



RESEARCH BULLETIN No. 48

*A Fiscal Review of the*  
**1971 Minnesota  
Legislative Sessions**

*Where the money comes from,  
and Where it goes*

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MINNESOTA TAXPAYERS ASSOCIATION



# MINNESOTA TAXPAYERS ASSOCIATION

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The main objectives of the Minnesota Taxpayers Association, a nonprofit, nonpartisan organization of representative taxpayers, are –

- to curb waste and extravagance in government,
- to establish more efficient governmental policies and practices,
- to work for sound governmental fiscal policies, and
- to contribute to the information of the citizens and taxpayers of the state of Minnesota on the affairs of their governments.

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March, 1972

MINNESOTA TAXPAYERS ASSOCIATION

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# I. HIGHLIGHTS OF THE 1971 LEGISLATIVE SESSIONS

Confronted with State Administration demands for an unprecedented jump in spending and for jolting tax increases to make the spending possible, the state law-making process in Minnesota in 1971 spanned a period of nearly 10 months — an all time record.

The 67th regular biennial session of the Legislature convened January 5 and adjourned May 24. An extra session, called by the Governor, began May 25 and adjourned October 30 after recessing from July 31 to October 12. The House recorded a total of 158 session days, the Senate 157.

Membership of the Legislature was divided fairly evenly between Conservatives and Liberals. Conservatives outnumbered Liberals by one Senate seat and five House seats — far from the two-thirds majority needed in both houses to override a veto by the Governor. The Governor was a Democrat-Farmer-Laborite, as were all of the Liberals.

\* \* \*

State spending and taxation were the crux of the differences between the State Administration and the Legislature, and between the two political factions within the Legislature.

\* \* \*

The Governor's budget asked for the spending of \$2,988,529,925<sup>1</sup> from the general fund in the two-year period beginning July 1, 1971 — an estimated increase of \$951,238,209 over the biennium ending June 30, 1971.

To finance the increase the Governor called for elimination of the right of individuals, corporations and banks to claim their federal income tax payments as a deduction on their state income and bank excise tax returns, higher individual and corporate income and bank excise tax rates, increased taxation of capital gains, higher taxes on cigarettes and liquor, higher gross earnings and inheritance and gift taxes, extension of the sales tax to exempt industries, and resumption of taxation of business personal property but at a reduced rate.

The total of additional taxes asked by the Governor — over and above the then estimated \$341,202,329 increase in revenues that economic growth would produce with existing taxes — was \$762,000,000.

In the regular session the Legislature passed a tax bill that would have produced \$599,950,000 in additional revenues. The Governor vetoed it, and called an extra session. On October 30, 1971 the Legislature passed a bill calling for \$581,750,000 in additional revenues during the remaining 20 months of the biennium, and the Governor signed it.

General fund expenditures this biennium, as provided by the Legislature, are estimated to be \$2,911,427,178.<sup>1</sup>

\* \* \*

New borrowing of \$104,989,524 was authorized for state building purposes. In addition, general obligation bonds of \$50,000,000 were provided for the water pollution control fund, for municipal debt service aid, and for acquisition of land for the Voyageurs National Park. An additional \$195,000,000 was authorized — but not as an obligation of

the State — for the Higher Education Facilities Authority and the Minnesota Housing Finance Agency.

\* \* \*

The 1971 Legislature slowed the expansion of state payrolls almost to a halt. From mid-1965 to mid-1971 the number of state employees increased at an average rate of 100 a month. For the current biennium the State's various departments, agencies and institutions asked for 5,075 more employees. The Governor, in his budget, trimmed the increase to 1,755. The Legislature slashed the number of new positions to a net of 86, at an estimated additional biennial cost of \$1,720,000.

\* \* \*

A new pay plan for classified state employees — the sixth in the last six legislative sessions — is estimated to cost \$38,500,000.

In the closing days of the 1971 session, state lawmakers voted themselves and various top-ranking state public officials substantial salary increases. Legislator's salaries were boosted from \$4,800 to \$8,400 a year, effective January 2, 1973, provided that prior to such date the voters authorize the Legislature to meet at a variation of times or in annual sessions. The Governor's salary was raised \$7,500 to \$35,000. Highest increase went to the Attorney General: a boost of \$8,900 sent his salary up to \$30,900 annually. In the field of higher education, the salary of the Chancellor of the State College system was set at \$22,200 to \$34,200, and that of the Chancellor of the State Junior College system at \$19,800 to \$30,200. The salary increases for these state public officials and their deputies or assistants, plus a salary adjustment for district court judges, is estimated at \$1,360,000 for the current biennium.

In total, salary increases added \$39,860,000 to the biennial budget.

\* \* \*

Employer contributions to the retirement benefit programs of state and local public employees in Minnesota during the current biennium are estimated at \$197,500,000, with approximately \$153,500,000 being provided by legislative enactments and \$44,000,000 by local units of general government.

\* \* \*

State appropriations for education skyrocketed more than 50 percent over the preceding biennium, to a total of nearly \$1,500,000,000, with aid to elementary and secondary schools getting \$477,149,837 of the increase. Approximately \$37,000,000 of the increase was incorporated in the new Foundation Aid formula as additional aid to public schools with AFDC children.

\* \* \*

A possible public impression that the 1971 Legislature reduced total appropriations to the University of Minnesota is without foundation in fact. Appropriations to the University were increased more than \$32,000,000, or 18.6 percent.

\* \* \*

Total public welfare costs in Minnesota have climbed 191 percent in the last 10 years and are headed for the billion-

<sup>1</sup> Excluding estimated cancellations.

dollars-a-biennium mark. Most costly among the State's welfare efforts are the five "alphabetical" public assistance programs — Aid to Families with Dependent Children, Old Age Assistance, Medical Assistance to the Needy, Aid to the Blind, and Aid to the Disabled. The total cost of these programs during the 1971-73 biennium is put at \$660,650,000, with the money provided, roughly, 54 percent by the federal government, 23 percent by the State, and 23 percent by the counties. The State's 1971-73 share is nearly \$146,000,000, up more than 52 percent from the preceding biennium. Counties, too, will have to come up with a similar percentage increase to meet their share of the cost.

\* \* \*

Highway construction activities are expected to slow down considerably this biennium, due in major part to a sharp reduction in the amount of federal aid anticipated. The 1969 Legislature looked toward federal highway money totaling \$288,500,000; the 1971 Legislature anticipated \$171,700,000. The state gasoline tax rate, now 7 cents a gallon, was not increased.

\* \* \*

Slightly over 58 percent of total state spending, exclusive of federal funds, or \$2,236,948,000, will be expended during the current biennium as tax relief, shared taxes, or as other aids to local units of government.

\* \* \*

Levy limitations were imposed on school districts and local units of government, i.e. counties, cities, villages, boroughs and towns having village powers.

\* \* \*

Under a newly-enacted "fiscal disparities" law, 40 percent of the year-by-year increases in assessed valuation of commercial-industrial property within the seven-county metro-

politan area is to be shared among the governmental units of the area.

\* \* \*

For the first time in Minnesota legislative history, many of the bills introduced in the 1971 session had a "price tag" attached, indicating not only the immediate cost to the State of this or that new project, but also the projected continuing cost. The House of Representatives made such "price tags" mandatory under House rules.

\* \* \*

Minnesota is to have a state building code, superseding all local building codes.

\* \* \*

The 1971 Legislature sounded the death knell for coroners in Minnesota. The office of coroner was abolished, with its duties transferred to medical examiners, sheriffs, probate judges and county attorneys.

\* \* \*

State lawmakers expect to keep busy on state affairs between the 1971 and 1973 legislative sessions. The sum of \$275,000 was appropriated for seven specific legislative study commissions, and additional funds were made available for about 30 standing committees of the House and Senate, and various other commissions and committees on which legislators are represented.

\* \* \*

Voters at the 1972 general election will have opportunity to vote on four proposed amendments to the State Constitution. One would permit payment of a bonus to veterans of the Vietnam "conflict", another calls for joint election of the governor and lieutenant governor, a third would change the time and length of legislative sessions, and the fourth involves changes in the organization of the State's courts.

## II. TAX RELIEF, SHARED TAXES, AND OTHER AIDS TO LOCAL GOVERNMENT

Although total state spending, exclusive of federal funds, is expected to reach \$3,854,874,206 during the current biennium, expenditures for state governmental operations alone will amount to considerably less than half that sum.

The rest — \$2,236,948,000, or slightly over 58 percent — will go for tax relief, for shared taxes, and as other aids to local units of government. Tax relief items total \$715,600,000, shared taxes amount to \$81,023,992, and other aids to local governments — including school aids — add up to \$1,440,324,008.

### Tax Relief

The State has provided an estimated \$237,400,000 this biennium to pay 35 percent of the real property taxes, except debt charges, levied against home owners, up to \$250 per home owner.

Elimination of the state property tax levy (formerly used to pay teachers' pensions and for state debt charge costs) will save property owners — and cost the state — \$197,300,000.

Personal property tax reimbursements, and per capita aid payments to municipalities and school districts, were terminated effective January 1, 1972. In the first six-month period of the current biennium, however, personal property tax reimbursement payments totalled \$39,400,00 (\$21,300,000 to school districts, \$18,100,000 to other units of government), while per capita aids amounted to \$29,300,000 (\$13,500,000 to school districts, and \$15,800,000 to municipalities). The moneys which previously flowed to the school districts are now a part of a substantially increased new school foundation aid formula, and those which went to municipalities are now a part of a new local government aid program.

The local government aid program is estimated to provide \$133,300,000 in per capita aids to taxing districts, other than school districts, during the current biennium.

The remainder of Class 3 personal property was exempted from property taxation, commencing with the January 2, 1972 assessment. To meet the revenue loss to local units of government, real property of business and industry (Class 4 property) is to be valued and assessed at 43 (instead of 40) percent of market value. The State's general fund also will provide an estimated \$10 million in reimbursement for the six-month period — January to July, 1973.

A 25-mill agricultural land tax differential aid to school districts, costing an estimated \$22,000,000 in the current biennium, also was provided.

Tax relief to renters, at \$27,900,000, and to persons 65 years old or older, at \$19,000,000, complete the total of \$715,600,000 in tax relief this biennium.

### Shared Taxes

Various taxes levied by the State are "shared", in varying amounts, with local units of government. In total, this biennium, the local share of such taxes is expected to amount to \$81,023,992.

From the cigarette tax, local government will get a \$14,481,000 share; from the bank excise tax, \$18,400,000; from liquor taxes, \$14,114,197; from taconite occupation and production taxes, \$15,099,000; from inheritance taxes, \$7,660,000; from the tax on mobile homes, \$6,570,000; and

from gross earnings taxes, \$3,384,000. Other shared taxes in the amount of \$1,315,795 make up the balance. (For details see Page 43, Section VIII, Statistics.)

### Other State Aids

Other state aids to local governments this biennium amount to \$1,440,324,008. The major component of this total is the \$1,078,357,800 that will go as aids to elementary and secondary schools in addition to the per capita aid, personal property tax reimbursement and 25-mill agricultural land tax differential aid.<sup>1</sup>

Grants-in-aid of \$607,000 for sheltered workshops, \$1,265,250 for the school lunch program, \$1,040,000 for public library and inter-library services, \$5,545,825 for medical education, and \$500,000 for a community school program, together total \$8,958,075 in additional educational grants.

Counties will receive \$140,435,000 from the State to assist in financing the five welfare "categorical aid" programs. In addition, state grants of \$8,500,000 for community mental health centers; \$2,900,000 for daytime activity centers for the mentally retarded; \$2,950,000 for county aid for mentally retarded and emotionally disturbed children; \$3,600,000 for equalization aid; \$1,325,000 for support of children under guardianship; \$1,100,000 for county reimbursement of probation services; \$1,000,000 for Indian relief; \$796,860 for foster group care; \$800,00 for regional jails, lock-ups, and detention centers; \$250,000 in grants for a child care program; and \$90,000 for group homes, raise the total of welfare and corrections grants-in-aid to \$163,746,860.

Counties, cities and villages will get \$145,156,708 for constructing and maintaining highways and streets. County state-aid roads will get \$116,124,190, and municipal state-aid streets \$29,032,518.

Grants-in-aid of \$7,000,000 for regional parks; \$8,891,900 for local airports; \$485,500 to cities, counties and towns having a large portion of gross earnings tax; \$12,449,455 for firemen's and policemen's relief and pensions; \$9,750,000 for water pollution control; \$2,700,000 for the acquisition, long-term lease and development of recreational projects; and \$1,000,000 for control of alcohol and drug abuse, together total \$42,276,855.

