

**VETO SUMMARY FOR 2007 - - 20 BILLS - - FINAL - - WEDNESDAY, MAY 30**

(The Governor's full veto messages may be seen at: [www.governor.state.mn.us/priorities/legislation/index.htm](http://www.governor.state.mn.us/priorities/legislation/index.htm) )

1. FULL VETO - - Chapter 149 - - Second Omnibus Tax Bill  
HF 2268 (Lenczewski)  
FISCAL IMPACT: About \$130,000,000

The Governor advised that he had guaranteed DFL leadership and staff that he would veto this bill if it included a policy provision to put government growth on automatic pilot with built-in increases to account for inflation. The provision was included, and the bill was vetoed.

The Governor also noted concerns that: 1) property tax relief was not properly balanced geographically; 2) property tax relief was weighted heavily to increased local government spending that would serve only half of the state's population; 3) buying down property taxes by subsidizing local government spending, instead of providing relief directly to property owners, has not been a long-term solution in the past. 4) class rate increases for utilities and pipelines in the bill were imbalanced; and 5) support for the expansion of the Mall of America would have been problematic because it would have been funded by taxes on the Mall's competitors.

2. LINE-ITEM VETOES: Chapter 143 - - "Lights On" Transportation Bill.  
HF 562 (Lieder)  
TOTAL OF LINE-ITEM VETOES IN THIS BILL: \$200,000

- a. \$200,000 for a grant to the Humphrey Institute to participate in the Urban Partnership Agreement ("UPA") Congestion program. The Governor noted that he supports the involvement of the Minnesota Department of Transportation and the Metropolitan Council in this project. However, he noted that the use of trunk highway funds for this project requires that the funds must be managed under contracts overseen by M-DOT.

3. LINE ITEM VETOES: Chapter 144 - - Omnibus Higher Education Finance Bill  
HF 1063 (Simon)  
TOTAL OF LINE-ITEM VETOES IN THIS BILL: \$250,000.

- a. \$200,000 for payments to the Loan Repayment Assistance Program, Inc. ("LRAP") for loan repayment assistance awards to attorneys who enter "public interest law. The Governor noted that this program has operated with donations from the legal community for 15 years without receiving tax-payer dollars. He noted that the language of "public service law" is not limited to legal services to low-income or disadvantaged individuals. He also noted that the tax dollars could be given to attorneys who work outside Minnesota. The Governor expressed concern that this provision would place the LRAP program in the on-going base budget of future Higher Education bills. Before that should happen, the Governor urged the Legislature to consider whether any such funding should be targeted on low-income and disadvantaged clients in Minnesota. However, he indicated his preference that LRAP continue to rely on the private sector for funding.
- b. \$50,000 for a pilot program for college internships to be operated through the Washington Center for Internships and Academic Seminars. The Governor noted that this appropriation would have duplicated many projects already being operated by Minnesota colleges and universities in partnership with the private sector.

