



# STATE OF MINNESOTA

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ARNE H. CARLSON  
GOVERNOR

April 11, 1996

The Honorable Allan Spear  
President of the Senate  
120 Capitol  
Saint Paul, Minnesota 55155

Dear President Spear:

I have vetoed and am returning Chapter 447, SF 1997. I have vetoed it because it is inflexible, unnecessary, and counterproductive.

Like it or not, Minnesota is in worldwide competition for jobs. This legislation would undercut the state's future ability to compete and attract jobs through economic development programs. In fact, the bill's language would potentially impact employment at up to 17,000 Minnesota businesses, if they ever requested state or local aid.

I find several problems with this bill. First, it is inflexible. It would lock many businesses into paying \$7.28 an hour in return for state aid regardless of the industry, region, or economic conditions. It is not difficult to imagine conditions -- amid an economic downturn or in a depressed region -- in which the state might need flexibility to attract new jobs. This bill eliminates that discretion. The restrictions on the use of local government funds are even more concerning.

Second, the bill is unnecessary. Most economic development funds already target high quality jobs. For example, the Commissioner of the Minnesota Department of Economic Development in January wrote: "Based on the current strength of the economy and the relatively large number of companies now expanding, the ERF (Economic Recovery Fund) must focus on projects that pay above \$10 an hour in the Minneapolis-St. Paul metropolitan area and \$8.00 an hour outside the metropolitan area."

The point is: we are already using state funds to create good jobs at good wages. Consequently, this bill does not provide any new benefits that the marketplace and state aid guidelines do not already provide.

It may come as a surprise to some that the state's private sector has been creating good jobs and good wages without government micromanagement. In fact, between 1990-94 income per

April 11, 1996

Page Two

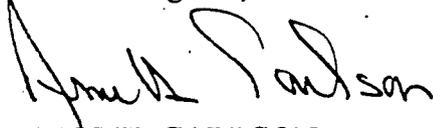
person in Minnesota grew 18.5 percent, outpacing the national average. Our ranking among the states in personal income shot up from 19th to 16th in that same period.

Third, the bill is counterproductive. In addition to the problems cited above, it suggests that the legislature knows better than the marketplace about how to provide secure, decent wage jobs. The bill passed amid superheated, anti-business rhetoric which suggested that corporations are part of the problem, not part of the solution.

This is wrong. Seventy-six percent of Minnesotans, some 1.7 million people, earn their living and support their families working for corporations. Corporations pay \$600 million in state income taxes alone. We would not generate the steady increases in state revenue so important to supporting programs championed by the proponents of this bill unless we had a healthy, growing business sector, as we now do.

I am not eager to risk this record of success by opening the door further to unnecessary and counterproductive government action. Accordingly, I return the bill to you with my veto.

Warmest regards,



**ARNE H. CARLSON**

Governor

c:     Senator Roger Moe, Majority Leader  
       Senator Dean Johnson, Minority Leader  
       Representative Irv Anderson, Speaker of the House  
       Representative Steve Sviggum, Minority Leader  
       Chief Senate Author(s)  
       Chief House Author(s)  
       Mr. Patrick E. Flahaven, Secretary of the Senate  
       Mr. Edward A. Burdick, Chief Clerk of the House  
       Ms. Joan Anderson Growe, Secretary of State