

Warmest regards,
Arne H. Carlson, Governor

April 9, 1998

The Honorable Allan H. Spear
President of the Senate

Dear President Spear:

I have vetoed and am returning Chapter 378, Senate File Number 2718, a bill relating to the Telephone Assistance Plan (TAP).

Minnesota's Telephone Assistance Plan has operated successfully since the mid 1980's through a combination of both state and federal monies. The program is focused upon providing telephone service payments to those who would have difficulty in finding other means to finance such services. This program has worked well, as evidenced by the fact that over 96% of Minnesota's households have telephone service.

Recently, the federal government has raised some concerns regarding the existing status of Minnesota's TAP program. This concern rests on the state's eligibility requirement which employs various criteria (such as age or disability), as opposed to income levels. However, the FCC never has stated it will eliminate the current federal funding level if Minnesota opts to maintain its program as-is.

Although this bill adequately addresses the eligibility issue, the additional language goes too far. In essence, Chapter 378 amounts to a tax increase. This legislation will eventually increase TAP fees placed upon telephone customers by 66% and impose a fee on cellular phones to increase the fee base by 30%, thus giving rise to a tax increase of approximately \$1 million. Moreover, this language nearly triples the size of the existing program.

I have several concerns with this approach. It is imprudent to extend the surcharge to cellular lines at a time when there appears to be substantial uncertainty in courts around the country as to the legality of that extension. Furthermore, there are legitimate concerns that the cost implication of expanding the program three-fold may be magnified if the federal universal service program shifts more of the funding requirement to the states in the future.

Finally, this bill places no lifetime limit on the number of years a household is eligible for the subsidy at a time when the state is attempting to motivate its citizens to move beyond welfare.

I have long opposed legislation which results in either new or increased taxes. My position has not changed.

Warmest regards,
Arne H. Carlson, Governor

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