
VETOES

VETOES

June 25, 1999

Michigan State Senate
State Capitol Building
Lansing, Michigan 48909

Ladies and Gentlemen:

Today I have signed Enrolled Senate Bill 68. However, I am returning it to you because of an item I disapprove, pursuant to Article V, Section 19, of the Michigan Constitution. The specific veto is contained in the attached copy of the bill, which has been filed with the Secretary of State.

This supplemental budget bill provides \$344.7 million (\$163.3 million general fund) in fiscal year 1999 supplemental funding for Capital Outlay, the Executive Office, the Legislature, the Judiciary, Higher Education, and the Departments of Agriculture, Attorney General, Career Development, Civil Service, Community Health, Education, Management and Budget, Military and Veterans Affairs, Natural Resources, State, State Police, and Treasury, and the Family Independence Agency.

Key provisions of the bill include the following:

- \$9.6 million in the Department of Agriculture for bovine tuberculosis testing, indemnification payments, and assistance to farmers in reestablishing their businesses.
- \$13.8 million in the Department of Natural Resources for the 1998 Round 2-Michigan Natural Resources Trust Fund (MNRTF) projects as well as \$5.5 million in restricted resources for farmland and open space development acquisition.
- \$32.5 million to support infrastructure, technology, equipment and building maintenance needs at public universities, community colleges and independent colleges & universities.
- \$6.2 million general fund for the HRMN (Human Resources Management Network) project, an integrated system for delivering payroll, personnel, and employee benefits and data exchange with the retirement system in the Department of Civil Service.
- Funding of \$61.3 million (\$29 million general fund) to address Medicaid base needs and \$6 million general fund for the Michigianians Pharmaceutical Assistance Fund.
- \$10 million in federal funds to support class size reductions for distribution to local school K-12 districts.
- \$120 million (\$29.4 million general fund) for daycare caseload increases in the Family Independence Agency.
- Additional funding (\$30 million general fund) for technical training centers, to continue the development of high skill training centers at community colleges.
- Funding (\$5.3 million) to begin implementation of the Technology Investment Plan in the Department of Treasury that is expected to achieve greater consistency and fairness in tax administration, improved customer service, and additional tax revenue collections.
- Funding of \$6 million is provided to reimburse local jurisdictions for the costs associated with conducting the Year 2000 presidential primary.

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My action today also vetoes:

- \$3 million in Higher Education for the Diabetes Center at Wayne State University. Funds were included in the FY1998 supplemental to establish the center and were intended to be a one-time appropriation. The University may be able to compete for \$50 million in the health and aging research and development program included in the fiscal year 2000 Michigan Strategic Fund Budget.

I thank the Legislature for their work on these supplemental appropriations.

Sincerely,
John Engler
Governor

Compiler's note: Enrolled Senate Bill No. 68, referred to above, became P.A. 1999, No. 69.

June 30, 1999

Michigan House of Representatives
State Capitol Building
Lansing, Michigan 48913

Ladies and Gentlemen:

Today I have signed Enrolled House Bill 4302, the Fiscal Year 2000 appropriations bill for higher education. However, I am returning it to you because of items of which I disapprove pursuant to Article V, Section 19, of the Michigan Constitution. The specific vetoes are contained in the attached copy of the bill, which has been filed with the Secretary of State.

The Fiscal Year 2000 higher education budget and related legislation marks the beginning of a revolutionary change in the way Michigan supports its higher education system. While maintaining the unique autonomy of Michigan's universities, this budget:

- Acknowledges the existence of historical funding inequities among universities and begins to address those disparities with the establishment of five tiers to group universities with similar missions and similar programs. This budget narrows inequities in funding within these tiers by establishing minimum per pupil funding floors for each tier and providing additional funds to universities below the funding floors. My future executive budget recommendations will use these tiers to continue to address funding inequities between our universities.
- Encourages higher education accessibility for Michigan citizens by providing incentives to universities to limit resident undergraduate tuition and fee increases to 3% or less.
- Rewards students who master basic skills in math, reading, science and writing. The Michigan Merit Award, appropriated at \$86.3 million, provides scholarships of up to \$2,500 to students who demonstrate their academic achievement by taking the MEAP test and either passing all four components of that test or other standardized tests.

