



STATE OF MINNESOTA

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ARNE H. CARLSON
GOVERNOR

April 15, 1993

The Honorable Dee Long
Speaker of the House
Minnesota House of Representatives
463 State Office Building
Saint Paul, Minnesota 55155

Dear Speaker Long:

I have vetoed and am returning Chapter 28, House File 296/Senate File 276, a bill relating to financial institutions and credit unions.

Chapter 28 would allow a further expansion of credit union activity and permit credit unions to bid for deposits of nonmembers. This expansion began with legislation passed in 1985 which was further amended in 1991. I am uncomfortable with this progression and base my veto of this bill on the principle of fairness and my concern for the continued survival and growth of small community banks who would be adversely affected by this legislation.

Credit unions do not pay federal or state income taxes. In addition, credit unions are not subject to the requirements of the federal Community Reinvestment Act, which obligates banks to serve all segments of their community. I am not convinced that yet another competitive advantage for credit unions is appropriate at this time.

I believe that Minnesota consumers are best served by having both a strong credit union industry and a healthy bank system. State policymakers should avoid actions that upset the competitive balance between the two financial institutions.

Warmest regards,

ARNE H. CARLSON
Governor