

March 20, 2013
Lt. Governor Matt Michels
President of the Senate
500 East Capitol Avenue
Pierre, SD 57501

Dear Mr. President and Members of the Senate:

I am returning to you Senate Bill 115 with my VETO. Senate Bill 115 is entitled, “An Act to increase the commercial fertilizer inspection fee for purposes of fertilizer-related research and to create the Nutrient Research Education Council to promote such research.”

Since 1949, our Department of Agriculture has operated a program to insure the integrity of fertilizer sales and distribution in our state. For over sixty years, fees collected on fertilizer sales have been no more than was necessary to cover program costs. This is the definition of a fee under our laws: an amount collected to offset the administrative costs of a program.

Senate Bill 115 raises the fertilizer fee by fifteen cents – not to offset increased costs of administering the fertilizer program, but to raise money for the Agricultural Experiment Station. This is not a fee increase; this is a tax. I oppose this new tax and ask you to sustain my veto.

While I strongly believe that we should not raise or create any taxes while our economy recovers and stabilizes, the new tax in Senate Bill 115 is particularly objectionable. This tax benefits a government agency – the Agricultural Experiment Station - that is already receiving an ongoing increase of more than 10 percent and an increase of 8 new full-time equivalent state employees.

I strongly support the Agricultural Experiment Station (AES) and know the value of agriculture research. That is why I recommended a \$1,000,000 increase in my FY14 budget proposal. You adopted that recommendation, and added still another \$500,000 in one-time additional funding.

The FY14 budget appropriates \$10,896,938 in general funds, more than fully restoring the FY12 general fund cuts. Beyond these dollars, federal funds and other funds spending has increased almost 16 percent over pre-cut levels. The Agricultural Experiment Station is one of the few programs in state government that has seen its funding restored fully.

I support the Agricultural Experiment Station and am very proud of the fine work they do. I have recommended an ongoing general fund increase greater than 10 percent. Employee compensation is increased on top of that. The legislature has already added still another \$500,000 to those dollars. Beyond these general fund increases, AES federal funds and other funds levels are also much higher today. I hope you will support that funding rather than support the creation of a new tax, and I respectfully request that you sustain my veto.

Respectfully Submitted,

Dennis Daugaard