Universities will receive a 5.4% increase for operations, more than twice the projected rate of inflation. This marks the sixth consecutive year that the state aid increase has been at or above inflation. Over this period, state-operating support will have increased by 29%, compared to inflation of 16%.

An additional \$28.5 million in Fiscal Year 1999 supplemental support is provided in Public Act 69 of 1999 for special maintenance, equipment and technology needs, bringing total university support to 7.4%—over three times the rate of inflation!

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The higher education budget also increases state support for our independent colleges and universities by increasing tuition grants to students and degree reimbursement grants to institutions by 3.3%—well above the projected inflation rate of 2.4%. An additional \$1.4 million for special maintenance, equipment and technology needs is provided in Public Act 69 of 1999. In addition \$1.6 million is allocated under the General Degree Reimbursement Program to encourage tuition restraint for independent colleges and universities.

I believe that directly tying appropriations to tuition restraint will be more effective in making higher education affordable than the tuition tax credit. Therefore, I continue to support repeal of the Michigan tuition tax credit and request that this be one of the highest priorities of the Legislature when it returns in September.

I am vetoing two items which direct spending to specific projects. These vetoes are \$150,000 for the Michigan-Latvian economic development project at the Agricultural Experiment Station and a \$300,000 Fiscal Year 1999 supplemental for Northern Michigan University.

The signing of this bill providing Fiscal Year 2000 operating support, in combination with the Fiscal Year 1999 supplemental funding provided in Public Act 69 of 1999, demonstrates the high priority we continue to give to our higher education programs; fundamentally improves the way we allocate state support to our universities; and provides Michigan citizens greater accessibility to higher education opportunities.

Sincerely,
John Engler
Governor

Compiler's note: Enrolled House Bill No. 4302, referred to above, became P.A. 1999, No. 93.

July 8, 1999

Michigan House of Representatives
State Capitol Building
Lansing, Michigan 48913

Ladies and Gentlemen:

Today I have vetoed and am returning to you herewith, Enrolled House Bill 4691.

As you know, this legislation, in conjunction with Enrolled Senate Bill 466, exempts dust control chemicals from the state's Sales and Use taxes. The exemption is both prospective and retroactive to May 29, 1990.

A major component of my Taxpayer's Agenda of 1999 was across-the-board income tax relief for all of Michigan's taxpayers. In May, I proposed another broad tax cut: elimination of the state's Single Business Tax. This type of relief confers benefits to all of Michigan's taxpayers, not just a limited few in a specific industry.

Enrolled House Bill 4691 provides a limited exemption to the state's Use Tax for a specific industry. While the goal of the legislation may be laudable, encouraging privatization in local governmental services, it does not fit with my goal of across-the-board tax relief. It is my belief that if the prudent public policy is to encourage privatization through tax exemptions, then all private contractors of local governments should benefit, not just a select few.

For this reason, I am returning Enrolled House Bill 4691 without signature.

Sincerely,
John Engler
Governor

Compiler's note: Enrolled House Bill No. 4691, referred to above, is compiled in *Michigan House Enrolled Bills (1999)*.

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July 8, 1999

Michigan State Senate
State Capitol Building
Lansing, Michigan 48913

Ladies and Gentlemen:

Today I have vetoed and am returning to you herewith, Enrolled Senate Bill 466.

As you know, this legislation, in conjunction with Enrolled House Bill 4691, exempts dust control chemicals from the state's Sales and Use taxes. The exemption is both prospective and retroactive to May 29, 1990.