All other grants including those for county nursing homes, county and district agricultural societies, soil conservation districts and other miscellaneous aids, total \$1,827,710.

### Levy Limitations

Chapter 31, Extra Session (the Omnibus Tax Bill) provides the following levy limitations which are in addition to previously established charter and statutory levy limitations:

For school districts, the tax levy limitation is 30 mills times the adjusted assessed valuation of taxable property for the prior year. Capital outlay levies are limited to a maximum of 8 mills times the prior year's adjusted assessed valuation of taxable property. Capital outlay levies also are limited to a 2 mill *increase* over the preceding year. Additional mill levies are allowed for bonded debt, the unreimbursed portion of

<sup>1</sup> See Aids to Elementary and Secondary Schools, Page 7.

transportation costs, and costs per pupil in excess of \$750 in 1971-72 and \$788 in 1972-73.

Generally, the local units of government — counties, cities, villages, boroughs and towns having village powers — are to be held to a 6 percent increase in levies over the previous year's levy, excluding special assessments and special levies as defined in the law. Commencing with the 1972-73 levy and for all subsequent levies, the 6 percent limitation applies to the prior year's maximum per capita levy whether or not the governmental subdivision levied at its maximum in preceding years.

Any increase in welfare administration costs of county welfare departments is to be considered a special levy, and is to be included in the base for levy limitations. All payments to recipients under public assistance programs, including general relief, are deemed to be special levies and are outside of the 6 percent levy limitation.

The 6 percent maximum per capita levy limitation is applied to the most current population census of that governmental unit.



### III. FUNCTIONS OF THE STATE GOVERNMENT

*Detailed statistical data relating to the appropriations for functions discussed in this Section appear in Section VIII, Statistics.*

#### A. Education

The \$1,494,587,814 appropriated by the 1971 Legislature for education is an increase of \$547,896,936 over the preceding biennium — an increase of more than 57 percent. In addition, institutions of higher education anticipate receipts of \$130,285,423 from tuition, course fees, and miscellaneous income — putting the total availability of educational funds well over the \$1,600,000,000 mark.

The money will be used as follows:

- ... State Department of Education: \$13,799,519
- ... Aid to elementary and secondary schools: \$1,135,157,800.
- ... School aids, deficiencies: \$4,366,341.
- ... State Junior Colleges: \$35,488,512 in state appropriations, plus \$13,957,415 in receipts.
- ... State Colleges: \$86,787,848 in state appropriations, plus \$32,505,185 in receipts.
- ... University of Minnesota: \$206,981,544 in state appropriations, plus \$83,822,823 in receipts.
- ... Higher Education Coordinating Commission: \$11,585,214.
- ... Additional medical education programs: \$354,000.
- ... Other educational services: \$67,036.

In addition, federal funds, estimated at \$131,691,524 for the current biennium, are expected to be available for a host of programs including elementary and secondary education, higher education,<sup>1</sup> vocational rehabilitation and education, school lunch program, manpower development and training, and public library service.

#### STATE DEPARTMENT OF EDUCATION

The State Department of Education is responsible for over-all administration of Minnesota's public education system and supervises such related activities as aid to public libraries, vocational training of disabled persons, the community lunch program, and others. Suggested courses of study are proposed by the Department for use by the elementary and secondary public schools of the State. Local school districts may make their own adaptations to the suggested curriculum. All plans for new construction or remodeling of school structures costing in excess of \$2,000 must be approved by the State Department of Education. The primary concern of the Department is to insure adequate space for the various subjects to be taught, as well as the health and safety of the students. The Department also takes the position that it has a semi-legal responsibility in meeting federal guidelines regarding desegregation.

Appropriations directly to the Department for these several purposes total \$13,799,519 for the 1971-73 biennium, an increase of \$3,850,276. Included in the administrative appropriation is provision for three additional positions, at an estimated biennial cost of \$84,800. Of the increase, \$1,310,000 was made available for two new programs —

\$560,000 for a Community School Program (Chap. 900) and \$750,000 for a Council on Quality Education (Chap. 966).

The Community school program was instituted "to make maximum use of the public schools of Minnesota by the community and to expand utilization by the school of the human resources of the community." Each school district board of education is authorized to initiate such a local program.

A 17-member Council on Quality Education was established to research and develop new approaches to the learning process, better utilization of professional staff and community resources, different requirements as to course offerings, course content, grading, graduation and school attendance.

#### AID TO ELEMENTARY AND SECONDARY SCHOOLS

A host of school aid funds are available under varying but inter-related requirements and conditions.

Most of the \$1,135,157,800 provided for the 1971-73 biennium is for School Foundation Aid included in the omnibus education bill; other appropriation measures provide the remainder.

Following are the component parts by fiscal year:

	1971-1972	1972-1973
School Foundation Aid . . . . .	\$365,272,460 <sup>1</sup>	\$517,699,800
Emergency School Aid . . . . .	4,000,000	---
School Transportation Reimbursement Aid . . . . .	25,200,000	33,300,000
Classes for Handicapped Children . . . . .	18,633,000	21,233,136
School Vocational Aid . . . . .	27,942,000	34,900,404
	<u>\$441,047,460</u>	<u>\$607,133,340</u>
School Districts' Share, Sales Tax Revenues		
-- Per Capita Aid . . . . .	13,500,000 <sup>1</sup>	---
-- Exempt Personal Property Reimbursement . . . . .	21,300,000	---
Endowment School Apportionment	11,545,000	11,590,000
25-mill Agricultural Land Tax Differential Aid . . . . .	7,000,000	15,000,000
Special Education Aids . . . . .	3,636,000	3,406,000
Annual Totals	<u>\$498,028,460</u>	<u>\$637,129,340</u>
Biennium Total		\$1,135,157,800

<sup>1</sup> The Omnibus Tax Bill appropriated \$378,772,460. However, since the November 1971 per capita aid payment was made (estimated at \$13.5 million), a corresponding amount has been deducted from the appropriation to avoid an over-statement of the total liability.

#### SCHOOL FOUNDATION AID

School Foundation Aid is the very heart of the school aid structure, accounting for approximately 60 percent in 1971-72 and 70 percent in 1972-73 of the total maintenance costs of all public schools during the current biennium. At \$882,972,260,<sup>2</sup> Foundation Aid is up \$429,199,995 or 94.6 percent from the preceding biennium.

<sup>2</sup> Excludes the \$13.5 million per capita aid payment referred to in Footnote No. 1.

<sup>1</sup> Excludes federal funds to the University of Minnesota.

Formulas used to compute the amount of such aid payable to a school district incorporate the local tax support for schools, the amount of certain other aids the district will receive, and the average daily membership of resident "pupil units". For the 1971-72 and 1972-73 school years pupils in kindergarten count as ½ unit, in grades 1 through 6 as 1 unit, and grades 7 through 12 as 1-4/10 units. Pupils in area vocational-technical schools are counted as 1½ units. Children from AFDC families are to be counted as an additional ½ pupil unit.

The Department of Education estimates average daily membership at 1,109,727 pupil units in 1971-72 and 1,137,652 in 1972-73, with actual pupil enrollment estimated at 927,479 in 1971-72 and 925,685 in 1972-73. AFDC children in public schools will add an estimated 28,633 pupil units in 1971-72 and 33,103 pupil units in 1972-73.

Under the new school financing plan any district that loses units from 1970-71 to 1971-72 will have one-half of the units lost added to its actual pupil units for aid purposes. A similar adjustment obtains between the 1971-72 and 1972-73 school years.

School districts may choose whichever of two formulas will provide the most aid.

One formula sets minimum aid at \$215 per pupil unit for each year of the current biennium. The other sets maximum aid for 1971-72 at \$600 per pupil unit less an amount computed by applying a 30 mill rate to the current adjusted assessed valuation of the district; for 1972-73 the formula amount is \$750 and the local effort 30 mills. The "current adjusted assessed valuation" is the 1970 EARC valuation determined by the Equalization Aid Review Committee.

Under both formulas the computed amount of Foundation Aid is reduced by the amount of Endowment School Apportionment Aid a district will receive. The \$10-per-pupil Census Aid was incorporated in the Foundation Aid appropriations by action of the Legislature.

The amount of Foundation Aid a district will receive may be subject to a further reduction in fiscal year 1972-73. The first levy affected is the levy made in the fall of 1971 to be collected in 1972. That levy will be controlled by the school formulas for 1972-73. Any district that in 1970-71 had a pupil unit expenditure of \$662 or less on an average daily membership basis will receive aid in 1972-73 on the basis of the 1971 pupil unit expenditures (\$600) plus \$87 minus 30 EARC mills reduced by the ratio of the first sum divided by \$750, or —

$$\frac{\$687}{\$750} = \frac{X}{30} \quad \text{Aid} = \$687 \text{ minus } 27.6 \text{ 1970 EARC mills}$$

Under the new Foundation Aid formula, sales tax per capita aid and exempt personal property reimbursement have been eliminated. However, no school district will receive less aid in 1971-72 than it did in 1970-71 from foundation aid, per capita aid, and exempt property reimbursement combined. No district will receive less aid in 1972-73 than in 1971-72.

#### Supplemental AFDC Aid

School districts will receive supplemental AFDC aid on the basis of the maximum aid allowable — \$600 in 1971-72 and \$750 in 1972-73 — for each AFDC pupil unit. This supplemental aid is estimated at \$37,000,000 for the current biennium; the appropriation for the preceding biennium was \$475,000.

#### TRANSPORTATION AID

Transportation Aid for the current biennium is \$58,500,000, up \$15,275,000 from the preceding biennium.

The statutes relating to transportation aid were amended as follows:

1. All school districts, including cities of the first class, are eligible for transportation aid beginning with the 1971-72 school year.
2. Eligible children must live one mile or more from the school they could attend or from a school they attend pursuant to a program approved by the Commissioner.
3. Limitations on municipal boundaries have been removed.
4. Aid to school districts is fixed at 80 percent of actual total cost including depreciation of school buses but not to exceed \$80 average per pupil per year.
5. Transportation aid is available for transportation to a state board-approved secondary vocational center in another school district.

Public school districts providing bus transportation for children attending private and parochial schools receive reimbursement aid on the same basis as for public school children.

School districts which transport crippled or mentally retarded children or children attending licensed daytime activity centers, get \$225 per pupil annually.

#### VOCATIONAL AID

At \$62,842,404, the total provided for Vocational Aid is nearly double the \$33,371,875 appropriated for the 1969-71 period.

Such aid is additional to Foundation Aid. It helps meet the cost of preparatory and supplemental courses and programs in high school which lead to occupational competence, and in vocational-technical schools which lead to employment. These courses can be provided either in regular day school or in evening classes. For persons up to 21 years the courses are free; a charge is made for those over 21 years of age.

#### SPECIAL CLASSES FOR HANDICAPPED CHILDREN

School districts which conduct special classes for handicapped children receive state assistance to help pay the salaries of essential personnel. Essential personnel are designated as those concerned with speech correction, with educable mentally retarded or trainable mentally retarded children, with orthopedically handicapped children, with children having impaired hearing or vision or other special learning disabilities, and such personnel who are engaged with home and hospital work and summer programs.

At \$39,866,136 for the current biennium, aid for special classes for handicapped children is up \$11,100,674 from the preceding biennium.

The state aid funds will be used to pay 60 percent, but not more than \$5,300 per person, of normal school year salaries.

#### EMERGENCY AID

The sum of \$4,000,000 was appropriated for Emergency Aid for the current biennium.

Such aid is paid to a school district which by reason of calamity, high tax delinquency, excessive debt, or other justifiable cause is unable by taxation to collect sufficient revenue to maintain schools on minimum established standards. The Department of Education anticipates that some requests for such aid may be received by reason of the tax limitation law passed by the 1971 Legislature.

## ENDOWMENT SCHOOL APPORTIONMENT

Nearly \$251,000,000 from occupation and royalty taxes on iron ore, from the sale of timber and land, and from mineral permits and leases — all on state-owned school fund lands (Sections 16 and 36 in each township) — has accumulated over the years in the State's permanent school trust fund.

Earnings of this invested money are distributed as the Endowment School Apportionment to school districts on the basis of the preceding year's average daily attendance of pupils aged 5 through 21. Aid from this source is a part of, and not additional to, the computed amount of Foundation Aid payable to a district.

