

# BUDGET MESSAGE and SUMMARY

Submitted by

Governor Karl F. Rolvaag

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Delivered before a Joint Session of the  
Minnesota Legislature

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THE BUDGET MESSAGE  
OF  
GOVERNOR KARL F. ROLVAAG  
DELIVERED AT A JOINT SESSION OF THE MINNESOTA STATE LEGISLATURE  
WEDNESDAY, JANUARY 27, 1965  
ST. PAUL, MINNESOTA

Mr. Speaker, Mr. President, and Members of the 64th Legislature  
of the State of Minnesota:

It is good to meet with you again to make plans to move forward together for a strengthened and an enriched state. As a part of my obligation toward that end, I present today the executive budget and budget message as directed by Minnesota Statutes.

Thousands of man hours have been devoted to the preparation of this document. It is not an easy document to prepare -- to weigh human needs and translate these needs in terms of dollars and cents.

THE BUDGET IN BRIEF

Some idea of the scope of our needs is revealed in the fact that total department requests for direct appropriations for the coming biennium amount to \$851,246,804. I have reduced these requests by \$58,315,353 and now I want to discuss with you the details of my proposals.

To me it is profoundly significant that 91% of the budget increase is needed to meet our responsibilities in two fields: education, including higher education, and help and rehabilitation for persons disadvantaged by poverty or illness.

It is also important to realize that, of the total direct appropriations I am recommending, 54% -- \$439,863,755 -- is in the form of grants-in-aid to local units of government.

In terms of the total of all state expenditures from both open and direct appropriations, the grants-in-aid to local units of government aggregates \$794,962,401 for the biennium. This is strong evidence of the close partnership that exists between the state and the county -- the municipality -- the school district. Even with these staggering sums, our local governments continue to face serious financial difficulties. These figures underline the state's determination to share in and to equalize costs of local government.

The budget-making process is always difficult. The task has been especially difficult this year, confronted as we are with an increasing population, a heightened recognition of our responsibilities to the handicapped, an overwhelming public demand for improvement and expansion in our education programs, and the absence of any surpluses or balances in the state treasury.

But the budget I am presenting today is a conservative budget and a balanced budget. To materially reduce it will mean the impairment or even elimination of essential programs. I urge you to join with me in placing the public interest above partisanship.

It is essential to develop a sound working relationship between the legislative and executive branches, and to this end, I pledge myself to work as closely as possible with you throughout the session.

## EDUCATION

In my message on January 6, I told you of my deep conviction that the greatest potential for our future lies in the young people of our state. Their education is our most critical responsibility. As a consequence, I have attached the highest priority to the needs in this area. The full development of the brains and skills of our society stands as a primary obligation of state and local government.

To assure a continuing upgrading of our State Department of Education and the hundreds of elementary and secondary schools throughout the state; to strengthen the state college and junior college systems; and, to guarantee the continued high stature of our great University, I ask you to appropriate an increase of \$99,891,356 for the coming biennium.

The most significant recommendations include the following increases:

- for primary and secondary school aids \$59,345,000.
- for University of Minnesota (including hospitals) \$24,655,000.
- for state colleges \$10,389,000.
- for junior colleges \$4,264,000.
- for Department of Education \$633,000.

I should refer also to another area of education -- the responsibility we have to educate the handicapped in our state institutions. For this I am recommending an increase of \$2,497,000.

In addition to these substantial improvements, I support the recommendations of the Legislative Buildings Commission for new buildings for the University of Minnesota in the amount of \$19,083,532; for the State Colleges \$12,737,400; and for the Junior Colleges, \$6,450,000; and for the State School for the Deaf, \$700,000.

## HIGHER EDUCATION

My recommendations for the University include the following major items:

- 444 new faculty members at a cost of \$7,607,596.
- 361 new non-faculty employees at a cost of \$3,035,810.
- faculty salary increases amounting to \$5,561,829.
- staff salary increases amounting to \$1,275,000.
- for research, an increase of \$1,000,000.



special library assistance for the purchase of books and periodicals, \$525,000.

for the student loan program (matched nine to one by the federal government) \$243,000.

for a closed circuit television system, \$292,505.

for a new 2-year technical institute at Crookston oriented toward agriculture and related fields, \$300,000.

### **State College System**

The total increase over the current appropriations for the state college system aggregates \$10,389,000, or 55%. My major recommendations are for:

364 new faculty members at a cost of \$4,643,712.

130 new non-faculty employees at a cost of \$841,044.

faculty salary increases amounting to \$2,193,073.

staff salary increases amounting to \$220,000.

special library assistance for the purchase of books and periodicals, \$300,000.

for the student loan program (again matched at a rate of nine to one) \$118,000.

It is important to point out that by adopting my request for faculty salary improvements at the state colleges you will help bring Minnesota into line with state colleges in adjoining states. I should also note that it is proposed that these increases be granted on the basis of merit.

### **State Junior College System**

The total amount recommended for operation of the state junior college system is \$8,302,841, an increase of \$4,264,000.

The new money will finance the existing 11 state junior colleges and in addition will provide for three new state junior colleges in the Twin City area and one in Northwestern Minnesota.

Major items of increase are:

272 new faculty members --- \$3,010,000.

faculty salary increases --- \$460,406.

44 new non-faculty employees --- \$255,924.

- special library assistance for the purchase of books and periodicals --- \$120,000.
- for the student loan program --- \$82,000 (also matched at a rate of nine to one by the federal government).

#### **Liaison Committee on Higher Education**

These massive requests for publicly-supported post-high school education again highlight the need for improved coordination and for maximizing the higher education tax dollar.

The Liaison Committee created by legislative resolution to coordinate and plan for the future of higher education in Minnesota has gathered a great deal of valuable information. But to do the job that must be done, it is apparent that independent staff and more adequate funds are required. The budget provides an additional \$104,000 for this purpose.

#### **Higher Education Facilities Legislation**

Through the federal Higher Education Facilities Act, substantial sums have been made available for the construction of libraries, science, mathematics and language classrooms at our colleges and universities both public and private.

To take advantage of these grants, I created by executive order the State Higher Education Facilities Commission. The Commission has already received and processed the first group of applications from among all of the institutions of higher learning in our state and is now preparing for future requests. I ask that you create this commission by statute, and point out that there will be sufficient balances in the General Revenue Fund to finance its administrative costs.

#### **Department of Education**

To strengthen the Department of Education and to provide necessary additional staff, I recommend an increase of \$633,000 over the current appropriation.

#### **School Aids**

The total direct and open appropriations that I am recommending for primary and secondary schools is \$401,088,000. This represents an increase over the current biennium of \$60,845,000, of which \$18,000,000 is allocated for an increase in the present formula of state aid. By adopting this recommendation you will bring the state's percentage participation in the local school districts adjusted maintenance cost to 45.7%, moving closer to the desired goal of a 50% state participation.

The Department of Education is assembling data on which to base more accurate estimates. Until this is available, I am not in a position to recommend specific changes in the aid formula itself.

\* \* \* \*

I have outlined a broad expansion of our education program, designed to help all citizens achieve the depth of understanding which our civilization requires.

There are other educational endeavors which need strengthening.

I refer particularly to the public libraries -- the bulwark of our education resources. Currently, one million citizens in 21 counties are benefiting from Minnesota library aid funds.

Beginning in fiscal 1965, the federal allotment to Minnesota for public library service will increase from an annual grant of \$166,000 to an annual grant of \$470,000. The federal program has also been broadened to permit aid payments for library construction as well as for service, and to help urban areas as well as rural.

I recommend an increase of \$545,800 which will enable the state to match all available federal money, and implement this exceptional program in education and aid to our local communities.

#### **PUBLIC WELFARE**

I have stressed continuously throughout the year in visits to state and community facilities for the mentally retarded and mentally ill, that there is need for action now!

We must upgrade the quality of care within the state hospitals.

We must give special attention to the long-neglected institutions for the retarded.

We must initiate and expand community-based services.

I have included in the budget the funds necessary for general salary improvements for the personnel in whose hands the treatment program rests.

In addition, I have provided for substantial increases in staff which though not as much as I would have wished -- will at least bring Minnesota closer to acceptable standards.

Voluntary admissions, early treatment, extensive programs of rehabilitation, day care in community centers -- these can help restore handicapped people to useful citizenship. Wholly aside from the humanitarian aspects, it is an economic fact of life that improved treatment programs can reduce the state's financial responsibility by reducing the need for lifelong institutional care.

My specific recommendations for improvements in services to the mentally handicapped include the following:

-- To improve standards of care at our special schools and institutions for the mentally retarded and mentally ill, I recommend 758 new positions calling for \$2,808,519. Of these new positions, 578 will be added to the institutions for the mentally retarded. The conditions in these institutions which were brought to your attention in an earlier message can no longer be tolerated.

-- To establish new daytime activity centers for the mentally retarded, and to expand services in those already operating, I recommend \$522,900 (the total amount requested), or an increase of \$367,900. Of this amount, \$178,000 would be for the establishment of new centers and \$344,900 for improving current services. As you know, this amount is matched by sponsoring local organizations.

-- To strengthen our developing mental health out-patient program and to encourage the establishment of additional new clinics, the budget provides for an increase over current appropriations totaling \$400,000.

-- Drug therapy is an increasingly essential part of the improved treatment programs in our institutions, but their use has been restricted by the availability of funds. This budget includes an increase of \$576,035 over the current appropriations for their purchase.

-- For research in the therapeutic value of work by patients in state institutions, an area in which we need a great deal more knowledge, I have provided \$40,000.

### **Senior Citizens**

I ask that you give special consideration to the problems of the elderly. I have recommended financing a four-point program which will make their retirement years more rewarding.

1. To provide better coverage and improve our services to the aged citizens of our state, I recommend an increase of \$80,000 in the budget of the Governor's Citizens Council on Aging.

2. I urge you to enact the repeal of the old age lien law.

3. I regard it as critically important that this legislative session remove the arbitrary \$71 ceiling on old age assistance grants.

4. Our senior citizens are being forced from their life-long homes by mounting real property taxes. We must lift a part of this burden immediately. I recommend special real property tax relief for persons over 65, and propose that \$8,000,000 of state funds be used for this purpose.

### **Welfare Assistance Programs**

A substantial portion of the state's welfare budget is in the allotment for economic assistance programs -- sometimes referred to as the categorical aids, a cost that is shared by the counties and by the federal government.

Increases in these programs are necessitated in large part by the rising costs of medical, hospital and nursing home care, and by increasing population. A total of \$18,817,000 in additional funds is recommended in the budget for this purpose. It includes:

Program	Amount
Old Age Assistance and Medical Aid for Aged	\$ 8,263,000
Aid to Families with Dependent Children	\$10,260,000
Aid to the Disabled	\$ 286,000
Aid to the Blind and Vocational Rehabilitation for the Blind	\$ 88,000

It should be added that decreases in other aid programs permit an offsetting item of \$725,000, which reduces the total to an amount of \$18,092,000.

I also support the recommendations of the Legislative Buildings Commission for new buildings at our hospitals and special schools in the amount of \$8,134,300.

#### ADULT AND YOUTH CORRECTIONS

Among the many needs in the area of rehabilitation of the delinquent there are at least four which are critical. We must: (1) extend the joint local-state prevention programs; (2) strengthen probation and parole services in order to provide better protection to the public and needed guidance to those who have been in trouble; (3) develop group foster homes in communities for older delinquent youths ready to be released from the training schools but for whom there is currently no suitable place; (4) expand vocational training in correctional institutions so those who are released have a better chance to secure and hold a job.

I would recommend the following:

-- For the improvement of services, including parole supervision, crime prevention, and institutional staffing, 88 new positions, at a cost of \$702,000.

-- An increase of \$28,000 over the current appropriation for research.

-- \$50,000 for personnel training programs, or an increase of 100%.

-- An added \$50,000 to the current appropriation for vocational training programs, or an increase of 200%.

-- The appropriation of \$125,000 to undertake a new pilot program of group foster home care.

Taken together, these represent an increase of \$1,918,447 in the biennial appropriation for correctional work.

Also recommended are the new buildings proposed for the correctional institutions by the Legislative Buildings Commission in the amount of \$3,086,447.



## BUSINESS DEVELOPMENT

Tourism is a vital contributor to the economic health of our state, and the promotion of Minnesota as the place in which to vacation must be continued at an accelerated pace. Experience proves conclusively that every dollar spent to sell Minnesota pays dramatic dividends.

In business and industrial development, great strides are being made. The new capital investment, new plant and industrial expansion on the Iron Range are most heartening evidences of progress. The growth of electronic and science-related industries has been remarkable.

We must continue to do all in our power to attract new industry to our state to reap the attendant benefits of more employment for our people.

I recommend an increase of \$900,000 for our programs to publicize Minnesota, promote tourist travel, meet our competition and convince industry that ours is the state in which an investment of capital will produce industrial profit.

## NATURAL RESOURCES

I would be remiss if I were not to dwell for a few moments on the progress made in the area of natural resources. Minnesota is richly endowed. It is essential to the future of our agriculture, our tourist business, our industry and our general well being, that we find and employ methods of rational redevelopment to protect these resources from despoliation and abuse.

As the result of our working together during the last session of the legislature, the progressive and broad-reaching Omnibus Natural Resources Act of 1963 became law and established Minnesota as a leader in this field. Thanks to the continuing cooperative efforts between the Minnesota Outdoor Recreation and Resources Commission and the Executive Branch, great strides already have been made to implement the many provisions of the act. To help insure progress toward the successful completion of the long range job undertaken in 1963, I am asking for a total of \$7,622,305. Included within this request are:

- \$2,500,000 to continue the state park acquisition and development program, to obtain 8,565 acres of strategic land additions to 33 existing state parks, and to continue land acquisition for 12 state parks authorized by the last legislature.

- \$1,580,000 to step up programs of wetlands acquisition, public access acquisition, and development of fish spawning areas.

- \$700,000 for tree nursery expansion, tree planting, forest roads, and forest campgrounds.

- \$330,000 to acquire 9,900 acres for the Memorial Hardwood Forest.

- \$890,000 to double the topographic mapping program in order to complete this essential program within 10 years.

- \$200,000 for mineral studies and magnetic surveys to determine the economic mineral potential of state-owned lands.

-- \$100,000 for youth employment projects and camps on conservation lands and to participate with the federal government under the Economic Opportunity Act of 1964.

-- \$170,000 to purchase and develop historic sites.

#### DEPARTMENT OF CONSERVATION

The major impact of the Natural Resources Act is in the Department of Conservation and many of my recommendations are geared to accelerate implementation of the act.

-- An increase of 55% (\$482,815) in the salary appropriation, including 44 new employees to staff new and enlarged state parks.

-- An increase of 100% (\$264,646) in the supplies and expense appropriation for equipment and materials to improve maintenance of parks.

-- An increase of 25% (\$210,395) in the supplies and expense budget to enable the Game Wardens to travel their assigned areas more extensively.

-- \$426,000 for the replacement of vehicles which have become uneconomical to continue in service.

-- 9 new positions for the Game and Research Sections.

-- 10 new positions in the engineering and planning sections to speed field work, project design, and long-range planning.

-- An increase of \$47,000 to increase circulation of the CONSERVATION VOLUNTEER and to remodel the Conservation Department Headquarters Building on the fairgrounds.

#### DEPARTMENT OF HIGHWAYS

To equip the Maintenance Division of the Department of Highways properly, and to provide for other essential needs, I recommend an increase of \$4,500,000. This amount includes sufficient money (\$2,224,475) to construct the new highway buildings recommended by the Legislative Buildings Commission.

#### Safety on Highways

Though the record of Minnesota is better than most states, we have just closed a year during which the number of deaths on our highways reached an all time high. In addition, personal injury and property damage accidents are mounting at an alarming rate. It is true that in terms of accidents per million miles traveled, our safety programs have been effective and we compare favorably with other states. That gives, however, little solace to the families and friends of those killed or injured in traffic accidents.

We can and we must do a better job. Therefore, I propose an acceleration of all aspects of our safety program with an increase over current levels of expenditure amounting to \$700,000.

In addition, we have included in the plant and equipment budget, money for equipment for new Highway Patrol Radio Stations at Mankato and Duluth, and two additional patrol airplanes and one helicopter for traffic control. The total figure includes 23 new positions which will strengthen drivers license activities but primarily are to man the proposed new radio stations.

One of the urgent needs for improved safety, and one measure which I will strongly support, is the strengthening of the Highway Patrol.

#### BUREAU OF CRIMINAL APPREHENSION

I am deeply troubled by the increasing incidence of crime and its horrible cost in terms of lives and property.

It is to the State Bureau of Criminal Apprehension that local enforcement personnel must turn if they are to take full advantage of the modern techniques and methods of crime detection. Few communities in our state can underwrite individually the cost of the scientific technical skill and equipment needed.

To aid local units of government and their law enforcement officials, and, through them, to provide protection to all of our people, I propose an increase in the budget of the Bureau of Criminal Apprehension amounting to \$101,889.

#### DIVISION OF BANKING

The Division of Banking is charged with the responsibility of an annual audit of our financial institutions, but fixed appropriations based on set fees have not provided sufficient personnel to perform this work.

In order that the Division may become self-sustaining and at the same time complete its schedule of audits, I ask your support for the following recommendations:

-- Increase the complement by adding six new positions, together with increased money for travel and other expenses.