A major component of my Taxpayer's Agenda of 1999 was across-the-board income tax relief for all of Michigan's taxpayers. In May, I proposed another broad tax cut: elimination of the state's Single Business Tax. This type of relief confers benefits to all of Michigan's taxpayers, not just a limited few in a specific industry.

Enrolled Senate Bill 466 provides a limited exemption to the state's Sales Tax for a specific industry. While the goal of the legislation may be laudable, encouraging privatization in local governmental services, it does not fit with my goal of across-the-board tax relief. It is my belief that if the prudent public policy is to encourage privatization through tax exemptions, then all private contractors of local governments should benefit, not just a select few.

For this reason, I am returning Enrolled Senate Bill 466 without signature.

Sincerely,
John Engler
Governor

Compiler's note: Enrolled Senate Bill No. 466, referred to above, is compiled in *Michigan Senate Enrolled Bills (1999)*.

July 13, 1999

Michigan House of Representatives
State Capitol Building
Lansing, Michigan 48909

Ladies and Gentlemen:

Today I have signed Enrolled House Bill 4299, the Fiscal Year 2000 Department of Community Health appropriation. However, I am returning it to you because of an item of which I disapprove, pursuant to Article V, Section 19, of the Michigan Constitution. The specific item vetoed is contained within the attached copy of the bill that has been filed with the Secretary of State.

The bill you sent me includes many worthwhile program enhancements, including:

- Elder Prescription Insurance Coverage (EPIC) - The bill utilizes funding from the settlement of our litigation with tobacco manufacturers to finance a major new pharmaceutical assistance program for the state's senior citizens;
- Medicaid base and rate increases - The bill appropriates over \$400 million in Medicaid funding increases, including rate increases for all providers;
- Nursing home wage pass through - The bill includes a \$33.6 million increase to finance \$.75 per hour wage and benefit enhancements for nursing home workers;
- Long term care innovation grants - The bill appropriates \$10 million of tobacco settlement revenue for one time long term care innovation grants;
- Aging - The bill also includes \$3 million for a long-term care policy advisor as well as an additional \$3 million for respite care; and

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- Substantial funding increases for local public health operations and state administered public health services.

One appropriation, however, deviates unacceptably from my recommendations. I have vetoed a portion of Section 1124 because it sets a precedent of using state funds to finance a capital project for an agency with which the state has a contractual relationship. It also inappropriately uses Healthy Michigan Fund resources to pay for a non-health related project.

I appreciate the Legislature's cooperation in the development of the appropriations act for this department.

Sincerely,
John Engler
Governor

Compiler's note: Enrolled House Bill No. 4299, referred to above, became P.A. 1999, No. 114.

July 19, 1999

Michigan House of Representatives
State Capitol Building
Lansing, Michigan 48913
Ladies and Gentlemen:

Today I have signed Enrolled House Bill 4498. However, I am returning it to you because of two sections of which I disapprove pursuant to Article V, Section 19, of the Michigan Constitution. The sections vetoed are contained within the attached copy of the bill, which has been filed with the Secretary of State.

Enrolled House Bill 4498 contains supplemental appropriations for Fiscal Years 1999 and 2000 and a comprehensive Fiscal Year 2001 budget as well. Enrolled House Bill 4498 appropriates an additional \$48.8 million from School Aid Fund revenue in fiscal year 1999 and \$224.1 million from School Aid Fund revenue in Fiscal Year 2000. State resources dedicated to school aid for Fiscal Years 1999 and 2000 total over \$9.5 billion and \$10 billion, respectively. The Fiscal Year 2001 budget totals over \$10.5 billion, an increase of \$443 million (4.4%) over the Fiscal Year 2000 appropriation.

The basic foundation allowance for Fiscal Year 1999 remains at \$5,462. For Fiscal Year 2000, the basic foundation allowance will increase by \$234, or 4.3%, over Fiscal Year 1999, compared to a projected CPI increase of 2.4%. The foundation allowance in Fiscal Year 2001 will increase 3%, or \$170 per pupil, over the Fiscal Year 2000 basic foundation allowance.

