

## STATE OF MINNESOTA

## Office of Governor Tim Pawlenty

130 State Capitol • 75 Rev. Dr. Martin Luther King Jr. Boulevard • Saint Paul, MN 55155

May 15, 2008

The Honorable James Metzen President of the Senate 75 Rev. Dr. Martin Luther King Jr. Blvd. 322 State Capitol Building Saint Paul, Minnesota 55155

Dear President Metzen:

I have vetoed and am returning Chapter 320, Senate File 875, a bill related to minimum wage.

I have repeatedly supported minimum wage increases as both the Governor and as a legislator. As recently as 2005, I signed into law a bill increasing the minimum wage.

Significantly, even with my veto of this bill, the minimum wage will increase to \$6.55 this year and \$7.25 next year for most employers pursuant to increases established under federal law. The federal minimum wage increases were accomplished through a bipartisan compromise at the federal level and allow for a tip credit. Unfortunately, and once again, this bill does not reflect similar bipartisan agreement.

As the Legislature addressed the state minimum wage again this year, I was very clear that I would support a reasonable increase to the state minimum wage, provided that the bill included an acceptable tip credit. A tip credit allows an employer to pay a slightly lower minimum wage to employees whose jobs include the receipt of significant earnings through tips. Unfortunately, the authors of the bill chose to ignore my concerns and passed a bill that increases the minimum wage to more than 50 percent above the 2005 rate and does not include a tip credit for tipped employees. My Administration presented a compromise so that the tip credit would only apply to increases in the minimum

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wage, so that no employees would see a reduction in their current wage. That offer was rejected.

Minnesota is one of only a handful of states that do not recognize a tip credit at the state level. A tip credit is applied in 43 states for calculating the base wage for tipped employees. The tip credit is essential for the continued viability of many employers.

The minimum wage increase in S.F. 875 would increase the minimum wage in Minnesota to \$7.75, giving Minnesota the 7th-highest minimum wage in the country. The size of this wage mandate and the lack of an appropriate tip credit would detrimentally harm employers in Minnesota struggling to maintain jobs within an economic slowdown and ultimately be passed on to consumers in the form of increased prices for goods and services.

I am willing to consider a bipartisan minimum wage bill next session if it allows for a reasonable increase, creates a tip credit, and does not unduly burden Minnesota's employers and Minnesota's economy.

Sincerely,

Tim Pawlenty Governor

Cc: Senator Lawrence J. Pogemiller, Majority Leader

Senator David Senjem, Minority Leader

Senator Ellen Anderson

Representative Margaret Anderson Kelliher, Speaker of the House

Representative Marty Seifert, Minority Leader

Representative Tom Rukavina

Mr. Patrick E. Flahaven, Secretary of the Senate

Mr. Al Mathiowetz, Chief Clerk of the House of Representatives

Mr. Mark Ritchie, Secretary of State