-- Authorize the Commissioner of Banks, with the approval of the Commissioner of Administration, and based on an accurate review of costs, to adjust fees each six months so as to meet operating costs of the Division. This is the existing practice in other self-sustaining state agencies.

#### DIVISION OF INSURANCE

The importance of the work of the Division of Insurance and its efforts in the public interest cannot be minimized. Yet with a constantly expanding workload in terms of both dollar volume, and modern marketing methods, the industry and its regulation demand attention and the public better service. For these purposes, I am recommending an increased appropriation of \$180,241, or 20.7%, much of it in the office of the Fire Marshal, where 6 new fire investigators are recommended.

## LABOR AND INDUSTRY

The Industrial Commission has an unprecedented backlog of Workman's Compensation claims on which hearings must be scheduled. At present, the schedules are set weeks to months ahead resulting in delays which are unfair and unsettling to both the insured and the insurer. To help alleviate this situation, I am recommending an increase of \$397,011, or 22.8%. This will provide for 16 new positions, including ten safety inspectors, and four employees for processing compensation claims.

## DEPARTMENT OF TAXATION

Because of a large backlog of delinquent tax accounts, the 1963 legislature authorized a crash program for collection, and provided for a temporary personnel increase in the Tax Collection Unit. Progress has been made, but it is estimated that another two years of concentrated effort is required to get all tax accounts on a current basis. I recommend the continuation of this tax collection unit.

The total increase recommended for the department is \$1,169,041, including provision for 36 new employees.

## CIVIL RIGHTS

I propose a staff increase of 60% for the State Commission Against Discrimination and the Governor's Human Rights Commission, and additional funds for travel, expense, and supplies -- a total increase of \$106,000. I also recommend combining these agencies in a manner which will develop increased coordination of their efforts and more effective programs against racial and religious discrimination.

## WORKMEN'S COMPENSATION REVOLVING FUND

It is again necessary to direct the attention of the legislature to the plight of the State Workmen's Compensation Revolving Fund and to the urgent need for additional working capital.

The rising number of state employees, increased wages, and higher medical and hospital costs, have made heavy demands on the fund. The result is funds are not available to pay obligations when they fall due.

To meet the heavier demands on the State Workmen's Compensation Revolving Fund, I am recommending an appropriation of \$350,000. In addition, provision has been made for reimbursement for claims paid in fiscal years 1963 and 1964 amounting to \$648,544.

\* \* \* \*

I should also advise you that the state's obligation to pay unemployment insurance benefits requires that \$1,657,140 be appropriated to reimburse the Unemployment Compensation Fund.

\* \* \* \*

## ELECTRONIC DATA PROCESSING

In this budget I ask you for your continued interest in and support of the State's Electronic Data Processing Program by providing the Department of Administration with eight systems analysts and computer programmers. We are now in a transitional position and this minimum number of new technicians is required to speed the conversion to more efficient data processing. The benefits will more than offset the relatively small investment we will make.

## STATE EMPLOYEES

The salaries of state employees always seem to lag behind employee salaries in traditional areas of competition. In the increasingly complex business of state government, we need to provide salaries that will attract and retain talented and conscientious people.

I have budgeted for a general increase of approximately 4% for all state employees, have provided for reclassification in certain critical areas, and included funds for merit and longevity increases. For these purposes, the direct appropriations recommended in the budget amount to \$13,716,778.

I also urge that merit and longevity increases be financed as provided in my recommendations, and that their granting be an administrative determination restricted only by funds and not by limiting riders.

I am recommending that the state assume the individual membership cost of life, hospital and medical insurance, for all state employees. For the insurance program, the direct appropriation accounts will require \$5,193,894. There will be ample funds available from balances to finance this program.

## PROPERTY TAX RELIEF

I have talked at length about the important qualities that make Minnesota great. Strong education programs, protection of the public welfare, help for the handicapped, husbanding of our rich endowment of natural resources, an aggressive business promotion program.

I now turn to a critical problem which continues to hinder our development. I refer to the burdensome and growth-strangling property tax.

Real and personal property taxes levied in Minnesota for the year 1963, collectible in 1964, by all political subdivisions, including the state, totaled \$575.4 million. Of this amount, \$29.8 million, approximately 5%, was levied for state purposes; the remainder, \$545.6 million was levied and collected by local subdivisions of government.



The total taxable values for 1963 against which the foregoing taxes were applied amounted to \$2.3 billion. Of this figure, \$1.9 billion (83%) consisted of real property and \$400 million (17%) consisted of personal property.

Therefore, of the \$29.8 million in taxes levied by the state, 17%, approximately \$5 million was borne by personal property; the balance of \$24.8 million, by real property.

Minnesota's economic future depends on providing a climate that will nurture industrial and commercial growth.

Changes of this magnitude are too difficult and costly to make abruptly. I advocate, therefore, that on a priority basis the groundwork be laid now to give a large measure of personal property tax relief to farmers (on their livestock and farm machinery) and to retail merchants (on their inventories). Consistent with this objective, I recommend as part of my program personal property tax relief amounting to \$25 million for the coming biennium. This is in addition to the \$8 million in real property tax relief for the elderly mentioned earlier, making provision for a total of \$33 million in property tax relief.

#### CAPITAL BUDGET

With the release of the report of the Legislative Buildings Commission today, the budget is complete. By my endorsement thereof, their report is the Capital Outlay Budget for 1965-67. I urge your support of the Capital Budget. If other building needs are discussed, you might well consider the requirements of the University of Minnesota-Duluth for a needed new Life-Sciences Building.

#### INCOME TAX SCHOOL FUND

Because revenues have been insufficient to meet appropriations, and because of an increase in average daily attendance over projected figures used in 1963, it is clear that there will be a deficit in the income tax school fund on July 1, 1965, amounting to \$21,845,005. (See Table) This figure would probably be substantially larger had we not started to experience the effects of the Federal Tax Reduction in this biennium.

SUMMARY  
INCOME TAX SCHOOL FUND

	<u>ECONOMY PROGRAM SAVINGS</u>	<u>ADDITIONAL SCHOOL AID REQUIREMENT</u>	<u>AMOUNT</u>	<u>AMOUNT</u>
Deficit Balance Forward 7/1/63			\$15,649,334	
Deficit Balance 6/30/64			23,219,559	
Increase deficit by add'l amount required to pay 1964 school aids in full		\$ 4,764,003	<u>4,764,003</u>	
Total deficit 6/30/64			27,983,562	
Decrease deficit by 1964 savings				
Foundation Aids	\$6,664,380			
Department savings	<u>457,918</u>		<u>7,122,298</u>	
Deficit Balance Forward 7/1/64			20,861,264	
Increase deficit by add'l amount required to pay 1965 school aids in full		6,366,624	<u>6,366,624</u>	
Increase deficit balance to				\$27,227,888
Decrease deficit by excess of estimated receipts over estimated expenditures, 1965				<u>4,982,883</u>
Total Deficit 6/30/65				22,245,005
Decrease deficit by 1965 savings, Departmental savings	<u>400,000</u>			400,000
Economy Program Savings Total	<u>\$7,522,298</u>			
Add'l. School Aid Requirement Total		<u>\$11,130,627</u>		
Deficit Balance Forward 7/1/65				<u>\$21,845,005</u>

In order to wipe out this deficit, and provide for school aid payment in full for the second year of this biennium, I recommend adoption of a tax measure that will provide for a speed-up of corporate tax collections. This shift to a pay-as-you-go basis in corporation tax collections will give us about \$17 million in non-recurring income in this fiscal year. The balance of the deficit, \$4,845,005 is more than offset by the expected balance in the General Revenue Fund of \$6,661,073.

## GENERAL REVENUE FUND

We will begin the new biennium with a balance in the General Revenue Fund of \$6,661,073.

Deficiencies in AFDC payments, Workmen's Compensation Fund and Unemployment Compensation Fund, etc., in the amount of \$2,924,452 have been more than offset by increases in inheritance taxes, invested treasurer's cash, and also by the departmental economy program. This latter program brought about an expenditure reduction of \$3,151,014 in fiscal 1964, and it is anticipated that continued prudent management in fiscal 1965 will result in a total of \$6,151,014 expenditure reduction for the biennium.

## EXPENDITURE REDUCTION PROGRAM

A summary of the economies accomplished during the present biennium is given in the following table:

	INCOME TAX SCHOOL FUND	GENERAL REVENUE FUND
4.5% School Aid Reduction	\$6,664,380	
Departmental Economies 1964	457,918	\$ 3,151,014.
Departmental Economies 1965	400,000	3,000,000
Sub-totals	\$7,522,298	\$ 6,151,014
Program Total		<u>\$13,673,312</u>

## BUDGET FINANCING PROGRAM

We estimate now that we will enter the new biennium on July 1, 1965, with an Income Tax School Fund Deficit of \$21,845,005, and a General Revenue Fund Surplus of \$6,661,073, or a combined fund deficit of \$15,183,932. These figures take into account balances that we anticipate will cancel from existing appropriation accounts.

Based on current taxes, including all temporary and surtaxes, and at current rates of taxation, estimates of revenue are anticipated to provide \$752,830,716. These estimates will be continually reviewed during the legislative session and if there is any need for adjustment you will be advised immediately.

The total appropriation recommended in this budget from the Income Tax School Fund and General Revenue Fund, including open appropriations, aggregates \$846,793,259. Assuming that \$3,500,000 of this amount will cancel, the net amount to be financed is \$843,293,259.

Therefore the sum of \$105,646,475 in new revenues is necessary to finance ongoing programs, including payment of the combined deficit of \$15,183,932.

In addition, \$40,978,000 is recommended for the five items listed in the Consolidated Summary: personal property tax relief, real property tax relief for the elderly, repeal of the old age lien law and old age ceiling, state employee insurance program, and strengthening the workmen's compensation revolving fund. Financing of these items is provided in my revenue program.

CONSOLIDATED SUMMARY  
INCOME TAX SCHOOL FUND  
GENERAL REVENUE FUND

1965-1967 BIENNIUM

Deficit Balance Forward July 1, 1965 \$(15,183,932)

Present Revenues 752,830,716

Sub-total \$737,646,784

Recommended Appropriations

Direct \$760,904,759

Open 85,888,500

Total \$846,793,259

Estimated Cancellations 3,500,000

Net total \$843,293,259

Additional Revenue Required \$105,646,475

Proposed New Revenues

Corporate Income Tax Speed-up \$ 17,000,000

Corporate Income Tax 10,100,000

Individual Income Tax 89,100,000

Excise Tax-New cars and trucks 32,000,000

Total 148,200,000

Balance Available \$ 42,553,525

Unbudgeted Recommendation

Personal Property Tax Relief \$ 25,000,000

Real Property Tax Relief, Senior Citizens 8,000,000

Remove Old Age Lien Law, Old Age

Assistance Ceiling, and Age Limit on

Aid to Disabled 2,830,000

Employee Insurance Program 4,798,000

Increase Workmen's Compensation Revolving

Fund 350,000

Total 40,978,000

Balance June 30, 1967 \$ 1,575,525

I have patiently, carefully and exhaustively reviewed possible sources of revenue including a variety of taxes currently imposed in neighboring states. From this study, I offer you what I think to be the fairest, the least onerous and the most productive of the several alternatives. I urge your careful consideration of this proposal.

## REVENUE PROPOSALS

The total amount of new revenue that will be required to pay school aids in full for the second year of the present biennium and finance our new and expanded programs, including real and personal property tax relief, for the 1965-67 biennium is \$148,200,000.

In order to accomplish this I recommend four major tax measures:

I. A speed-up in corporation tax collections effective June 1, 1965, which will put corporations on a pay-as-you-go basis as is required of individuals. It is estimated that this will provide non-recurring revenue in the amount of \$17 million.

II. Adjustments in the individual income tax as follows:

- a. Increase rates in each income bracket by one percentage point on all taxable income, and re-enact the present 15 per cent surtax.
- b. Increase the personal credit by \$5.00 for all taxpayers and dependents. The credits would then become \$15 for a single person; \$40 for a married couple and \$20 for each dependent. This is a 50% increase in credits for single persons and a 33 1/3% increase in credits for all others.

Comparison of the effect on the tax liability for various income groups and classes of taxpayers are shown on the following table:

WEEKLY INCREASE IN INCOME TAX LIABILITY  
UNDER PROPOSED RATE AND PERSONAL CREDIT CHANGES  
(BY CLASS OF TAXPAYER)

GROSS INCOME	SINGLE	MARRIED COUPLE, NO CHILDREN	MARRIED COUPLE, 1 CHILD	MARRIED COUPLE, 2 CHILDREN	MARRIED COUPLE, 3 CHILDREN	MARRIED COUPLE, 4 CHILDREN
\$ 500.	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,000	-	-	-	-	-	-
2,000	.25	-	-	-	-	-
3,000	.42	.33	.25	-	-	-
4,000	.58	.52	.42	.33	.23	.13
5,000	.75	.67	.58	.50	.40	.33
7,000	1.08	1.02	.90	.83	.73	.65
9,000	1.38	1.35	1.25	1.17	1.08	.98
12,500	1.90	1.90	1.83	1.75	1.65	1.58
20,000	4.06	4.23	4.13	4.06	4.00	3.90
35,000	5.71	6.31	6.25	6.19	6.13	6.06
50,000	7.29	8.10	8.06	8.00	7.94	7.90



As an example, a married couple with two children and an income of \$5,000 a year will pay an increase of 50 cents a week.

A married couple with two children and an annual income of \$9,000 a year will pay an increase of \$1.17 per week.

The proposed changes do not affect the tax liability of the single person whose gross income is \$1,000 or less, nor the married couple with two children whose gross income is \$3,000 or less.

In making this recommendation, I have been guided by three major principles:

A responsible financing program must take into account the taxpaying ability of all our citizens. We are providing, in our state, broad essential health and education and welfare services for all citizens. In a sense these are services that we have decided through our representative government to buy together. To accomplish this requires contributions not only from the top income groups, but from the majority of our population.

A second guiding principle is that we must protect our least fortunate citizens by continuing to relieve them entirely from income tax liability. Single individuals with income of less than \$750 and married couples with less than \$1,500 will continue to be entirely free from state income tax (as compared with exemptions \$600 and \$1200 under the federal income tax).

Third, we must limit the impact of any tax increase upon taxpayers in the lower income groups. As a result of the proposed changes in the allowance for personal credits, the increased tax rates do not cause an increase in the tax liability for these taxpayers.

These changes in the structure of our income tax will provide for additional state revenues in the amount of \$89,100,000.

III. I also propose the elimination of federal income tax deductibility from corporation gross income, and lowering the state corporation income tax rate from its present 10.23% to 6%. This change will actually reduce the total federal and state income tax liability for corporations having a net income of less than \$175,000, and increase very slightly the total federal and state tax liability for corporations having net income of over \$175,000. The major effect of this proposal is to divert to the State of Minnesota corporate income tax payments presently made to the federal government.

Examples of the effect on corporations of various net incomes are shown in the following table:

**COMPARISON OF INCOME TAX LIABILITIES OF CORPORATIONS  
UNDER PRESENT AND PROPOSED RATES**

	AMOUNT OF MINNESOTA NET INCOME*					
	\$25,000	\$100,000	\$250,000	\$500,000	\$750,000	\$1,000,000
<b>Present Tax Liability</b>						
Federal	5,051	38,479	106,451	219,737	333,023	446,310
State	<u>2,041</u>	<u>6,294</u>	<u>14,685</u>	<u>28,671</u>	<u>42,657</u>	<u>56,642</u>
<b>Total</b>	7,092	44,773	121,136	248,408	375,680	502,952
<b>Proposed Tax Liability</b>						
Federal	5,170	38,620	106,300	219,100	331,900	444,700
State	<u>1,500</u>	<u>6,000</u>	<u>15,000</u>	<u>30,000</u>	<u>45,000</u>	<u>60,000</u>
<b>Total</b>	6,670	44,620	121,300	249,100	376,900	504,700
<b>Increase or Decrease</b>						
Federal	+119	+141	-151	- 637	-1,123	-1,610
State	<u>-541</u>	<u>-294</u>	<u>+315</u>	<u>+1,329</u>	<u>+2,343</u>	<u>+3,358</u>
<b>Total</b>	-422	-153	+164	+ 692	+1,220	+1,748

\*Before Federal and State income taxes.

This change in the State Corporate Tax structure will provide \$10,100,000 in additional revenue.

IV. The fourth major tax proposal that I wish to recommend is the adoption of a three per cent excise tax on the gross price of new automobiles and trucks. This excise tax should be coupled with a provision that would require the payment of the tax on cars and trucks purchased outside the state when they are first licensed in Minnesota. It will provide additional revenue in the amount of \$32 million.

## CONCLUSION

This has been a long message and I appreciate the attention and patience you have shown. There are many other important programs in our state government for which recommendations are made in the budget document and which merit your consideration. In this message it has been possible to include only some of the highlights. In all, it is my belief that we have provided a program of historic importance to our state.

It will permit significant progress in strengthening higher education -- the keystone of our future.

It will, at last, light the way for the mentally retarded, so neglected for so long.

It will permit the elderly to retain their homes, their dignity and their health.

It will give stimulation to farming and business by taking the first step toward property tax relief.

And it will do these things within the confines of a balanced budget and a sound tax program.

I do not wish you to think that I see each detail of this program as the only answer to the needs of the people of Minnesota. As you ponder the requests and recommendations during the coming months, I want you to know that my office is open to you. I want to work with you. I want to share the information that is available to me, and I want to have the benefit of your thinking and your proposals.