4. LINE ITEM VETOES: Chapter 146 - - Omnibus E-12 Education Finance Bill  
HF 2245 (Greiling)  
TOTAL OF LINE-ITEM VETOES IN THIS BILL: \$5,475,000
- a. \$75,000 to hire a consultant to assist an education task force consisting primarily of legislators to conduct a study. Noting that this would be the third such effort in the last four years, the Governor noted that the legislative group could rely on House and Senate staff as well as experts from the Minnesota Department of Education. The Governor also opined that he should have been allowed to appoint at least one member of the group.
  - b. \$400,000 to create an “Independent Office of Educational Accountability.” The Governor noted that this group would duplicate work already being funded and done by the Minnesota Department of Education, higher education institutions, and numerous stakeholder groups and various working groups already in progress under the P-16 Partnership.
  - c. \$500,000 to pay for teachers to seek certification from the National Board of Professional Teaching Standards. The Governor noted that the appropriation would have: 1) applied only to a limited number of teachers; 2) given funds for a group whose cost-effectiveness has been questioned; 3) given funds for a certification which is not linked to subsequent measurement of student achievement; and 4) given funds to individual teachers even if their costs had been paid by others.
  - d. \$4.5 million to pay for the costs of merging the Minneapolis and Hennepin County library systems. The Governor noted that he had signed earlier legislation to authorize this merger, and Legislators had been told that the mergers would not cost state taxpayers any money, that there would be no fiscal impact on the state, and that the merger was fiscally prudent. Noting that the local decision is a matter for the Hennepin County Board and the Minneapolis City Council, the Governor urged those bodies to consider carefully the fiscal benefits and impacts of the proposed merger.
5. LINE ITEM VETOES: Chapter 135 - - Omnibus Jobs Finance Bill  
HF 122 (Rukavina)  
TOTAL OF LINE-ITEM VETOES IN THIS BILL: \$5,150,000.
- a. \$500,000 for improvements to community water system for the Lower Sioux Community. There are federal loan and grant programs available through the USDA and EPA for water system upgrades on reservations. The Governor indicated an understanding that the Community had not applied for such funds.
  - b. \$350,000 for reducing debt for the community center for the City of Inver Grove Heights. The Governor noted that this is a local debt service item for a local public facility. He also indicated that the facility’s funding was in good shape until local leaders decided to add an indoor water park, aquatic facility, and athletic club-style workout area.
  - c. \$2.5 million for the reduction of debt service costs for the RiverCentre Campus in the City of St. Paul. The Governor indicated that this proposal needs the clarity and strategic focus that the deliberative and critical assessment of further legislative review could provide.
  - d. \$100,000 for a grant to the Ramsey County Workforce Investment Board. The Governor indicated that this duplicates funding to this entity, and should not be treated as a special earmark.

- e. \$150,000 for a grant to the Hennepin-Carver Workforce Investment Board. The Governor indicated that this duplicates funding to this entity, and should not be treated as a special earmark.
- f. \$400,000 for a grant to HIRED. The Governor suggested that this group should apply for funds currently available through the Jobs Skills Partnership Board, rather than seeking a special earmark.
- g. \$500,000 for the second year for funding for “patient lifting” equipment paid for through the workers’ compensation “special compensation” fund. The Governor noted that the Department of Labor and Industry is conducting a study on this issue that is due on January 18, 2008. He did not veto the first year’s \$500,000 appropriation so that equipment purchases can be made while awaiting the study.
- h. \$75,000 for the second year for a grant to the Hockey Hall of Fame Museum. The veto also prevents \$75,000 for the first year from being included in the on-going base budget for the Minnesota Historical Society. The Governor noted that he approved the first year of funding to assist its efforts to assess critically the mission, structure and planning for the museum.
- i. \$575,000 for grants from the Iron Range Resources and Rehabilitation Board Fund. The Governor indicated that these grants would bypass the IRRRB’s administrative and approval procedures. The grants would have included: \$225,000 to extend electricity to a peat project in Aitkin County; \$75,000 to preserve a synagogue in Virginia and establish a permanent endowment for the structure; \$150,000 to employ Iron Range youth in the construction of community centers; \$50,000 for pond and field construction for the Iron Range retriever club; and \$75,000 to update the infrastructure at the city-owned baseball field in Chisholm.

6. LINE-ITEM VETOES - - Chapter 148 - - Omnibus State Government Finance Bill  
 HF 548 (Simon)  
 TOTAL OF LINE-ITEM VETOES IN THIS BILL: \$80,000

- a. \$80,000 to purchase an Indian burial site in Becker County. The Governor indicated his support for the protection of burial grounds. However, he noted that Minnesota’s laws to protect burial sites already were strengthened by his signature of SF 2226 earlier this year. The Governor indicated that purchasing this site would set a precedent with long-term implications for the state.