The \$23,135,000 to be distributed this biennium is \$2,885,000 more than was distributed in the 1969-71 biennium.

## CENSUS AID

The \$10-per-pupil Census Aid previously provided for each child aged 6 through 16 resident in the school district was incorporated in the Foundation Aid appropriations by action of the 1971 Legislature.

## 25-MILL AGRICULTURAL LAND TAX DIFFERENTIAL AID

The Omnibus Tax Bill provides for payment to school districts of aid produced by applying a rate of 25 mills to the valuation determined on the January 2, 1971 assessment and 8.3 mills on the January 2, 1972 assessment and subsequent assessments of all agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, within the several school districts.

This differential aid is to be paid to the school districts in two equal installments, by May 31, 1972 and October 31, 1972, and in like manner each subsequent year.

The money requirement is estimated at \$22,000,000 for the current biennium.

## SPECIAL EDUCATION AIDS

Under various laws previously enacted, \$7,042,000 was appropriated for the current biennium to aid districts having certain fiscal disadvantages such as over-burden due to large numbers of AFDC students, disproportionate amounts of tax-exempt property, and others as detailed below:

Shared time	\$1,000,000
Continuing education	370,000
Teachers in-service training	490,000
Indian students	230,000
AFDC	<sup>1</sup>
Valuation lag	1,700,000
Non-tax areas	48,000
Gross earnings aid	1,980,000
Exempt lands	800,000
Airports	290,000
Common school districts	100,000
Military lands	4,000
Aid to School District #16, a/c airports	30,000
	\$7,042,000

The maximum state compensation reimbursement for each teacher employed in Continuing Education, computed at three-fourths of the compensation paid, was increased from \$4,800 to \$5,300 maximum. Chap. 827)

<sup>1</sup> An estimated \$37,000,000 is included in the School Foundation Aid. In the 1969-71 biennium the appropriation was \$475,000.

## OTHER LEGISLATION PERTAINING TO ELEMENTARY AND SECONDARY EDUCATION

### Classification of Schools

Chapter 118 amends the law to include definitions of a "middle school" and a "vocational center school". This change provides greater flexibility to the State Board of Education in classification of all types of schools.

### Residency of Teachers

Chapter 253 amends the law as follows: "No teacher shall be required to reside within the employing school district as a condition to teaching employment or continued teaching employment."

### School Bus Inspection

Effective January 1, 1972, the Minnesota Highway Patrol is required to inspect every school bus at least once a year. Display of an inspection certificate is required. (Chap. 327)

### Federal Aid Acceptance

Chapter 692 authorizes the State Board of Education to accept and administer federal funds provided "to meet the critical shortage of adequately trained education personnel in public schools with a concentration of disadvantaged pupils." (Chap. 692)

### State Information System

Chapter 918 provides, in part, that a school district may expend funds for computerization of administrative, instructional or other activities only after filing annually with the State Department of Education and receiving its approval of a plan and budget covering such activities.

### Instruction of Trainable

#### Retarded Made Mandatory

After July 1, 1972, local school districts are required to provide within the district or in another district for the instruction of trainable mentally retarded children. Until now the law has been mandatory only as to educable retarded children. (Chap. 689)

## STATE JUNIOR COLLEGES

The \$35,488,512 appropriated to the State Junior College Board reflects an increase for the current biennium of \$8,419,595, or 31.1 percent.

Student enrollments are estimated at 18,795 for the 1971-72 school year and 20,525 for 1972-73, computed on a full-time-equivalent basis using 45 credit hours per year. In the 1969-70 school year actual enrollments were 839 below the budget estimate of 15,855; in the 1970-71 school year actual enrollments were 1,642 below the budget estimate of 18,795.

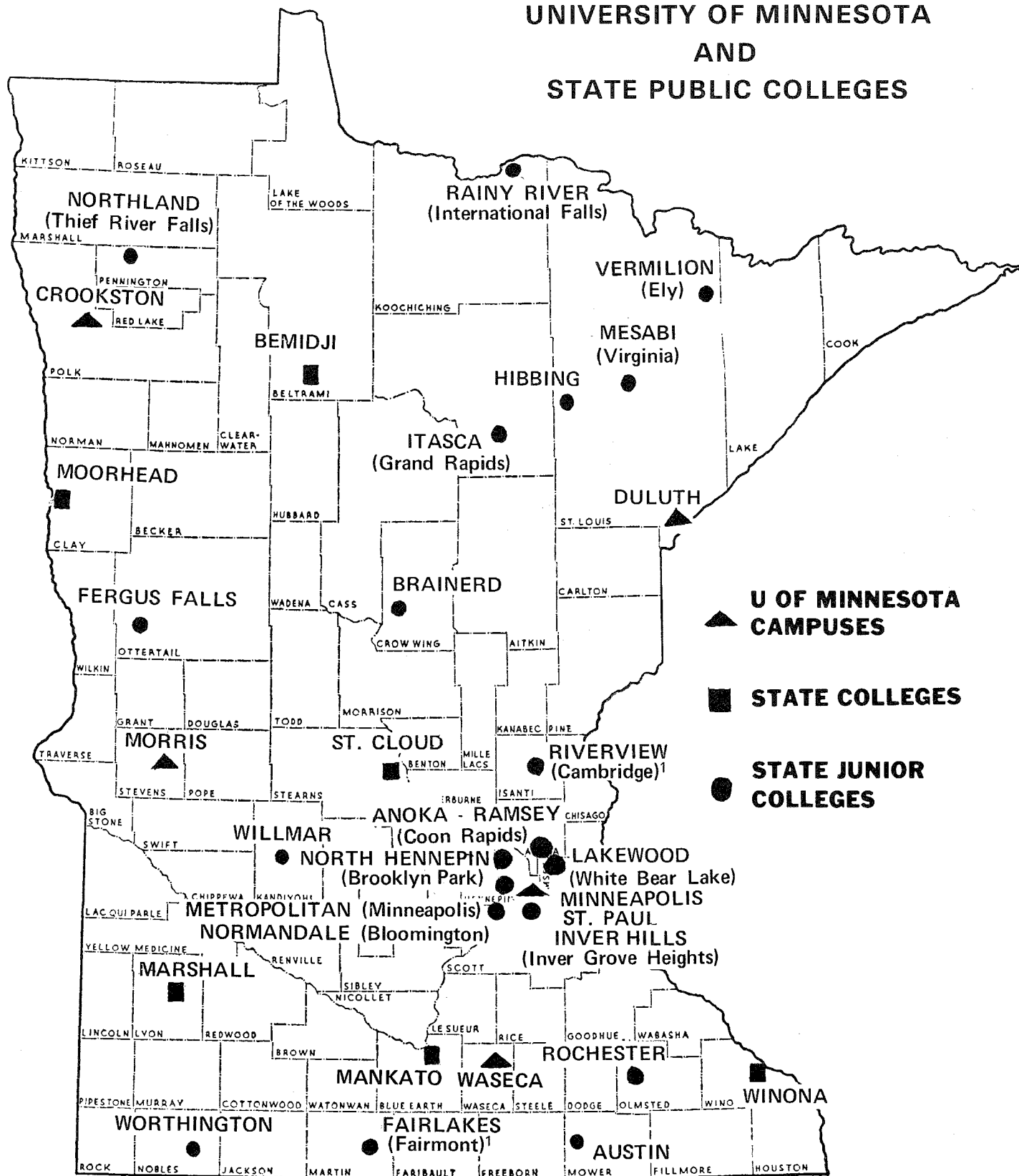
Eighteen of the 20 junior colleges presently authorized are in operation — six in the metropolitan area and 12 outstate. (Map p. 10). The 19th, Fairlakes at Fairmont, and the 20th, Riverview at Cambridge, are expected to open in the fall of 1973.

### Academic Salaries Increased

The Legislature allowed for cumulative academic salary increases of 5 percent in fiscal 1972 and 4 percent in fiscal 1973, at a biennial cost of \$1,932,614.



# UNIVERSITY OF MINNESOTA AND STATE PUBLIC COLLEGES



1. To open Fall 1973.

### Staffing Ratios, New Positions

The faculty-student staffing ratio, including counselors and librarians but excluding administrative positions, was set at 1 to 17.3 for both years.

Provision was made for 144.2 new academic and 83.8 new civil service positions, to be phased in over the two-year period, at an estimated biennial cost of \$2,590,130.

### Tuition Rates Increased

Tuition rates were increased by the State Junior College Board. For resident students the regular and summer session rates were increased from \$6.50 per credit hour to \$7.25. For non-resident students the rate for both regular and summer sessions was advanced from \$13 to \$14.50 per credit hour.

The quarterly student activity fee of \$1 per credit hour up to a maximum of \$15, and the \$5 student union fee, were continued.

### Additional Revenue

Receipts from tuition and fees, estimated by the Board at \$6,490,246 for 1971-72 and \$7,467,169 for 1972-73, are additional to the state appropriations.

### National Defense Student

#### Loan Program

State matching funds of \$75,000, up \$20,000 from 1969-71, were provided for the National Defense Student Loan Program. The program provides low-cost, long-term loans to college students, with the state supplying 10 percent and the Federal government 90 percent of the loan funds.

### Occupational Program

#### Development

A new appropriation of \$500,000 was provided as "start-up" money for new occupational and technical programs, generally of a para-professional type.

## STATE COLLEGES

Appropriations to the State College Board were increased \$15,844,439 to \$86,787,848, or 22.3 percent.

Total enrollment in the six state colleges (Map, p. 10), computed on a full-time-equivalent basis using 45 credit hours per school year, is estimated at 41,906 for the 1971-72 school year, at 43,872 for 1972-73. Actual enrollments of 38,750 in the 1969-70 school year and 40,833 in 1970-71 were substantially below the estimates of 39,094 and 42,473 on which the 1969-71 appropriations were based.

The appropriations include \$250,000 for innovative and developmental programs, including a community services program at Southwest. The sum of \$300,000 was included for planning and operating an educational program for a state college center to be organized in the seven county metropolitan area to serve primarily the needs of the graduates of the state junior colleges and the area vocational technical schools. The planned center was officially opened on February 1, 1972 as the Minnesota Metropolitan State College.

### Academic Salaries Increased

Cumulative academic salary increases of 5 percent in fiscal 1972 and 4 percent in fiscal 1973 were provided by the Legislature, at an estimated biennial cost of \$4,155,298.

### Staffing Ratios,

#### New Positions

The present faculty-student ratio for undergraduate students of 1 to 19 was continued. Appropriations allow for 63.6 new civil service jobs at an estimated biennial cost of \$590,447, and for no increase in the number of academic positions.

### Tuition Rates Increased

Tuition rates and other fees, as set by the State College Board, will be higher during the current biennium than in the 1970-71 school year:

	Per Credit Hour	
	1969-71	1971-73
<b>On Campus</b>		
Regular School year - resident	\$ 6.75	\$ 7.25
Regular School year - non-resident	15.00	15.50
Summer Session - resident	6.75	7.25
Summer Session - non-resident	15.00	15.50
Regular School year and Summer Session - graduate resident	9.00	9.50
Regular School year and Summer Session - graduate non-resident	19.00	19.50

#### Off Campus

		Not less than
All Students - resident or non-resident	13.00	13.50

The quarterly student activity fee was continued at \$15, the placement services registration fee at \$10, and the student union fee at not to exceed \$10.

### Additional Revenue

Receipts from tuition and fees, estimated at \$15,825,274 for 1971-72 and \$16,679,911 for 1972-73, are additional to the state appropriations.

### National Defense Student

#### Loan Program

State matching funds (10 percent) for the National Defense Student Loan Program were continued at \$548,944 for the current biennium.

## UNIVERSITY OF MINNESOTA

During the 1971 legislative sessions concern and dissatisfaction was voiced regarding the budget documents, certain administrative practices, and academic programs.

In order that the Board of Regents, the University president, and his staff might have a "clearer understanding and interpretation of legislative intent," a 19-point "Bill of Particulars" was prepared and delivered to the Regents by the appropriate committees of the 1971 Legislature.

Among the major comments and observations are the following:

- ... any cut-backs or reductions are to take place, to the extent possible, in non-educational areas.
- ... outstate campuses should receive further development to the point where they become truly coordinate, not subordinate, campuses.
- ... 40 of the 50 restored academic positions must be allocated to medical sciences, including veterinary medicine.

