

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 18, 1995

The Honorable Irv Anderson
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Anderson:

It is my honor to inform you that I have received, approved, signed and deposited in the Office of Secretary of State Chapter 178, House File No. 5 (with the exception of Article 2, Section 48, subdivision 2 on Page 66 lines 14 through 16, and Article 6, Section 16, subdivision 2 on page 111 lines 6 through 10).

I have line item vetoed the \$150,000 appropriation for "Food Stamp Outreach." Outreach programs of this type have been implemented with very little additional effect in the past, and I do not feel that it is appropriate to use taxpayer dollars with the sole intent of expanding enrollment in welfare entitlement programs.

I have also line item vetoed the \$6,427,000 for the newly created "Temporary County Assistance" program. The program, which provides one time cash handouts to adults without children, is an ineffective use of taxpayer dollars. This new program seems to be a revamped version of the Work Readiness program which I eliminated in my budget recommendations to the legislature. As I have stated consistently since the beginning of the 1995 legislative session, we must eliminate welfare for able bodied adults without children. We cannot afford to carry those who should carry their own weight.

The rest of the 1995 welfare reform bill contains positive steps in the direction of solid welfare reform. The bill focuses on the importance of work in several ways. The highly successful Minnesota Family Investment Program (MFIP) was expanded into Ramsey County, welfare for adults without children is eliminated, and waivers will be sought to eliminate rules that penalize AFDC recipients who do find part time work. The bill also includes funding for the WorkFIRST pilot program. Teen parents will be required to live at home with their parents or a guardian if they are to receive benefits. Fraud prevention efforts are increased, and the bill establishes a monthly Earned Income Tax Credit program to provide monthly tax credit delivery to qualified low-income working families.

Again, I would like to express my appreciation to you and the other members of the conference committee for your efforts in putting together this bill.

Warmest regards,

ARNE H. CARLSON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL, 55155

May 19, 1995

The Honorable Irv Anderson
Speaker of the House of Representatives
The State of Minnesota

Dear Speaker Anderson:

I have vetoed and I am returning Chapter 197, House File No. 431/Senate File No. 277, a bill relating to property tax base revenue sharing.

House File No. 431 would pool property taxes collected on some homes in metropolitan communities and redistribute them to other communities. Past legislatures have wisely rejected the concept of pooling residential property taxes. I am also opposed to this tax-sharing approach. I have three main concerns.

First, this pooling approach sets many communities up for a property tax increase. Clearly, taking money from some suburban communities reduces their revenue. Consequently, it creates tremendous pressure to increase property taxes in order to fund their priority needs. Worse, it creates this tax increase in a backdoor, disingenuous way, by promising tax cuts to others. Such tax increases may be the intent of some in the Legislature, but as long as I am Governor, this redistributionist approach will be vetoed.

Second, this bill worsens an already grossly unfair, inequitable property tax system. It punishes communities which are successful and rewards others for being inefficient. This legislation creates perverse incentives for communities to spend money inefficiently. The message to these communities is: rely on others who have spent responsibly to subsidize you. We should be doing just the reverse: providing incentives to communities which spend money efficiently.

Third, the Legislature has already compiled a poor track record when it comes to community revenue redistribution. Consider Local Government Aid. In 1991, Duke University professor Helen Ladd concluded in her seminal report "Measuring the Fiscal Condition of Cities in Minnesota" that the LGA system in Minnesota was irrational and unfair. "LGA was not directed to the cities that need help the most," the report concluded. "A well-designed equalizing formula would produce a pattern in which cities with a high (needs) received more aid. In fact, we find no discernible pattern and no correlation between the need-capacity gap and actual LGA."

Little has changed since that report was issued. If anything, the situation has worsened, in part due to the Legislature's rejection of our plan to ensure more equitable distribution of local aid through Aid Distribution Councils.

The one benefit of this legislation is that it exposes the high-tax, wealth-redistribution, social-engineering agenda of some in the Legislature. In contrast, I want to reduce pressure to raise taxes, to build incentives for communities to spend money responsibly, and to empower local-decision makers. We could not have a more clear example of divergent views.

I remain open to talking with all interested parties about ways to help communities spend their resources fairly and efficiently. But as long as I am Governor, more mandates for property tax revenue sharing will not be acceptable.

Warmest regards,

ARNE H. CARLSON
Governor

COMMUNICATIONS AND ANNOUNCEMENTS RECEIVED
SUBSEQUENT TO ADJOURNMENT

The following communications and announcements were received subsequent to adjournment by the House:

PETITIONS AND COMMUNICATIONS

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Dear Speaker Anderson:

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