

Warmest regards,
Arne H. Carlson, Governor

April 3, 1996

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

I have vetoed and am returning Chapter 436, Senate File Number 302, a bill relating to the minimum wage.

This bill raises the hourly minimum wage for large employers from the current \$4.25 to \$5.35 beginning September, 1997. It further raises the hourly minimum wage for small employers from the current \$4.00 to \$5.10 beginning September 1, 1997.

This increase in minimum wage would put Minnesota higher than the federal minimum wage of \$4.25 an hour; thus, when compared to surrounding states, Minnesota would be distinguished as having the highest minimum wage. Only nine states have a wage higher than the federal level. Four of these states have exceptions such as lower wages for minors or a training wage. This proposal provides for no similar exceptions. Consequently, Minnesota would have the highest minimum wage in the nation.

As I have stated repeatedly in previous veto messages on this issue, a minimum wage increase would cost jobs and cause inflation. An increase in the minimum wage automatically raises the cost to business. Naturally, retailers must pass on the increased cost to consumers in the form of higher prices or cut costs wherever they can. For businesses in highly competitive areas, such as retail, this will most likely trigger layoffs, hiring freezes, reduced benefits and even store closings.

Wage levels in the Twin Cities metropolitan area are well above the minimum wage because the concept of "competitive marketplace" works. Market forces, influenced by the cost of living and the available labor supply, are the factors that should properly determine the wage scales, not legislative efforts to change social policy.

While this issue appears to be one that will forever be with us, it is not appropriate to address it at the state level. Any answer to the minimum wage debate must be formulated at the federal level and must be predicated on a wage adjustment mechanism tied to the cost-of-living index which would then be applied nationally. To continue this discussion at the state level is costly, time consuming and ultimately a fruitless effort.

Warmest regards,
Arne H. Carlson, Governor

April 4, 1996

The Honorable Irv Anderson
Speaker of the House of Representatives

The Honorable Allan H. Spear
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 1996 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.	Session Laws Chapter No.	Time and Date Approved 1996	Date Filed 1996
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