- ... phasing out of academic positions should be done after careful review and on a basis of departmental needs and programs.
- ... salary adjustments are to be based on merit and performance.
- ... University is to explore the possibility of converting from the present fee schedule to a fixed sum for each credit hour.
- ... accurate accounting is to be supplied the legislature regarding enrollments, faculty-student ratios, and actual cost of summer sessions and extension programs.
- ... further legislative review of the University academic retirement program is to be conducted during the interim.
- ... written reports regarding the drug abuse information and education program are to be submitted to the legislature by the Board of Regents.

### Appropriations

The \$206,981,544<sup>1</sup> appropriated to the University's Board of Regents by the 1971 Legislature reflects an increase for the current biennium of \$32,392,868, or 18.6 percent.

	1969 Legislature	1971 Legislature	Increase or (Decrease)
General Fund	\$167,490,115	\$200,117,872	\$32,627,757
Occupation Tax and Trust Fund			
Earnings	7,098,561	6,863,672	(234,889)
Total	\$174,588,676	\$206,981,544	\$32,392,868

### Enrollments

Enrollments — on a "head count basis" — have been estimated for and determined on the basis of fees paid at the end of the second week of the fall quarter, generally the high point of the academic year. A comparison of the estimated and actual enrollments (including doctorate candidates) covering the Twin Cities, Duluth and Morris campuses for the past five years follows:

Year	University Estimate	Actual	Increase or (Decrease) From Estimate
1966-67	43,700	42,912	(788)
1967-68	46,315	44,817	(1,498)
1968-69	48,740	46,287	(2,453)
1969-70	47,500	46,917	(583)
1970-71	49,680	47,228	(2,452)

For the current biennium enrollment estimates have been computed on a full-time-equivalent basis using 45 credit hours per year, generally, for undergraduate students. For the 1971-72 school year enrollment has been estimated at 44,467; for the 1972-73 year at 45,310.

### Additional Revenue

In addition to the appropriated funds, it is estimated that during the current biennium the University (maintenance account) will receive \$83,034,000 in other income — \$46,180,000 from tuition and course fees, \$13,671,000 in general purpose income from overhead charges and earnings on temporary investments, and \$23,183,000 from dedicated special income from self-supporting activities related to

instruction. For the coordinate campuses at Crookston and Waseca tuition and course fees are estimated at \$788,823 — \$584,703 at the Technical College at Crookston, and \$204,120 at the Technical College at Waseca.

Receipts of University hospitals for services to paying patients are additionally available in the estimated amounts of \$23,164,190 in fiscal 1972 and \$24,697,517 in fiscal 1973. These receipts are additional to direct appropriations for the hospitals of \$11,633,300 for the biennium.

### Academic Salaries Increased

The 1971 Legislature allowed for cumulative academic salary increases of 5 percent in fiscal 1972 and 4 percent in fiscal 1973, at an estimated biennial cost of \$7,630,975.<sup>2</sup>

### Staffing Ratios, Personnel Complements

Funds provided will finance an over-all faculty-student ratio of 1 to 11.05 in the 1971-72 school year and 1 to 11.33 in 1972-73. The ratio for the two previous years had been set at 1 to 12.35. Librarians, counselors and administrators are included in the ratios.

The Legislature initially reduced the academic staff by 150 positions, on an over-all basis. Fifty of these positions were restored. The net reduction of 100 academic positions is expected to effect a savings of \$2,542,758 during the biennium.

A total of 100 civil service positions also were eliminated on an over-all basis. To staff new or expanded facilities and programs, 89.5 new civil service positions were provided, to be phased in over a two-year period. Of the new positions, 67.3 are to be employed in new or expanded buildings and 22.2 in the University police force. The net reduction of 10.5 civil service positions, plus the fact that the new positions will be phased in, is estimated to save \$469,254 during the two-year period.

### Tuition Rates Increased

By action of the Board of Regents, tuition rates were increased effective the fall quarter of 1971.

For the Colleges of Liberal Arts, Education, and Home Economics, the General and University Colleges, and the Coordinate Campuses of Duluth and Morris, resident undergraduate tuition was raised from \$133 to \$158; non-resident tuition from \$380 to \$437.

For the Colleges of Agriculture, Forestry and Biological Sciences, the Program in Dental Hygiene, and School of Nursing, resident undergraduate tuition was raised from \$133 to \$161; non-resident tuition from \$380 to \$443.

For the Medical School, School of Dentistry, and Hospital Administration, resident tuition was raised from \$228 to \$262; non-resident tuition from \$516 to \$593.

Student activity fees for all students on the Minneapolis and St. Paul campuses, which were raised from \$37 to \$42 per quarter in the fall of 1970, remain at \$42. Student activity fees were raised from \$22 to \$27 per quarter at Crookston Technical Institute, from \$30 to \$38 at Duluth, and from \$33 to \$38 at Morris. The fees at the Waseca Technical College are \$30 per quarter.

<sup>1</sup> Includes \$320,000 appropriated to Mayo Foundation for resident students to be enrolled in a new undergraduate medical school. (Chap. 834)

<sup>2</sup> Includes all Hospital and Special appropriation accounts, the Technical Institute at Crookston, and Technical College at Waseca.



## **National Defense**

### **Student Loan Program**

State matching funds for the National Defense Student Loan Program were appropriated to the University in the sum of \$392,100. The State provides 10 percent, and the Federal government 90 percent, of the loan funds.

## **Summer School**

### **Tuition Supplement**

Supplemental funds of \$688,200 were provided "in order to maintain the same average credit hour tuition rate for undergraduates (enrolled in summer school) as charged for the regular school year."

## **Rochester Extension Program**

A new appropriation of \$140,000 was provided as state support to the University Extension Program in the Rochester area.

## **Drug Abuse Information and Education**

A new appropriation of \$300,000 to the University was provided "for the development of educational techniques and curriculum for elementary and secondary students relating to drugs and for cooperative work with other community groups and agencies involved in the area of combating drug abuse."

## **Advanced Public Transportation-Demonstration Project**

The Center for Urban and Regional Affairs at the University of Minnesota was authorized to develop for demonstration to the Department of Transportation, the National Science Foundation, or other appropriate federal agency a proposal for an advanced form of public transportation in Minnesota. (Chap. 915)

## **SPECIAL APPROPRIATIONS**

Special appropriations to the University for various experiments, investigations and special research projects increased \$10,973,150 — from \$15,605,612 in 1969-71 to \$26,578,762 for the current biennium.

## **Medical Program Expanded**

The sum of \$10,072,469, or nearly 38 percent of the special appropriations, was made available for new or expanded medical or medically-related programs. They include \$1,708,340 for medical and cancer research, psychiatric research, control of hypercholesterolemia, and multiple sclerosis and other neurological problems; \$5,012,790 for undergraduate instruction of medical students at Hennepin County General Hospital, St. Paul-Ramsey Hospital and Mayo Foundation and for graduate residency programs at Hennepin County General Hospital and St. Paul-Ramsey Hospital; \$355,000 for a new Rural Health Physician Associate Program; \$225,000 for a new Medical Education Contingency Fund; \$201,169 for a new Dental Hygiene Program at Duluth; \$40,000 for a new program for transporting burn patients, organ transplant patients, and critical newborn infants to the University Hospital; \$1,340,800 for Family Practice and Community Health — up \$790,800 from the 1969-71 biennium; \$1,149,200, up \$809,200, for the Basic Sciences Program for Medical Training at the Duluth Branch; and \$40,170 for medical education facilities at the St. Paul-Ramsey Hospital.

## **Agri-Business Appropriations**

\$12,453,100 of the special appropriations was earmarked for agri-business activities — \$6,616,000 for the agricultural extension services, \$4,844,000 for general agricultural research, \$316,900 for soybean research, \$65,700 for potato processing research, \$125,600 for forestry research, and \$484,900 for the veterinary diagnostic laboratory.

## **Graduate School of Social Work — Duluth**

A new appropriation of \$410,000 was provided to expand the social work program at Duluth to the graduate level.

## **Miscellaneous**

Other special appropriations for such activities as tuition and transportation aids, general research, and ore and geological research total \$3,643,193.

## **HIGHER EDUCATION COORDINATING COMMISSION**

Total appropriations to the Minnesota Higher Education Coordinating Commission were increased over 237 percent — from \$3,434,000 in the 1969-71 biennium to \$11,585,214 this biennium.

Principal items in the higher costs were an increase of \$2,640,000 in the State Scholarship Program (total allowance \$4,090,000), \$2,440,000 more in State Grants-in-Aid (total allowance \$3,240,000), \$300,000 for a new Minitex Library program, and \$2,700,000 in a new appropriation for contracts with private colleges to educate state residents. (Chap. 850)

The category of students eligible to receive scholarships and grants was broadened. (Chap. 862)

## **Size of Commission Reduced; Advisory Council Created**

The size of the Minnesota Higher Education Coordinating Commission was reduced from 18 members to 11. Under the new arrangement there will be one member from each Congressional district and three "citizen members" to represent the State at large. All members are appointive by the Governor with the advice and consent of the Senate, selected for their knowledge of and interest in higher education.

A Higher Education Advisory Council, consisting of the President of the University, the Chancellors of the State College Board and Junior College Board, the Commissioner of Education and the Executive Director of the Minnesota Private College Council, was created to review proposals of the Commission and to give it professional advice. (Chap. 429)

## **Review of Instructional Programs**

The Commission was given the added responsibility of evaluating the present and future instructional programs of all public institutions of higher education in the State, with a view toward elimination of unnecessary or duplicative programs. (Chap. 269)

## **Reciprocal Agreements for Vocational-Technical Schools**

Chapter 161 amends the law to permit the Higher Education Coordinating Commission to enter into agreements with neighboring states to eliminate non-resident tuition charges for designated students at public area vocational-technical schools.

### Studies Ordered

The Legislature directed the Higher Education Coordinating Commission to study and report to the 1973 Legislature regarding the following:

- ... the possible uses for a branch of the University of Minnesota at Rochester or other additional state institutions of post-secondary education in planning regions 9 and 10, (comprising 20 counties in south-central and south-eastern Minnesota).
- ... the nature of any proposed institution for which the Commission identifies a need and of feasible alternative types of institutions.
- ... the implications of establishing any proposed new institution for existing post-secondary institutions in the area and the anticipated impact of such institution on existing institutions.

## OTHER LEGISLATION PERTAINING TO EDUCATION

### Higher Education Facilities

#### Authority Established

A Higher Education Facilities Authority was created for the purpose of issuing revenue bonds for building construction at private colleges. The State will take title to the buildings and lease them back to the colleges concerned on an installment purchase basis. (Chap. 868)

### Mayo Foundation —

#### Undergraduate Medical School

The Legislature appropriated \$320,000 from the general fund to the Mayo Foundation for the operation of an undergraduate medical school. The appropriation is to provide the Mayo Foundation with the sum of \$8,000 per academic school year for each Minnesota resident enrolled in its undergraduate medical school. (Chap. 834)

#### Dollar Limitation Removed

##### on Indian Scholarships

Chapter 176 removed the \$800 per year limit on Indian scholarships at colleges, business, technical or vocational schools. The amount to be allowed is to be determined by the Minnesota Indian Scholarship Committee.

#### Midwestern Board for Medical and Allied Education Created

A regional board to be known as the Midwestern Board for Medical and Allied Education was created. The Board which initially may be comprised of representatives of the states of Iowa, Minnesota, North Dakota and South Dakota, when one other state adopts similar legislation, is to engage in evaluating the education systems of the region relating to the education and training of doctors of medicine and other health services personnel. The Board is to report to the legislative bodies of member states or Canadian provinces comprising the region and to their chief executive officers on or before December 1 of each year concerning its programs and needs. An initial appropriation of \$4,000 was provided for the current biennium. (Chap. 634)

## B. Welfare

Minnesota's efforts in the public welfare field involve the spending of more than \$947,200,000 of federal, state and county funds this biennium, with federally-supported programs dominating the picture.

With total public welfare costs in Minnesota up 191 percent in the last 10 years and headed for the billion-dollars-a-biennium mark, the Legislature has called on the Department of Public Welfare to put its house — and particularly its housing — in priority order.

A rider to the public welfare appropriation bill for the 1971-73 biennium directs that "The Commissioner of Public Welfare shall develop a comprehensive plan including recommendations regarding community centers, specifically but not limited to: number, appropriate locations, types of facilities, short and long range projections, relationship to state institutions, etc."

