

**MEMBERS EXCUSED**

Messrs. Anderson and Chmielewski were excused from the Session of today. Mr. Tennesen was excused from the Session of today at 3:00 o'clock p.m.

**INTRODUCTION AND FIRST READING OF SENATE BILLS**

The following bills were read the first time and referred to the committees indicated.

Mrs. Staples introduced—

S. F. No. 2401: A bill for an act relating to state government; regulating state set-aside procurement programs; amending Minnesota Statutes 1978, Sections 16.084; and 16.098, by adding a subdivision; and Minnesota Statutes, 1979 Supplement, Section 16.083, Subdivision 4.

Referred to the Committee on Employment.

Messrs. Peterson and Moe introduced—

S. F. No. 2402: A bill for an act relating to public welfare; appropriating money for construction of a detoxification center on the White Earth Indian reservation.

Referred to the Committee on Health, Welfare and Corrections.

Mr. Penny introduced—

S. F. No. 2403: A bill for an act relating to taxation; sales and use tax; clarifying the exemption of wrapping paper purchased for custom meat processing; amending Minnesota Statutes, 1979 Supplement, Section 297A.25, Subdivision 1.

Referred to the Committee on Taxes and Tax Laws.

Messrs. Peterson, Nichols, Davies, McCutcheon and Sillers introduced—

S. F. No. 2404: A bill for an act relating to unemployment compensation; regulating contribution rates of employers; amending Minnesota Statutes 1978, Sections 268.04, Subdivision 25; Minnesota Statutes, 1979 Supplement, Sections 268.06, Subdivision 8; and 268.09, Subdivision 1.

Referred to the Committee on Employment.

**EXECUTIVE AND OFFICIAL COMMUNICATIONS**

March 21, 1980

The Honorable Edward J. Gearty  
President of the Senate

Dear Sir:

I am vetoing Senate File 1670. This legislation, if allowed to

become law, would create a State emergency residential heating grant program, expand the State weatherization program administered by the Department of Economic Security (DES), create a new conservation weatherization program administered by the Housing Finance Agency (HFA), provide a State tax credit for energy conservation expenditures, provide for a pass through of the federal tax credit for energy conservation and alternative energy investments, and reimburse the counties for an energy assistance program.

There are four aspects of the bill that I do not support.

#### 1. *Tax Credits for Weatherization*

When weatherization efforts are undertaken by low or middle-income households, financial assistance is needed more immediately than tax credits can deliver. Weatherization programs should be based on grant and loan programs such as the new Housing Finance Agency grant program in this bill, the Department of Energy/Department of Economic Security weatherization program, and the HFA's \$45 million rehabilitation loan program. Low-income households need direct grants. Middle-income households need loans. For all others, the real incentive will be savings from heating costs reduced by weatherization, not tax credits. Therefore, I oppose the 15% State tax credit for weatherization and the pass through of the federal tax credit.

I have proposed an \$11 million weatherization effort (\$6 million to DES and \$5 million to HFA).

I will accept the extra \$6 million to DES included in this legislation, bringing the total to \$17 million (\$12 million to DES and \$5 million to HFA).

According to the Department of Revenue, the cost of the 15% State tax credit and the pass through of the federal credits is estimated to be \$9.5 million.

The energy tax credit will not, of itself, bring about much increase in weatherization; nor can State government afford at this time that amount of expenditure with so little direct results.

#### 2. *Earned Income Offset*

I support a State energy assistance program for households from 126-150% of poverty guidelines. 150% of poverty is \$10,050 for a family of four. A sliding scale of assistance should provide less assistance as household income increases. The federal Energy Crisis Assistance Program (ECAP) is designed to reach 200,000 low-income households with incomes at 125% of poverty and below. A State program for households from 126-150% is designed to assist another 65,000 households. Next year the federal program will expand to assist households above the 150% level.

An earned income offset is just too expensive to be State funded. The deduct provisions also add new administrative responsibilities and increases the cost of the program. Depending on the participation rate, the heating assistance grant program, including the earned income offset, may be underfunded in this bill.

3. *Discretionary Funds*

With a federal program assisting households up to 125%, a State program under this bill for those over 125% of poverty, and the Department of Public Welfare's Temporary Crisis Fuel Plan to assist any household with special needs, there is no need for a \$1 million discretionary fund for "extraordinary" needs.

The Department of Public Welfare's program, based on need, has been operating since October and has been used in all 87 counties.

4. *State Plan for ECAP*

The Windfall Profits Tax Act provides for the "chief executive" to prepare the State plan for the ECAP program. Section 11 of this legislation requires the Governor to include certain categories of eligible households, certain types of fuel, cooling costs, and use three percent of the federal money for "emergency" (discretionary) funds, and submit the State plan to the Legislature for "review and comment."

I have no problem considering and taking into account legislative input on the State plan for the ECAP program, in fact, I welcome it. However, I intend to write the plan this summer and fall when the Legislature is in full swing campaigning. In order to have the ECAP program on line next fall, it must be submitted to the federal government early.

While I appreciate legislative input on this important matter I will not accept a mandate.

There are a number of sections in the legislation that I support, including fuel assistance to those with incomes up to 150% of poverty, the \$17 million for State weatherization efforts, and \$1 million to reimburse the counties for their actual program expenses under the Temporary Crisis Fuel Plan.

I am encouraged by the Legislature's intensive interest in energy matters, especially assistance, weatherization, and conservation. I remain optimistic that the Legislature can still prepare, pass, and deliver to me legislation which will address the issues of assistance, weatherization, and conservation.

For the reasons set forth in this message, I cannot allow Senate File 1670 to become law. I am, therefore, returning it to you unsigned.

Sincerely,  
Albert H. Quie, Governor

Mr. Humphrey moved that S. F. No. 1670 and the Governor's message be laid on the table. The motion prevailed.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce the passage by the House of the

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