Fiscal Year 2001 further closes the funding gap between the lowest spending districts and the higher spending districts by achieving one of the major goals of Proposal A - no district will receive less than the basic foundation allowance.

Adopting a Fiscal Year 2001 budget will also allow local school districts to plan into the future and save on borrowing costs or invest reserve funds more wisely.

I commend the Legislature on their action related to the following initiatives:

- The membership blend definition is revised from a 40/60 average of the prior February count and the current fall count, to a 25/75 membership blend in Fiscal Year 2000 and a 20/80 membership blend in Fiscal Year 2001. This meets the goal of providing faster growing districts with additional funding while assisting declining enrollment districts in gradually adapting to the change. I continue to support the use of at least one count day in the second semester to determine pupil memberships to encourage districts to retain pupils enrolled in the previous fall.

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- The bill includes making supplemental payments to hold harmless districts for Fiscal Years 2000 and 2001, to ensure that they receive an increase equal to the dollar increase in the basic foundation allowance for each corresponding year.
- Parents are provided more educational choices by expanding Schools of Choice enrollment options in two ways: removing the ISD boundaries for contiguous districts and by opening a second semester enrollment period.
- The bill appropriates \$5 million in Fiscal Years 2000 and 2001 to award competitive grants to school districts for providing pilot reading improvement programs for pupils in grades K-3. This program is compatible with the Reading Plan for Michigan and my goal of having all children read at grade level by the time they reach fourth grade. There are, however, technical flaws in terms of eligibility that we will need to work out.
- Allows children of working parents to take advantage of school readiness programs by providing \$5 million in competitive grants to expand partial day school readiness programs to a full day, including both instruction and supplementary day care.
- Provides \$13.2 million in Fiscal Year 1999 and \$6.9 million in both Fiscal Years 2000 and 2001, for payments to school districts to fully fund the estimated state mandated share of school lunch programs as required in the *Durant I* settlement.
- Provides an additional \$611,800 for Fiscal Years 2000 and 2001 to fully fund nine math and science centers that have expanded programs to enhance student services in accordance with the master plan for math/science centers.

However, there are two new district-specific categorical provisions in Enrolled House Bill 4498 that concern me. One of the basic principles of the school finance reform package, adopted by the voters in 1994, was to provide districts with unrestricted state aid in order to maximize local decision-making and to close the gap between lower spending and higher spending districts. The institution of new categoricals and other district specific proposals diverts funds from both of those goals. For those reasons, I am vetoing two sections which appear below:

- Sec. 20K pays state dollars to specific districts that rolled back millages before the passage of Proposal A. The cost of this proposal is \$5 million in Fiscal Years 2000 and 2001.
- Sec. 34 adds \$60,000 in Fiscal Years 2000 and 2001 to provide four grants to specific districts for Project Jumpstart.

Legislative action, modified by these vetoes, demonstrates a continuing commitment to our future. Thank you for your work on behalf of Michigan's children.

Sincerely,
John Engler
Governor

Compiler's note: Enrolled House Bill No. 4498, referred to above, became P.A. 1999, No. 119.

July 21, 1999

Michigan State Senate
State Capitol Building
Lansing, Michigan 48933
Ladies and Gentlemen:

Today I have signed Enrolled Senate Bill 364, the Fiscal Year 2000 appropriations bill for the Department of Environmental Quality. However, I am returning it to you because

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of two items of which I disapprove, pursuant to Article V, Section 19, of the Michigan Constitution. The specific vetoes are contained in the attached copy of the bill, which has been filed with the Secretary of State. My action today:

- Includes \$1.7 million for criminal investigations, adding an environmental enforcement officer to primarily focus on illegal waste coming into Michigan.
- Supports funding for the Michigan State University Extension Service to create a Michigan Youth Conservation Council, providing advanced educational opportunities for youth interested in conservation research, education and policy making.
- Contains \$600,000 for Scrap Tire grants to local governments and private entities as incentives to properly recycle or dispose of excess tires.
- Provides \$280,000 for improved mapping of flood-prone areas, aimed at reducing costs of future disasters and aiding Michigan communities and businesses in development decisions.
- Contains \$9.6 million for local health departments for public water supply, private groundwater supply and on-site sewage management activities, a 3% increase, aligning dollars and expertise to improve inspection services and reinforce consistent environmental standards.
- Provides \$1.2 million for environmental programs and land and water management permitting activities resulting from recent legislative action that extends collection of various fees through the year 2003.