For the five public assistance programs — Aid to Families with Dependent Children, Old Age Assistance, Aid to the Disabled, Aid to the Blind, and Medical Assistance — the 1971 Legislature appropriated \$145,875,000 in state funds, an increase of \$50,272,500 or 52.6 percent over the sum provided by the 1969 Legislature. The State's 87 counties are expected to provide "matching funds" of \$125,826,000. The Federal government share, including administrative costs, is estimated at \$388,949,000.

An additional \$16,166,500 in federal funds is expected for child welfare, crippled children's services, rehabilitation of the blind and other such services.

For the operation of those institutions under the direction of the Department of Public Welfare, state appropriations

increased \$10,324,824 to \$127,716,447. The complement at Gillette State Hospital for Crippled Children is to be decreased by three positions in fiscal 1973. At the remainder of the Welfare institutions, the approved complements were reduced by 545 positions at an estimated biennial savings of \$9,370,000. These reductions are possible due to closing of a special unit at Anoka State Hospital for highly emotional mentally ill children, and a general reduction in the mentally ill and mentally retarded patient populations.

For all other welfare purposes except administration, state appropriations increased \$8,624,634, to \$24,281,932.

For administration of the Department of Public Welfare, \$7,026,000 was appropriated. Five new positions were provided for the Collections Unit at an approximate cost of \$40,000 per year, with the proviso that collections for care of patients must increase at the rate of \$300,000 per biennium for each new position.

Total state appropriations for public welfare are \$304,949,379 for the current biennium — up \$69,022,958, or 29.3 percent over 1969-71.

## PUBLIC ASSISTANCE PROGRAMS

### Aid to Families With Dependent Children

The state appropriation for "AFDC" more than doubled, jumping \$28,737,000 to \$56,440,000, while counties are expected to provide \$52,774,000, and the Federal government share is estimated at \$135,133,000.

The increased appropriations are based on projections showing increases both in the average grant payments and in anticipated caseload. According to projections of the Department of Public Welfare the caseload will grow from an actual annual average of 30,577 in fiscal 1971 to an estimated 37,493 in fiscal 1972 and 44,752 in fiscal 1973 — involving 110,225 children and 36,697 adult caretakers.

The addition of the "Unemployed Father" segment (begun in July 1970) and the State's share of the costs of the Work Incentive Program also added to the cost estimates.

#### **Old Age Assistance**

Total cost of the "OAA" program is estimated to be \$60,677,000 in the 1971-73 biennium. The State's appropriation share is \$13,100,000. Counties are to meet \$13,100,000 as their share, and the Federal government will provide \$34,477,000.

Actual costs for the 1969-71 biennium were \$47,395,843, of which the State's share was \$9,200,000.

The Department of Public Welfare anticipates that the cost of payments and the size of the average grant will continue to grow despite an estimated decreasing caseload. Other factors accounting for the increased costs are the number of Intermediate Care Facilities cases whose grants are larger than those for regular recipients, and those cases requiring special need allowances.

The estimated annual average caseload is 24,688 for fiscal 1972, and 24,380 for fiscal 1973.

#### **Aid to Disabled**

The regular portion of the "AD" program is expected to increase in case count, average grant, and total expenditures. Beyond the regular budgetary increases, it is expected that both the caseload and total costs will increase due to the transfer of disabled mentally deficient patients from state institutions into the public assistance program. The federal participation level covering maintenance costs of eligible mentally retarded patients who are in state institutions is estimated at 56.82 percent, with the State and County share at 21.59 percent each. However, under provisions of Minn. Stats., Sec. 144.584, counties no longer need to reimburse the State for the care of those mentally retarded who are in state institutions and eligible for federal support under the AD program.

Over-all costs are estimated at \$101,475,000 for the biennium, with the state appropriation at \$30,100,000, an increase of \$24,615,000. Counties are expected to provide \$13,717,000, and the Federal government \$57,658,000.

Projections of the Department of Public Welfare indicate a growth in the caseload from an actual annual average of 15,484 in fiscal 1971 to 18,952 in fiscal 1972 and 20,080 in fiscal 1973.

#### **Aid to the Blind**

"AB" continues to be the smallest of the federally-supported public assistance programs.

With the inclusion of a number of individuals in Intermediate Care Facilities, the Department of Public Welfare projects a rise in both the caseload and total expenditures. The caseload is expected to increase from an actual annual average of 882 in fiscal 1971 to 975 in fiscal 1972 and to 1,054 in fiscal 1973.

Over-all costs are estimated at \$2,942,000 for the biennium, with the State's appropriation at \$635,000 — up

\$267,000, the counties' share at \$635,000, and the Federal government's share at \$1,672,000.

#### **Medical Assistance to the Needy**

Over-all costs of the "MAN" program this biennium are expected to be slightly over \$211,000,000.

The State appropriation is \$45,600,000 — a decrease of \$4,075,500 from the preceding biennium — due, in part, to the transfer of Intermediate Care Facilities cases to other public assistance programs. Counties will support an estimated \$45,600,000 of the total cost, and the Federal government \$120,009,000.

This public assistance program provides for the health care needs of persons receiving AFDC, OAA, AB or AD benefits, of those who have only marginal incomes or resources, of disabled persons who are 18 years of age or older, and of needy children under age 21.

The actual monthly average caseload in fiscal 1971 was 66,058. The Department of Public Welfare anticipates that the average monthly caseload will be 83,723 in fiscal 1972 and 86,255 in fiscal 1973.

#### **Equalization Welfare Costs**

Payments of equalization aid are based upon four factors: recipient rate, per capita income, per capita taxable value and per capita expenditures for welfare. The following counties are eligible to receive supplemental aid in meeting the local share of welfare costs in fiscal years 1972 and 1973 —

Aitkin	Clearwater	Mille Lacs
Becker	Hubbard	Morrison
Beltrami	Lake of the Woods	Pine
Cass	Mahnomen	Todd

The state appropriation for such aid is \$3,600,000, up \$1,600,000 from the preceding biennium.

#### **General Relief — Indians**

The appropriation request of the Department of Public Welfare was for 75 percent reimbursement of county costs for the relief and related services provided for indigent Indians. The total appropriation provided by the 1971 Legislature is \$900,000, nearly three times the \$330,000 granted for the 1969-71 biennium.

#### **Assistance Provided Red Lake Indians**

A new appropriation of \$100,000 was made for the purpose of providing state reimbursement to counties "for all welfare costs" expended for any Indian who is an enrolled member of the Red Lake Band of Chippewa Indians and resides upon the Red Lake Reservation. (Chap. 935)

## **WELFARE INSTITUTIONS**

#### **State Hospitals**

Appropriations are \$107,175,847, up \$7,797,522, for the 10 state hospital complexes located at Anoka, Fergus Falls, Hastings, Moose Lake, Rochester, St. Peter, Willmar, Faribault, Brainerd and Cambridge (including the Children's home at Lake Owasso). The total budgeted populations for the 10 state hospitals is estimated at 7,375 in fiscal 1972 and 6,975 in



fiscal 1973. The actual annual average population for fiscal 1971 was 7,615.

Chapter 961 of the 1971 Regular Session Laws authorized the development of each of the state hospitals as a multi-purpose regional center, with programs for the care of the mentally ill, mentally retarded, inebriates, and elderly persons requiring nursing home care.

Chapter 961 also authorized phasing out of the Minnesota residential treatment center at Anoka by December 31, 1971; development of a self-injurious behavior program at the Faribault State Hospital; and transfer of the medical-surgical program at the Anoka State Hospital to the Rochester State Hospital.

#### **Special Hospitals**

The Legislature appropriated \$15,882,700, up \$1,798,981, for the three special hospitals.

The estimated patient loads are 75 for the Gillette State Hospital for Crippled Children, 480 for the Ah-Gwah-Ching Nursing Home, and 366 for the Glen Lake Sanatorium and Oak Terrace Nursing Home.

#### **Special Schools**

Appropriations are \$4,557,900, up \$628,321, for the two special schools. The Braille and Sight Saving School has an estimated enrollment of 90 students for 1971-73, and the School for the Deaf anticipates 279 students.

An additional appropriation of \$100,000 was provided for the purchase of special equipment for the three special hospitals and the two special schools.

#### **Community Mental Health Centers**

State support for community mental health centers was increased by nearly 31 percent — to \$8,500,000, up \$2,000,000 from the 1969-71 appropriation.

Grants-in-aid are made to 25 areas, each consisting of one or more counties, embracing 29 publicly-operated centers and three private foundations. The centers, with all 87 counties participating, provide a variety of health services, including out-patient assistance to the mentally ill, mentally retarded, and inebriates.

The state funds provide a 50 percent share, except in a few instances, of the approved expenditures of local community mental health centers. An appropriation "rider" provides that 75 percent of the federal funds received as reimbursement shall be used to equally reduce local and state funding, and surplus state funds resulting from federal funds shall cancel to the general fund. Twenty-five percent of the federal funds may be used for program expansion.

The community mental health centers may accept cases from juvenile courts for diagnostic evaluation.

#### **Detoxification Centers; Alcoholism and Drug Abuse**

See Section E, General Government, Page 20 for comments regarding Chapter 892.

#### **Daytime Activity Centers**

Daytime activity centers for the mentally retarded received \$2,900,000, which is an increase of \$1,100,000 over the funds provided for the preceding biennium. The increased state appropriation is intended to provide 60 percent of the operating costs of such centers. Rental costs are included for

the first time as one of the items that may be matched with state funds. The law also was amended to provide for acceptance of school age children who have been excused or excluded from school; previously only school age children who were "neither educable nor trainable" were accepted. (Chap. 584)

Authority for increased local tax levies for support of the daytime activity centers was granted increasing the levy from 1 mill to 1½ mills in all counties other than Hennepin, Ramsey and St. Louis. (Chap. 668) One hundred such daytime activity centers providing educational and vocational activities for children and adults are now receiving state support. There are six additional centers awaiting funding, of which five are presently in operation, employing their own resources.

### **OTHER LEGISLATION PERTAINING TO WELFARE**

#### **Licensing of Facilities**

##### **For the Mentally Retarded**

The Commissioner of Public Welfare was given the authority to license all types of residential and day care facilities serving more than four mentally retarded persons, except facilities regulated by the Commissioner of Education or "a church affiliated school system". (Chap. 229)

##### **Licensing of Certain Facilities**

The Commissioner of Public Welfare was authorized to license all day care and residential facilities and services providing care for five or more of the mentally ill, inebriate and physically handicapped. (Chap. 627)

##### **Support of a Dependent Child**

Chapter 924 provides that where a person under court order to support a dependent child is not doing so, the county agency may ask the district court for an order requiring that the person's employer withhold from his wages the amount of the support order, which shall be remitted to the county agency supporting the child.

##### **Payment for Hospitalization**

##### **Costs Incurred Outside the State**

The law was amended to make it possible for a county to pay for the hospitalization outside of the state of its indigent residents. (Chap. 257)

##### **Aid to Counties For**

##### **Emotionally Disturbed Children**

A new appropriation of \$600,000 provides for state reimbursement to counties of up to 50 percent of costs incurred in providing boarding care for emotionally disturbed children under the age of 18. (Chaps. 648 and 961)

##### **Gillette State Hospital May**

##### **Accept Out of State Residents**

Chapter 92 provides that Gillette State Hospital may accept children from out-of-state so long as full payment of the costs involved is assumed by the other state or the parents of the child.

##### **Non-Residents May Attend**

##### **Schools for the Blind and Deaf**

Chapter 134 provides that children from outside the state may be accepted at the Braille and Sight Saving School or the

School for the Deaf, so long as such acceptance does not preclude the attendance of an eligible child from the State of Minnesota. Full payment of the costs incurred by non-residents must be made by the other state or the parents of the child.

