I have worked over the past seven years to restore the state's fiscal stability and I will not support any bill that threatens that stability. That is why I believed we should have revisited the three items in last year's tax bill, the State General Levy Inflation, Cigarette Inflation and Premium Cigars, and Estate Tax freeze at 2.4M to promote fairness, public health, and fiscal stability.

The long-term costs of the rate cuts should be considered with the revenue sources in the bill. The deemed repatriation revenue will end after 8 years. The change to the historic tax credit is a shift that brings in more revenue temporarily and is not ongoing revenue. The conforming to the disallowance of certain active pass through losses expires at the federal level after 2025. Combined, these three provisions in the bill raise \$128.9 million in FY 18-19 and \$204.4 million in FY 20-21. Temporary revenue should not be used to fund permanent tax cuts.

Other Issues in the Tax Bill

This bill moves the indexing of brackets, and various tax attributes, to chained CPI. This will mean that brackets will increase more slowly, increasing taxes on individuals slightly more each year. In addition, because the other credits will increase more slowly, their tax credits, property tax refunds, and other benefits will be less beneficial over time, which amounts to another tax increase. The net effect of this change is a \$60 million tax increase in the next biennium compared to what Minnesotans would pay under our current inflation rules.

The bill requires an addition for distributions from a 529 savings account if the distribution is used for K-12 expenses. Under the bill, those distributions are not subject to the 529 credit or subtraction recapture tax.

I am concerned that the bill would take the stillbirth credit away from families who would be eligible under current law, specifically families that use a surrogate. This is an unfair and inequitable treatment of those families.

There are also some items that are not in this bill that I thought represented a growing consensus. I heard from Rep. McDonald, non-profits, faith communities, community centers, and others about a provision in the federal tax law that taxes nonprofit employee transportation fringe benefits. This will impose taxes on non-profits that they previously did not pay. In addition to new taxes, it would impose new administrative burdens on the non-profit sector. It is an unfair result of the federal tax law that Minnesota should not make part of its tax code.

This bill includes a provision restricting the ability of local units of government to impose taxes and fees on food and food containers. As I made clear last year, I am concerned about state legislation that pre-empts the decisions of local governments.

There are a number of tax provisions that I supported that are not included in the bill including:

- the riparian buffer credit paid for from the general fund;
- the harvest credit that will provide an incentive to harvest more timber on private lands;
- the Mille Lacs property tax abatement to help small business owners impacted by a temporary downturn;
- the Upper Harbor TIF provisions in Minneapolis, and
- the Duluth Local Sales Tax

Missed opportunity to compromise

Despite all of these concerns, I still believed that we could have reached an agreement on this vitally important issue for Minnesotans. In an effort to find common ground, I proposed a middle-path approach on May 19th that incorporated elements of my proposal along with the legislature's largest tax priorities. The Legislature never responded to this offer. You did not come back with an alternative proposal. You did not even explain what you objected to in this compromise.

I am vetoing this bill because of its misguided priorities that give tax cuts to corporations and the wealthy over the education of our children.

Sincerely,

MARK DAYTON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 29, 2018

The Honorable Kurt Daudt
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Daudt:

Please be advised that I have received, approved, signed, and deposited in the Office of the Secretary of State the following House Files:

H. F. No. 3380, relating to civil law; amending the definitions of owner and rental agreement; clarifying property sale requirements for self-service storage facilities.

H. F. No. 2363, relating to commerce; enacting and modifying the Revised Uniform Athlete Agents Act.

H. F. No. 3232, relating to energy; modifying the solar energy incentive program.

H. F. No. 3763, relating to economic development; clarifying use of taconite economic development fund; providing for a transfer of 2018 distribution; limiting use of funds in the Douglas J. Johnson economic protection trust fund.

H. F. No. 3202, relating to health; adding a project to the hospital construction moratorium exception; imposing deadlines on the public interest review process.

H. F. No. 3972, relating to liquor; clarifying provisions relating to brewing and winemaking on premises; authorizing various intoxicating liquor licenses.

H. F. No. 740, relating to commerce; regulating motor vehicle franchises; specifying warranty and recall obligations; regulating succession agreements and unfair practices by manufacturers, distributors, and factory branches; providing penalties.

H. F. No. 3660, relating to environment; implementing terms of recent settlement between state and 3M Company; requiring a report of well testing; appropriating money.

H. F. No. 3423, relating to legacy; appropriating money from legacy funds; modifying certain requirements related to the legacy fund.