7. LINE-ITEM VETOES - - Chapter 147 - - Omnibus HHS Finance Bill  
 HF 1078 (Huntley)  
 TOTAL OF LINE-ITEM VETOES IN THIS BILL: \$18,803,000

- a. \$7,291,000 in fiscal year 2009 for an appropriation for MFIP participants involved in “supported employment” experiences. The purpose of the appropriation was to shield the state from federal cuts to states where not enough welfare recipients are meeting welfare-to-work job requirements. The appropriations would be used to claim experience for welfare recipients involved in such “supported employment activities as: outreach and recruitment, program orientation and intake, testing and assessment, job development and marketing, preworksite training, supported worksite experience, job coaching, and postplacement follow-up. The Governor indicated that this veto would give the Legislature more cost effective alternatives to meeting Minnesota’s federal work requirements.

- b. \$1.5 million for “work study grants” for MFIP recipients. The Governor indicated that the beneficiaries of these grants are the schools who should already be paying for work performed as part of the work-study arrangement. Pointedly, the Governor also noted that “subsidies to colleges for work study positions for MFIP recipients are also not a necessity given the Legislature’s decision to repeal MFIP’s 20-hour work requirement.
  - c. \$3 million for car loans for welfare recipients. The \$1.5 million annual appropriations would have provided funds for auto purchase grants, auto repairs, and auto loans for people who are eligible for MFIP. The Governor noted that this provision would have created a permanent MFIP program that pays for car loans.
  - d. \$100,000 to pay for a tenant hotline service through a specific organization. The Governor noted that this earmark for a specific group would not include a competitive grant process for groups seeking to provide this service.
  - e. \$300,000 for a grant to a local research center to study impacts of changes of state policies on low-income and uninsured persons. The Governor noted that this grant would not have state-wide applicability. The Governor noted that the appropriation would not require the center to document any results or findings. The Governor noted that the results of such a study should be reported to the responsible agency, rather than the Legislature.
  - f. \$1.95 million for a state-wide media campaign to get more people to sign up for government health benefits. The Governor noted that this “represents an inefficient means to increase the number of insured Minnesotans.”
  - g. \$4,302,000 to repay Fillmore, Steele, and St. Louis counties for overspending on their waiver programs. The Governor noted that such an appropriation “sets a bad precedent and provides a disincentive for counties to carefully manage and monitor their programs.”
  - h. \$200,000 for heart disease and stroke prevention. The Governor noted that the need for this appropriation had been a concern at the start of the legislative session because of potential cuts in federal funding. The Governor noted that the concerns and the need for this state spending were allayed when the federal government notified Minnesota that its grant will be renewed.
  - i. \$160,000 for an HIV information hotline. The Governor noted that the need for this appropriation had been a concern at the start of the legislative session. The Governor noted that the concerns and need for this state spending ended when the federal government awarded the state an HIV grant sufficient to continue funding of the hotline.
8. LINE-ITEM VETOES - - Chapter 45 - - Omnibus Agriculture Finance Bill  
 HF 2227 (Juhnke), companion SF 1925 (Vickerman)  
 TOTAL OF LINE-ITEM VETOES IN THIS BILL: \$1,350,000
- a. \$1 million for a loan program for equipment used in production of perennial crops. The Governor noted that the production of specific crops for the next generation is still in its early stages, and that commitment to certain types of equipment would be premature.
  - b. \$350,000 for research on prairie plants and perennials. The Governor noted that similar funding was available through both the Higher Education Finance Bill and the Environment and Energy Finance Bill. He noted that this appropriation would also mirror activities to be supervised by the proposed Next Generation Board, and that similar efforts were already being undertaken by the University of Minnesota.