#### **Grants for Child Care Services**

The Commissioner of Public Welfare was authorized to make grants to any municipality, county or corporation of up to 50 percent of the cost of planning, establishing, maintaining or operating a child care service, including the cost of leasing, renting, construction or purchase of the necessary facility. A new appropriation of \$250,000 was provided. (Chap. 848)

#### **"Foster Grandparent" Program Established**

A new appropriation of \$50,000 was made available to permit the Governor's Council on Aging to develop a "foster grandparent" program. This program, a pilot project, would use the services of low income persons aged 60 years or over to provide assistance "to young people receiving care in resident group homes for dependent and neglected persons, preschool day care centers or other public or private non-profit institutions or agencies providing care for neglected and disadvantaged children who lack close personal relationships." The grants are based on 90 percent state and 10 percent local

sharing of program expenditures. Persons employed as foster grandparents would be paid for up to 20 hours work per week, at an hourly rate not exceeding the Federal minimum wage by more than 20 percent. (Chap. 938)

#### **Crippled Childrens' Services Increased**

The program of medical care for crippled children with heart lesions or cleft lips and palates was increased from the initial appropriation of \$200,000 in the 1969-71 biennium to \$1,100,000. The state money supplements existing federal funds. (Chap. 961)

#### **Range Center, Inc.**

The sum of \$100,000 was appropriated to Range Center, Inc. to assist in the construction of a facility for the care of mentally retarded persons on a day-night care basis. (Chap. 933)

#### **Fraud Provision in Food Stamp Program**

Chapter 132 provides that any person who obtains food stamps for which he is not entitled is guilty of a misdemeanor. It also provides that a county shall have a claim against the recipient or his estate for the amount thus obtained.

## **C. Corrections**

By appropriation "rider" the 1971 Legislature directed that the Commissioner of Corrections "shall develop a comprehensive plan which shall include, but not be limited to, the programs and projected populations of institutions under his control, and the effect of local and regional correctional facilities on the institutions. No new program may be implemented unless a statistical evaluation of its objectives and accomplishments accompanies the development of such program."

For the operation of those institutions under the direction of the Department of Corrections, state appropriations increased \$5,397,070, to \$32,364,954.

Appropriations for all other corrections activities, except administration, increased \$2,866,933, to \$5,030,860.

For administration, \$6,131,746 was appropriated, up \$1,044,371 from the 1969-71 biennium. Included in the administration appropriation was provision for five new positions at an estimated biennial cost of \$116,830.

For the current biennium, total appropriations for corrections activities are \$43,527,560, an increase of \$9,308,374.

#### **Correctional Institutions**

The appropriation for penal institutions for adults — the State Prison, the Reformatory for Men, and the Correctional Institution for Women — is \$16,218,954, an increase of \$3,187,369 over the 1969-71 biennium.

Provision was made for 37 new positions (15 at the State Prison, 3 at the Correctional Institution for Women, and 19 at St. Cloud Reformatory) at an estimated biennial cost of \$657,156.

For youth and juvenile institutions — the State Training School for Boys, the Minnesota Home School, three forestry camps at Willow River, Thistledeew and St. Croix, and the

Minnesota reception and diagnostic center — \$16,146,000 was appropriated, an increase of \$2,209,701.

There was a net complement loss of two positions among the institutions for youths and juveniles at an estimated biennial savings of \$32,000.

#### **Probationary Services**

Reimbursement to counties for probationary services was increased by \$90,000, to \$1,100,000 for 1971-73. Such reimbursement is to be computed on the basis of 50 percent of the probation officers salary costs only.

#### **Personnel Training**

Funds for personnel training were increased from \$125,000 in the 1969-71 biennium to \$975,000 for 1971-73. The increased appropriation includes funds for training of group home parents in county homes. The sum of \$835,000 was specifically identified for a new correctional counselor series program and a pre-service training program.

#### **Foster Group Care**

There was no increase in the appropriation (\$346,560) supporting the state-operated foster homes. An appropriation increase of \$450,300 will fund up to 50 percent of the operating costs of county group homes. The total appropriation (\$796,860) will provide for an estimated 74 homes, housing an average aggregate of 376 youths.

#### **Regional Jails, Area Lockups, and Detention Centers**

A new appropriation in the sum of \$800,000 for regional jails, area lockups, and detention centers is intended as state matching moneys to supplement local funds when application

is made for federal funds under the Omnibus Crime Control and Safe Streets Act. Any federal funds received shall reduce the state share.

#### Special Projects

A new appropriation in the sum of \$300,000 for special projects is intended as the state "match" for applications covering new experimental projects under the Omnibus Crime Control and Safe Streets Act.

#### State Subsidy to Community Corrections Centers

"For the purpose of demonstrating the effectiveness of" and "to promote the development of" community corrections

centers, the Commissioner of Corrections was authorized to make grants not to exceed \$175,000, or 65 percent, whichever is the lesser, of the costs of operating such programs. (Chap. 782, and Chap. 3, Extra Session)

#### Farm Machinery to be Manufactured at State Prison Redefined

The statutes were amended to authorize the manufacture, at the State Prison, of farm machinery currently in demand instead of machinery now considered obsolete. (Chap. 91)

## D. Highways

For planning, constructing and maintaining Minnesota's nearly 14,000-odd miles of state highways and roads this biennium, \$432,932,906 will be available.

From state revenue sources, principally the gasoline and motor vehicle registration taxes, \$261,232,906 was appropriated. Of this sum \$176,373,561 was made available in the omnibus appropriation bill, up \$133,626,708 from 1969-71 biennium, largely due to the transfer of the Highway Patrol to the Public Safety Department and the inclusion of divisions of the department previously funded under open appropriation authorities. A comparison of the omnibus appropriation bills for the 1969-71 and 1971-73 bienniums follows:

	1969-71	1971-73
Administrative Operations . . . .	\$ 7,580,260	\$ 6,594,000
Legal Division . . . . .	1,081,581	1,241,161
Safety Division . . . . .	19,427,812	---
Equipment . . . . .	---	6,455,000
Building and Improvement . . . .	---	2,375,250
Plant and Equipment . . . . .	11,992,200	---
Interstate Safety Rest		
Area Facilities . . . . .	1,023,000	1,170,550
Trunk Highway Safety Rest		
Area Facilities . . . . .	1,000,000	500,000
Weigh Station Facilities at		
Orchard Garden . . . . .	342,000	---
Contingent Fund . . . . .	300,000	---
Maintenance Division . . . . .	1	84,959,000
Construction Division . . . . .	1	66,041,600
Research and Standards . . . . .	1	1,543,400
State Aid Administration . . . . .	1	453,600
Planning and Programming . . . .	1	5,040,000
Totals . . . . .	\$ 42,746,853	\$176,373,561

<sup>1</sup> Open appropriation in 1969-71 biennium.

The balance of the state funds, \$84,859,345, will be used for highway construction contracts.

Federal funds estimated at \$171,700,000 for the current biennium, also will be used for highway construction costs and, to a minor degree, for other highway-related activities.

Additionally, state aids estimated at \$145,156,708 will be distributed to counties, cities and villages for local streets and highway work outside the trunk highway and interstate systems.

About 46 percent of the spending for state highways will be on the 914-mile federal interstate highway system. As of January 1, 1972, 611 miles had been completed, 160 miles were under construction, and 143 miles were in preliminary phases: engineering or right-of-way.

#### Highway Staff

All activities of the Department of Highways involving state personnel are now under direct appropriation authority. However, because of the variable nature of both the construction and maintenance programs, no approved complement was specified by the Legislature in the Omnibus Highway appropriation bill.

### LEGISLATIVE ACTIONS RELATING TO HIGHWAYS

#### Right Hand Turns on Red

Effective July 1, 1972, motorists will be permitted to make right turns on red after stopping, at all traffic signals except where otherwise indicated. (Chap. 17)

#### Directional Signs

Chapter 675 directs the Department of Highways to design directional information signs for use by counties on county and town highways of sufficient size to accommodate at least five individual resort listings. Counties will have to pay 100 percent of the cost to the Highway Department, and can sell signs to other persons at 75 percent of the cost to the county.

#### Metal-Studded Tires

Chapter 43 of the Extra Session laws prohibits the use on the highways of metal-studded tires except in case of an emergency. However, it exempts persons operating motor vehicles properly licensed and registered in another state or foreign country from the prohibition, if the vehicles are used only occasionally (not more than 30 days) within the State.

#### Junk Yards and Outdoor

##### Advertising Adjacent to Highways

Minnesota law on junkyards and outdoor advertising adjacent to highways was brought into conformity with federal requirements, thereby eliminating the 10 percent penalty on appropriations from the federal highway trust fund. (Chaps. 881 and 883)

#### Moratorium on

##### County Turnbacks

Chapter 528 prohibits the turnback of trunk highways to counties until there are adequate county funds to repair and improve the reverted highways to reasonable standards.

## E. Other Executive Branch Functions

While the costs of education, welfare, corrections and highways, plus tax relief, aids to local government and shared taxes, dominate the total state budget, a multitude of other executive branch services received state appropriations of \$245,800,215, up \$86,258,136 from the 1969-71 fiscal period. These appropriations will be supplemented by \$121,367,907 in federal grants for such activities and programs as the Department of Manpower Services, resource management, pollution control, state planning, control of tuberculosis, cancer and venereal disease, maternal and child care, medical facilities surveys, and the Veterans Home.

### THE GOVERNOR

State appropriations to the Governor total \$2,008,531, a large part of which is for agencies and commissions over which the Governor has direct supervision.

For administration of the executive offices \$979,937 was appropriated, up \$225,937 from the preceding biennium.

Activities over which the Governor has direct authority or for which appropriations have been made to him include the Security Protection Force for the Governor and others, \$645,826; the Governor's Commission on Employment of the Handicapped, \$68,468; the Great Lakes Basin Commission, \$45,000; the Upper Great Lakes Regional Commission, \$142,000; the Souris-Red-Rainy-River Basin Commission, \$60,000; the Capitol Area Planning and Architectural Commission, \$50,000; the National Governors' Conference, \$17,000; and the Veterans Memorial, \$300.

### GENERAL STATE GOVERNMENT

State appropriations to the State Auditor, the State Treasurer, the Secretary of State, the Departments of Administration, Taxation, Economic Development, and War Veterans Affairs, and to a host of other state and semi-state departments and agencies, total \$68,006,744, up \$14,018,737 from the 1969-71 biennium.

The largest single departmental appropriation in the "general state government" category is \$24,278,417 to the Department of Taxation, up \$3,570,699 from the preceding biennium. Appropriations for operations of the Department of Administration total \$12,865,137 — an increase of \$4,021,557. Appropriations to the Secretary of State (excluding those for mobile home administration which has been transferred to the Department of Public Safety) total \$589,090. Department of War Veterans Affairs appropriations total \$2,566,830, up \$410,303, and those of the Department of Civil Service, \$1,747,748, up \$229,842. Appropriations to the Department of Economic Development total \$3,331,000, up \$342,638.

The Statewide Planning Agency received \$1,376,000, an increase of \$521,366. In addition, the Agency received \$1,425,000 in new appropriations for Alcoholism and Drug Abuse and for Detoxification Centers.

Other appropriations to major departments and divisions in the general government grouping include the State Auditor, \$1,183,833; the State Treasurer, \$586,417; the Public Examiner, \$1,013,310; Minnesota Veterans Home, \$1,234,193; Minnesota Historical Society, \$2,335,361; and the Executive Council and Board of Investment, \$552,692.

Other new appropriations include \$75,000 for Special Management Studies, \$1,570,000 for Special Computer Projects, \$350,000 for a University-State Information System Project, \$20,000 for a Compensation Review Board, \$7,800 for the placing of Unemployed Professionals, \$50,000 for a World Ploughing Contest, \$80,000 for Tax Assessors Instructional Courses, \$215,000 for construction and equipping of facilities at the Minnesota Veterans Home, \$100,000 to the Minnesota Science Museum, \$250,000 for the Minnesota Housing Finance Agency, \$140,000 for the Minnesota Experimental City Authority, \$1,000 for the Sleepy Eye and Morton State Monuments, and \$1,000 for the Sam Brown Memorial State Wayside. A supplemental appropriation of \$500,000 was provided for the permanent reassessment revolving fund.

#### New Pay Plan for Classified Employees

The sixth consecutive pay plan for employees in the classified service — with increases of 10% the first year and 4% the second year (with the possibility of an additional 2% the second year depending on the cost-of-living index) — was provided at an estimated cost of \$38,500,000. (Chap. 32, Extra Session)

#### Salary Increases for Unclassified Employees

The pay bill increased the salaries of constitutional officers, the unclassified department heads and their deputies or assistants, and the district court judges, at an estimated cost of \$1,360,000 for the current biennium. (Chap. 32, Extra Session)

#### Career Executives Compensation Schedule Increased

The four ranges of the career executive compensation schedule were increased as follows: Range 1, \$13,000 to \$18,000 (previously \$12,500 to \$16,000); Range 2, \$15,000 to \$21,000 (previously \$13,750 to \$18,750); Range 3, \$18,000 to \$24,000 (previously \$16,000 to \$22,000); and Range 4, \$22,000 to \$28,000 (previously \$18,750 to \$26,000).