Sincerely,

MARK DAYTON
Governor

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
ST. PAUL 55155

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

The Honorable Warren Limmer
President Pro Tem of the Senate

I have the honor to inform you that the following enrolled Acts of the 2018 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:

| <i>S. F. No.</i> | <i>H. F. No.</i> | <i>Session Laws Chapter No.</i> | <i>Time and Date Approved 2018</i> | <i>Date Filed 2018</i> |
|----------------------|----------------------|-------------------------------------|--|----------------------------|
| | 3380 | 191 | 1:04 p.m. May 29 | May 29 |
| | 2363 | 192 | 1:05 p.m. May 29 | May 29 |
| | 3232 | 193 | 1:06 p.m. May 29 | May 29 |
| 3673 | | 194 | 1:07 p.m. May 29 | May 29 |
| 2578 | | 195 | 1:08 p.m. May 29 | May 29 |
| | 3763 | 198 | 1:11 p.m. May 29 | May 29 |
| | 3202 | 199 | 1:13 p.m. May 29 | May 29 |
| 3310 | | 200 | 1:14 p.m. May 29 | May 29 |
| | 3972 | 202 | 1:16 p.m. May 29 | May 29 |
| | 740 | 203 | 1:18 p.m. May 29 | May 29 |
| | 3660 | 204 | 1:20 p.m. May 29 | May 29 |
| 3062 | | 207 | 1:21 p.m. May 29 | May 29 |
| | 3423 | 208 | 1:22 p.m. May 29 | May 29 |
| 4075 | | 213 | 1:24 p.m. May 29 | May 29 |

Sincerely,

STEVE SIMON
Secretary of State

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 30, 2018

The Honorable Kurt Daudt
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Daudt:

Please be advised that I have received, approved, signed, and deposited in the Office of the Secretary of State the following House File:

H. F. No. 2899, relating to insurance; requiring notification of the statutory prohibition against payment of rebates or deductibles by residential contractors.

Sincerely,

MARK DAYTON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 30, 2018

The Honorable Kurt Daudt
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Daudt:

I have received, approved, signed and deposited in the Office of the Secretary of State H. F. No. 4425, Chapter No. 214, the Omnibus Bonding Bill and the Legislative-Citizens Commission on Minnesota's Resources appropriations bill, with the exception of the line-item veto listed below:

- Pages 99-100, lines 99.19 – 100.5: "APROPRIATION; ANALYZING COSTS AND RATEPAYER IMPACTS 99.20 OF WATER QUALITY REGULATIONS. (a) \$500,000 in fiscal year 2020 and \$500,000 in fiscal year 2021 are appropriated from the general fund to the commissioner of administration for a grant to any higher education institution to review water quality regulations and national pollutant discharge elimination system permits. The grant is subject to Minnesota Statutes, section 16B.98. The grantee may select the water quality regulations and permits to be reviewed, but must give preference to reviewing any draft NPDES permit that has new effluent limit requirements for a publicly owned wastewater treatment facility outside the seven-county metropolitan area. Any permit review must analyze the technical accuracy of the permit, the costs to the permittee to comply with the permit, the impact on business and residential rates, the water quality benefit of permit compliance, and the anticipated funding for the permittee from federal and state sources. This appropriation is available until expended. (b) Upon completion of the permit review, the grantee must provide a copy of the review to the permittee and the commissioner of the Pollution Control Agency. The grantee must also submit a report summarizing its findings in each permit review performed in the previous calendar year to the chairs and ranking minority members of the legislative committees with jurisdiction over capital investment, environmental finance and policy, and job growth.

This section appropriates \$1 million from the General Fund in FY 20-21 to add an unnecessary new layer of bureaucracy to review the scientific work of the MPCA for water quality standards and permits. This appropriation complicates the rule making process instead of making it more efficient. Water quality needs expedited action, not additional bureaucracy.

I am signing into law the remainder of H. F. No. 4425, Chapter No. 214. One of my principal concerns is not with what is in the bill, but rather with what is not in it. It is seriously unresponsive to the urgent needs for capital investments in new, old, and very old public facilities throughout our state. Minnesota's social and economic vitality will suffer from this underinvestment in the years ahead.

In January, I proposed a \$1.5 billion public works proposal that would make urgent and much needed investments to maintain our excellent colleges and universities, improve and repair critical state-owned infrastructure, provide clean and affordable water, and construct affordable housing across our state. My proposal was well within the state's debt capacity, which would allow for a \$3.5 billion bill this year, at a time when interest rates remain historically low.