My action includes veto of boilerplate section 802 earmarking \$300,000 from Waste Reduction Fee revenue for the Retired Engineers Technical Assistance Program (RETAP) to initiate a university pilot program. Hazardous waste materials handling and training are services available from private consulting firms and beyond the scope of the RETAP program created by Public Act 289 of 1998. In addition, I have vetoed boilerplate section 1003, which earmarks \$100,000 from Great Lakes Protection Fund revenue for research on the adequacy of department standards related to children's health. The Michigan Environmental Science Board is currently assessing the adequacy of environmental standards used by the Department of Environmental Quality and earmarking these funds would duplicate efforts at the expense of other research projects.

This bill supports the operations of the Department of Environmental Quality for Fiscal Year 2000. I commend the Legislature for its prompt action in finalizing this budget and for the bipartisan cooperation that resulted in the passage of Public Act 111 of 1999, appropriating the first installment of Clean Michigan Initiative funding. I urge similar cooperation this fall to complete action on Fiscal Year 2000 funding for Clean Michigan Initiative programs.

Sincerely,
John Engler
Governor

Compiler's note: Enrolled Senate Bill No. 364, referred to above, became P.A. 1999, No. 125.

July 21, 1999

Michigan State Senate
State Capitol Building
Lansing, Michigan 48933
Ladies and Gentlemen:

Today I have signed Enrolled Senate Bill 368, the Fiscal Year 2000 appropriations bill for the Judicial branch. However, I am returning it to you because of one item of which I

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disapprove, pursuant to Article V, Section 19, of the Michigan Constitution. The specific veto is contained in the attached copy of the bill, which has been filed with the Secretary of State. My action today:

- Provides \$77.8 million for Trial Court operations, including \$69.8 million for reimbursements to all 83 counties and \$8 million for hold harmless fund reimbursements. The hold harmless reimbursements reflect the fourth year of a five-year funding commitment to Wayne County and the cities of Detroit, Flint, Grand Rapids and Pontiac.
- Increases state funding for the Community Dispute Resolution program by over 5 percent, allowing each local center to receive a minimum of \$15,000 for operational support.
- Contains \$146,000 for improved court processing of child abuse and neglect cases.
- Provides \$72,900 general fund to promote alternatives to litigation through alternative dispute resolution training of court personnel.

My action today includes veto of the \$508,300 line item added by the legislature for the state appellate defender office as this item fails to consider the significant decline in criminal appeals over the past five years. A further reduction in caseload and public defender representation should also result from improved definitions of offense and prior record variables contained in legislatively-enacted sentencing guidelines. The recommended funding provides an opportunity to channel resources to core defense activities and to evaluate salary expenses for public defender positions relative to county prosecutors and private attorneys.

I commend the Legislature for its cooperation in completing this budget and encourage continued cooperation to finalize the Fiscal Year 2000 budget for the Judicial branch, by enacting statutory modifications to increase law exam fee revenue which is needed to support test administration expenses contained in Enrolled Senate Bill 368.

Sincerely,
John Engler
Governor

Compiler's note: Enrolled Senate Bill No. 368, referred to above, became P.A. 1999, No. 126.