The need is grave. Together I know we can do the job.

FUND STATEMENTS,  
GRANTS-IN-AID SUMMARY,  
AND CHARTS

## THE BUDGET DOCUMENTS

The 1965-67 Biennial Budget is presented in three parts: the "Budget Message and Summary", the "Detailed Estimates" and the Capital Outlay Budget.

The document containing the detailed estimates is intended as a work book primarily for the use of the Senate Finance and House Appropriations Committees. It includes the departmental requests and Governor's recommendations for each account requiring a "direct appropriation". A direct appropriation is defined as one made for a definite amount and period of time. An "open appropriation", on the other hand, continues in force until repealed and usually does not state a definite amount. Open appropriations include such items as income tax refunds, school census aid and aid to fire departments. Since they do not require legislative action, detailed estimates are not included in the budget document, but the total expenditures of open appropriations are included in the Fund Statements.

The charts and tables included in the "Budget Message" present the highlights of the budget. They provide a comparison of the 1965 recommendations and the 1963 appropriations on the more significant items in the budget.

The Consolidated Statement on page 33 shows the combined expenditures from the General Revenue and Income Tax funds by major function. From this information the charts on page 34 and 35 were developed. It is interesting to note on the General Revenue Fund chart that the amount appropriated for educational purposes has increased from 34.7% of the total in 1963 to 38.6% in 1965. In the Income Tax School Fund comparison, the percentage of the total appropriation which is recommended for Education Aids is about the same as in 1963, despite a \$59,345,000 increase in appropriation.

Probably the most significant point in the budget is presented by the comparisons of Grants-in-Aid which are shown on pages 36, 37 and 38. The grants-in-aid from direct appropriations increased from \$364,685,693 in 1963-65 to \$439,863,755 in 1965-67. The total grants-in-aid increased from \$668,128,013 in 1963-65 to \$794,962,401 in 1965-67.

Generally the Legislative and Executive branches of government are most concerned with the direct appropriations. The chart on page 39 compares the relative size of open and direct appropriations and clearly demonstrates that open appropriations which are not subject to periodic legislative review and analysis, comprise 54.9% of the total expenditures as compared to 45.1% for direct appropriations.

The chart on page 40 shows the relative size of the General Revenue Fund and the dedicated funds for the 1963-65 and 1965-67 bienniums. In both periods the Income Tax School Fund is the largest.



# SUMMARY OF ACTUAL DEBT ACTIVITY 1962-64

	Outstanding 6-30-62	Authorized & Unissued 6-30-62	Year Ended 6-30-63 Bonds and Certificates			Outstanding 6-30-63	Authorized & Unissued 6-30-63	Year Ended 6-30-64 Bonds and Certificates			Outstanding 6-30-64	Authorized & Unissued 6-30-64
			Authorized	Issued	Retired			Authorized	Issued	Retired		
<b>Payable from Property Taxes:</b>												
Minnesota State Building												
Laws 1949, C.470	1,330,609	108,288			582,872	747,737				747,737		
Laws 1949, C.742	2,671,134	67,000			1,143,067	1,528,067				1,528,067		
Laws 1951, E.S.C.3		746										
Laws 1953, C.758	1,802,835	100,332			1,027,835	775,000				775,000		
Laws 1955, C.855	20,071,858	27,377			1,435,447	18,636,411				18,636,411		
Laws 1957, E.S.C.2	44,095,254	2,297			2,756,097	41,339,157				19,501,157	21,838,000	
Laws 1959, E.S.C.90	46,818,000	2,280			2,601,000	44,217,000				5,801,000	38,416,000	
Capital Improvement Bonds ( '61x-72, '63-1)			29,361,000	29,361,000		29,361,000				1,468,000	27,893,000	
Rural Credit Deficiency-1941	6,150,000				2,025,000	4,125,000				1,350,000	2,775,000	
Rural Credit Deficiency-1953	1,000,000				500,000	500,000				500,000		
Minnesota Seaway Property Conservation	3,667,000				333,000	3,334,000				3,334,000		
Minnesota School Aid	4,485,000				333,333	4,151,667				4,151,667		
State Building Refunding of 1963 (C.677)			40,700,000						40,600,000		40,600,000	
School Loan of 1963 (C.601)			19,800,000				19,800,000		19,800,000		19,800,000	
Minn. State Bldg. of 1963 (C.839)			33,990,000	300,000		300,000			33,690,000		33,990,000	
TOTAL	132,091,690	308,320	123,851,000	29,661,000	12,737,651	149,015,039	19,800,000		94,090,000	57,793,039	185,312,000	
<b>Payable from Dedicated Receipts:</b>												
Minnesota Aeronautics												
Laws 1949, C.608-Series III	260,000				65,000	195,000				195,000		
Laws 1951, C.506-Series IV	40,000				20,000	20,000				20,000		
Laws 1953, C.636-Series V	360,000				60,000	300,000				300,000		
Laws 1955, C.719-Series VI	679,000				35,000	644,000				644,000		
Laws 1957, C.931-Series VII	2,699,700				39,800	2,659,900				2,659,900		
Laws 1959, C.629-Series VIII	708,000				118,000	590,000				590,000		
Laws 1963, C.791 (Bonds)				150,000		150,000			6,450,000		6,600,000	
Minnesota State Park Certificates												
Laws 1955, C.781	315,000				52,500	262,500				52,500	210,000	
TOTAL	5,061,700			150,000	390,300	4,821,400			6,450,000	4,461,400	6,810,000	
<b>Payable from Motor Vehicle Taxes:</b>												
Highway Department Office Building												
Laws 1955, C.717	3,600,000				600,000	3,000,000				600,000	2,400,000	
Trunk Highway Bridges and Approaches Laws 1955, C.748	17,850,000				1,050,000	16,800,000				1,150,000	15,650,000	
Right of Way Acquisition												
Laws 1957, C.750	18,050,000				1,050,000	17,000,000				1,050,000	15,950,000	
City of St. Paul												
Laws 1959, C.538	4,750,000					4,750,000				50,000	4,700,000	
TOTAL:	44,250,000				2,700,000	41,550,000				2,850,000	38,700,000	
GRAND TOTAL	181,403,390	308,320	123,851,000	29,811,000	15,827,951	195,386,439	19,800,000		100,540,000	65,104,439	230,822,000	

# SUMMARY OF ESTIMATED DEBT ACTIVITY 1965-67

	Fiscal year 1965			Fiscal Year 1966			Fiscal Year 1967		
	Bonds and Certificates		Outstanding	Bonds and Certificates		Outstanding	Bonds and Certificates		Outstanding
	Issued	Retired	6-30-65 & Unissued 6-30-65	Issued	Retired	6-30-66 & Unissued 6-30-66	Issued	Retired	6-30-67 & Unissued 6-30-67
<u>Payable from Property Taxes</u>									
Minnesota State Building									
Laws 1957 E.S.C. 2		2,756,000	19,082,000		2,756,000	16,326,000		2,756,000	13,570,000
Laws 1959 E.S.C. 90		2,601,000	35,815,000		2,601,000	33,214,000		2,601,000	30,613,000
Capital Improvement Bonds ('61x-72,'63-1)		1,468,000	26,425,000		1,468,000	24,957,000		1,468,000	23,489,000
Laws 1963, C.839		1,790,000	32,200,000		1,790,000	30,410,000		1,790,000	28,620,000
State Bldg. Refunding of 1963, (C.677)			40,600,000		2,140,000	38,460,000		2,140,000	36,320,000
Rural Credit Deficiency - 1941		675,000	2,100,000		1,350,000	750,000		750,000	
School Loan of 1963 (C.601)			19,800,000			19,800,000			19,800,000
TOTAL		9,290,000	176,022,000		12,105,000	163,917,000		11,505,000	152,412,000
<u>Payable from Dedicated Receipts</u>									
Minnesota Aeronautics (63-C.791)		80,000	6,520,000		280,000	6,240,000		290,000	5,950,000
Minnesota State Park Cert. (55-C.781)		52,500	157,500		52,500	105,000		52,500	52,500
TOTAL		132,500	6,677,500		332,500	6,345,000		342,500	6,002,500
<u>Payable from Motor Vehicle Taxes</u>									
Highway Department Office Building Laws 1955, C.717		600,000	1,800,000		600,000	1,200,000		600,000	600,000
Trunk Highway Bridges and Approaches Laws 1955, C.748		1,150,000	14,500,000		1,150,000	13,350,000		1,250,000	12,100,000
Right of Way Acquisition Laws 1957, C.750		1,050,000	14,900,000		1,150,000	13,750,000		1,250,000	12,500,000
City of St. Paul Laws 1959, C.538		230,000	4,470,000		240,000	4,230,000		240,000	3,990,000
TOTAL		3,030,000	35,670,000		3,140,000	32,530,000		3,340,000	29,190,000
GRAND TOTAL		12,452,500	218,369,500		15,577,500	202,792,000		15,187,500	187,604,500

# SUMMARY OF FUND STATEMENTS

ACTUAL AND ESTIMATED RESOURCES	1962-63	1963-64	1964-65	1965-66	1966-67
Balances Forward July 1	84,323,296	120,130,373	148,036,506	102,548,514	114,937,770
Receipts by Funds:					
General Revenue - Nondedicated Receipts	109,436,538	113,758,819	113,623,611	116,528,461	118,667,730
General Revenue - Dedicated Receipts	27,071,801	30,670,889	31,906,463	37,025,305	39,610,113
General Revenue - Recommended New Revenue				16,000,000	16,000,000
Income Tax School - Receipts	204,664,323	214,689,283	239,149,021	248,147,800	259,563,200
Income Tax School - Proposed New Taxes			17,000,000	48,299,000	50,901,000
Building	41,954,170	84,621,059	6,750,277	6,477,504	6,540,726
Bond	608,708	4,431,313	8,805,537	6,764,759	5,930,292
Miscellaneous Special Revenue	13,624,187	48,667,462	13,998,894	15,322,722	15,305,442
Iron Range Resources and Rehabilitation	589,773	588,587	568,296	548,822	524,608
Rural Credit	2,124,652	2,066,089	1,554,368	1,141,940	15,550
Game and Fish	4,644,229	5,283,694	5,230,038	5,371,000	5,672,000
Natural Resources	233,197	3,550,208	3,882,083	3,694,400	3,744,800
Consolidated Conservation Areas	175,744	170,895	171,000	171,000	171,000
Minnesota Aeronautics and State Airports	3,022,069	10,431,826	3,781,117	3,748,000	3,964,000
Highways	120,985,899	140,776,854	150,316,949	145,795,580	149,936,403
Soldiers' Relief	158,615	178,234	170,000	170,000	170,000
Trust	2,180,247	2,005,641	2,325,789	2,222,983	2,222,983
Agency	146,503,776	153,476,575	125,756,454	138,163,332	148,556,016
Revolving	4,929,326	5,520,452	6,452,522	5,986,389	7,718,746
Prison Revolving	3,732,792	3,605,296	3,090,800	3,288,110	2,988,110
Federal	135,743,912	159,691,098	198,885,949	219,810,290	220,953,418
Receipts Subtotal	822,383,965	984,185,004	933,419,176	1,024,677,399	1,059,156,139
Accrual of Federal Aid for Highways	35,784,303	25,461,607	39,490,874	4,952,977	(10,000,000)
Appropriation and Receipts Transfers	3,775,216	9,357,687	6,221,807	4,260,276	8,201,294
Junior College Receipts to be Transferred			952,386		
TOTAL RESOURCES	946,266,782	1,139,134,672	1,128,120,751	1,136,439,168	1,172,295,203

# SUMMARY OF FUND STATEMENTS (Cont.)

ACTUAL AND ESTIMATED EXPENDITURES	1962-63	1963-64	1964-65	1965-66	1966-67
<b>Expenditures by Funds:</b>					
General Revenue - Nondedicated Receipts	127,378,085	139,060,788	146,925,910	174,594,013	187,628,865
General Revenue - Dedicated Receipts	27,072,228	30,667,571	32,856,850	37,023,305	39,608,113
Income Tax School	177,148,499	197,587,163	215,479,461	233,216,352	247,854,029
Building	29,323,327	67,592,492	37,370,857	12,305,058	7,009,270
Bond		4,672,576	5,926,417	9,956,017	9,801,127
Miscellaneous Special Revenue	12,700,979	49,854,149	14,277,714	13,343,166	13,605,980
Iron Range Resources and Rehabilitation	847,854	754,131	677,283	510,726	475,623
Rural Credit	2,641,308	1,924,234	702,075	1,382,720	759,161
Game and Fish	4,161,282	4,886,235	4,365,217	5,176,305	4,910,004
Natural Resources		4,266,609	1,870,505	4,541,313	3,070,992
Consolidated Conservation Areas	135,046	101,982	102,000	92,000	92,000
Minnesota Aeronautics and State Airports	2,900,691	7,597,411	3,989,434	4,753,060	2,952,434
Highways	112,691,667	127,337,346	178,003,210	148,965,419	145,164,441
Soldiers' Relief	173,486	180,581	174,204	180,975	182,865
Trust	2,098,817	1,870,285	2,437,122	2,219,642	2,219,642
Agency	144,454,877	152,667,308	129,538,534	137,455,854	147,819,670
Revolving	4,990,398	6,646,263	6,588,074	6,240,286	7,821,672
Prison Revolving	3,879,231	3,647,853	3,287,386	3,111,963	2,854,103
Federal	171,217,904	185,224,252	237,282,181	224,108,184	210,961,905
<b>Expenditures Total</b>	<b>823,815,687</b>	<b>986,539,237</b>	<b>1,021,854,442</b>	<b>1,019,176,361</b>	<b>1,034,791,898</b>
Appropriation and Receipts Transfers	2,320,721	4,558,928	3,717,794	2,325,036	3,896,213
Balances Forward June 30	120,130,373	148,036,506	102,548,514	114,937,770	133,607,092
<b>TOTAL EXPENDITURES, TRANSFERS, AND BALANCES</b>	<b>946,266,782</b>	<b>1,139,134,672</b>	<b>1,128,120,751</b>	<b>1,136,439,168</b>	<b>1,172,295,203</b>

**Note:** In all fund statements the detail will not add to the totals due to dropping of cents column.

# GENERAL REVENUE FUND - NONDEDICATED RECEIPTS

ACTUAL AND ESTIMATED RESOURCES	1962-63	1963-64	1964-65	1965-66	1966-67
<b>Free Balances, July 1:</b>	(1,610,440)	7,476,266	9,686,625	6,661,073	25,897,889
<b>Receipts:</b>					
State Property Tax	105,167	57,314	63,000	63,000	63,000
Gross Earnings Taxes	21,550,091	22,773,384	22,613,500	24,422,500	25,120,400
Insurance Gross Premium Tax	11,169,921	12,085,286	12,600,000	13,100,000	13,700,000
Iron Ore Occupation Tax	5,074,955	5,001,744	4,617,000	4,295,700	3,855,600
Iron Ore Royalty Tax	1,995,818	1,628,549	1,800,000	1,200,000	1,150,000
Taconite Taxes	329,487	360,577	628,300	790,750	819,400
Inheritance and Gift Taxes	12,641,010	13,544,538	10,250,000	11,312,500	11,362,500
Liquor and Beer Taxes	16,124,486	16,582,398	16,995,625	17,399,546	17,787,151
Cigarette Tax	19,913,839	18,453,688	20,398,950	19,408,400	19,672,900
Tobacco Products Tax	862,675	1,003,608	900,000	950,000	970,000
Real Estate Transfer Tax	915,044	1,036,994	984,000	1,185,000	1,255,000
Grain Inspection Fees	2,662,153	3,018,626	3,011,957	3,194,710	3,228,570
Institutions - Care of Persons	6,040,812	6,411,116	6,664,575	6,879,775	7,059,775
University - Reimbursement from Counties	2,090,683	2,339,129	2,406,539	2,501,587	2,683,911
Bank Excise Tax	1,537,852	1,213,842	1,319,400	1,265,300	1,277,400
Oleomargarine Taxes	658,950	1,897,296	2,250,000	2,250,000	2,250,000
All Other Receipts	5,763,587	6,350,720	6,120,765	6,309,693	6,412,123
<b>Receipts Subtotal</b>	<b>109,436,538</b>	<b>113,758,819</b>	<b>113,623,611</b>	<b>116,528,461</b>	<b>118,667,730</b>
<b>Transfers:</b>					
Invested Treasurer's Cash	1,271,739	3,299,734	2,000,000	1,500,000	1,500,000
Attributable Costs	574,518	628,836	696,815	715,300	731,200
Motor Vehicle Transfer of Ownership	364,502	338,109	323,985	294,273	279,864
Gas Tax Collections Costs Reimbursement	641,491		675,000		725,000
All Other Transfers	827,804	931,598	1,927,644	888,724	3,289,164
<b>Transfers Subtotal</b>	<b>3,680,056</b>	<b>5,198,279</b>	<b>5,623,445</b>	<b>3,398,297</b>	<b>6,525,228</b>
<b>Receipts and Transfers Subtotal</b>	<b>113,116,594</b>	<b>118,957,098</b>	<b>119,247,056</b>	<b>119,926,758</b>	<b>125,192,958</b>
<b>Legislative Transfers:</b>					
State Colleges	7,815,871	9,101,582	9,879,801	13,812,071	15,604,565
Junior Colleges	1,054,140				
Income Tax	14,478,186	13,212,466	14,773,500	44,092,000	46,266,000
<b>Legislative Transfers Subtotal</b>	<b>23,348,197</b>	<b>22,314,048</b>	<b>24,653,301</b>	<b>57,904,071</b>	<b>61,870,565</b>
<b>Total Revenue and Transfers</b>	<b>136,464,792</b>	<b>141,271,147</b>	<b>143,900,358</b>	<b>177,830,829</b>	<b>187,063,523</b>
<b>Recommended New Revenue</b>				<b>16,000,000</b>	<b>16,000,000</b>
<b>TOTAL RESOURCES</b>	<b>134,854,352</b>	<b>148,747,413</b>	<b>153,586,983</b>	<b>200,491,902</b>	<b>228,961,412</b>



