

VETO MESSAGE FROM THE
GOVERNOR OF THE COMMONWEALTH OF KENTUCKY
REGARDING HOUSE BILL 510 OF THE
2015 REGULAR SESSION

I, Steven L. Beshear, Governor of the Commonwealth of Kentucky, pursuant to the authority granted under Section 88 of the Kentucky State Constitution, do hereby veto the following part:

Page 2, line 13, after “2013-2014.”, delete the rest of the line.

Page 2, lines 14 through 16, in their entirety.

Page 2 line 17, delete “unit, cabinet, and program affected”.

Page 2, line 19, delete “unappropriated”.

Page 3, line 19, delete “\$26,600,000 of the”.

Page 3, lines 24 through 27, in their entirety.

Page 4, line 1, in its entirety.

I am vetoing this part because it will prevent potentially significant budget cuts to agricultural development, early childhood development, and health care improvement programs funded from the Phase I Master Settlement Agreement (MSA) revenues in fiscal year 2014-2015. House Bill 510 provides budgetary relief to these programs in case of an expected \$26.6 million MSA revenue shortfall, but any shortfall larger than \$26.6 million must be resolved by budget cuts. New information has been communicated since the passage of House Bill 510 that the MSA revenue shortfall may be about \$37.8 million, \$11.2 million more than the relief provided in House Bill 510. Since the MSA Settlement revenues are received by all states later in April, the exact amount of the shortfall will not be known until then. If the shortfall is \$11.2 million higher than expected, House Bill 510 as passed would require a 15 percent budget cut to agricultural development programs, a 12 percent budget cut to early childhood development programs, and a 30 percent cut to health care improvement programs. The source of the \$26.6 million MSA revenue shortfall relief in House Bill 510 is \$68,570,657 in excess MSA revenues received in fiscal year 2013-2014. From the excess \$68,570,657, House Bill 510 appropriates \$23,506,600 in the fiscal year 2015-2106 budget to agricultural development and health care improvement programs that had to suffer budget cuts within the enacted budget, and applies up to \$26.6 million from the excess MSA revenues to address an estimated shortfall in fiscal year 2014-2015. After these two actions, there remains available over \$18 million from the fiscal year 2013-2014 excess revenues that can be used to address this unexpected shortfall. The application of up to \$26.6 million was included in House Bill 510 “to keep appropriations at their enacted levels for fiscal year 2014-2015.” By vetoing these parts of House Bill 510, I am assuring those critical programs will have access to the remaining unbudgeted 2013-2014 MSA revenues, if needed, to keep their 2014-2015 appropriations at their enacted levels, as intended by the General Assembly. Taking this action now provides a solution to this late-breaking problem and avoids budget cuts to the very same programs for which the General Assembly, in this bill, provides additional funding for next year.

This the 6th day of April, 2015

Steven L. Beshear, Governor