July 27, 1999

Michigan State Senate
State Capitol Building
Lansing, Michigan 48901

Ladies and Gentlemen:

Today I have signed Enrolled Senate Bill 365, the Fiscal Year 2000 appropriation for the Family Independence Agency (FIA). However, I am returning it to you because of an item of which I disapprove, pursuant to Article V, Section 19, of the Michigan Constitution. The specific item vetoed is contained within the attached copy of the bill, which has been filed with the Secretary of State.

Members of the Legislature deserve to be commended for their support of Michigan's ongoing welfare reform policies. The Family Independence Program (FIP) monthly average caseload was only 86,100 cases in June, a 62 percent reduction from the March 1994 level, the month when the caseload began its current decline. Savings from these

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dramatic caseload declines have been primarily re-directed to support the day care needs of Michigan's working families and other high priority FIA programs. Funding for the day care program will exceed \$614 million in Fiscal Year 2000, representing more than an 85% increase over Fiscal Year 1998 spending levels.

I am pleased that the Legislature has joined me in providing a 2.5% cost-of-living increase for cases where care is being provided by extended family or parents are unable to work because of age, disability, or other crisis.

I am also pleased the Legislature has agreed to take the actions necessary to implement the Wayne County Block Grant, enabling Wayne County to take responsibility for providing services to its juvenile delinquents.

I also applaud your continuing support for the former Lt. Governor Connie Binsfeld's children's agenda. Additional funding will help move more children into adoptive homes, and support the placement of children with extended family members (kinship care) when these children must be removed from their parent's home.

In order to assist families to obtain better paying jobs, new language allows welfare recipients to count time spent on education and training toward their work requirement.

My action today also vetoes:

Section 642, which would have mandated the department to create a citizenship assistance program for non-U.S. citizens. As I stated when I vetoed a similar section in last year's appropriation bill, there is merit in helping non-citizens pass their citizenship examinations. However, it is more appropriate for the federal government to perform this function.

I commend the members of the Michigan Legislature for your responsible actions on this bill.

Sincerely,
John Engler
Governor

Compiler's note: Enrolled Senate Bill No. 365, referred to above, became P.A. 1999, No. 135.

July 27, 1999

Michigan State Senate
State Capitol Building
Lansing, Michigan 48913

Ladies and Gentlemen:

Today I have signed Enrolled Senate Bill 372, the Fiscal Year 2000 appropriations bill for the Department of Transportation. However, I am returning it to you because of items of which I disapprove pursuant to Article V, Section 19, of the Michigan Constitution. The specific vetoes are contained in the attached copy of this bill, which has been filed with the Secretary of State.

This bill will provide landmark support for the rebuilding, repair and maintenance of Michigan's roads and bridges. Thanks to *Build Michigan II*, Michigan will again invest nearly \$2.8 billion for record improvements on the state trunkline system and local road and bridge projects, as well as intermodal programs. My action today:

- Provides for \$60 million in new *Build Michigan II* revenues that will continue to be shared with locals under the historical distribution formula. With *Build Michigan II*

and the federal transportation-funding package (TEA-21) firmly in place, Michigan will begin the new millennium with its most aggressive program yet for strengthening this state's transportation infrastructure.

- Includes \$14 million for increased maintenance program allocations, including trunkline system expansion, deferred maintenance backlogs, heavy equipment replacement, intelligent transportation system maintenance and roadside facility improvements.
- Supports \$7 million in information technology enhancements that will improve the department's efficiency and effectiveness in delivering its record breaking road and bridge improvement program.
- Redirects \$17 million in debt service savings the department realized through sound fiscal management practices to state trunkline, economic development and comprehensive transportation programs.
- Includes \$150.6 million in support of local bus operating assistance. Contingent upon available revenues, operating assistance will be provided to local systems up to the allowable 50% and 60% levels of eligible reimbursements.
- Achieves compliance with Public Act 51 of 1951, as amended, by eliminating Michigan Transportation Fund support for interdepartmental grants to the Departments of Civil Service, Management and Budget, State Police, and Treasury.