# GENERAL REVENUE FUND - NONDEDICATED RECEIPTS (Cont.)

ACTUAL AND ESTIMATED EXPENDITURES	1962-63	1963-64	1964-65	1965-66	1966-67
<b>Legislative Appropriations:</b>					
Miscellaneous Commissions	22,200	29,300	29,800	31,850	31,850
Sheriff's Expense Conveying Prisoners	33,185	34,000	34,000	32,000	32,000
Special Semi-State Agricultural Societies	238,650	234,425	234,425	234,500	234,500
Bear Bounties	1,000	100	100		
Soldiers' Home	260,225	279,940	274,331	238,441	241,811
Miscellaneous Veterans' Associations	16,200	16,200	16,200	17,000	17,000
Minnesota Historical Society	310,998	314,207	319,468	371,931	378,783
Sibley House and Academy of Science	11,632	7,632	7,632	10,200	10,299
Special Aid to Cities, Counties and Towns	204,000	204,000	204,000	204,000	204,000
Legislature	2,146,000	1,183,700	1,805,300	942,100	2,179,500
Governor	120,830	175,689	166,094	187,394	192,865
Civil Defense	139,646	114,280	116,919	147,080	150,187
Lieutenant Governor	6,300	6,500	5,800	5,800	5,800
State Auditor	338,789	381,731	398,674	406,261	426,175
Contributory Share - PERA	71,886				
Civil Air Patrol	10,000	10,000	10,000	10,000	10,000
State Treasurer	182,941	214,365	209,846	222,025	217,697
Public Examiner	236,249	259,639	263,707	274,904	278,911
Department of Taxation	1,097,804	1,172,597	1,185,088	1,281,951	1,320,904
Board of Tax Appeals	23,283	28,214	28,163	28,842	29,086
Attorney General	339,463	353,585	353,673	349,027	357,511
Bureau of Criminal Apprehension	251,299	314,413	300,814	362,414	354,702
District Courts	912,497	986,500	1,071,500	1,279,000	1,279,000
Retired Supreme and District Court Judges	113,000	172,513	167,763	170,500	170,500
Supreme Court	312,520	392,972	359,271	433,065	402,971
Revisor of Statutes	128,315	132,003	88,388	133,621	89,859
Department of Administration	2,327,665	2,503,931	2,559,589	2,828,876	2,941,095
Executive Council	1,700	1,000	1,000	1,000	1,000
Board of Investment	46,765	62,354	62,852	68,877	70,308
Secretary of State	349,975	227,688	296,898	248,867	300,386
Civil Service	341,990	365,554	365,311	394,536	399,540
Archives Commission	46,716	63,866	65,288	75,805	76,460
Municipal Commission	22,252	23,919	23,957	27,840	28,097
Adjutant General	1,119,990	1,210,798	1,173,921	1,261,416	1,281,541
Banking	410,517	455,070	451,073	541,698	545,916
Insurance	391,039	431,008	438,583	514,251	535,581
Securities	70,715	77,257	78,125	79,537	80,676
Railroad and Warehouse Commission	3,063,391	3,952,125	3,199,843	4,261,803	3,423,835

# GENERAL REVENUE FUND - NONDEDICATED RECEIPTS (Cont.)

	1962-63	1963-64	1964-65	1965-66	1966-67
Labor and Industry	790,897	867,673	873,622	1,054,576	1,083,730
Liquor Control	254,100	262,050	266,004	276,349	277,424
Labor Conciliator	120,374	100,983	101,533	124,855	124,868
Business Development	379,321	585,817	573,474	902,836	1,103,431
Compensation Insurance Board	23,825	26,008	26,161	23,049	23,426
Agriculture	1,156,161	1,320,715	1,278,606	1,449,993	1,452,451
Conservation - Administration	270,332	274,422	272,128	344,093	331,055
Conservation - Waters	224,242	238,540	199,993	268,149	266,230
Conservation - Forestry	2,083,289	2,216,731	2,170,329	2,428,125	2,395,117
Conservation - Lands and Minerals	464,565	485,445	483,714	535,622	540,740
Conservation - Parks	439,101	577,189	567,151	941,708	950,093
Surveyor General	87,407	82,414	83,679	100,133	100,130
State Mapping Advisory Board	36,000	25,000	25,000		
Water Resources Board	20,945	20,594	20,509	20,003	20,994
Soil Conservation Commission	267,922	277,527	278,970	300,393	309,842
Health	1,317,923	1,545,427	1,469,761	1,928,926	1,839,098
Livestock Sanitary Board	615,846	954,799	660,210	941,638	715,057
Governor's Human Rights Commission	15,107	24,555	24,569	51,346	50,690
State Commission Against Discrimination	34,000	51,332	52,529	79,880	79,930
Veterans' Affairs	888,918	1,003,609	905,606	1,017,304	1,020,557
Law Library	52,494	111,211	57,271	120,285	60,176
Revenue Deficiency - Interest			130,000	50,000	
Athletic Commission		4,000	4,000	5,442	5,460
Public Welfare - Administration	25,356,546	25,159,560	28,793,725	33,667,486	37,049,099
Anoka State Hospital	2,675,768	2,783,707	2,861,880	3,200,479	3,388,044
Fergus Falls State Hospital	3,048,178	3,178,912	3,141,105	3,402,635	3,423,815
Hastings State Hospital	2,054,138	2,010,825	1,938,792	2,172,164	2,195,442
Moose Lake State Hospital	1,945,413	2,053,346	2,043,769	2,260,249	2,294,509
Rochester State Hospital	2,856,998	3,024,796	2,923,854	3,302,263	3,311,772
St. Peter State Hospital	3,789,338	4,036,361	3,938,498	4,391,501	4,360,075
Willmar State Hospital	2,215,527	2,238,013	2,203,702	2,472,512	2,508,978
Faribault State School and Hospital	4,011,068	4,548,153	4,581,973	5,152,649	5,575,848
Cambridge State School and Hospital	3,063,447	3,364,311	3,348,007	3,751,430	4,050,187
Owatonna State School	15,000	29,130	15,100	29,271	15,000
Shakopee Home for Children	68,035	69,431	69,937	73,923	74,708
Brainerd State School and Hospital	1,429,238	1,762,206	2,135,020	2,593,768	3,118,768
Braille and Sight Saving School	5,000	7,585	4,000	7,852	4,000
School for the Deaf	20,000	20,358	10,350	51,012	12,250

**GENERAL REVENUE FUND - NONDEDICATED RECEIPTS (Cont.)**

	1962-63	1963-64	1964-65	1965-66	1966-67
Gillette State Hospital	535,826	600,109	586,324	635,975	629,751
Ah-Gwah-Ching Nursing Home	1,361,865	1,469,013	1,456,549	1,625,669	1,634,410
Glen Lake Sanatorium -					
Oak Terrace Nursing Home	1,596,292	1,916,194	1,890,417	1,951,339	1,964,870
Corrections	1,276,115	1,518,464	1,413,519	1,914,458	1,591,969
State Prison	1,913,434	2,006,689	2,029,395	2,208,286	2,207,974
Reformatory for Men	1,793,753	1,948,869	1,913,707	2,129,225	2,113,478
Reformatory for Women	173,214	192,593	188,250	207,415	206,420
State Training School for Boys		23,800	3,975	25,605	
Home School for Girls	4,000	11,463	2,950	9,991	11,780
Youth Conservation Camps	451,525	512,426	511,089	615,528	628,000
State Institutions Contingent Fund		250,000		250,000	
State Institutions Contingent Fund for Food		75,000			
Education	125,000	182,000	200,000	439,900	480,900
State College Board	7,848,062	9,169,391	9,864,734	13,812,071	15,604,565
University of Minnesota	32,797,194	36,120,621	39,851,935	47,878,868	52,975,938
Nursing Scholarships	100,000	100,000	100,000	100,000	100,000
School Aid - Counties for Non-Tax Areas	48,000	48,000	48,000	48,000	48,000
Junior College Board - Aid to Junior Colleges	1,054,145	1,357,000	2,188,000	3,509,822	4,793,019
Liaison Committee - Higher Education				66,000	66,000
Workmen's Compensation	376,790		604,316		
Unemployment Compensation	174,884		477,037		
Miscellaneous Conservation Projects		10,000			
Claims Commission Awards	41,468		44,267		
Forest Pest Control	34,350				
Compensation Revolving Fund Increase		350,000			
Veterans Bonus Claims	30,918				
Reassessment Revolving Fund		150,000			
Reimbursement of Employment Security		155			
Area Redevelopment		750,000			
State Aid for Local Tuberculosis Control		30,000	30,000		
Legislative Claims	172,216				
"New Dimensions" for State Legislators		2,121			
Natural Resources Program	900,000				
Printing and Sale of Rules & Regulations		26,000			
Daytime Activity Centers for Mentally Retarded		155,000			
Colored Oleomargarine Tax Distribution		450,000	375,000	125,000	125,000

# **GENERAL REVENUE FUND - NONDEDICATED RECEIPTS (Cont.)**

	1962-63	1963-64	1964-65	1965-66	1966-67
Contingent Fund for Adjustment of Corrections					
Salaries		128,000			
Gubernatorial Recount Expenses	150,000				
World's Fair Exhibit		150,000			
Tax Reform Study Commission	25,000				
Legislative Interim Commission	80,000				
Facilities - Governor Elect	15,000				
Volstead Lands	148,180				
Daytime Pilot Project	24,000				
Aid to Fire Departments	876,338	930,462	980,466	1,030,000	1,080,000
Surcharge for Firemen's Relief	204,691	198,705	215,000	225,000	225,000
Revenue Refunds	102,688	293,160	100,000	100,000	100,000
Miscellaneous Open Appropriations	38,084	14,907	13,550	13,550	13,550
Consolidated Conservation - Transfer			75,000		75,000
University Maintenance Adjustment	344,587	338,475	300,000		
University Hospitals - County Reimbursements	1,855	1,571			
Military Forces Emergency	25,219	6,328			
Administration - Highway Building Acquisition	20,000	20,000	20,000	20,000	20,000
Judges' Salary Increase		280,500	280,500		
Bond Sales Expense and Collection Fees	20,627	16,935			
<b>Appropriations Direct &amp; Open Subtotal</b>	<b>132,703,418</b>	<b>143,539,767</b>	<b>150,675,910</b>	<b>176,094,013</b>	<b>189,128,865</b>
Less Cancellations	5,325,333	1,327,964	750,000	1,500,000	1,500,000
Net Appropriation Liability	127,378,085	142,211,802	149,925,910	174,594,013	187,628,865
<b>Balance June 30</b>	<b>7,476,266</b>	<b>6,535,610</b>	<b>3,661,073</b>	<b>25,897,889</b>	<b>41,332,547</b>
Additional Cancellations - Departmental Savings Program		3,151,014	3,000,000		
<b>Free Balance Forward</b>	<b>7,476,266</b>	<b>9,686,625</b>	<b>6,661,073</b>	<b>25,897,889</b>	<b>41,332,547</b>
<b>TOTAL EXPENDITURES AND BALANCES</b>	<b>134,854,352</b>	<b>148,747,413</b>	<b>153,586,983</b>	<b>200,491,902</b>	<b>228,961,412</b>

# GENERAL REVENUE FUND - DEDICATED RECEIPTS

ACTUAL AND ESTIMATED RESOURCES	1962-63	1963-64	1964-65	1965-66	1966-67
Reappropriated Balances July 1	280,698	280,271	283,589	285,589	287,589
Receipts - Dedicated:					
Departmental Earnings	221,039	234,357	230,700	229,740	229,740
Care and Maintenance of Inmates	165,379	172,017	165,300	165,000	165,000
Institutions - Employees' Maintenance	372,167				
Welfare Program Recoveries - State Share	490,438	477,868	431,250	431,500	431,500
State Colleges - Tuition and Fees	3,562,799	4,739,345	5,296,131	5,803,854	6,420,362
State College Employees' Annuity Contributions		93,799	94,000	94,000	94,000
State Junior Colleges - Tuition and Fees				1,264,162	1,879,031
University of Minnesota - Maintenance	16,344,884	18,321,435	19,318,475	22,281,373	23,456,230
University of Minnesota - Hospitals	5,875,794	6,597,766	6,339,491	6,729,136	6,907,710
Other Receipts	39,298	34,298	31,116	26,540	26,540
Receipts Subtotal	27,071,801	30,670,889	31,906,463	37,025,305	39,610,113
State Junior College Receipts to be Transferred			952,386		
TOTAL RESOURCES	27,352,499	30,951,160	33,142,439	37,310,894	39,897,702
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Dedicated Receipts and Balances:					
Department of Agriculture	180,513	203,692	200,400	200,350	200,350
Division of Forestry	16,198	17,314	16,000	16,000	16,000
Division of State Parks	19,133	16,330	14,424	10,000	10,000
Department of Public Welfare	490,938	477,873	431,250	431,500	431,500
Institutions - Employees' Maintenance	372,167				
Soldiers' Home Board	186,869	193,103	186,190	184,930	184,930
State College Board	3,562,799	4,739,345	5,296,131	5,803,854	6,420,362
State College Board - Employees' Annuities		89,502	92,000	92,000	92,000
State Junior College Board			952,386	1,264,162	1,879,031
University of Minnesota	22,221,105	24,920,181	25,657,966	29,010,509	30,363,940
All Other	22,501	10,228	10,102	10,000	10,000
Expenditures Subtotal	27,072,228	30,667,571	32,856,850	37,023,305	39,608,113
Reappropriated Balances June 30	280,271	283,589	285,589	287,589	289,589
TOTAL EXPENDITURES AND BALANCES	27,352,499	30,951,160	33,142,439	37,310,894	39,897,702

# INCOME TAX SCHOOL FUND

ACTUAL AND ESTIMATED RESOURCES	1962-63	1963-64	1964-65	1965-66	1966-67
Free Balances July 1	(19,816,960)	(15,649,334)	(20,861,263)	(4,845,005)	481,371
Receipts - Dedicated:					
Income Tax - Individual & Fiduciary	162,436,471	171,180,225	193,800,000 <sup>(1)</sup>	202,700,000	215,500,000
Income Tax - Corporation	37,263,486	38,529,887	40,700,000	41,000,000	40,000,000
Iron Ore Occupation Tax	4,513,466	4,445,994	4,104,000	3,818,400	3,427,200
Taconite Occupation Tax	443,166	492,172	480,000	564,400	571,000
Other Income - Dedicated Receipts	7,761	41,002	65,021	65,000	65,000
Receipts Subtotal	204,664,323	214,689,283	239,149,021	248,147,800	259,563,200
Legislative Transfers:					
State Colleges	7,815,871	9,101,582	9,879,801	13,812,071	15,604,565
Junior Colleges	1,054,140				
General Revenue Fund	14,478,186	13,212,466	14,773,500	44,092,000	46,266,000
Transfers Subtotal	23,348,197	22,314,048	24,653,301	57,904,071	61,870,565
Receipts Less Legislative Transfers	181,316,125	192,375,234	214,495,719	190,243,729	197,692,635
Proposed New Taxes			17,000,000	48,299,000	50,901,000
TOTAL RESOURCES	161,499,165	176,725,899	210,634,455	233,697,723	249,075,006

## ACTUAL AND ESTIMATED EXPENDITURES

### Legislative Appropriations - Direct:

Aid to Common School Districts	50,000	50,000	50,000	50,000	50,000
Administration - Payroll Preparation & State Agency	9,359	9,000	9,000	11,700	11,700
Department of Taxation	2,603,857	3,249,507	3,145,573	3,686,273	3,581,194
Faribault School and Hospital	360,547	406,039	412,624	456,810	501,901
Cambridge School and Hospital	448,402	488,289	490,875	542,608	591,952
Owatonna State School	882,087	943,893	941,644	1,010,307	1,031,480
Braille & Sight Saving School	342,823	373,909	378,006	398,554	405,622
School for the Deaf	645,268	733,365	731,977	820,844	834,951
Gillette Hospital for Crippled Children	901,349	993,550	991,099	1,049,934	1,068,055
State Training School for Boys	917,436	950,695	963,514	1,062,800	1,127,171
Home School for Girls	558,770	660,046	678,450	731,068	785,173
Minnesota Residential Treatment Center	92,986	1,174,939	1,629,816	1,988,816	2,031,732
Department of Education	2,435,802	2,434,920	2,435,697	2,753,658	2,750,515
University of Minnesota	50,000	45,000	45,000	41,000	43,000
Aid to Public School Districts	132,613,000	149,047,000	157,047,000	176,306,280	189,132,883

# INCOME TAX SCHOOL FUND (Cont.)

	1962-63	1963-64	1964-65	1965-66	1966-67
Gross Earnings Aid	1,500,903	1,493,000	1,493,000	1,493,000	1,493,000
Exempt Land-Special School Aid	478,746	375,000	375,000	375,000	375,000
Aid to Certain School Districts	125,000	120,000	120,000	120,000	120,000
School Census Aid	7,996,570	8,279,390	8,500,000	8,650,000	8,750,000
Attributable Costs	118,809	150,488	214,286	217,700	218,700
Income Tax Refunds(2)	25,928,355	28,201,292	29,000,000	31,700,000	33,200,000
Unemployment Compensation	2,556		43,003		
Workmen's Compensation	20,415		31,537		
Miscellaneous Appropriations	15,218	5,813	5,600		
Appropriation Transfers	128,060		15,134		
<b>Appropriations Direct &amp; Open Subtotal:</b>	<b>179,226,322</b>	<b>200,185,136</b>	<b>209,747,837</b>	<b>233,466,352</b>	<b>248,104,029</b>
Additional Aid to Public School Districts for Increased Average Daily Attendance(3)		4,764,003	6,366,624		
Total Maximum Liability	179,226,322	204,949,139	216,114,461	233,466,352	248,104,029
Less Cancellations	2,077,822	239,677	235,000	250,000	250,000
Net Appropriation Liability	177,148,499	204,709,462	215,879,461	233,216,352	247,854,029
<b>Balances June 30</b>	<b>(15,649,334)</b>	<b>(27,983,562)</b>	<b>(5,245,005)</b>	<b>481,371</b>	<b>1,220,977</b>
Additional Cancellations -					
Departmental Saving Program		457,918	400,000		
School Aid Saving Program		6,664,380			
<b>Free Balance Forward</b>	<b>(15,649,334)</b>	<b>(20,861,263)</b>	<b>(4,845,005)(4)</b>	<b>481,371</b>	<b>1,220,977</b>
<b>TOTAL EXPENDITURES &amp; BALANCES</b>	<b>161,499,165</b>	<b>176,725,899</b>	<b>210,634,455</b>	<b>233,697,723</b>	<b>249,075,006</b>

(1) On February 19, 1964 and in a revision dated July 3, 1964 the Department of Taxation informed the Department of Administration that the Federal Revenue Act of 1964 would produce an additional \$7,957,000 in Minnesota Income Tax Revenue in fiscal 1965. On July 21, 1964 the Department of Administration was notified by the Tax Department that this amount should not be considered as additional revenue but should be included in the original estimate, of April 4, 1963, which would remain unchanged.