Instead of taking a reasoned approach to the state's capital needs, the GOP Legislature set an arbitrary, ill-founded, and woefully inadequate limit to the total size of the bill. It underfunds critical investments in higher education, state parks, and water infrastructure, and only assures that those needs will become more urgent and more expensive in the future.

There are other deficiencies in the bill.

Public Transit Needs Ignored

Despite more than half-a-billion dollars in new transportation funding in the bill, it does not include a penny for transit in the Minneapolis-St. Paul Metro Area. My proposal provided \$100 million for the construction of several Bus Rapid Transit (BRT) lines, including funding for the D Line running from Brooklyn Center to Mall of America, and the Heywood Bus Garage expansion to maintain Metro Transit's bus fleet. The BRT lines are a cost-effective way to serve high ridership corridors to help more Minnesotans get to work and other destinations in faster travel times.

Past legislatures have respected the need for balances in statewide transportation funding between highways, roads, and bridges and public transit. The last two years have demonstrated that GOP legislators are unwilling to make the investments in public transit systems that our state's larger urban areas desperately need. Members oppose light rail projects; yet now are unwilling even to fund new, improved, and more efficient bus routes, which have become the metro region's only public transit options.

This opposition to any form of public transit is ignorant and irresponsible. It will further exacerbate the over congested highways in the metro region, and limit future economic growth in those vital areas.

LCCMR Process Subverted

In this bill, the Legislature shamefully subverted the prescribed Legislative-Citizen Commission on Minnesota Resources (LCCMR) process by adding projects that did not go through the LCCMR Board's rigorous process of review and recommendation. Even worse, legislators invaded the Trust Fund to pay for another \$98 million of projects, through issuing Appropriation Bonds. The systematic use of Appropriation Bonds in what is supposed to be a General Obligation Bonding bill is wrong. And it can only be understood as a devious attempt to circumvent the arbitrary GO Bond limit the Legislature foolishly imposed on itself.

Minnesota's voters approved in 1988, by an overwhelming majority, a constitutional amendment establishing the Environment and Natural Resources Trust Fund (ENRTF), a dedicated fund that originates from a combination of Minnesota State Lottery proceeds and investment income. The intent of the voters, by adopting that amendment, was to dedicate a long-term source of funding to protect, conserve, preserve, and enhance Minnesota's "air, water, land, fish, wildlife, and other natural resources" for the benefit of all Minnesotans.

I regret that I am unable to erase the dangerous policy language included in this bill that, if continued, would drain the resources from this Fund. I strongly urge future Legislatures to immediately correct this travesty and restore the integrity of this 30-year-old Fund for future generations.

Unnecessarily Depletes the Budgeted Reserve Fund

The bill transfers \$25 million from the State's Budgeted Reserve to fund School Safety Grants. I strongly support funding school security improvements; however, with a \$329 million budget surplus, it makes no sense to deplete the State's Budgeted Reserve, which my Administration established to protect Minnesotans in future economic downturns.

Inserts Favored Policies without Public Review

The bill, which was unveiled in the last hours of the Session, includes a number of last-minute policy provisions inserted **without any public hearing or review**.

- The bill undermines regional planning by carving-out special treatment to the City of Nowthen, allowing it unprecedented authority over the Metropolitan Council's regional planning, regardless of its cost or effectiveness. The bill also restricts transparency of the planning process by allowing local governments to challenge the reasonableness of the metropolitan system plans without the input of other affected communities.
- The bill creates duplicative and time-consuming requirements for the Minnesota Pollution Control Agency to provide cities with information on participation in the water-discharge permit process. MPCA is currently meeting my 150-day permit timeliness goal 95 percent of the time. These requirements are redundant to current practices, add unnecessary steps to the permitting process and jeopardize efficient water permitting processes. The bill also requires a 45-day waiting period before the agency can enforce violations of effluent limits in water, posing greater risk to public health.
- The bill imposes restrictions on how the Minnesota Housing Finance Agency allocates Low Income Housing Tax Credits, provisions that may conflict with federal law, and limits the authority to review per unit cost or cost reasonableness of housing projects.

I am signing this bill, despite my objections, because areas throughout Minnesota need the projects and the jobs, which it will provide. It is, however, a terrible display of a legislative session conducted without adequate responsibility or integrity.