Finally, I have vetoed the following items for the reasons noted below:

- Section 402—My action includes a veto of language in section 402 relating to the 30 percent earmark of federal aid bridge funds to local off-system and local on-system categories. The Federal Highway Administration has made it a priority that Michigan expends its federal aid bridge funds on the high-level trunkline system. In fact, the federal government requires only a 15 percent earmark of federal aid bridge funds to local projects. I agree and believe it is critical to the success of *Build Michigan II* that we continue to invest our transportation resources on the worst roads and bridges first, especially as those needs relate to our commercial backbone system. My intent with this veto is to eliminate the specific earmark out of the federal aid bridge category. I remain committed to maintaining the 75/25 percent split between the state and locals of all federal aid as required in Section 402. I will recommend a legislative transfer in the upcoming fiscal year, if necessary, to maintain this commitment.
- Section 336—Congestion mitigation is a critical issue with the extensive repair and rebuild construction projects underway in our urban centers. The Department of Transportation has been looking at a number of congestion mitigation options in relation to these types of projects, including expedited and variable construction schedules, traffic-flow patterns and various transit-related alternatives. The department already works with communities, businesses and the public in developing awareness and mobility alternatives as a normal part of their business operations. I do not support the earmarking of funds, or the designating of specific methods for this purpose.
- Sections 604 and 610—The inclusion of these types of special interest projects for construction of passing relief lanes and interchanges, undermines the appropriations process, the department's five-year plan and sets a dangerous precedent for future legislatures. I believe such programming decisions should be left to the transportation experts.

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I commend the Legislature for their work on this important budget, and look forward to working with you as we continue to aggressively improve Michigan's transportation networks.

Sincerely,
John Engler
Governor

Compiler's note: Enrolled Senate Bill No. 372, referred to above, became P.A. 1999, No. 136.

November 4, 1999

Michigan House of Representatives
State Capitol Building
Lansing, Michigan 48909

Ladies and Gentlemen:

Today I have vetoed and am returning to you herewith, Enrolled House Bill 4426. This bill would exempt buildings constructed by students in vocational and education programs for nonprofit organizations from the real estate transfer tax.

As you know, the real estate transfer tax is an important source of funding for the state's K-12 school system. The bill is clearly motivated by an interest in supporting student built home construction. While this is a laudable goal, I do not support enactment of a specific tax exemption for this purpose.

To allow this new specific tax exemption to take effect would be to further complicate an already excessively complex tax code while offering only minimal incentive to increase the underlying activity in question—the building of new homes by students. Tax policy is best which is simple and uniform, and which treats similarly situated activities in the same manner. Certain exceptions and credits are appropriate to accomplish important public purposes where the credit or exemption will truly foster the activity in question, and other options are not effective. This proposed exemption meets neither test.

In 1999, we have jointly demonstrated a strong commitment to across-the-board tax relief. I look forward to working with you on such broad-based relief again in the future.

For these reasons, I am returning Enrolled House Bill 4426 without signature.

Sincerely,
John Engler
Governor

Compiler's note: Enrolled House Bill No. 4426, referred to above, is compiled in *Michigan House Enrolled Bills (1999)*.

December 21, 1999

Michigan State Senate
State Capitol Building
Lansing, Michigan 48913

Ladies and Gentlemen:

Today I have vetoed and am returning to you herewith, Enrolled Senate Bill 454. This bill would create a difference between federal and state tax treatment of investments in Roth IRAs.

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Currently, the law is straightforward. Traditional IRA deposits are taxed upon withdrawal as retirement income. Roth IRA deposits are made with after-tax dollars and are tax-free upon withdrawal. Enrolled Senate Bill 454 would provide special treatment for funds moved from traditional IRAs to Roth IRAs. The net effect would be that when determining eligibility for special credits like the homestead property tax credits a new calculation, deducting income due to transfers from traditional IRAs to Roth IRAs, would be required. This deduction creates a special benefit for a few taxpayers who make that specific transfer. A priority of my administration is to simplify the tax system for Michigan taxpayers, not create narrow exemptions that add complexity.