(2) The refunds are presented on an accrual basis as is done with other expenditure items.

(3) Requires a deficiency appropriation of \$11,130,627 to pay aids in full for both years. The Governor recommends a deficiency appropriation of \$4,466,247 to pay 1965 aids in full.

(4) This deficit balance reflects the proposed corporate speed-up which is estimated to produce \$17,000,000 before July 1, 1965. Without this revenue this deficit would be \$21,845,005.

BUILDING FUND

ACTUAL AND ESTIMATED RESOURCES	1962-63	1963-64	1964-65	1965-66	1966-67
Reappropriated Balances July 1	10,580,809	23,254,612	38,130,553	7,485,694	1,658,140
Receipts - Dedicated:					
Property Tax for Debt Service	12,585,670	13,019,386	6,750,277	6,477,504	6,540,726
Sale of General Obligation Bonds - Building	29,361,000	33,990,000			
Sale of General Obligation Bonds - Refunding		37,600,000			
Reduction of Prior Year Expenditures	<u>7,500</u>	<u>11,672</u>			
Receipts - Subtotal	41,954,170	84,621,059	6,750,277	6,477,504	6,540,726
Transfer from Veterans Service Building Fund	<u>42,960</u>				
TOTAL RESOURCES	52,577,939	107,875,672	44,880,831	13,963,198	8,198,867
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriations:					
Workmen's Compensation - Recommended Deficiency			836		
Expenditures of Dedicated Receipts and Balances:					
Department of Administration	12,275,133	11,455,611	16,625,280	5,122,073	
Department of Military Affairs		47,369	10,172		
Division of State Parks	64,024	316,312	90,598		
State College Board		533,724	2,466,275		
University of Minnesota	3,779,649	5,436,421	10,820,994		
Redemption of Debt - Principal	9,546,317	46,989,372	5,357,000	5,357,000	5,357,000
Interest on Debt	3,655,181	2,793,700	1,999,700	1,825,985	1,652,270
Bond Sale Expense	<u>3,021</u>	<u>19,980</u>			
Expenditures Subtotal	29,323,327	67,592,492	37,370,857	12,305,058	7,009,270
Transfers to General Revenue Fund		20,627			
Transfers to Miscellaneous Special Revenue Fund		64,073			
Transfers to Bond Fund		2,067,926	24,279		
Reappropriated Balances June 30:					
Building Accounts	19,735,030	35,891,112	5,852,675	730,602	730,602
Tax Accounts for Debt Service	<u>3,519,581</u>	<u>2,239,440</u>	<u>1,633,018</u>	<u>927,537</u>	<u>458,994</u>
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	52,577,939	107,875,672	44,880,831	13,963,198	8,198,867



BOND FUND

ACTUAL AND ESTIMATED RESOURCES	1962-63	1963-64	1964-65	1965-66	1966-67
Reappropriated Balances July 1		608,708	3,010,779	6,363,926	4,006,168
Receipts - Dedicated:					
Property Tax for Debt	446,655	3,810,273	8,805,537	6,764,759	5,930,292
Interest on Investments	94,199	556,763			
Premiums on Bonds Sold	<u>67,853</u>	<u>64,275</u>			
Receipts Subtotal	608,708	4,431,313	8,805,537	6,764,759	5,930,292
Transfers from:					
Building Fund		2,067,926	24,279		
Miscellaneous		386,330	175,267	361,339	1,202,026
Minnesota Aeronautics and State Airports Fund		<u>189,077</u>	<u>274,480</u>	<u>472,160</u>	<u>474,040</u>
TOTAL RESOURCES	608,708	7,683,356	12,290,344	13,962,185	11,612,526
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Dedicated Receipts and Balances:					
Redemption of State Bonds		1,468,000	1,548,000	5,678,000	5,688,000
Interest on State Bonds		<u>3,204,576</u>	<u>4,378,417</u>	<u>4,278,017</u>	<u>4,113,127</u>
Expenditures Subtotal		4,672,576	5,926,417	9,956,017	9,801,127
Reappropriated Balances June 30	<u>608,708</u>	<u>3,010,779</u>	<u>6,363,926</u>	<u>4,006,168</u>	<u>1,811,398</u>
TOTAL EXPENDITURES AND BALANCES	608,708	7,683,356	12,290,344	13,962,185	11,612,526

MISCELLANEOUS SPECIAL REVENUE FUND\*

ACTUAL AND ESTIMATED RESOURCES	1962-63	1963-64	1964-65	1965-66	1966-67
Reappropriated Balances July 1	6,542,491	6,835,035	4,842,452	3,944,969	5,097,075
Receipts - Dedicated:					
Property Tax	692,888	702,366	42		
Gasoline Tax - Motorboat	443,718	437,452	500,000	500,000	500,000
Boxing Exhibition Tax and Fees	6,538	5,271	5,271	5,271	5,271
Departmental Earnings, Permits, & Licenses	2,564,505	2,710,909	2,798,377	2,984,568	3,007,312
Examining Boards' Earnings	1,098,498	1,204,800	1,161,790	1,187,951	1,195,524
Sale of Land, Timber, etc.	396,835	396,017	290,991	310,500	310,500
Sale of Livestock, Etc.	59,417	88,870	60,000	59,000	59,000
Redemption or Sale of Investments		11,443,492			
Permanent School Fund Income	7,909,958	8,456,570	8,750,000	9,000,000	9,250,000
Interest on School Loans	391,757	328,209	362,139	1,202,626	909,029
Sale of General Obligation Bonds		22,800,000			
All Other Receipts	60,069	93,501	70,282	72,806	68,806
Receipts Subtotal	13,624,187	48,667,462	13,998,894	15,322,722	15,305,422
Transfers from General Revenue Fund	2,200	26,000			
Transfers from Building Fund		64,073			
Transfers from Natural Resources Fund		125,000	75,000		
TOTAL RESOURCES	20,168,878	55,717,571	18,916,347	19,267,691	20,402,518

ACTUAL AND ESTIMATED EXPENDITURES

Expenditures of Legislative Appropriations:					
Division of Game and Fish	336,042	341,009	342,000	342,000	342,000
University of Minnesota	18,000	18,000	18,000	18,000	18,000
Legislative Claims	65,727				
Unemployment Compensation			11,116		
Workmen's Compensation			6,390		
Expenditures of Dedicated Receipts and Balances:					
Minnesota Voting Machine Commission		300	150	150	150
Department of Administration	9,631	23,791	37,974	28,278	23,459
Secretary of State	343,749	383,478	423,112	475,279	509,892
Department of Military Affairs	27,119	38,486	4,303		
Division of Banking	15,000	15,000	15,000	15,000	15,000
Division of Insurance	10,149	9,560	12,000	12,000	12,000
Division of Securities	78,078	87,224	105,076	106,037	107,650
Railroad and Warehouse Commission	464,163	492,021	505,260	548,063	553,558

MISCELLANEOUS SPECIAL REVENUE FUND\* (Cont.)

	1962-63	1963-64	1964-65	1965-66	1966-67
Department of Labor and Industry	13,802	19,203	20,088	21,713	21,872
Examining Boards	990,030	992,986	1,068,607	1,102,194	1,108,245
State Athletic Commission	8,760	5,761	6,059	5,277	5,277
Department of Agriculture	404,306	388,337	453,260	472,513	475,456
Department of Conservation - Administration	257,911	356,395	456,281	454,712	428,818
Division of Forestry	338,777	269,882	218,494	231,286	228,524
Division of Lands and Minerals	65,889	64,942	95,939	99,718	99,718
Division of Game and Fish	68,123	132,725	215,000	150,000	150,000
Division of State Parks	46,554	461,835	151,884	71,798	68,528
Department of Health	72,399	80,464	86,913	85,838	86,493
Department of Public Welfare	43,862	42,206	45,450	45,500	45,000
Owatonna State School	7,078	4,340	18,700		
Department of Employment Security	14,191	2,924	900	900	900
Veterans Service Building Commission	12,999	6,728	5,496		
Apportionment Aid to Schools	7,985,073	8,361,912	8,750,000	9,000,000	9,250,000
Endowment School Income - Short-term Investments		14,475,863			
School Loan Committee		15,093,552	1,146,257		
Debt and Interest	<u>1,003,558</u>	<u>7,685,213</u>	<u>58,000</u>	<u>56,910</u>	<u>55,440</u>
Expenditures Subtotal	12,700,979	49,854,149	14,277,714	13,343,166	13,605,980
Transfers to General Revenue Fund	539,904	586,337	480,895	466,110	441,421
Transfers to Building Fund	42,960				
Transfers to Bond Fund		386,330	175,267	361,339	1,202,026
Transfers to Game and Fish Fund	50,000	48,300	37,500		
Reappropriated Balances June 30	<u>6,835,035</u>	<u>4,842,452</u>	<u>3,944,969</u>	<u>5,097,075</u>	<u>5,153,090</u>
TOTAL EXPENDITURES, TRANSFERS & BALANCES	20,168,878	55,717,571	18,916,347	19,267,691	20,402,518

\*This statement does not include the following account groups which are incorporated in separate fund statements: Rural Credit, Soldiers' Relief, Iron Range Resources and Rehabilitation, Minnesota Aeronautics and State Airports, and Natural Resources.

IRON RANGE RESOURCES AND REHABILITATION COMMISSION

ACTUAL AND ESTIMATED RESOURCES	1962-63	1963-64	1964-65	1965-66	1966-67
Reappropriated Balances July 1	1,057,993	799,912	634,197	525,045	563,141
Receipts - Dedicated:					
Occupation Tax on Iron Ore	563,883	555,647	525,000	500,000	475,000
Revenue from Use of Property, etc.	<u>25,889</u>	<u>32,940</u>	<u>43,296</u>	<u>48,822</u>	<u>49,608</u>
Receipts Subtotal	<u>589,773</u>	<u>588,587</u>	<u>568,296</u>	<u>548,822</u>	<u>524,608</u>
TOTAL RESOURCES	1,647,766	1,388,500	1,202,493	1,073,867	1,087,749
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriations:					
Commission on Taxation and Production of Iron Ore	25,000				
University of Minnesota	165,000	190,298	197,686	80,000	80,000
Expenditures of Legislative Receipts and Balances:					
Department of Business Development	15,000				
Iron Range Resources and Rehabilitation Commission	<u>642,854</u>	<u>563,833</u>	<u>479,597</u>	<u>430,726</u>	<u>395,623</u>
Expenditures Subtotal	847,854	754,131	677,283	510,726	475,623
Transfers to General Revenue Fund		172	165		
Reappropriated Balances June 30	<u>799,912</u>	<u>634,197</u>	<u>525,045</u>	<u>563,141</u>	<u>612,126</u>
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	1,647,766	1,388,500	1,202,493	1,073,867	1,087,749

RURAL CREDIT FUNDS

ACTUAL AND ESTIMATED RESOURCES	1962-63	1963-64	1964-65	1965-66	1966-67
Reappropriated Balances July 1	2,853,021	2,336,365	2,478,843	3,331,136	3,090,357
Receipts - Dedicated:					
Property Tax	2,084,298	2,033,998	1,528,618	1,121,590	
Sale of Land and Buildings	22,878	19,462	16,000	13,000	10,000
Payments on Mortgages	12,421	9,746	6,900	4,800	3,500
Interest on Mortgages and Contracts for Deed	4,840	3,429	2,800	2,500	2,000
Other	<u>212</u>	<u>172</u>	<u>50</u>	<u>50</u>	<u>50</u>
Receipts Subtotal	2,124,652	2,066,809	1,554,368	1,141,940	15,550
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL RESOURCES	4,977,674	4,403,175	4,033,212	4,473,077	3,105,907
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriations:					
Division of Banking	9,291	7,222	3,437	2,658	2,686
Cancellations	( 787)	( 2,373)	( 49)		
Expenditures of Dedicated Receipts and Balances:					
Department of Rural Credits	54	10	100	100	100
Debt and Interest	<u>2,632,750</u>	<u>1,919,375</u>	<u>698,587</u>	<u>1,379,962</u>	<u>756,375</u>
Expenditures Subtotal	2,641,308	1,924,234	702,075	1,382,720	759,161
Transfers to General Revenue Fund		97			
Reappropriated Balances June 30	<u>2,336,365</u>	<u>2,478,843</u>	<u>3,331,136</u>	<u>3,090,357</u>	<u>2,346,746</u>
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	4,977,674	4,403,175	4,033,212	4,473,077	3,105,907

NOTE: The final maturities of Rural Credit bonds and interest will be paid by July 1, 1966. The cash surplus remaining in the tax proceeds account is estimated at \$2,308,593. It is recommended that the unobligated balance in this account be transferred to the General Revenue Fund after July 1, 1966. It is assumed that the remaining tax levy authorization in M.S. Chapter 41 will be cancelled.

It is also recommended that the unobligated balance in the Rural Credit Receipts Account after July 31, 1966 be transferred to the General Revenue Fund, and that all receipts from Rural Credit operations thereafter be credited directly to the General Revenue Fund.

