



STATE OF MINNESOTA

Office of Governor Mark Dayton

130 State Capitol ♦ 75 Rev. Dr. Martin Luther King Jr. Blvd ♦ Saint Paul, MN 55155-1611

May 30, 2018

The Honorable Kurt Daudt
Speaker of the House
463 State Office Building
St. Paul, Minnesota 5515

Dear Mr. Speaker:

I have received, approved, signed and deposited in the Office of the Secretary of State Chapter 214, House File 4425, 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 Chapter 214, House File 4425. 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

cc: Lieutenant Governor Michelle Fischbach
Senator Warren Limmer, President Pro Tem of the Senate
Senator Paul E. Gazelka, Senate Majority Leader
Senator Thomas M. Bakk, Senate Minority Leader
Senator Rich Draheim, Chief Senate Author
Senator Senjem, Senate Capital Investment Chair
Representative Melissa Hortman, House Minority Leader
Representative Tim Miller, Chief House Author
Representative Urdahl, House Capital Investment Chair
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