

Dear President Spear:

I have vetoed and I am returning Chapter 196, Senate File 537/House File 797, a bill requiring refund of certain license fees.

Under the provisions of this bill, the Department of Public Safety would have to refund any driver's license, instruction permit, duplicate license or state identification card not received within six weeks of application. A separate section adds a requirement that all contracts be reviewed for consistency with the authorizing law.

This bill is a knee-jerk, quick-fix reaction to the contract problems the Driver and Vehicle Services Division (DVS) experienced last summer in converting from the old manner of distributing licenses to a computer-based imaging system. It would be easy to assert that the department made a mistake and should therefore pay. But that would be fallacious.

The basic assumption that the Department of Public Safety receives all of the \$18.50 cost of a driver's license - and thus should refund that money - is simply wrong. First of all, \$3.50 off the top goes to Deputy Registrars across the state. The department receives 79 percent of the remaining \$15, the remainder goes to the Trunk Highway Fund. Out of \$18.50, DPS receives \$11.85. That money then goes to driver license issuance and funds various other vehicle services like driver training, evaluation and examinations, accident records, traffic and no-fault conviction entry.

This is the same as cutting the legislature's overall budget because one subcommittee made a process error. It is unreasonable and unacceptable to put the State at such a large financial risk. It would also harm too many good programs.

The causes for the delays need to be correctly brought to attention. Briefly, the unfortunate delays were caused by the combination of two events. One, the legislature mandated that there be a new system in place seven months after the bill was enacted. Two, a restraining order halted the project and prevented a gradual phase-in of the new system. Because it is long-standing administrative practice to make sure agencies comply with legislative intent, DVS was forced to go on-line with a system that had not been tested to meet the legislature's timeline. Without adequate time to test the system, undue strain was placed on the system and resulted in the delays.

This bill would not have prevented the delays. So the purported design of the legislation, making the department accountable, is not accomplished. Instead, had the bill been in place, roughly 878,000 refunds would have been made. It would have cost the department - and therefore the taxpayers - over \$16 million. From where would that money come? The legislation is silent on any remedy. Would the legislature propose raising the fees by \$5 or \$10 to fill the hole? I do not feel the taxpayers would feel better if, because the \$18.50 was refunded this year, it went up to \$23 or \$28 next year.

The provision relating to contract review is also unacceptable because, as stated above, it is current policy. It is superfluous language that just increases the size of our statutes. The delay in issuing licenses was regrettable. The department has done a good job in fixing the delays and ensuring that there were no additional cost to the State.

Warmest regards,
Arne H. Carlson, Governor

Ms. Reichgott Junge moved that S.F. No. 537 and the veto message thereon be laid on the table. The motion prevailed.

RECESS

Mr. Moe, R.D. moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.