GAME AND FISH FUND

ACTUAL AND ESTIMATED RESOURCES	1962-63	1963-64	1964-65	1965-66	1966-67
Reappropriated Balances July 1	367,689	843,352	1,245,611	2,102,232	2,250,177
Receipts - Dedicated:					
Fines, Forfeits, and Seizures	59,318	81,478	55,000	65,000	65,000
Occupational Licenses	114,206	147,284	150,000	151,000	152,000
Nonoccupational Licenses	4,306,751	4,861,185	4,870,000	5,000,000	5,300,000
Rents and Miscellaneous	51,501	83,881	55,038	55,000	55,000
Sale of Fish, etc.	112,451	109,864	100,000	100,000	100,000
Federal Grants	<u>716,801*</u>	<u>390,045*</u>	<u>803,657*</u>	<u>725,000*</u>	<u>725,000*</u>
Receipts Subtotal	4,644,229	5,283,694	5,230,038	5,371,000	5,672,000
Repayment of Loan	<u>50,000</u>	<u>48,300</u>	<u>37,500</u>		
TOTAL RESOURCES	5,061,919	6,175,347	6,513,150	7,473,232	7,922,177
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriations:					
Department of Conservation - Administration	405,499	411,633	408,192	430,117	413,818
Division of Forestry	40,000				
Division of Waters		43,000			
Division of Game and Fish	3,336,305	4,767,769	4,497,146	5,425,188	5,090,186
Wolf, Fox, Lynx, and Bobcat Bounties	140,000	140,000	140,000		
Department of Health	50,000				
Legislative Claims	4,572		178		
Department of Administration - Payroll Preparation	5,231	5,500	5,500	6,000	6,000
Unemployment Compensation	33,286		61,914		85,000
Workmen's Compensation	538		653		
Cancellations	(148,113)	(150,000)			
Expenditures of Dedicated Receipts and Balances:					
Division of Game and Fish	1,010,763	58,378	55,290	40,000	40,000
Federal Receipts Portion of Expenditures	<u>(716,801)*</u>	<u>(390,045)*</u>	<u>(803,657)*</u>	<u>(725,000)*</u>	<u>(725,000)*</u>
Expenditures Subtotal	4,161,282	4,886,235	4,365,217	5,176,305	4,910,004
Transfers to General Revenue Fund	57,283	43,500	45,700	46,750	47,800
Reappropriated Balances June 30	<u>843,352</u>	<u>1,245,611</u>	<u>2,102,232</u>	<u>2,250,177</u>	<u>2,964,373</u>
TOTAL EXPENDITURES, TRANSFERS AND BALANCES	5,061,919	6,175,347	6,513,150	7,473,232	7,922,177

\* Federal grant receipts are not included in the totals in this fund statement, but are included in the Federal Funds statement

NATURAL RESOURCES FUND

ACTUAL AND ESTIMATED RESOURCES	1962-63	1963-64	1964-65	1965-66	1966-67
Reappropriated Balances July 1		233,197	(608,203)	428,375	(418,537)
Receipts - Dedicated:					
Cigarette Tax	233,197	3,548,808	3,881,950	3,694,400	3,744,800
Reimbursements		<u>1,400</u>	<u>133</u>		
TOTAL RESOURCES	233,197	3,783,405	3,273,880	4,122,775	3,326,262
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriations:					
Minnesota River Valley Development Commission		15,000			
Northeastern Minnesota Economic Problems Commission		25,000			
Department of Taxation		25,000	30,000	25,121	26,363
Minnesota Outdoor Recreation Resources Commission		150,000			
Department of Conservation - Natural Resources		4,051,609	1,887,000	4,516,192	3,044,629
Unemployment Compensation			28,505		
Cancellations			<u>(75,000)</u>		
Expenditures Subtotal		4,266,609	1,870,505	4,541,313	3,070,992
Transfers to:					
General Revenue Fund			900,000		
Miscellaneous Special Revenue Fund		125,000	75,000		
Reappropriated Balances June 30	<u>233,197</u>	<u>(608,203)</u>	<u>428,375</u>	<u>(418,537)</u>	<u>255,270</u>
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	233,197	3,783,405	3,273,880	4,122,775	3,326,262

NOTE: An amount of \$900,000 appropriated from the General Revenue Fund for the year ended June 30, 1963 by the Natural Resources Act is not included in this fund statement, but is included in the General Revenue Fund - Non-dedicated Receipts Fund statement

CONSOLIDATED CONSERVATION AREAS FUND

ACTUAL AND ESTIMATED RESOURCES	1962-63	1963-64	1964-65	1965-66	1966-67
Reappropriated balances July 1	50,756	( 8,545 )	60,366	29,366	33,366
Receipts - Dedicated:					
Sale of Trees and Timber	126,179	105,781	106,000	106,000	106,000
Sale of Land and Buildings	31,958	40,011	40,000	40,000	40,000
Interest and Miscellaneous	<u>17,605</u>	<u>25,102</u>	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>
Receipts Subtotal	175,744	170,895	171,000	171,000	171,000
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TOTAL RESOURCES	226,500	162,349	231,366	200,366	204,366
 ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriations:					
Legislative Claims	41,398				
Division of Waters		10,000	10,000		
Expenditures of Dedicated Receipts and Balances:					
Consolidated Conservation Areas	5,621	6,534	6,500	6,500	6,500
Distribution of Counties	<u>88,026</u>	<u>85,447</u>	<u>85,500</u>	<u>85,500</u>	<u>85,500</u>
Expenditures Subtotal	135,046	101,982	102,000	92,000	92,000
Transfers to General Revenue Fund *	100,000		100,000	75,000	75,000
Reappropriated Balances June 30	<u>( 8,545 )</u>	<u>60,366</u>	<u>29,366</u>	<u>33,366</u>	<u>37,366</u>
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	226,500	162,349	231,366	200,366	204,366

\* The first three amounts shown as transfers to the General Revenue Fund are obligations of years prior to those in which the transfers were made. These transfers apply specifically to the years ending June 30, 1962, 1963, and 1965, respectively.



MINNESOTA AERONAUTICS AND STATE AIRPORTS FUND

ACTUAL AND ESTIMATED RESOURCES	1962-63	1963-64	1964-65	1965-66	1966-67
Reappropriated Balances July 1	358,898	476,652	3,121,095	2,646,519	1,165,749
Receipts - Dedicated:					
Flight Property Tax	210,870	922,227	430,000	440,000	450,000
Aircraft Registration Tax	137,762	152,671	160,000	175,000	190,000
Aviation Fuel Tax	2,514,424	2,775,430	3,149,000	3,050,000	3,250,000
Interest on Investments		107,153	30,000	70,000	60,000
Sale of Equipment		12,751			
Hangar Construction Reimbursements	9,012	11,592	12,117	13,000	14,000
Sale of Certificates of Indebtedness	150,000				
Sale of General Obligation Bonds		6,450,000			
Receipts Subtotal	3,022,069	10,431,826	3,781,117	3,748,000	3,964,000
Allocations from General Contingent Fund		2,700	11,835		
TOTAL RESOURCES	3,380,968	10,911,179	6,914,047	6,394,519	5,129,749
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriations:					
Department of Aeronautics	193,913	218,058	217,155	247,303	253,934
Cancellations	( 4,796)	( 686)			
Expenditures of Dedicated Receipts and Balances:					
Department of Aeronautics	212,859	678,885	1,123,279	2,065,757	98,500
Debt and Interest	490,107	4,467,100			
Revenue Refunds - Aviation Fuel Tax	2,008,608	2,234,054	2,649,000	2,440,000	2,600,000
Expenditures Subtotal	2,900,691	7,597,411	3,989,434	4,753,060	2,952,434
Transfers to General Revenue Fund	3,624	3,594	3,613	3,550	3,550
Transfers to Bond Fund		189,077	274,480	472,160	474,040
Reappropriated Balances June 30	476,652	3,121,095	2,646,519	1,165,749	1,699,725
TOTAL EXPENDITURES, TRANSFERS AND BALANCES	3,380,968	10,911,179	6,914,047	6,394,519	5,129,749

# HIGHWAY FUNDS

ACTUAL AND ESTIMATED RESOURCES	1962-63	1963-64	1964-65	1965-66	1966-67
Reappropriated Balances July 1	54,975,990	61,952,259	74,652,037	45,536,917	41,559,828
Receipts - Dedicated:					
Gasoline Tax	69,829,553	84,610,803	92,000,000	89,070,000	91,150,000
Motor Vehicle Tax	44,990,120	46,960,330	48,887,096	50,820,580	52,831,403
Statutory Fines	634,532	591,471	575,000	625,000	625,000
Drivers License Fees	1,584,022	2,125,304	1,650,000	1,700,000	1,750,000
Miscellaneous	2,074,435	3,704,202	2,624,853	1,520,000	1,520,000
Interest on Investments	1,873,234	2,784,742	2,060,000	2,060,000	2,060,000
Deposit from City of St. Paul			2,520,000		
Federal Aid	<u>59,960,508*</u>	<u>78,250,739*</u>	<u>95,000,000*</u>	<u>111,000,000*</u>	<u>107,000,000*</u>
Receipts Subtotal	120,985,899	140,776,854	150,316,949	145,795,580	149,936,403
Accrual of Federal Aid	<u>35,784,303*</u>	<u>25,461,607*</u>	<u>39,490,874*</u>	<u>4,952,977*</u>	<u>(10,000,000)*</u>
TOTAL RESOURCES	175,961,889	202,729,114	224,968,987	191,332,497	191,496,231

## ACTUAL AND ESTIMATED EXPENDITURES

### Expenditures of Legislative Appropriations:

Highway Interim Commission	25,000				
Mississippi River Parkway Commission		5,000	5,000		
Secretary of State	1,547,324	1,872,158	2,527,610	2,174,454	1,834,152
Motor Vehicle Contingent		25,000		50,000	
Department of Health		2,000	2,000	12,623	12,625
Department of Highways	8,673,404	10,458,003	9,651,637	14,432,216	10,985,297
Highway Safety Account		192,000	192,000	192,000	192,000
Legislative Claims	860		22,023		
Unemployment Compensation			4,809		
Workmen's Compensation			3,851		
Retirement Contributions	1,128				

### Expenditures of Dedicated Receipts and Balances:

Department of Highways -					
State Share of Construction, etc.	89,849,073	101,056,836	149,909,928	117,334,326	117,148,017
Federal Share of Construction	95,744,811*	103,712,346*	134,490,874*	115,952,977*	97,000,000*
Patrol Fine Costs	16,332	16,509	25,000	25,000	25,000
Revenue Refunds - Gasoline Tax	8,813,792	9,772,635	11,500,000	10,200,000	10,300,000

# HIGHWAY FUNDS (Cont.)

	1962-63	1963-64	1964-65	1965-66	1966-67
Revenue Refunds - Motor Vehicle Tax	451,783	482,353	550,000	550,000	550,000
Debt and Interest	<u>3,771,108</u>	<u>3,849,850</u>	<u>3,959,350</u>	<u>3,994,800</u>	<u>4,117,350</u>
Expenditures Subtotal	113,149,806	127,732,346	178,353,210	148,965,419	145,164,441
Less Cancellations	<u>458,138</u>	<u>395,000</u>	<u>350,000</u>		
Net Appropriation Liability	112,691,667	127,337,346	178,003,210	148,965,419	145,164,441
Transfers to General Revenue Fund:					
Administrative Service Charges	325,665	342,196	351,690	378,000	389,500
Highway Building Maintenance	341,236	359,606	391,168	418,000	430,000
Utility Services		37,926	11,000	11,250	12,000
Occupancy Charges	4,101				
Cost of Collection of Gasoline Tax	646,958		675,000		725,000
Reappropriated Balances June 30:					
State Highway Accounts	30,321,955	38,203,612	6,760,661	1,273,559	2,911,796
County and Municipal Aid Funds	<u>31,630,303</u>	<u>36,448,424</u>	<u>38,776,255</u>	<u>40,286,268</u>	<u>41,863,493</u>
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	175,961,889	202,729,114	224,968,987	191,332,497	191,496,231

\* The amounts shown for Federal Aid Receipts and Accruals and Federal Share of Construction Expenditures are not included in the totals in this fund statement, but are included in the Federal Funds statement.

SOLDIERS' RELIEF FUND

ACTUAL AND ESTIMATED RESOURCES	1962-63	1963-64	1964-65	1965-66	1966-67
Reappropriated Balances July 1	48,145	33,273	30,926	26,722	15,747
Receipts - Dedicated:					
Property Tax - 1/10 Mill Levy	158,591	178,234	170,000	170,000	170,000
Other	<u>25</u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
TOTAL RESOURCES	206,761	211,507	200,926	196,722	185,747
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Legislative Appropriations:					
Soldiers' Home Board	55,000	50,000	50,000	45,000	45,000
Expenditures of Dedicated Receipts and Balances:					
Soldiers' Home Board	<u>118,488</u>	<u>130,581</u>	<u>124,204</u>	<u>135,975</u>	<u>137,865</u>
Expenditures Subtotal	173,488	180,581	174,204	180,975	182,865
Reappropriated Balances June 30	<u>33,273</u>	<u>30,926</u>	<u>26,722</u>	<u>15,747</u>	<u>2,882</u>
TOTAL EXPENDITURES AND BALANCES	206,761	211,507	200,926	196,722	185,747

TRUST FUNDS

ACTUAL AND ESTIMATED RESOURCES	1962-63	1963-64	1964-65	1965-66	1966-67
Reappropriated Balances July 1	70,152	151,582	286,938	175,605	178,946
Receipts - Dedicated:					
Iron Ore Royalties	1,578,930	1,706,500	1,750,000	1,750,000	1,750,000
Revenue from Use of Money, etc.	<u>601,316</u>	<u>299,141</u>	<u>575,789</u>	<u>472,983</u>	<u>472,983</u>
Receipts Subtotal	<u>2,180,247</u>	<u>2,005,641</u>	<u>2,325,789</u>	<u>2,222,983</u>	<u>2,222,983</u>
TOTAL RESOURCES	2,250,399	2,157,223	2,612,728	2,398,588	2,401,930
ACTUAL AND ESTIMATED EXPEDITURES					
Expenditures of Dedicated Receipts and Balances:					
Permanent School Fund	2,075,426	1,849,275	2,400,000	2,200,000	2,200,000
Internal Improvement Land Funds	4,977	2,664	5,000	3,000	3,000
Institutional Trust Accounts	7,981	9,153	21,125	6,740	6,740
State College Trust Accounts	<u>10,431</u>	<u>9,192</u>	<u>10,997</u>	<u>9,902</u>	<u>9,902</u>
Expenditures Subtotal	2,098,817	1,870,285	2,437,122	2,219,642	2,219,642
Reappropriated Balances June 30:					
Permanent Trust Funds	92,878	198,091	96,591	97,091	97,591
Institutional and State College Trust Accounts	<u>58,704</u>	<u>88,846</u>	<u>79,013</u>	<u>81,854</u>	<u>84,696</u>
TOTAL EXPENDITURES AND BALANCES	2,250,399	2,157,223	2,612,728	2,398,588	2,401,930
INVESTMENTS: (Not Included Above)					
Permanent Trust Funds	264,954,811	263,773,444	266,178,444	268,381,444	270,584,444
Institutional and State College Trust Funds	341,828	341,828	349,828	355,828	361,828

Note: The former Swamp Land Fund was merged into the Permanent School Fund during the year ended June 30, 1963. Administration of the Permanent University Fund was transferred to the Board of Regents, University of Minnesota, July 15, 1963 pursuant to Laws 1963 Chapter 567 and none of this fund's transactions are included here.  
Receipts and expenditures shown above are net of investment maturities and sales.

AGENCY FUNDS\*

ACTUAL AND ESTIMATED RESOURCES	1962-63	1963-64	1964-65	1965-66	1966-67
Reappropriated Balances July 1	19,210,329	21,174,922	21,899,479	18,032,627	18,659,897
Receipts - Dedicated:					
Property Tax for Teachers' Retirement	8,647,560	9,969,486	10,930,320	12,050,734	13,709,970
Special Taxes Redistributed to Local Subdivisions-					
Gross Earnings Tax on Railroads	965,397	1,127,816	1,000,000	1,100,000	1,200,000
Rural Electric Cooperative Tax	22,678	23,082	23,500	23,900	24,300
Bank Excise Tax	3,557,510	3,887,208	4,123,000	3,954,700	3,992,600
Inheritance Tax	2,680,995	2,641,424	2,285,000	2,250,000	2,250,000
Occupation Tax on Taconite	1,099,613	1,251,394	1,200,000	1,300,000	1,300,000
Intoxicating Liquor Tax	4,005,229	4,078,232	4,000,000	4,100,000	4,100,000
Cigarette Tax	6,637,946	6,151,229	6,250,000	6,200,000	6,300,000
Vessel Tonnage Tax	8,421	5,797	6,000	7,000	8,000
Mobile Homes Tax	829,191	939,929	900,000	925,000	925,000
Iron Ore Royalties	180,732	228,128	200,000	210,000	220,000
Sale of Timber, etc.	51,478	54,963	56,103	58,100	62,100
Redemption or Sale of Investments	56,405,201	52,401,533	25,111,989	29,223,238	31,960,738
Income from Investments	8,377,155	9,687,762	10,832,034	12,343,925	14,043,000
Objects of Private Trust	704,635	739,876	625,059	640,310	622,810
Deposits from Other Civil Divisions	4,761,096	6,348,128	4,497,974	4,659,680	4,660,680
Inmates' Deposits	1,791,623	1,833,904	1,903,633	1,961,630	1,960,080
Retirement Contributions-					
Teachers' Retirement Association	6,028,299	8,212,563	6,367,700	6,436,600	6,502,500
State Employees' Retirement Association	8,088,354	8,457,160	8,844,500	9,000,000	9,133,333
Highway Patrolmen and State Police Officers	436,811	467,800	476,000	526,000	595,000
Public Employees' Retirement Association	19,917,429	20,937,906	20,908,363	22,981,985	25,274,125
Judges' Survivors Retirement	19,593	52,619	52,000	53,000	54,000
Federal Insurance Contributions	11,109,982	13,749,250	15,000,000	18,000,000	19,500,000
Sale of Stores for Resale	108,735	122,065	119,100	120,400	120,400
All Other Receipts	68,101	107,309	44,176	37,130	37,380
Receipts Subtotal	<u>146,503,776</u>	<u>153,476,575</u>	<u>125,756,454</u>	<u>138,163,332</u>	<u>148,556,016</u>
TOTAL RESOURCES	165,714,105	174,651,497	147,655,933	156,195,959	167,215,913

AGENCY FUNDS\* (Cont.)