9. LINE-ITEM VETOES - - Chapter 57 - - Omnibus Environment and Energy Finance Bill  
SF 2096 (Ellen Anderson), companion HF 2410 (Wagenius)  
TOTAL OF LINE-ITEM VETOES IN THIS BILL: \$1,405,000
- a. \$150,000 for grants and the creation of a shade-tree protection task force. The Governor noted that similar work is already being done through cooperative efforts of the Minnesota Department of Natural Resources, the Minnesota Department of Agriculture, the U.S. Forest Service, other agencies, and private groups. The Governor also noted that the grants would have been limited to applicants serving Minneapolis, St. Paul, and Duluth
  - b. \$10,000 for expenses and spending by the Cuyuna Country State Recreation Area Citizens Advisory Council. The Governor noted that the legislation creating the council did not include legislative permission for expenses or spending authority for the council.
  - c. \$200,000 for a grant to the City of Gaylord for storm water and sewer construction. The Governor noted that the project would be funded more appropriately through a bonding bill, to stretch the cost of the project over more of its life.
  - d. \$1 million for the second year for community wind projects funded through the Center for Rural Policy and Development at Minnesota State University at Mankato. The Governor noted that the \$1 million in the first year of this project at Mankato, plus the \$2 million appropriated in the same bill for similar activities through the Renewable Development fund would be adequate to meet the immediate needs of this activity.
  - e. \$45,000 for a grant to prepare to build a “community digester” and district heating system for the trendy Linden Hills neighborhood in Minneapolis. The Governor noted that there were numerous other potential funding sources for such a project, and discouraged the use of a direct appropriation from the state general fund for such local projects.
10. POLICY BILL, FULL VETO - - Chapter 142 - - Statewide School Employees’ Insurance Pool  
HF 464 (Sertich), companion SF 276 (Betzold)  
ESTIMATED FISCAL IMPACT: About \$4 million.

The Governor issued a four-page outline of his objections to the bill. He concluded: 1) the bill will not reduce health care costs for school employees; 2) the bill does not provide adequate oversight and consumer protections for the insurance pool; 3) the bill limits local control over an important issue; 4) the bill was opposed by many important stake-holders in the educational field; 5) the bill does not address at least six major cost drivers for health care in the education community; 6) the bill would punish districts and employees who have worked for local reforms; 7) the bill may lead to higher premiums for school employees; 8) the bill could remove school employees from many of the health insurance protections that are covered by broader insurance regulations; 9) the pool may prove to be financially unstable; 10) the bill lacks specific reserve requirements, which could trigger insolvency and place workers at risk; 11) the structure of the board assigned to supervise the pool does not require necessary expertise; 12) given such problems with reserves, financial stability, and adequate oversight by the Board, the bill places state taxpayers at risk; 13) the bill does not allow local school boards to purchase from the best providers in the local market; and 15) the bill underfunds and caps the pool’s tax obligation for the MCHA guarantee of coverage for uninsurable consumers who might lose coverage if the pool failed.

11. POLICY BILL, FULL VETO - - Chapter 127 - - Raise Fees That May Be Charged By Notaries SF 463 (Betzold), companion HF 144 (Hortman)

The bill would raise the \$1 fee to \$5. The Governor noted “This is a 500 percent increase in the permissible fee for notary services. I would support a more reasonable fee increase, but a 500 percent increase is too large and could adversely impact businesses and individuals who require notarization of documents.

12. POLICY BILL, FULL VETO - - Chapter 27 - - Triple spending limits for charter commissions SF 1017 (Rest), companion HF 1105 (Laine)

The bill would have raised spending authorization for charter commissions from \$1,500 to \$5,000 before a commission needs to ask the city council for more spending authority. The Governor noted that elected city councils should keep control over spending by unelected commissions. The Governor noted that the Legislature should not usurp the decisions of city councils in this area

13. POLICY BILL, FULL VETO - - Chapter 31 - - Eliminate legislative oversight of Met Council HF 881 (Hilstrom), companion SF 981 (Rest)

The bill would have eliminated a legislative oversight panel which reviews decisions by the unelected Metropolitan Council. The Governor noted the legislative commission “provides a necessary bipartisan means for the Legislature to work with the Metropolitan Council and local governments on regional planning. The Commission also reviews the Metropolitan Council’s budget, which includes millions of dollars of state appropriations.”