#### Special Salary Ranges for Physicians Increased

The special rates of pay for physicians in state service were increased as follows: Range A, \$19,500 to \$28,000 (previously \$16,000 to \$23,000), Range B, \$23,500 to \$32,000 (previously \$19,000 to \$26,000); and Range C, \$27,500 to \$37,000 (previously \$23,000 to \$28,500).

#### Compensation Review Board Created

A nine-member Compensation Review Board, consisting of six legislators and three public members appointed by the Governor, was created to review the compensation (including salaries, retirement benefits, emoluments and other benefits) of all professional and managerial positions in the unclassified state service.

The review is to be made in each year preceding a regular session of the Legislature, and a report of each review is to be

submitted to the Governor and the Legislature. An appropriation of \$10,000 annually was provided. (Chap. 32, Extra Session)

#### **Experimental City Authority Created**

An 11-member Minnesota Experimental City (MXC) Authority was created as an agency of the state with an initial appropriation of \$140,000 for the current biennium. The objective of MXC is "to create benefits extending throughout the state, and particularly in underdeveloped regions as a regional focus for public and private investment, by providing greater direct employment and training opportunities for unemployed or underemployed citizens, increasing the general level of economic activity, and reducing outmigration; to improve the quality of life of all persons; to test and demonstrate an alternative to increasing densities and metropolitan growth, and new approaches to pollution control and the protection of the total environment, and new methods of land use and development, construction techniques, and ordering community life and residence that will be available and useful in developing solutions to problems of existing cities and metropolitan areas; and to serve as a model for the solution of the social problems of urban life in a democratic society."

An advisory committee to the Authority consisting of six legislators and 15 public members appointed by the Governor, was established. (Chap. 849)

#### **Detoxification Centers To Be Established Throughout the State**

Every area mental health board was made responsible for providing one or more detoxification centers by July 1, 1973. The sum of \$500,000 was appropriated to the State Planning Agency for the construction, leasing or rental and operation of such centers. The sum of \$275,000 was provided in matching funds for alcoholism and drug counselors in community mental health centers. An additional \$500,000 was provided in matching funds for half-way houses. A drug abuse section also was created in the State Planning Agency for which \$150,000 was provided. (Chap. 892)

#### **State Building Code**

Chapter 561 authorizes the Commissioner of Administration to promulgate and administer a state building code to supersede all local building codes. The state code does not apply to farm dwellings and buildings except with respect to electrical inspections.

#### **Statewide Mobile Home Building Code**

Chapter 409 establishes the code promulgated by the American National Standards Institute as the mobile home building code for the State of Minnesota. After July 1, 1972, no person may manufacture, sell, or park any mobile home which does not comply with the code.

#### **Construction of Health Care Facilities**

Chapter 628 requires the issuance of a "certificate of need" by an area-wide comprehensive health planning agency before beginning any construction or modification costing \$50,000 or more is begun by any health care facility, person or group. The

purpose is to promote planning, to provide high quality at a low cost, and to avoid duplication.

#### **Bureau of Criminal Apprehension Now Part of Public Safety**

Action by the 1971 Legislature transferred activities of the Bureau of Criminal Apprehension to the Department of Public Safety. By appropriation rider the complement of the Bureau of Criminal Apprehension was set at 133 the first year and 115 in the second year of the current biennium.

#### **Intergovernmental Information Services Advisory Council**

Chapter 918 authorizes the Commissioner of Administration to join with the federal government, other states, local governments and organizations representing such groups in the development and implementation of systems, analysis, information services, and computerization projects.

#### **State Archives**

##### **Commission Abolished**

The State Archives Commission was abolished and its record management function transferred to the Department of Administration. The power to destroy, sell or dispose of public records was given to the Attorney General, the Public Examiner and the Director of the State Historical Society. (Chap. 529)

## **PROTECTION TO PERSONS AND PROPERTY**

At the state level, the protection of persons and property takes form in a vast and varied number of undertakings involving many departments and types of activities.

For the current biennium, state appropriations for these many protection services total \$92,008,798, an increase of \$49,254,265.

The major single item in the "protection" category of appropriations is \$45,853,408 to the Department of Public Safety which now includes the State Highway Patrol, Motor Vehicle Division and the Bureau of Criminal Apprehension.

Appropriations to the Attorney General include \$1,679,239 for the office and legal staff, \$302,797 for the Peace Officers Training Board, \$1,600,000 for the Criminal Justice Contingent Fund, and \$60,000 for a Special Contingent Fund to the Attorney General.

In the Department of Commerce, appropriations for the Division of Banking, Securities and Insurance (excluding the State Fire Marshal which has been transferred to the Department of Public Safety) total \$4,393,549, up \$916,457.

Other departments and divisions in the "protection" grouping include the Board of Health, \$5,534,421; the Livestock Sanitary Board, \$2,178,252; the Public Service Commission, \$9,178,655; the Department of Labor and Industry, \$4,358,271; the Adjutant General, \$4,094,124; the Department of Human Rights, \$615,734; the Labor Conciliator, \$603,206; the Liquor Control Commission, \$869,257; the Commission on Alcohol Problems, \$129,379; and the Department of Aeronautics, \$957,606 for administrative expenses and \$9,096,900 for airport construction and improvements and navigational aids.

New appropriations include \$40,000 for mobile health clinics, \$27,000 for a public health physician residence



program, \$15,000 for fire service education and research, \$50,000 for the administration of reciprocal agreements with other states for proportional registration and taxation of motor vehicles, and \$300,000 for administration of the excise tax imposed on motor vehicle transfers of ownership.

#### **Recycling of Junk Cars**

Chapter 734 provides for the disposal and recycling of abandoned motor vehicles and other scrap metals. Local units of government are authorized to impound abandoned motor vehicles and to sell them at public auction, with reimbursement for the cost of towing, etc. from the proceeds of the sales. If no bid is received, the unit of government may contract with processors licensed by the Pollution Control Agency, for disposal of the vehicle. Where such a contract has been approved by the Agency, the Agency may reimburse the unit of government for its costs. The Act imposes a tax of \$1 on the transfer of new and used motor vehicles weighing more than 1,000 pounds, with the proceeds to be paid into the state treasury.

#### **Drivers Licenses: Colored Photographs and Vision Tests**

Every new drivers license, duplicate license or renewal applied for and issued after January 1, 1972 must bear a colored photograph of the licensee. The fee for such license was increased to \$6 (was \$3). (Chap. 129) Every application for renewal of a drivers license submitted after January 1, 1972 also requires a vision test. (Chap 846) For identification purposes, persons 16 years of age and older who are not licensed to drive may apply for a non-driver certificate or I.D. card bearing a colored photograph. (Chap. 659)

#### **Mobile Health Unit To Be Established**

The Department of Health was given \$40,000 to establish, equip and staff mobile units to travel in and around poverty stricken areas and Indian Reservations for diagnostic and general health counseling. (Chap. 940)

#### **Licensing of Interstate Commercial Vehicles**

Chapter 49 authorizes reciprocal prorating of license fees for fleets of trucks in interstate commerce, based on the owner's declaration of the percentage of fleet mileage recorded in participating states.

#### **Drunkenness Test**

Chapter 893 authorizes police officers to require suspected drunk drivers to submit to a preliminary breath test to determine only whether an arrest should be made.

#### **Drunkenness Not A Criminal Offense**

Chapter 90 provides that after July 1, 1971 drunkenness is not a criminal offense.

#### **Motor Vehicle Registration Tax Deductible on Federal Income Tax Return**

Chapter 31, Extra Session Laws changes the motor vehicle registration tax (after the first \$10) to an ad valorem (rather than weight of vehicle) basis, for the tax due on January 1, 1973 and thereafter. This enables Minnesota taxpayers to deduct the ad valorem portion of the registration tax in computing their federal income taxes.

#### **State Aid for Municipal Airports**

Chapter 706 makes several amendments to the act authorizing state aid for municipal airports. For any airport (key, secondary or landing strip) employing only state and local funds, the state contribution will be not less than one-third of the cost of the project (construction, improvement, maintenance or operation) and the acquisition costs of the land and clear zones. Where federal funds also are involved, the state portion will be at least one-tenth of the project cost.

#### **Liquor Fair Trade Moratorium Extended**

The moratorium on enforcement of the liquor minimum resale price law was extended for another two years, to July 1, 1973. (Chap. 57)

#### **Office of Coroner Abolished**

Chapter 367 abolished the office of coroner. The new law provides a simplified system for the investigation of violent, unusual and other categories of death, with the duties to investigate transferred to medical examiners, sheriffs, probate judges and county attorneys. It provides that the medical examiner of any county shall be a doctor of medicine or osteopathy licensed to practice in Minnesota.

## **NATURAL RESOURCES**

Most of the \$78,664,885 in state appropriations for natural resources activities went to the Department of Natural Resources. Included are \$12,039,827 for the Game and Fish Division, \$8,844,881 for the Lands and Forestry Division, \$5,169,809 for the Division of Parks and Recreation, \$5,384,988 for the Division of Enforcement and Field Services, \$2,966,419 for the Waters, Soils and Minerals Division, \$1,685,000 for the snowmobile program (up \$860,000), \$1,289,176 for the boat and water safety program, \$1,100,000 for acquisition of wetlands, and \$3,018,990 for the administrative costs of the department.

Natural resources acceleration appropriations total \$19,856,740, up \$10,208,187 from the preceding biennium. Included in the appropriation is \$7,000,000 as grants-in-aid for regional parks. (In the 1969-71 biennium \$7,000,000 was made available to the Division of Parks and Recreation for parks, waysides and trails.)

For the Water Pollution Control Agency \$4,901,725 was appropriated, up \$3,332,686 from the 1969-71 biennium.

New natural resources appropriations include \$25,000 for Indian treaty litigation and fact finding, \$125,000 for a Conservation Education program, \$30,000 for breeding grounds in Canada, \$20,000 for Willow River dam reconstruction, \$50,000 for water control structures in Kanabec County, \$500,000 for an additional Game and Fish contingent fund (funded by the general fund), \$30,000 for the Southern Minnesota Rivers Basin Commission, \$9,750,000 for the Water Pollution Control fund, \$91,000 for the Voyageurs National Park, \$50,000 to a designated center for environmental information, and \$1,000 for toilet facilities on the North Shore of Lake Superior.

Appropriations to the State Soil and Water Conservation Committee, the Minnesota Water Resources Board, the Great Lakes Commission and other societies and associations for the development and conservation of natural resources, make up

the balance of the \$78,614,885 in natural resources appropriations, up \$21,778,366 from the preceding biennium.

#### **Regulation of Watercraft**

Chapter 636 authorizes any municipality or county to request the Commissioner of Natural Resources to establish regulations relating to the use of watercraft on waters which border upon or are located wholly or partially within the municipality or county. Such regulations may restrict the type and size of watercraft, the area of water which may be used, the speed of watercraft, hours of use, or minimum distance between watercraft.

#### **Noise Pollution**

The Pollution Control Agency was given jurisdiction over noise. Noise is defined to mean any sound not occurring in the natural environment, including sound emanating from aircraft, highways, industrial, commercial, and residential sources. The PCA is directed to develop standards describing maximum levels of allowable noise and in so doing, the agency is to consider such things as time of day, location, zoning classifications, etc. (Chap. 727)

#### **Environmental Information**

##### **Center Designated**

Chapter 864 designated the Minneapolis Public Library as a center for environmental information and charged it with the responsibility of collecting and organizing books on the environment, and appropriated \$50,000 for this purpose.

#### **Small Game Hunting**

##### **License Fee Increased**

Chapter 867 increased the surcharge on small game hunting licenses from \$1 to \$2. The sum of \$15,000 annually was appropriated to the Commissioner of Natural Resources for the development of water fowl breeding grounds in Canada.

## **AGRICULTURE**

State appropriations for the Department of Agriculture total \$5,111,257, up \$721,467 from the preceding biennium.

## **METROPOLITAN AREA AFFAIRS**

#### **Metro Council Review of Local Planning**

Chapter 541 amends the Metropolitan Council law relating to local planning to add counties to the Council's jurisdiction. It also requires that all proposed plans of cities, villages, boroughs, towns or counties having a substantial effect on metropolitan area development be submitted to the Council after approval by the local planning commission and before final approval by the local governing body.

