



ARNE H. CARLSON
GOVERNOR

STATE OF MINNESOTA

OFFICE OF THE GOVERNOR
130 STATE CAPITOL
SAINT PAUL 55155

RECEIVED

JUN 03 1991

SECRETARY OF STATE

31 May 1991

The Honorable Robert Vanasek
Speaker of the House
Minnesota House of Representatives
463 State Capitol
Saint Paul, Minnesota 55155

Dear Mr. Speaker:

Today I signed into law Chapter 291, House File 1698/Senate File 1570, the Omnibus Tax Bill. I did, however, pursuant to the powers vested in me by Article IV, Section 23 of the Minnesota Constitution, line-item veto two provisions.

The first provision deleted is Article 2, Section 4, on page 79, lines 1 through 36, and on page 80, lines 1 through 4. This section appropriates money from the newly-created local government trust fund to the Commissioner of Revenue. The funds are for the distribution of property tax aids and credits to cities, towns, counties, and special taxing jurisdictions in fiscal years 1994 and 1995.

As you are aware, this tax bill represents a negotiated agreement between members of the House and Senate and members of my staff. A critical element of the agreement is the local option sales tax which will generate money for a local government trust fund and dedicate sales tax revenue to local governments. This trust fund represents a break from the past reliance of local governments on direct state appropriations and provides an independent non-property tax revenue source for local officials. This is a concept I support.

The negotiators structured this provision in a manner that will allow county boards to impose a new, local sales tax for deposit in the trust fund, which can then be matched with 1-1/2 cents of the state sales tax. Further, the negotiators agreed that 67 percent of the growth in revenue in fiscal years 1994-95, over that for fiscal years 1992-93, will be used by the state General Fund primarily to offset state human service aid to counties.



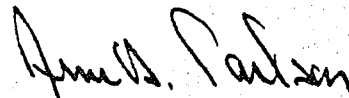
The Honorable Robert Vanasek
Speaker of the House
House File 1698 Veto Message
31 May 1991
Page 2

The primary objective of this distribution was to minimize transition costs to the General Fund for fiscal years 1994-95. However, the language adopted in House File 1698 violates the negotiated agreement and, perhaps more importantly, destroys the integrity of the fund concept as originally conceived.

The second line-item veto is Article 14, Section 9, page 331, lines 35 and 36 and page 332, lines 1 through 5. This section appropriates money to provide grants to local units of government for the start-up costs of providing shared services or functions. I applaud the efforts of local officials to seek efficient ways to provide services to their constituents and, considering the high level of interest in smarter spending, do not believe financial incentives from the state are necessary to move this effort forward. I have confidence in the wisdom and fiscal prudence of Minnesota's local elected officials.

These line-item vetoes reconfirm my commitment to fiscal responsibility not only in fiscal years 1992-93 but in the future years. Further, in holding with our original agreement, this action allows the distribution of the local government trust funds for fiscal years 1994-95 to be renegotiated during the 1992 legislative session.

Sincerely,


ARNE H. CARLSON
Governor

- c: Senator Roger Moe, Majority Leader
- Senator Jerome Hughes, President of the Senate
- Senator Duane Benson, Minority Leader
- Senator Doug Johnson, Senate Chief Author
- Representative Terry Dempsey, Minority Leader
- Representative Paul Anders Ogren, House Chief Author
- Mr. Patrick Flahaven, Secretary of the Senate
- Mr. Edward Burdick, Chief Clerk of the House
- ↳ Ms. Joan Anderson Gowe, Secretary of State