ACTUAL AND ESTIMATED EXPENDITURES

Expenditures of Legislative Appropriations:

Legislative Claims 22

Expenditures of Dedicated Receipts and Balances:

Department of Labor and Industry	81,060	85,908	174,928	125,406	125,816
Department of Business Development	85,145	95,331	125,000	150,000	150,000
Institutional Bequests	21,123	30,518	33,508	12,010	12,010
Department of Education	22,198	13,390	12,588	36,635	19,635
Department of Highways	4,515,180	5,819,451	7,406,874	4,500,000	4,500,000
Special Tax Aids	18,708,932	19,327,693	20,048,227	19,616,700	19,864,000
Social Welfare Accounts	1,888,388	2,187,940	2,052,245	2,103,508	2,090,467
Retirement Associations -					
Teachers'	37,419,228	42,408,773	39,932,883	45,422,148	49,899,645
State Employees'	20,552,338	20,645,814	13,331,953	13,109,367	13,826,612
Highway Patrolmen and State Police Officers'	1,514,713	1,518,750	1,390,279	1,501,900	1,619,450
Public Employees'	44,531,426	43,322,608	26,125,750	28,986,985	32,319,125
Judges' Survivors	11,981	51,844	52,000	52,000	53,000
Federal Insurance Contributions	14,794,946	16,847,417	18,493,868	21,500,000	23,000,000
Return of Deposits	271,930	262,468	320,500	316,000	316,250
All Other	<u>36,260</u>	<u>49,398</u>	<u>37,928</u>	<u>23,195</u>	<u>23,660</u>
Expenditures Subtotal	144,454,877	152,667,308	129,538,534	137,455,854	147,819,670
Transfers to General Revenue Fund	84,305	84,709	84,770	80,208	83,208
Reappropriated Balances June 30	<u>21,174,922</u>	<u>21,899,479</u>	<u>18,032,627</u>	<u>18,659,897</u>	<u>19,313,035</u>
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	165,714,105	174,651,497	147,655,933	156,195,959	167,215,913

\* This fund statement does not include the Consolidated Conservation Areas and Rural Credit account groups which are presented in separate fund statements.

REVOLVING FUNDS\*

ACTUAL AND ESTIMATED RESOURCES	1962-63	1963-64	1964-65	1965-66	1966-67
Reappropriated Balances July 1	2,649,566	2,555,511	2,663,884	2,516,067	2,277,982
Receipts - Dedicated:					
Service Fees	1,554,705	1,813,042	1,864,977	2,329,999	2,281,806
Sale of Manufactures	609,193	1,116,219	1,214,050	617,750	1,422,200
Sale of Stores for Resale	1,041,174	1,048,795	1,209,804	1,345,500	1,375,700
Deposits and Reimbursements for Postage	639,690	723,761	730,000	850,000	860,000
Automobile Rentals	310,670	359,545	382,166	445,740	496,740
Payments on Area Redevelopment Loans	1,558	3,779	20,013	30,000	36,000
Reimbursements for Employees' Compensation	737,347	373,722	1,016,511	338,400	1,216,800
Other	<u>34,987</u>	<u>81,585</u>	<u>15,000</u>	<u>29,000</u>	<u>29,500</u>
Receipts Subtotal	4,929,326	5,520,452	6,452,522	5,986,389	7,718,746
Appropriation Transfers from General Revenue Fund		<u>1,250,000</u>		<u>28,480</u>	
TOTAL RESOURCES	7,578,892	9,325,963	9,116,406	8,530,937	9,996,728

ACTUAL AND ESTIMATED EXPENDITURES

Expenditures of Legislative Appropriations:

  Unemployment Compensation

31,711

Expenditures of Dedicated Receipts and Balances:

Department of Public Examiner	488,067	508,560	597,952	662,067	679,039
Department of Taxation		74,270	75,800		
Department of Administration	2,727,087	2,722,974	3,121,875	3,671,468	3,673,957
Area Redevelopment Loans and Administration	114,951	473,025	404,186	54,401	54,818
Department of Agriculture	13,361	11,475	14,200	13,225	13,225
Division of State Parks	430,234	495,777	553,541	582,108	587,155
Department of Public Welfare	20,848	22,067	21,500	23,500	22,500
Institutions - Diversified Labor	242,534	220,797	221,382	235,450	246,225
Reformatory - Manufacturing License Plates	510,185	1,228,515	619,084	402,626	1,603,104
State Employees' Workmens' Compensation	<u>443,129</u>	<u>888,799</u>	<u>926,842</u>	<u>595,441</u>	<u>941,649</u>
Expenditures Subtotal	4,990,398	6,646,263	6,588,074	6,240,286	7,821,672
Transfers to General Revenue Fund	32,983	15,816	12,264	12,668	12,668
Reappropriated Balances June 30	<u>2,555,511</u>	<u>2,663,884</u>	<u>2,516,067</u>	<u>2,277,982</u>	<u>2,162,388</u>
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	7,578,892	9,325,963	9,116,406	8,530,937	9,996,728

\* This statement does not include the Prison Revolving Fund which is presented in a separate fund statement.



PRISON REVOLVING FUND

ACTUAL AND ESTIMATED RESOURCES	1962-63	1963-64	1964-65	1965-55	1966-67
Reappropriated Balances July 1	769,129	622,690	505,133	233,547	409,694
Receipts - Dedicated:					
Manufacturing	3,693,779	3,567,957	3,059,690	3,257,000	2,957,000
All Other Receipts	<u>39,013</u>	<u>37,339</u>	<u>31,110</u>	<u>31,110</u>	<u>31,110</u>
Receipts Subtotal	3,732,792	3,605,296	3,090,800	3,288,110	2,988,110
	-----	-----	-----	-----	-----
TOTAL RESOURCES	4,501,921	4,227,987	3,595,933	3,521,657	3,397,804
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Dedicated Receipts and Balances:					
Prison Industries	3,879,231	3,647,853	3,287,386	3,111,963	2,854,103
Transfers to General Revenue Fund	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>	<u>75,000</u>
Expenditures and Transfers Subtotal	3,879,231	3,722,853	3,362,386	3,111,963	2,854,103
Reappropriated Balances June 30	<u>622,690</u>	<u>505,133</u>	<u>233,547</u>	<u>409,694</u>	<u>543,701</u>
TOTAL EXPENDITURES, TRANSFERS AND BALANCES	4,501,921	4,227,987	3,595,933	3,521,657	3,397,804

FEDERAL FUNDS

ACTUAL AND ESTIMATED RESOURCES	1962-63	1963-64	1964-65	1965-66	1966-67
Reappropriated Balances July 1	5,935,026	6,153,640	5,973,458	7,068,100	7,723,184
Receipts - Dedicated:					
Grants in Aid from United States Government	135,245,706	159,365,437	198,591,457	219,524,140	220,667,268
National Forest and Land Income	256,602	266,128	262,924	263,000	263,000
Sale of Nursery Tree Stock and Timber	235,334	54,743	26,417	18,000	18,000
Other Receipts	<u>6,269</u>	<u>4,788</u>	<u>5,150</u>	<u>5,150</u>	<u>5,150</u>
Receipts Subtotal	135,743,912	159,691,098	198,885,949	219,810,290	220,953,418
Accrual of Federal Aid for Highways	<u>35,784,303</u>	<u>25,461,607</u>	<u>39,490,874</u>	<u>4,952,977</u>	<u>(10,000,000)</u>
TOTAL RESOURCES	177,463,243	191,306,346	244,350,282	231,831,368	218,676,602
ACTUAL AND ESTIMATED EXPENDITURES					
Expenditures of Dedicated Receipts and Balances:					
Department of Military Affairs	199,116	263,393	307,813	298,647	295,574
Department of Civil Defense	306,478	501,462	523,334	535,030	525,188
Department of Business Development	68,614	94,875	273,000	273,000	273,000
Department of Aeronautics	1,535,876	1,071,395	2,200,000	1,326,000	2,591,600
Department of Agriculture	69,947	66,776	72,600	65,100	65,100
Department of Conservation - Natural Resources		354,021	33,518	150,000	150,000
Division of Forestry	728,510	497,837	406,199	636,163	609,141
Division of Game and Fish	732,884	416,133	822,857	745,000	745,000
Other Conservation Accounts		1,315	56,847		
Department of Health	5,337,825	6,729,769	7,565,438	5,922,118	5,946,173
Department of Public Welfare	46,729,346	48,769,915	61,162,714	70,809,975	74,605,522
Welfare Institutions	18,006	14,325	360,375	289,254	256,556
Department of Employment Security	5,458,934	5,837,033	6,566,070	6,998,187	7,140,138
Soldiers' Home Board	240,244	246,568	240,000	321,145	323,455
Department of Education	9,393,753	10,412,835	17,764,622	15,522,515	16,172,458
State Colleges	174,850	184,672	166,078	72	
Department of Highways	99,966,911	109,495,791	138,497,787	119,952,977	101,000,000
National Forest and Land Aid to Counties	<u>256,602</u>	<u>266,128</u>	<u>262,924</u>	<u>263,000</u>	<u>263,000</u>
Expenditures Subtotal	171,217,904	185,224,252	237,282,181	224,108,184	210,961,905
Transfers to General Revenue Fund	91,698	108,635			
Reappropriated Balances June 30	<u>6,153,640</u>	<u>5,973,458</u>	<u>7,068,100</u>	<u>7,723,184</u>	<u>7,714,696</u>
TOTAL EXPENDITURES, TRANSFERS, AND BALANCES	177,463,243	191,306,346	244,350,282	231,831,368	218,676,602

Consolidated Statement  
General Revenue and Income Tax School Funds  
Direct Appropriations  
Actual 1963 - Recommended 1965  
(Excluding Deficiencies)

	1963			1965			Increase (Decrease) 1965/1963		
	Legislative Appropriations			Governor's Recommendation					
	Gen'l. Rev.	Income Tax	Total	Gen'l. Rev.	Income Tax	Total	Gen'l. Rev.	Income Tax	Total
University of Minnesota	75,965,556	90,000	76,055,556	100,854,806	84,000	100,938,806	24,889,250	(6,000)	24,883,250
State Colleges	19,027,125 <sup>a</sup>	--	19,027,125	29,416,636	--	29,416,636	10,389,511	--	10,389,511
State Junior Colleges	4,038,000 <sup>b</sup>	--	4,038,000	8,302,841	--	8,302,841	4,264,841	--	4,264,841
Department of Education	--	4,870,617	4,870,617	--	5,504,173	5,504,173	--	633,556	633,556
Institutions - Educational	--	13,942,730	13,942,730	--	16,439,778	16,439,778	--	2,497,048	2,497,048
Aid to Schools	--	306,094,000	306,094,000	--	365,439,163	365,439,163	--	59,345,163	59,345,163
Other Educational Aids <sup>c</sup>	699,000	4,086,000	4,785,000	1,348,800	4,076,000	5,424,800	649,800	(10,000)	639,800
<b>Education - Subtotal</b>	<b>99,729,681</b>	<b>329,083,347</b>	<b>428,813,028</b>	<b>139,923,083</b>	<b>391,543,114</b>	<b>531,466,197</b>	<b>40,193,402</b>	<b>62,459,767</b>	<b>102,653,169</b>
Institutions - Welfare and									
Corrections	76,003,933	--	76,003,933	86,230,820	--	86,230,820	10,226,887	--	10,226,887
Welfare Aids	49,514,720	--	49,514,720	67,606,800	--	67,606,800	18,092,080	--	18,092,080
Administration - Welfare and									
Corrections	5,962,298	--	5,962,298	6,616,212	--	6,616,212	653,914	--	653,914
<b>Welfare and Corrections - Sub-</b>									
<b>    total</b>	<b>131,480,951<sup>d</sup></b>	<b>--</b>	<b>131,480,951</b>	<b>160,453,832</b>	<b>--</b>	<b>160,453,832</b>	<b>28,972,881</b>	<b>--</b>	<b>28,972,881</b>
Department of Taxation	2,357,685	6,395,080	8,752,765	2,602,855	7,267,467	9,870,322	245,170	872,387	1,117,557
General Government	52,194,066	18,000 <sup>e</sup>	52,212,066	59,091,008	23,400 <sup>e</sup>	59,114,408	6,896,942	5,400	6,902,342
Non-Recurring Appropriations	1,443,277	--	1,443,277	--	--	--	(1,443,277)	--	(1,443,277)
<b>TOTAL</b>	<b>287,205,660</b>	<b>335,496,427</b>	<b>622,702,087</b>	<b>362,070,778</b>	<b>398,833,981</b>	<b>760,904,759</b>	<b>74,865,118</b>	<b>63,337,554</b>	<b>138,202,672</b>

a. Includes \$100,000 special appropriation for Southwest State College.

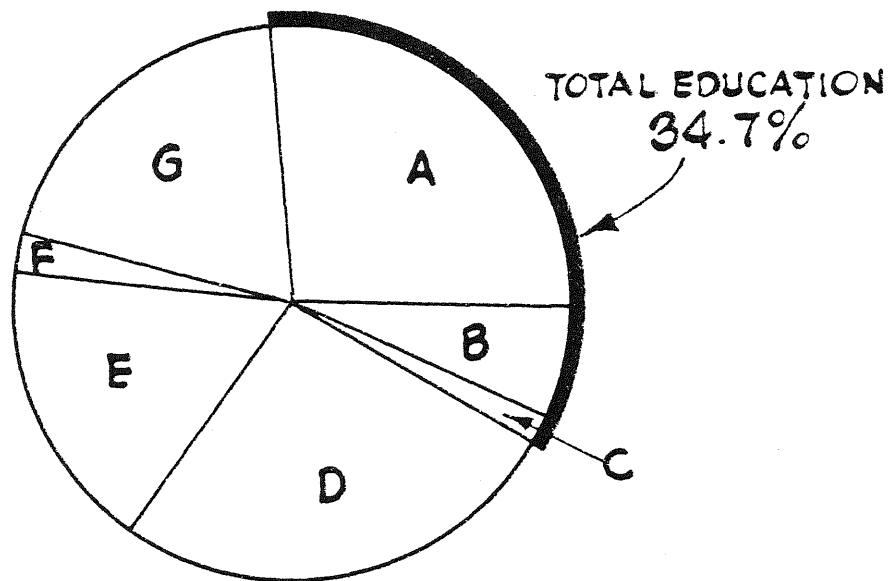
b. Includes \$1,200,000 appropriation for aid to junior colleges and \$500,000 appropriation from oleomargarine tax.

c. Includes aid to rural libraries, nursing scholarships, special school aids, higher education liaison committee and appropriation for school district appeals.

d. Includes \$750,000 special appropriation for medical assistance to the aged; \$155,000 special appropriation for day care centers; \$60,000 special appropriation for tuberculosis aid and \$128,000 special appropriation for correctional officers' salaries.

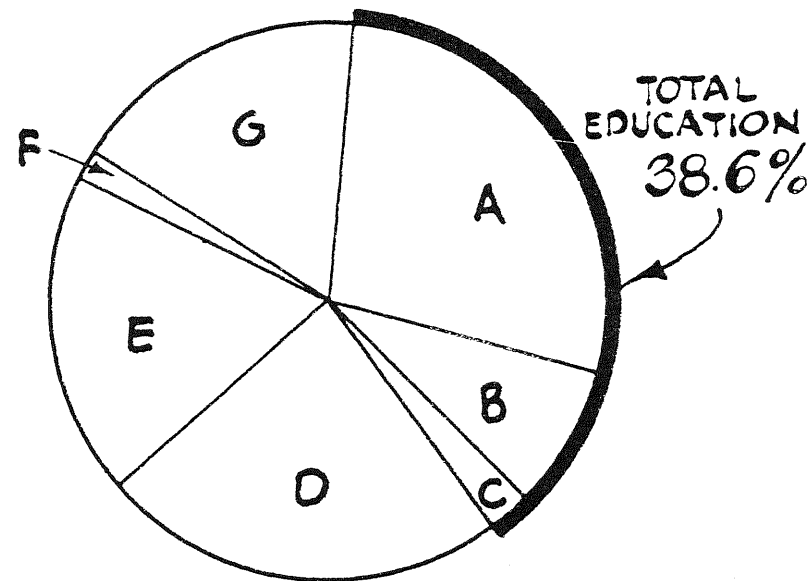
e. Cost of payroll preparation for agencies supported by income tax school funds.