Therefore, I am returning Enrolled Senate Bill 454 without signature.

Sincerely,
John Engler
Governor

Compiler's note: Enrolled Senate Bill No. 454, referred to above, is compiled in *Michigan Senate Enrolled Bills (1999)*.

December 28, 1999

Michigan House of Representatives
State Capitol Building
Lansing, Michigan 48909

Ladies and Gentlemen:

Today I have signed Enrolled House Bill 4297, a two year capital outlay appropriations bill covering Fiscal Years 1999-2000 and 2000-2001. However, I am returning it to you because of items of which I disapprove, pursuant to Article V, Section 19, of the Michigan Constitution. The specific items vetoed are contained within the attached copy of the bill, which has been filed with the Secretary of State.

The bill appropriates nearly \$203 million in Fiscal Year 2000 and nearly \$472 million in Fiscal Year 2001. Most of the increase between fiscal years is attributable to inclusion of \$277 million in rent payments for Fiscal Year 2001 to pay off prior bond issuances. Fiscal Year 2000 rent payments were approved in a Fiscal Year 1999 supplemental bill (Public Act 137 of 1999).

Funding was provided to undertake major special maintenance and remodeling projects at state agency facilities. These funds will address structural concerns, critical roofing and utility upgrades in existing state buildings.

The bill authorizes the use of Fiscal Year 1999 year-end balances to the Department of State Police for continued implementation of the public safety communications system project and to the Department of Community Health to begin construction of a new forensics center project in Ypsilanti.

Projects were approved for state building authority financing for the University of Michigan-Ann Arbor for its School of Natural Resources and Environment project and Mott Community College for a Regional Technology Center project.

The bill further provides funding for on-going projects at the Departments of Military Affairs, Natural Resources and Transportation, funded primarily with restricted state resources, including a significant appropriation for aeronautics projects across the state.

This bill includes \$5 million each for the Detroit Institute of Arts and the Grand Rapids Convention Center, fulfilling the Fiscal Year 1999 commitment to each of those facilities. Also included is \$403,000 for the National World War II Veterans Memorial.

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Planning authorization is provided for capital outlay projects at various higher education institutions including Grand Valley State, Western Michigan University, Oakland University, Saginaw Valley State University, University of Michigan-Dearborn, Western Michigan University/Lake Michigan College, Glen Oaks Community College, Gogebic Community College, Grand Rapids Community College, Henry Ford Community College, Macomb Community College, Washtenaw Community College, and Schoolcraft Community College. However, my action today includes vetoes of planning authorization for other higher education capital outlay projects.

Within Section 106 of the bill I am vetoing thirty \$100 line items which would authorize additional planning funds for community college and university projects. A significant number of these appropriations were for projects not yet even identified. I am not prepared to set a precedent of approving unspecified projects for planning. I also believe that once the State has authorized planning funds for a higher education institution, the State has made a commitment to that institution and potential donors to fund eligible projects that result from those plans. The approval of these planning funds and, ultimately, SBA financing would have placed the state \$500 million over the statutorily determined bond. The specific items vetoed are contained within the attached copy of the bill.

I considered a veto of the planning grant for the Western Michigan University Health and Human Services campus. The recent merger of two pharmaceutical companies in the West Michigan area, however, presents the potential for a partnership between this proposed new health campus and the private sector. Therefore, I have asked Michigan Economic Development Corporation Director, Doug Rothwell, to meet with Western Michigan University and the new pharmaceutical company to discuss the economic development potential of this proposed campus improvement. My future support for this project will be based on the outcome of these discussions.

Finally, I have vetoed boilerplate Section 1217 which calls for a public university study of the impact of billboards on tourism in the state. The Department of Transportation, however, will complete this study out of existing funds.

I commend the Legislature for their support of maintaining the infrastructure of our state through this capital outlay budget.

Sincerely,
John Engler
Governor