

THEODORE R. KULONGOSKI
Governor



June 9, 2005

The Honorable Peter Courtney
President of the Senate
900 Court Street NE – S-203
Salem OR 97301

Dear President Courtney:

I am returning Enrolled Senate Bill 405 unsigned and disapproved for the reasons below.

SB 405 would grant to semi-independent state agencies, such as the State Board of Massage Therapists, the State Board of Architect Examiners and the Oregon Board of Optometry, among others, the independent authority to borrow money. Such authorization would include, but not be limited to, the ability to borrow money to finance the acquisition of real property. Under SB 405, such borrowing by semi-independent state agencies would not be subject to approval by the Department of Administrative Services or the State Treasurer.

I have vetoed SB 405 because I do not believe it is consistent with my principle of accountability in government. Semi-independent state agency budgets are not currently subject to legislative review. Under SB 405 these agencies would now be allowed to issue debt without the oversight of legislative review or management by the executive branch. The Department of Administrative Services and the State Treasurer are the appropriate state agencies to oversee the financial status and obligations of state entities and to safeguard the state's assets and the state's financial credibility. Although provisions of SB 405 are intended to legally protect the state and the General Fund from obligations incurred by semi-independent agencies, I am concerned that any default by a semi-independent state agency would not only reflect badly on the state of Oregon and create considerable pressure on the state to assist such agency, but it further disengages government from the links needed to responsibly manage the programs and services the state offers and resulting fiscal impacts. Government needs more accountability not less.

The Honorable Bill Bradbury
June 9, 2005
Page Two

I support the state's semi-independent agencies and appreciate the hard work they perform for the people of Oregon. However, my obligation to ensure government is accountable to the citizens of Oregon, particularly with respect to state assets and its financial credibility requires me to veto SB 405. I expect the state's semi-independent agencies and the Department of Administrative Services to work together, with the State Treasurer, to address the needs of the semi-independent agencies within the existing framework for incurring debt.

Sincerely,

A handwritten signature in black ink that reads "Theodore R. Kulongoski". The signature is written in a cursive style with a large initial 'T'.

THEODORE R. KULONGOSKI
Governor

TRK:DCR:lmh