

STATE OF MINNESOTA

Executive Department

Saint Paul

April 16, 1949

*Honorable C. Elmer Anderson
President of the Senate
State Capitol,
Saint Paul, Minnesota*

Sir:

I am returning Senate File No. 1131 without my approval.

The bill is couched in technical terms and so worded that its purpose and effect on disposition of state funds are largely hidden. No mention is made of the amount of money or the names of counties embraced. It passed in both houses with little or no discussion, I am informed, and without full disclosure of the facts involved.

Yet Senate File No. 1131 involves the disposition of \$785,000 in state funds.

You will recall that the Minnesota Legislature passed laws in 1929, 1931 and 1933 under which the state agreed to pay off the outstanding ditch bond indebtedness of a group of seven northern Minnesota counties which the counties were unable to finance. Through taxes levied on general property, the people of the state have been called upon to contribute approximately \$7,000,000 for the purpose of retiring the ditch bonds of these seven counties.

The laws authorizing this financial assistance fixed a definite limit on the amount of money the state should pay. The state was to pay the outstanding ditch bond debt at the time the act was passed, less the amount on hand in the ditch accounts in the county treasuries and to be collected from ditch assessments. The attorney general has ruled that the Legislature has made clear its intention to limit the state's obligation to this amount.

Yet payments made to the counties have exceeded the amounts permitted under the law. Exhaustive audits made by the Public Examiner disclose that the State Auditor's office has approved payments to the seven counties of \$435,791.86 more than the counties were legally entitled to receive. The Public Examiner's investigation showed overpayments to the counties in the following amounts:

Beltrami	\$ 86.80
Lake of the Woods	5,024.96
Marshall	30,926.06
Mahnomen	72,227.62
Koochiching	98,761.34
Aitkin	102,983.97
Roseau	125,781.11

Nor is this all. Under the facts providing for the state assistance, the counties in question were to pay over to the state collections coming in on delinquent taxes and ditch assessments. Four counties have collected delinquent taxes and assessments totaling \$78,022.65, which under the law belongs to the state but which they have not paid over. Included in this amount are:

Aitkin	\$ 36,489.88
Mahnomen	2,715.25
Roseau	29,324.31
Marshall	9,493.21

Senate File No. 1131 purports to validate the overpayments of \$435,791.86 which were made to the seven counties without legal authority. It contains no specific requirement for payment to the state of the delinquent taxes and ditch assessments of \$78,022.65 collected and leaves in doubt the status of this obligation. In addition to all this, the bill calls upon the state to reimburse three counties for \$219,242.24 on bonds which they were able to retire, during the last five years, from their own funds, and obligates the state to pay an additional \$52,255.86 on bonds which have not yet matured.

I think that anyone examining the circumstances in connection with this matter may well raise a question as to whether this is a proper solution of the difficulty. What this program amounts to is that we are being asked in this measure to validate overpayments of \$435,000 made without legal authority and then sanction the payment of \$271,000 in obligations under the present law and which the state would have paid if the overpayments had not occurred. I think the Legislature should examine carefully the propriety of such a course and seek to determine more thoroughly what is a proper disposition of this problem.

If it should be determined after this examination that the counties in question are in genuine distress and need some further financial assistance, even to the extent of the overpayments, members of the Legislature will have before them still the question of working out an equitable adjustment of the difficulty. Even in this extreme, the present law would result in glaring inequities. Counties which have been in harmony with the law and followed closely its provisions will not be the recipients of the state's beneficence, but those who have overclaimed will stand to profit thereby. In fact, 77% of the amount overpaid has gone and will go to three counties.

If an adjustment and compromise of the accounts between the state and the counties should be found advisable it should be founded on broad considerations, evaluating the present financial condition of each of the seven counties, the proportionate amount already received from and due the state, the ability of the counties to meet their just debts without undue hardship and the interests of the state growing out of the fact that money has been raised and other money will be raised under this bill through taxation on the people as a whole to pay the ditch bonds.

I do not think that a measure of this character, involving as much money as this does, should be decided without full disclosure of the facts and full consideration of the difficult problems involved. I have felt obliged, therefore, to call your attention to the facts and return the bill to you so that it may be given the further consideration which I think it should receive.

Respectfully yours,

LUTHER W. YOUNGDAHL,
Governor.

Mr. Bridgeman moved that S. F. No. 1131, together with the Governor's Message, be laid on the table.

Which motion prevailed.

INTRODUCTION OF BILLS.

Upon the author's request, permission to introduce within bill hereby requested. Luther W. Youngdahl, Governor.

Mr. Imm introduced—

S. F. No. 1653: A bill for an act relating to the manner in which certain school districts organized under Special Laws may become independent school districts.

Which was read the first time and referred to the Committee on Education.

Upon the author's request, permission to introduce within bill hereby requested. Luther W. Youngdahl, Governor.

Mr. Sullivan for Finance Committee introduced—

S. F. No. 1654: A bill for an act to appropriate money for the salaries, current expenses, buildings and improvements at