

April 13, 1976

The Honorable Alec Olson
President of the Senate

Sir:

I am returning S.F. 1841, the open appointment bill, without my signature.

In my judgment, this bill would create serious administrative problems and insure long delays in the filling of vacancies on significant boards, councils, commissions, and other state authorities. It would also inhibit qualified persons who do not wish to join in the public competition required to be appointed.

Sincerely,
Wendell R. Anderson, Governor

April 20, 1976

The Honorable Alec G. Olson
President of the Senate

Sir:

I am returning S.F. 2241, the Duck Stamp Bill, without my signature. I concur with the intent of the bill to increase development of waterfowl facilities in Minnesota. However, I have supported and already signed two license increases this session. S.F. 1530 imposed an increased vendor's fee for issuing licenses, and H.F. 2657 enacted increases of varying amounts for all hunting and fishing licenses.

Minnesota sportsmen have willingly assumed the burden of these two increases. I do not believe it is fair to ask them to endure a third in one legislative session.

The new increases will bring nearly 3.75 million dollars each year to the Department of Natural Resources. These revenues should make it possible to include provision for waterfowl developments in the 1977 DNR budget.

Sincerely,
Wendell R. Anderson, Governor

April 20, 1976

The Honorable Alec G. Olson
President of the Senate

Sir:

I am reluctantly returning S.F. 1788, a bill relating to consumer banking facilities, without my signature.

This legislation which authorizes the use of electronic funds

transfer systems by financial institutions regulated by the state is similar to legislation I vetoed a year ago.

At that time, I objected to the premature creation of a new competitive situation among financial institutions without adequate assessment of the new technology and its consequences; to the establishment in practice of branch banking without limitation on location or numbers or appropriate safeguarding of competition among financial institutions; and to its piecemeal rather than comprehensive approach to the regulation of electronic funds transfer systems. I also indicated that we should wait for the results of national studies before acting on Minnesota legislation.

S.F. 1788 is an improvement over the previous proposal. It now attempts to deal with both the range of transfer mechanisms and the range of state financial institutions.

However, the bill still does not adequately protect the smaller financial institutions in Minnesota.

In Minnesota two major banking institutions already dominate banking. They control 70 percent of the deposits in the metropolitan area and 54 percent statewide. This is already a greater concentration in Minnesota than in any other state.

I am concerned about the effect this bill would have on competition and on concentration of lending power.

Although the bill provides for sharing of any facility, we believe that the more powerful banks are in a much stronger position to exploit this legislation and circumvent the traditional policy we have had in Minnesota against branch banking.

Participation in the various forms of electronic funds transfer is most helpful to the large, powerful institutions that can more easily expand to new geographical areas of the state, spread their customers among several locations, and undertake major promotion of new business. It remains a threat to smaller established institutions with fewer resources for expansion; in my judgment, these institutions would find themselves fighting to hold their own and survive if this bill became law.

Our Minnesota banking laws have traditionally provided protection to these smaller institutions through restrictions on branch banking. For all practical purposes, these restrictions are wiped out by S.F. 1788. I strongly supported the unsuccessful effort of the banking commissioner to provide at least some restrictions on the kind of establishment in which electronic funds transfer outlets could be located, in order to retain some control over what amount to branches. I deeply regret that some restrictions were not approved.

Furthermore, we still do not have the thorough national assessment of the implications of electronic funds transfer that I asked the Legislature to wait for. The National Commission on Electronic Funds Transfer Systems is now beginning its work. They intend to take testimony from industry, trade organizations, ad-

ministrators and regulators, consumer interest groups, and others on the advantages and disadvantages of this developing technology, and recommend appropriate legislation to Congress that will cover the full range of financial institutions.

Such analysis is even more important in light of a recent court decision which affirms the right of states to set standards for branch banking when federal law is less restrictive. Additional litigation is anticipated by the Commissioner of Banking, and it would be helpful to receive the results of this case and determine the appropriate role for state law to take in dealing with this national issue.

Our Legislature meets again in less than nine months. In my judgment, S.F. 1788 could use additional improvement, and the activity taking place at the national level should be a part of our deliberations, in the interest of assuring a healthy competitive climate among financial institutions in our state.

Sincerely,
Wendell R. Anderson, Governor

May 21, 1976

The Honorable Alec G. Olson
President of the Senate

Dear Sir:

Mr. Davies, Chairman of the Committee on Committees, reports the following appointments by the Senate Committee on Committees:

Advisory Council on the Economic Status of Women, pursuant to Laws 1976, Chapter 337:

Messrs: Keefe, S.; Hughes; Kowalczyk; Milton and Mrs. Brataas.

Interstate Port Authority Commission, pursuant to Laws 1976, Chapter 270:

Mr. Sam Solon.

Respectfully submitted,
Jack Davies, Chairman
Committee on Committees

May 24, 1976

The following was offered for introduction prior to adjournment, but was inadvertently omitted. If it had been introduced it would have appeared as follows:

Messrs. Nelson, Gearty and Mrs. Brataas introduced—

S.F. No. 2595: A bill for an act relating to the operation of state government; establishing a termination schedule for agencies and