

Dear President Spear:

I have vetoed and am returning Chapter 330, Senate File Number 695, a bill which requires review by the attorney general of any agreement to transfer 50 percent of assets from a nonprofit health care trust to a noncharitable entity.

This bill establishes a litigious, adversarial process for conducting business transactions which I find unnecessary. While I recognize the value of community hospitals, I cannot support the wholesale lockout of noncharitable business entities in the marketplace, which is the effect of the bill. In some instances, particularly in the case of a financially struggling rural community hospital, the public may be best served by the noncharitable acquisition of the hospital, especially when the only alternative is closure of that facility.

This bill removes all of the decision-making from the local board members of a hospital and establishes full control in the hands of government. The bill creates a highly unbalanced and unfair playing field in the area of hospital-related business transactions. A notable example is the provision that gives the attorney general the sole discretion to retain an unlimited number of experts to review the agreement at the expense of the health care group. The organization would have to seek a court order to contest the fees. This is not the type of business environment we ought to encourage in this state.

Furthermore, I am persuaded that the office of the attorney general can adequately protect the public's interest in this area with the authority granted under current law. The attorney general is statutorily charged with the duty of investigating violations of state law with respect to unfair, discriminatory and unlawful business practices. Additionally, the office possesses specific powers to conduct investigations relating to proper administration of charitable trusts.

The review procedures set forth in this bill are costly, time-consuming and will serve only to stifle competition in this state. There is no evidence that the administrative bureaucracy this bill proposes would yield any increase in access or quality of health care for our citizens. I cannot support this approach.

Warmest regards,
Arne H. Carlson, Governor

Mr. Moe, R.D. moved that S.F. No. 695 and the veto message thereon 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 following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

S.F. No. 2148: A bill for an act relating to elections; changing certain absentee ballot provisions; amending Minnesota Statutes 1996, section 203B.02, subdivision 1; Minnesota Statutes 1997 Supplement, section 203B.04, subdivision 1.

Senate File No. 2148 is herewith returned to the Senate.

Edward A. Burdick, Chief Clerk, House of Representatives

Returned March 23, 1998

CONCURRENCE AND REPASSAGE

Mrs. Scheid moved that the Senate concur in the amendments by the House to S.F. No. 2148 and that the bill be placed on its repassage as amended. The motion prevailed.