Sincerely,

MARK DAYTON
Governor

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
ST. PAUL 55155

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

The Honorable Warren Limmer
President Pro Tem of the Senate

I have the honor to inform you that the following enrolled Acts of the 2018 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:

| <i>S. F. No.</i> | <i>H. F. No.</i> | <i>Session Laws Chapter No.</i> | <i>Time and Date Approved 2018</i> | <i>Date Filed 2018</i> |
|----------------------|----------------------|-------------------------------------|--|----------------------------|
| | 2899 | 209 | 10:32 a.m. May 30 | May 30 |
| | 4425* | 214 | 10:35 a.m. May 30 | May 30 |

Sincerely,

STEVE SIMON
Secretary of State

[NOTE: * Indicates that H. F. No. 4425 contains a line item veto.]

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 30, 2018

The Honorable Kurt Daudt
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Daudt:

I have vetoed and am returning H. F. No. 3463, Chapter No. 206, a bill relating to motor vehicles.

While I support the policy goals reflected in H. F. No. 3463, I will not sign a bill that requires changes in the MNLARS system, unless sufficient funding is provided to carry out that work. The Legislature has refused to provide adequate funding to improve the MNLARS system over the remainder of this biennium. Therefore, further mandating policy changes without any additional funds undermines the established stakeholder process and jeopardizes the completion of high priority items.

I also will not sign a bill that reduces resources for the Minnesota Department of Public Safety (DPS). It is imperative that the DVS Special Revenue Accounts remain stable, in order for the agency to meet its statutory business obligations into the future, as was intended when the Legislature established those accounts.

These concerns were communicated by my Commissioners and their staff throughout this Session; but, unfortunately, the parties were unable to reach a mutually agreeable solution for the final bill. DPS and Minnesota IT Services (MN.IT) will continue to work with all stakeholders on development priorities for MNLARS within the resources available.

Sincerely,

MARK DAYTON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 30, 2018

The Honorable Kurt Daudt
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Daudt:

I have vetoed H. F. No. 3422, Chapter No. 210, the Wild Rice Bill. My administration has repeatedly expressed my commitment to protect wild rice waters without imposing unaffordable treatment costs on Minnesota cities and businesses. To continue that process, today I am issuing an Executive Order to establish a Wild Rice Task Force that will address the issues I had hoped could be part of a legislative solution in the past session.

Furthermore, until such time as cost-effective sulfate treatment technologies are available, I have instructed the MPCA Commissioner implement the federal Clean Water Act by working closely with dischargers to assure that no existing permitted facility will be required to install unaffordable treatment to meet the existing sulfate standard. Other tools authorized under the Clean Water Act will be used to protect the Agency and permitted dischargers from allegations of non-compliance.

While I do recognize that H. F. No. 3422 represents some progress over previous legislation, it is not enough to make up for the rest of bill's shortcomings.

Of particular note is the inclusion of a work group process and set of tasks that were acceptable only to the bill's proponents. During the ten days my staff and MPCA staff met with stakeholders, several of my Administration's draft proposals included the creation of an inclusive work group that would focus on recommendations for documenting, protecting, and enhancing natural stands of wild rice, and for reviewing existing scientific literature. However, it appeared that the interests, who advocated for the initial bill, were principally concerned with rehashing disagreements with MPCA on the scientific research supporting the sulfate standard, and with attempting to replace the MPCA's responsibilities under state and federal laws with the authority of the work group.

Giving a work group the power to decide the state's wild rice water quality standard is an unlawful delegation of authority under the federal Clean Water Act, as well as offensive to the Native American Tribes, who place great significance on wild rice. By contrast, the Task Force I am creating will provide the opportunity to bring together a diverse group of stakeholders to work on practical measures to protect and restore wild rice.

While today I am vetoing H. F. No. 3422, I also restate my desire to bring Minnesotans together and find a path forward on this important issue.

Sincerely,

MARK DAYTON
Governor

STATE OF MINNESOTA
OFFICE OF THE SECRETARY OF STATE
ST. PAUL 55155

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

The Honorable Warren Limmer
President Pro Tem of the Senate

I have the honor to inform you that the following enrolled Act of the 2018 Session of the State Legislature has been received from the Office of the Governor and is deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

| <i>S. F. No.</i> | <i>H. F. No.</i> | <i>Session Laws Chapter No.</i> | <i>Time and Date Approved 2018</i> | <i>Date Filed 2018</i> |
|----------------------|----------------------|-------------------------------------|--|----------------------------|
| 2620 | | 211 | 9:59 a.m. May 31 | May 31 |

Sincerely,

STEVE SIMON
Secretary of State

CERTIFICATE

I certify that the Journal of the House for Sunday, May 20, 2018, including subsequent proceedings, has been corrected and is hereby approved.

PATRICK D. MURPHY, Chief Clerk, House of Representatives

