



THEODORE R. KULONGOSKI
Governor

September 2, 2005

The Honorable Bill Bradbury
Secretary of State
900 Court Street NE – Room 136
Salem OR 97301

Dear Secretary Bradbury:

I am returning Enrolled Senate Bill 1083 unsigned and disapproved.

The purpose behind SB 1083 when it was originally introduced was to provide a new targeted tax credit to economically help a limited number of Oregon farmers. The new tax credit was intended to equal fifty percent of the annual, incremental increase in the minimum wage paid during each tax year to workers earning the minimum wage. I supported this concept.

However, after SB 1083 passed the Senate and was sent to the House, the Legislative Revenue Office and Legislative Counsel reexamined the language of the bill and determined that the legislation as passed, was considerably broader than originally intended. It was now interpreted to provide a tax credit to all farmers for a portion of wage increases for all workers—not just workers earning the minimum wage. Furthermore, the language could be interpreted to include the cumulative effects of wage increases over time rather than just the increase made in each individual tax year. With this broader interpretation of the bill, the estimated revenue impact of SB 1083 to the state amounted to \$244.2 million—a twenty-fold increase over the original estimate that was considered by the Senate.

I recognize the burden that annual minimum wage increases place on some Oregon farmers, which is why I would have signed SB 1083 if the House of Representatives had amended the bill to reflect the original intent of the sponsor. On July 29, 2005, I sent a letter to all members of the House requesting that SB 1083 be returned to the House committee so that it could be amended to reflect the original intent of the bill when it was introduced. A majority of the House of Representatives ignored my request and chose to approve a bill that they knew I would veto.

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As Governor, I am committed to upholding my pledge to restore fiscal responsibility and accountability in state government and allowing SB 1083 to go into law would not only be inconsistent with that commitment, but it would not be in the best interest of all Oregonians. While I am unable to sign SB 1083 as sent to me, I recognize the key role the agricultural industry plays in Oregon's economy and I will work with the Department of Agriculture and the legislature to develop a targeted safety net for the current biennium, as well as a fair, responsible, and sustainable plan for 2007-09 and beyond.

Sincerely,



THEODORE R. KULONGOSKI
Governor

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