



STATE OF MINNESOTA

Office of Governor Tim Pawlenty

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

May 19, 2005

The Honorable Steve Sviggum
Speaker of the House
463 State Office Building
St. Paul, Minnesota 55155

Dear Speaker Sviggum:

I am writing to inform you that I have vetoed Chapter 88, House File 2461, a bill related to transportation funding.

Legislators have known for many months this legislation would be vetoed. I am disappointed the legislature spent so much time advancing this bill simply to make a political point. It seems time would be better spent on matters which actually have a chance of being accomplished. I am vetoing this bill for numerous reasons.

First, this legislation would significantly increase state tax burdens for Minnesota citizens. The bill increases the state gasoline tax by 10 cents per gallon, which is a 50% increase. At a time when gasoline prices are at an historic high, it is particularly unwise to be increasing the gas tax burden on Minnesota families. Notwithstanding these concerns, I have repeatedly expressed an openness to placing the issue of a gas tax increase before the voters as a compromise with legislators who seek a gas tax increase. That offer unfortunately has been ignored.

Second, continuing a troubling recent pattern, the bill also contains dramatic flaws and errors which justify a veto by themselves. This legislation eliminates any transfer of Motor Vehicle Sales Tax revenues from the state's general fund to transportation purposes during the FY 2006-07 biennium. Such transfers have been a significant component of our commitment to the state's transportation system since 2000. This action would cause our transportation system to lose approximately \$600 million in revenues.

Page Two
May 19, 2005

Third, the provisions found in Article 3, Sec. 6, subd. 1 (i)(1) & (2) are likely unconstitutional. Revenues deposited in the state's Highway User Tax Distribution Fund are constitutionally dedicated for road and highway purposes. This bill routes some of those monies to the general fund for other non-highway purposes.

Fourth, the provision found in Article 3, Sec. 5, which would dedicate a portion of the existing state sales tax to transit systems, is objectionable. This provision is inconsistent with the state budget I have proposed for the 2006-07 biennium.

Fifth, the bill provides disproportionate increases to transit which are not properly balanced against funding needs for roads.

On a more positive note, the legislation contains a cornerstone of my transportation proposal - a constitutional amendment to dedicate 100% of the proceeds of the Motor Vehicle Sales Tax to transportation needs, phased-in over a five year period. This provision will go forward notwithstanding my veto because constitutional amendments are not subject to veto. I thank the legislature for passing this key part of our plan.

That dedicated funding source created by the constitutional amendment will provide an additional \$615 million per biennium for transportation when it is fully implemented. It will help meet long-term needs for state highways and local roads, and would provide the first-ever constitutionally dedicated revenue stream for metro and Greater Minnesota transit.

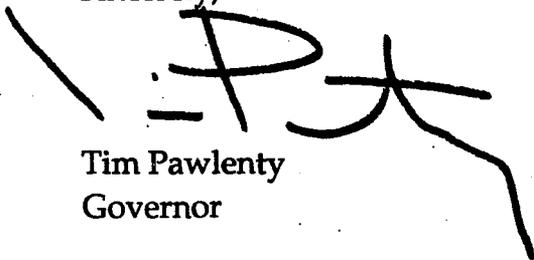
I also am encouraged that the legislation includes \$1 billion in state trunk highway bonds, though I believe a significantly larger trunk highway bonding package is both warranted and necessary to make measurable progress in reducing the backlog of unfunded, critical state highway improvement projects.

My administration has proposed a significant, reasonable and responsible transportation financing package that would provide state highways, local

Page Three
May 19, 2005

governments and transit more than \$7 billion in transportation spending – without raising taxes. I urge the Legislature to renew efforts to pass my administration's plan during the 2005 legislative session so we can move forward with the job of improving Minnesota's transportation system.

Sincerely,

A handwritten signature in black ink, appearing to be 'TP', written over a horizontal line. The signature is stylized and somewhat abstract.

Tim Pawlenty
Governor

cc:

Lt. Governor Carol Molnau
Senator James Metzen, President of the Senate
Senator Dean Johnson, Majority Leader
Senator Dick Day, Minority Leader
Representative Matt Entenza, Minority Leader
Mr. Patrick E. Flahaven, Secretary of the Senate
Mr. Al Mathiowetz, Chief Clerk of the House of Representatives
Ms. Mary Kiffmeyer, Secretary of State
Representative Mary Liz Holberg
Senator Steve Murphy