# COMPARISON OF 1963 GENERAL REVENUE FUND DIRECT APPROPRIATIONS *and* 1965 RECOMMENDATIONS, EXCLUDING DEFICIENCIES



1963 DIRECT LEGISLATIVE APPROPRIATIONS  
\$ 287,205,660

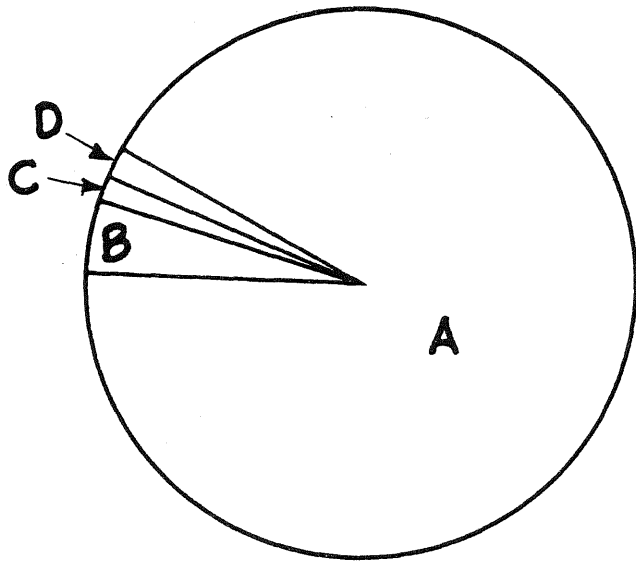
A UNIVERSITY OF MINNESOTA	26.5%
B STATE COLLEGES	6.6%
C JR. COLLEGES & OTHER EDUCATIONAL INSTITUTIONS	1.6%
D INSTITUTIONS	26.5%
E WELFARE AIDS	17.2%
F WELFARE & CORRECTIONS ADMIN.	2.1%
G GENERAL GOV'T. & NON-RECURRING	19.5%
<b>TOTAL</b>	<b>100.0%</b>



1965 RECOMMENDATIONS  
\$ 362,070,778

A UNIVERSITY OF MINNESOTA	27.9%
B STATE COLLEGES	8.1%
C JR. COLLEGES & OTHER EDUCATIONAL INSTITUTIONS	2.6%
D INSTITUTIONS	23.8%
E WELFARE AIDS	18.7%
F WELFARE & CORRECTIONS ADMIN.	1.8%
G GENERAL GOV'T.	17.1%
<b>TOTAL</b>	<b>100.0%</b>

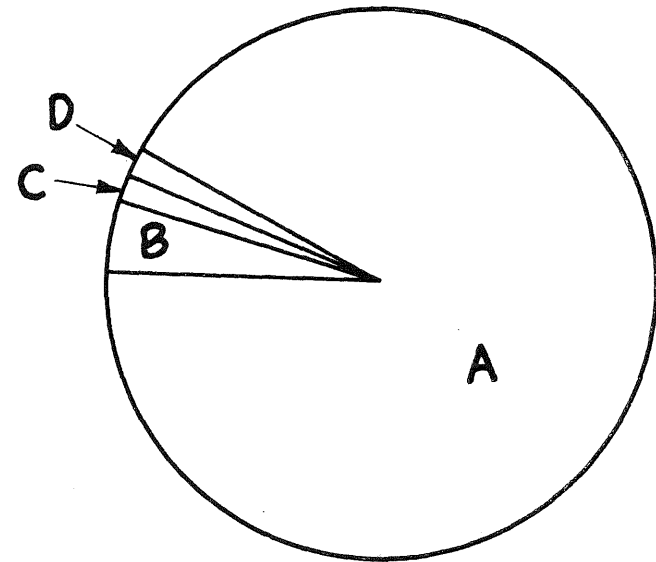
# COMPARISON OF 1963 INCOME TAX SCHOOL FUND DIRECT APPROPRIATIONS and 1965 RECOMMENDATIONS, EXCLUDING DEFICIENCIES



1963 DIRECT LEGISLATIVE APPROPRIATIONS  
\$ 335,496,427

A	EDUCATION AIDS	92.5 %
B	INSTITUTIONS	4.2 %
C	DEPARTMENT OF EDUCATION	1.5 %
D	DEPARTMENT OF TAXATION	1.8 %
E	UNIVERSITY OF MINNESOTA AND GENERAL GOVERNMENT	*
		<u>100.0 %</u>

\* LESS THAN 0.1 PERCENT

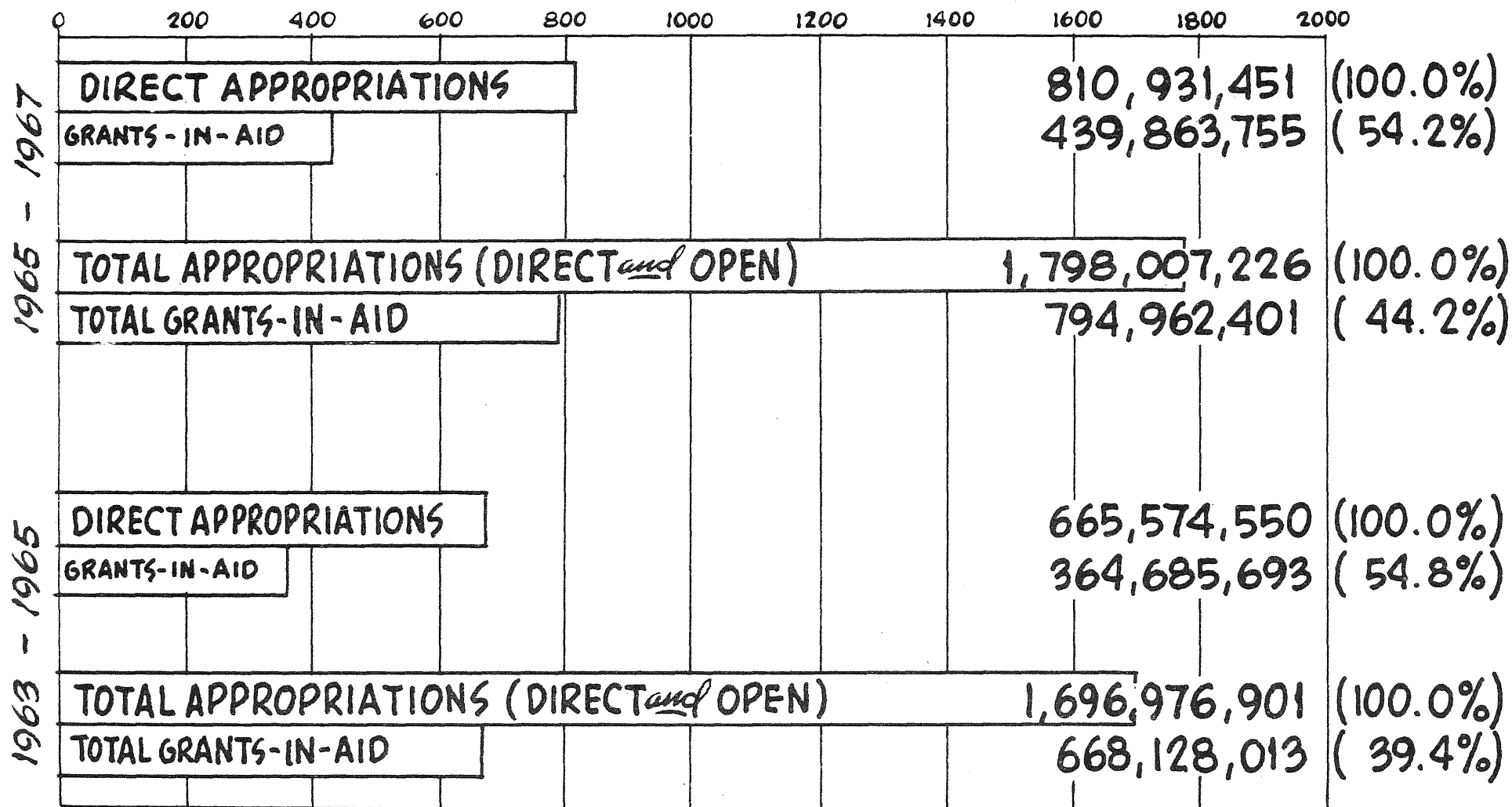


1965 RECOMMENDATIONS  
\$ 398,833,981

A	EDUCATION AIDS	92.6 %
B	INSTITUTIONS	4.1 %
C	DEPARTMENT OF EDUCATION	1.5 %
D	DEPARTMENT OF TAXATION	1.8 %
E	UNIVERSITY OF MINNESOTA AND GENERAL GOVERNMENT	*
		<u>100.0 %</u>

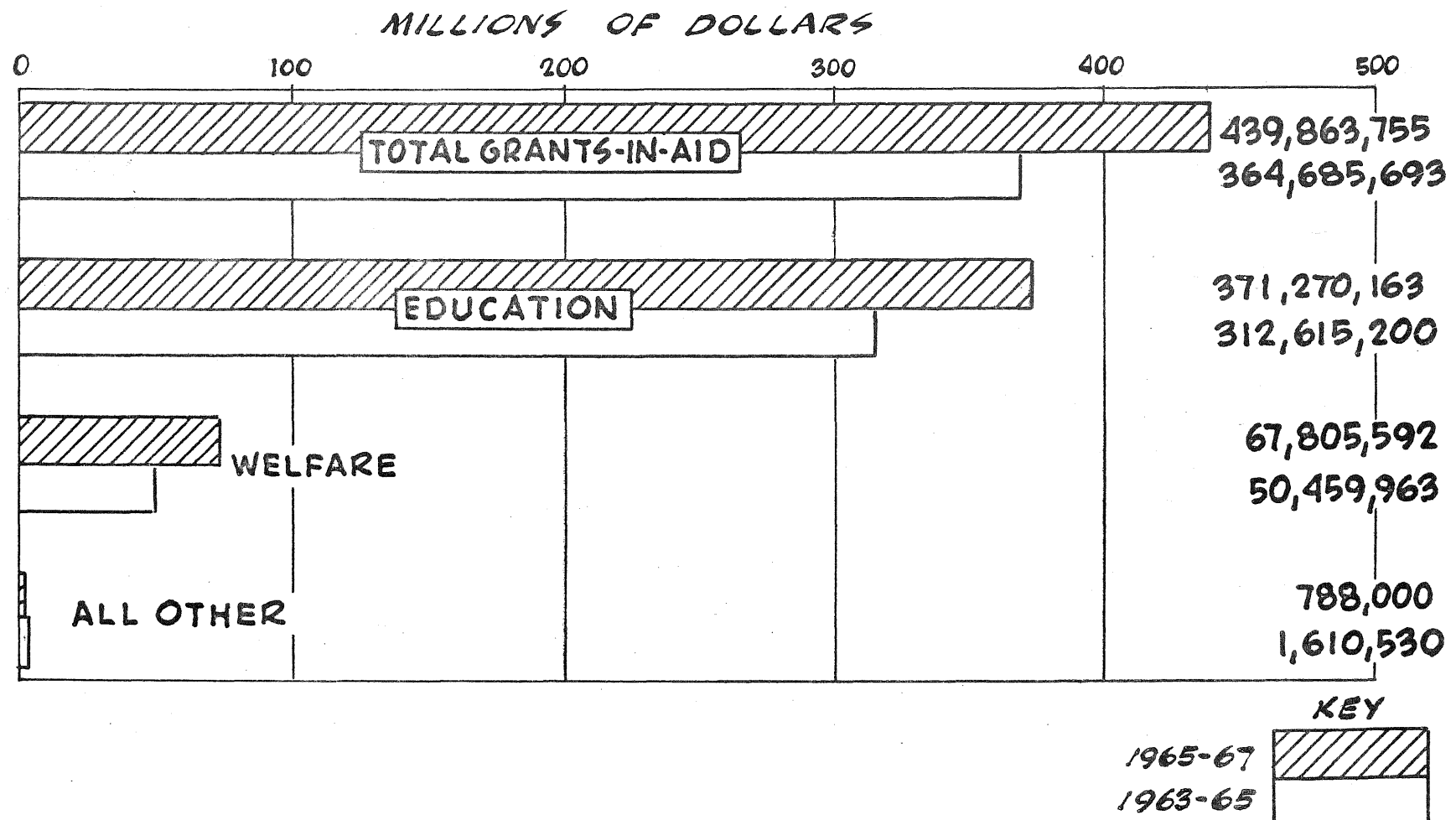
# COMPARISON OF GRANTS-IN-AID TO APPROPRIATIONS 1963-65 *and* 1965-67 BIENNIUM

MILLIONS OF DOLLARS



# COMPARISON OF GRANTS-IN-AID BY FUNCTION FROM DIRECT APPROPRIATIONS RECOMMENDED (1965) AUTHORIZED (1963)

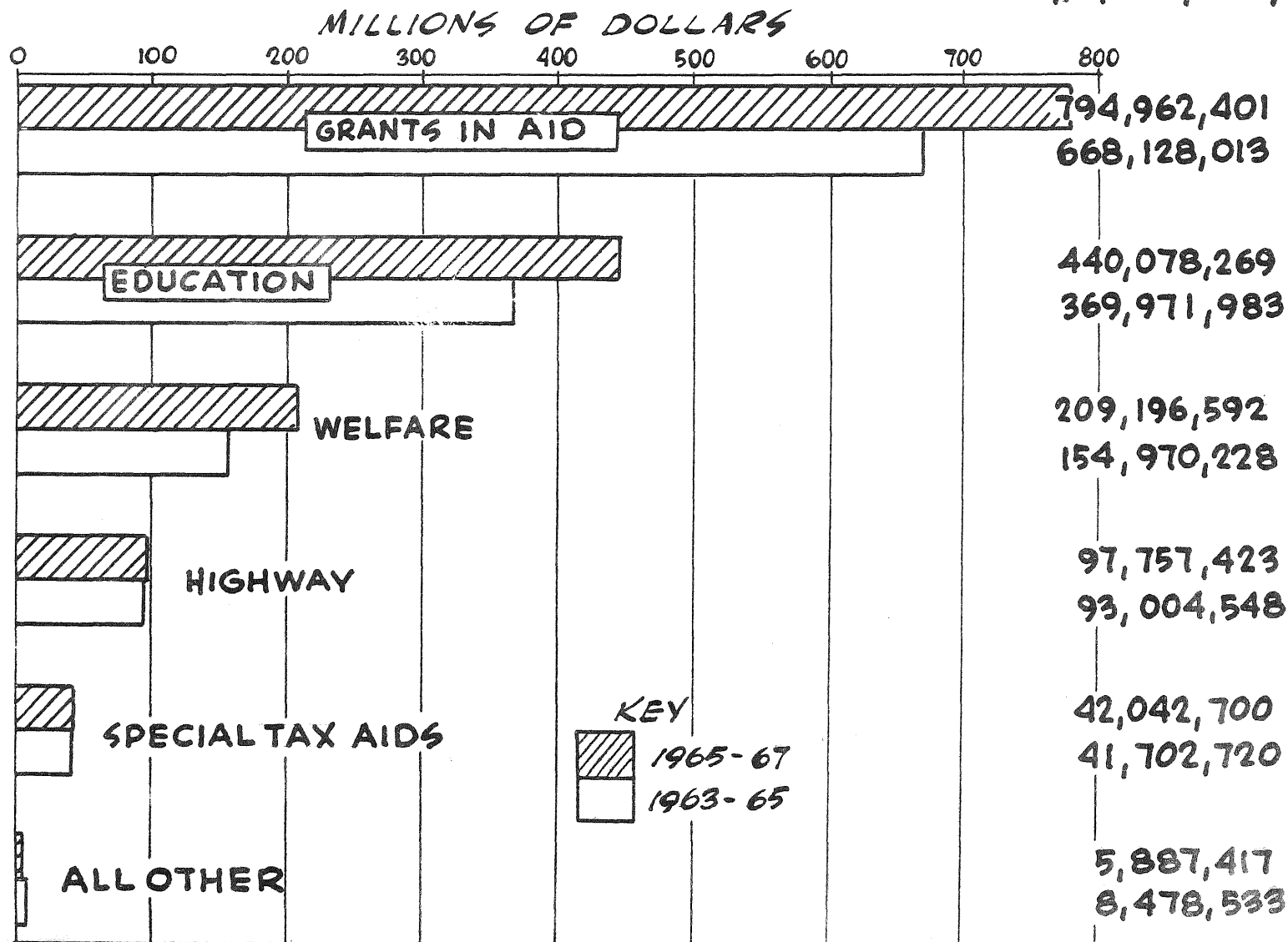
TOTAL RECOMMENDED APPROPRIATIONS 1965     \$ 810,931,451  
TOTAL AUTHORIZED APPROPRIATIONS 1963     \$ 665,574,550



# COMPARISON OF GRANTS-IN-AID BY FUNCTION FROM DIRECT AND OPEN APPROPRIATIONS RECOMMENDED(1965) AUTHORIZED (1963)

TOTAL RECOMMENDED DIRECT and OPEN APPROPRIATIONS 1965 \$1,798,007,226

TOTAL AUTHORIZED DIRECT and OPEN APPROPRIATIONS 1963 \$1,696,976,901





# COMPARISON *of* APPROPRIATIONS REQUIRING LEGISLATIVE ACTION (DIRECT) *and* APPROPRIATIONS NOT REQUIRING LEGISLATIVE ACTION (OPEN) EXCLUDING DEFICIENCIES

	AUTHORIZED	1963*	<u>\$ 1,696,976,901</u>
DIRECT	39.2 %		\$ 665,574,550
OPEN	60.8 %		\$ 1,031,402,351

	RECOMMENDED	1965*	<u>\$ 1,798,007,226</u>
DIRECT	45.1 %		\$ 810,931,451
OPEN	54.9 %		\$ 987,075,775

\* THE ABOVE TOTAL DIFFERS FROM THE TOTAL EXPENDITURES REPORTED ON THE SUMMARY OF FUND STATEMENTS DUE TO THE SUBTRACTION OF \$ 311,416,778 IN 1963 & \$ 255,711,033 IN 1965. THESE AMOUNTS HAVE BEEN SUBTRACTED PRINCIPALLY TO AVOID DUPLICATE REPORTING OF EXPENDITURES.

# STATE RESOURCES BY FUND

1963-1965

INCOME TAX SCHOOL	22.0%	\$ 423,870,953
GENERAL REVENUE	18.0%	347,748,857
TRUNK HIGHWAY	15.1%	291,093,803
FEDERAL	18.6%	358,577,047
AGENCY	14.5%	279,233,029
BUILDING	4.7%	91,371,336
ALL OTHER	7.1%	136,530,879
TOTAL		\$ 1,928,425,904

1965 - 1967

INCOME TAX SCHOOL	23.3%	\$ 487,136,364
GENERAL REVENUE	22.6%	473,529,770
TRUNK HIGHWAY	14.1%	295,731,983
FEDERAL	21.1%	440,763,708
AGENCY	13.7%	286,719,348
BUILDING	1.6%	13,018,230
ALL OTHER	4.6%	96,857,660
ESTIMATED TOTAL		\$ 2,093,757,063