#### **FULL VETOES OF EARLY VERSIONS OF BUDGET BILLS**

14. FULL VETO OF BONDING BILL - - Chapter 38 HF 886 (Hausman), companion SF 844 (Wergin)

The Governor noted “in odd-numbered years, our Minnesota tradition and expectation is that bonding bills address emergency needs and consensus items. The DFL majority exercised no restraint in passing this bill. Your disregard for this limited agenda is very unfortunate because many fine projects may be delayed.” The House passed a \$255 million bill. The Senate responded with a bill for more than \$280 million. House and Senate conferees did not split the difference. They came back with the \$334 million bill which the Governor vetoed.

15. FULL VETO OF FIRST VERSION OF JOBS FINANCE BILL - - Chapter 55 SF 2089 (Tomassoni)

The Governor noted that the bill “spends \$56 million more than my recommended budget in this area, lacks fairness in distribution of economic development funding, contains policy items that will have a detrimental impact on business, and negatively impacts efficient administration of state programs.”

16. FULL VETO OF FIRST VERSION OF STATE GOVERNMENT FINANCE BILL - - Chapter 56 SF 1997 (Betzold)

The Governor noted: 1) the bill raised the Legislatures budget by 19% while slashing key positions in the Executive branch; 2) had unrealistic estimates of revenues; 3) dropped key technology and infrastructure projects; 4) included a “lights on” provision to keep government spending on full blast during future budget impasses; 5) included controversial “domestic partners” provisions; 6) created numerous and duplicative boards, commissions, and groups; and 7) included many troublesome changes to election laws.

17. FULL VETO OF FIRST VERSION OF HHS FINANCE BILL - - Chapter 58  
SF 2171 (Berglin)

The Governor noted the bill: 1) provided for unsustainable growth in spending on health and welfare issues; 2) containable provisions to widely expand access to welfare programs; 3) would have barred people who guard sex offenders as “essential” employees, which would have caused problems in future budget shut-downs or strikes; and 4) was moot in the absence of an overall budget agreement for all state programs.

18. FULL VETO OF FIRST VERSION OF HIGHER EDUCATION FINANCE BILL - - Chapter 65  
SF 1989 (Pappas)

The Governor noted that the bill: 1) was \$95 million above his recommendations; 2) excluded the ACHIEVE program to strengthen college preparation in high schools; 3) included many special interest projects; 4) restricted policies to compete for top faculty; 5) hampered the MnSCU Board of Trustees; and 6) provided only a third of the funds he sought for a Minnesota GI Bill.

19. FULL VETO OF FIRST VERSION OF TAX BILL - - Chapter 81  
HF 2294 (Dill)

The Governor noted that he wanted property tax relief. However, he noted that it should be funded through the \$2.2 billion budget surplus and within the Governor’s proposed biennial budget growth of 9.8%. He opposed raising taxes by \$452 million by imposing the nation’s third-highest income tax rate on high earners, including a large bulk of the state’s small and mid-sized employers. He also opposed the bill’s changes in state equalization formulas, which could hurt many school districts.

20. FULL VETO OF FIRST VERSION OF TRANSPORTATION BILL - - Chapter 84  
HF 946 (Lieder), companion SF 798 (Murphy)

The Governor noted: 1) \$5 billion in tax and fee increases; 2) added costs of about \$500 per year for an average family; 3) a gas tax of up to 7.5 cents per gallon; 4) an added sales tax in the Metro area without a referendum; 5) an added sales tax in Greater Minnesota, subject to a referendum; 6) a new tax on motor vehicle purchases; 7) an expansion of the “car ownership” or “wheelage” tax; 8) a removal of the cap on license tabs; 9) the creation of a new board to distribute transportation funds in the Metro area; and 10) restrictions on alternative funding for rail authorities.