

March 13, 2006

TO THE MISSISSIPPI STATE SENATE:

GOVERNOR'S VETO MESSAGE FOR SENATE BILL 2504

I am returning Senate Bill 2504: "AN ACT TO AMEND SECTIONS 27-103-125, 27-103-139 AND 27-103-211, MISSISSIPPI CODE OF 1972, TO REVISE THE PERCENTAGE LIMITATION ON LEGISLATIVE APPROPRIATIONS FROM THE STATE GENERAL FUND FOR FISCAL YEARS 2007 AND 2008; AND FOR RELATED PURPOSES" and assign the following reasons for my veto.

After full consideration, I am vetoing Senate Bill 2504, which proposes to allow the Legislature to appropriate 100% of estimated General Fund revenue in Fiscal Years 2007 and 2008. I veto this legislation, even though I myself advocated the appropriation of 100% of General Fund revenue for Fiscal Year 2007 in my budget message last November.

In the ensuing months, however, revenue collections have significantly exceeded expectations. While it is quite possible part of this revenue growth is the result of a flood of one-time money in the form of insurance, FEMA, SBA and other payments, the possibility also exists that revenue collections will be sufficient to reinstitute the extremely positive practice of setting aside 2% of revenue in a "rainy day fund."

I believe most Legislators and a large majority of citizens recognize a 2% set aside and a healthy "rainy day fund" are very important to the State's financial stability. Having inherited a \$700 million budget shortfall, I definitely understand the value of a robust "rainy day fund."

Our goal should be the full 2% set aside, if the revenue estimate shows it is achievable. If not, the Legislature can always revisit this issue during the budget process for FY 2007.

This bill also waives the 2% set aside and authorizes spending 100% of revenue in FY 2008. That is clearly premature and is in itself solid grounds for this veto.

For these reasons, I urge the members to sustain the veto and reject Senate Bill 2504.

Respectfully Submitted,

Haley Barbour
Governor