

March 13, 2008

The Honorable Thomas J. Deadrick
Speaker of House
State Capitol
Pierre, SD 57501-5070

Dear Mr. Speaker and Members of the House:

I herewith return House Bill 1233 and VETO the same.

House Bill 1233 is entitled, "An Act to bring transparency to state spending by requiring the Bureau of Finance and Management to create a website making certain state government information available to the public." I want to make it abundantly clear that I support the concept of making the public financial records of state government more accessible to the people of this state. Unfortunately, this bill is an inappropriate vehicle to do so.

The provisions of this bill do not adequately define the information to be made available. Much of what the bill mandates is already on the Internet. Other information specified is not obtainable within the annual deadline set forth. There are duplicate references to vague and indistinct classifications of expenditures and revenues. Other classifications are missing entirely, or conflict with the state's chart of accounts. Does this bill seek to redefine these classifications, in conflict with the authority granted to the governor and the commissioner of Finance and Management under Chapter 4-7 of the SDCL?

Of the 19 items this bill requires to be placed on the website, only 5 are defined clearly and accurately enough to constitute valid classifications of expenditure or revenue. This means that over 70 percent of the information specified in this Act is imprecise, unavailable, or duplicative.

Some of the requested data will require changes to several state agency information systems to forward the level of detail necessary to the accounting system for "search ability" as directed by the bill.

The bill would require development of a technical architecture for the creation of numerous electronic interfaces to data maintained by the South Dakota Housing Development Authority, the Building Authority, and the South Dakota Science and Technology Authority. Some of these interfaces would need to be developed with the depository trust company who actually makes the bond payments for these authorities.

Further, the supporters of the bill fail to acknowledge the costs associated with carrying out the parts of this Act that are feasible. The way the Act is written, it would require a one-time expenditure of over \$612,000 of the taxpayers' dollars, and create an annual price tag of over \$109,000. This bill provides no resources to accomplish the provisions of the Act. Using other funds that are billed to the rest of state government would not

comply with the state's cost allocation plan as negotiated with the federal government under the Office of Management and

Budget's Circular A-87.

The bill poorly defines the records it seeks to place on the website and does not adequately reflect the chart of accounts of the state of South Dakota. As written, this Act is unworkable and too costly. A practical approach that fits within the resources and framework available needs to be found to make the state's financial information more accessible to the taxpayers.

I am willing to explore what that approach should be with you, but for the reasons stated above I respectfully request that you concur with my action.

Respectfully submitted,
M. Michael Rounds
Governor

MMR:ls

cc: The Honorable Dennis Daugaard
The Honorable Chris Nelson