#### **Metropolitan Transit Financing**

Chapter 830 is primarily intended to provide financing for the Metropolitan Transit Commission to replace the \$1 wheelage tax declared unconstitutional by the Minnesota Supreme Court. It authorizes the Commission to levy 2.9 mills on all taxable property within that portion of the metropolitan transit area lying within Minneapolis and St. Paul and extending out to the corporate limits of all cities and villages contiguous either to Minneapolis or St. Paul or to each other. A portion of the proceeds of the levy is to be used for free bus service to senior citizens (persons 65 and over) at scheduled hours throughout the week.

The Act also authorizes each of the seven metropolitan counties to levy a \$5 annual wheelage tax on each motor vehicle kept in the county when not in operation and which is subject to Minnesota motor vehicle registration and taxation. The state registrar of vehicles must collect the tax if requested to do so by any of the counties and the wheelage tax must be paid before the state registration fee is deemed paid. The proceeds are to be deposited in the county road and bridge fund and used only for highway purposes. Road and bridge levies in the seven counties will be reduced as to levies collected in 1972 and if a wheelage tax is levied, the property tax levy for road and bridge is to be reduced in an amount equal to the wheelage taxes collected.

#### **Property Tax Base Sharing**

Chapter 24 is the so-called "fiscal disparities" law. It provides that 40 percent of the year-by-year increases in the assessed valuation of commercial-industrial property within the seven-county metropolitan area be shared among the governmental units within the area at a rate basically determined by populations but adjusted to reflect the additional needs of governmental units with lower per capita tax bases.

## **F. Legislative**

Appropriations for purposes of the Legislature increased from \$8,944,181 in the 1969-71 biennium to \$11,437,626 in the current biennium, up \$2,493,445, or 27.9 percent.

Less than one-fifth of the appropriation total is for the legislators' salaries. Most of the balance is for costs incidental to the conduct of the biennial sessions: salaries of research staff, clerks, stenographers, committee secretaries, pages, doormen and other employees; the printing of bills, Senate and House Journals, and other materials and supplies; the travel and per diem living expenses of members; and a host of miscellaneous items.

#### **Revisor of Statutes**

For the Revisor of Statutes whose legal and clerical staff (at the request of legislators) readies for introduction most of the bills considered by the Legislature each session, a total of \$1,111,126 was appropriated, an increase of \$690,135. Included in the increase was \$193,000 for an electronic data processing system and \$119,000 in supplemental appropriations to cover bill drafting expenses.

#### **Activated Standing Committees**

The following Senate Standing Committees have been activated for the interim between legislative sessions: Agri-

culture, Commerce and Insurance, Corrections and Commitments, Education, Finance, General Legislation, Judiciary, Labor Relations, Natural Resources and Environments, Public Highways (Senate and House Joint Executive Committee), Regulated Industries, and Rules and Administration.

Also activated for the interim are the following House Standing Committees: Agriculture, Appropriations, City Government, Commerce and Economic Development, Crime Prevention, Education, Environmental Preservation, Financial Institutions, General Legislation and Veterans Affairs, Governmental Operations, Health, Welfare and Corrections, Higher Education, Insurance, Judiciary, Labor Relations, Local Government, Metropolitan and Urban Affairs, Natural Resources, Public Highways (House and Senate Joint Executive Committee), Reapportionment and Elections, Regulated Industries, Rules and Legislative Administration, Taxes, and Transportation.

Necessary committee expenses were provided for in the appropriations made to the Legislature.

A specific appropriation of \$15,000 was provided to the appropriate standing committees of both the Senate and House of Representatives (\$7,500 each) to study the need for legislation and regulation of all-terrain vehicles and revisions to snowmobile laws and regulations. (Chap. 3, Extra Session)

#### Permanent Commissions and Committees

Appropriations to existing permanent commissions and committees include:

Ethics Committee, Special, Senate	\$	1
Ethics Committee, Special, House		1
Ethics Committees, House and Senate (M.S. 389)		1
Indian Affairs Commission		98,400
Iron Range Resources and Rehabilitation Commission		2
Interstate Cooperation Commission and Council of State Governments		73,170
Legislative Advisory Committee		3,300
Legislative Building Commission		80,000
Legislative Services Commission		166,000
Legislative Retirement Study Commission		95,000
Minnesota Resources Commission		150,000
Minnesota-Wisconsin Boundary Area Commission, Legislative Advisory Committee for		1
Mississippi River Parkway Commission/		10,000
State Claims Commission		18,000
Statewide Planning, Advisory Committee on		1
Taxation and Production of Iron Ore and Other Minerals		3
The Education Commission of the States		32,000
The Great Lakes Commission		40,000
Uniform Laws Commission		8,487
Women's Affairs (Department of Human Rights), Advisory Committee on		1

#### Legislative Study Commissions

A total of \$275,000 was appropriated to seven specific study commissions — all created by the 1971 Legislature.

A 10-member "Reconversion Study Commission" was created to study and consider the relationship between defense spending and public expenditures on the improvement of the human resources of the community. The Commission consists of five members of the House of Representatives (appointed by the Speaker) and five members of the Senate (appointed by

the Senate Committee on Committees). The Commission may appoint an advisory council with members from labor, industry, economics, education, social welfare and other appropriate fields. The sum of \$25,000 was provided to pay the expense of the Commission. A report of the Commission's findings and recommendations is to be made to the Legislature not later than November 15, 1972. (Chap. 806)

A "University Study Commission" was created to study and consider the finances, budgets, financial operations and legal status of the University of Minnesota with the purpose of improving the legislature's understanding and consideration of University financial and operational matters. The Commission consists of 15 members — five members of the House, five from the Senate, and five persons appointed by the Governor from among the interested public. An appropriation of \$75,000 was provided for expenses of the Commission, which is to report its findings and recommendations to the Legislature not later than November 15, 1972. (Chap. 806)

A 21-member "Constitutional Study Commission" was created to study the present Minnesota Constitution and other revised state constitutions, and to propose such constitutional revisions and a revised format for a new Minnesota Constitution as may appear necessary, in preparation for a new constitutional convention if called or as a basis for making further amendments to the present Constitution. An appropriation of \$25,000 was provided. The Commission is to report to the Governor, the Legislature and the Chief Justice on November 15, 1972. (Chap. 806)

A "Civil Service and Unclassified Personnel Study Commission" was created to study and consider civil service classified and unclassified salary ranges, to prepare proposed salary and fringe benefit legislation, and to study work rules and procedures and the number of employees engaged in various state functions. The Commission consists of six members — three members of the House of Representatives and three from the Senate, appointed in the usual manner. A report of its findings and recommendations is to be filed with the Legislature not later than November 15, 1972. The sum of \$25,000 was provided to cover the necessary expenses. (Chap. 806)

A 15-member "Automobile Liability Study Commission" was created to study automobile liability and proposed automobile insurance systems, and to draft a bill and report to the 1973 Legislature. The Commission consists of four members of the House, four members of the Senate, and seven non-legislative members appointed by the Governor. An appropriation of \$25,000 was provided. (Chap. 806)

A 15-member "Tax Study Commission" was created to examine Minnesota's total tax structure, its equity and distribution as they relate to the revenue needs and sources of the State and its political subdivisions. The Commission consists of five members of the House of Representatives, five from the Senate, and five members chosen by the Governor from within or without the State. An appropriation of \$50,000 was provided. (Chap. 31, Extra Session)

A "Liquor Study Commission" was created to examine the State's total liquor trade structure. Major attention is to be focused on, but not limited to: (a) revenue effects of the trade as presently organized and as organized under any proposed arrangement, (b) monopolistic practices in the trade, (c) possible alternative arrangements and (d) practices in other states. The Commission consists of 15 members — five members of the House of Representatives, five members of the Senate and five chosen by the Governor. An appropriation of \$50,000 was provided. (Chap. 31, Extra Session)

<sup>1</sup> Included in appropriation to state department or agency.

<sup>2</sup> Open appropriation authority.

<sup>3</sup> Balances reappropriated for use in 1971-73.

## STATISTICS OF THE 1971 LEGISLATURE

	Regular Session	Extra Session
Bills introduced — House . . . . .	3,195	287
Bills introduced — Senate . . . . .	2,817	215
Bills enacted into law . . . . .	966	48
Bills vetoed by Governor . . . . .	4	2
Bills pocket-vetoed by Governor . . . . .	3	0
Constitutional amendments to be submitted to popular vote . . . . .	3	1

### Legislature Periods

#### Regular Session

Constitutional limitation — 120 days  
Convened January 5 — Adjourned May 24  
Session days — 104

#### Extra Session

Convened May 25, Recessed July 31  
Reconvened October 12, Adjourned October 30  
Session days — House 54; Senate 53

## G. Judicial

Budgetwise, the judicial branch of the state government in Minnesota continues to be relatively inexpensive.

For the Supreme Court, the appropriation this biennium is \$1,561,485, up \$224,474 from the preceding two-year period.

For District Courts (the State pays the basic salaries of District Court judges), the appropriation of \$3,419,575 covers the salaries (\$22,000 annually) of 70 judges, plus mileage allowance and travel expenses. (Chap. 3, Extra Session) Chapter 5 of the Extra Session added two additional District Court judges, one each in the second (Ramsey County) and fourth (Hennepin County) judicial districts. Chapter 32, Extra Session increased the basic salary of District Court judges to \$29,000 per annum. (In districts having a population of 200,000 or more, the judges each receive \$1,500 annually in additional compensation from the counties.)

The addition of the two judges, plus the increase in the basic salary of all judges, adds \$1,096,000 to the total allotted for District Courts.

Appropriations of \$419,000 for the State Public Defender, \$296,939 for the State Law Library, \$4,800 for the Judicial Council and \$10,000 for a newly-created Commission on Judicial Conduct, make up the balance of the \$6,807,799 total allotted for purposes of the judicial branch — an increase of \$1,617,169 over the preceding biennium.

### Six-Man Juries

Chapter 917 provides for six-man juries in all civil and criminal actions in any court, except for those criminal actions where the offense charged is a gross misdemeanor or felony. In the latter case, a twelve-man jury is required unless the defendant consents to a six-man jury.

### County Court System Created

A county court system was created to replace all existing municipal and justice courts, except municipal courts in Hennepin and Ramsey Counties. (Chap. 951)

## H. Miscellaneous

Miscellaneous appropriations total \$231,237,976 for the 1971-73 biennium. The principal items are \$207,000,000 in estimated income tax refunds and an estimated \$21,000,000 as income tax credits to parents of children attending non-public elementary and secondary schools.

### Special White Ballot For Federal Elections

Chapter 183 provides for a special white ballot for all federal office candidates to be used by those voters eligible to vote only in federal elections — 18 year olds.

### New Laws Effective August 1

Beginning January 1, 1973, the effective date of laws enacted by the Legislature is August 1, unless a different date is specified in the Act. (Chap. 196)

### Sale of Liquor on Election Days

Chapter 56 permits the sale of liquor on any local election day and on Memorial Day. The sale of liquor is prohibited only on statewide election days.

### Service Workers May Be Employed In Excess of Complement

Persons may be employed in the civil service classification of "service worker" in any department of state government in excess of approved complement. A service worker is defined as a person who is moderately retarded but still employable. (Chap. 538)

### Changes in Unemployment Compensation Law

Chapter 942 made the following changes in the unemployment compensation law, with most changes effective January 1, 1972:

- ... coverage was extended to all employers of one or more workers in 20 weeks of the year, or those employers with a payroll of at least \$1,500 in a calendar quarter.
- ... the rate for new employers is to be the average rate for all employers in the State for the most recent three-year period. The rate has now been established at 1.1 percent.
- ... beginning in 1972, organizations operated on a non-profit basis exclusively for religious, charitable, scientific or educational purposes (except churches and certain schools), will be covered by the law if they employ four or more workers in 20 weeks of a year.

**Unemployment  
Benefits Increased**

Chapter 408 increases the maximum unemployment benefit rate from \$57 to \$64 a week.

**Unemployment Rate  
Adjustments**

Chapter 860 provides that the minimum unemployment compensation tax rate is to be 0.7 percent until the balance in the unemployment compensation fund reaches \$130 million. As the balance increases the minimum tax rate decreases, as follows: between \$130-\$150 million, to 0.6 percent; between \$150-\$170 million, to 0.5 percent; between \$170-\$200 million, to 0.3 percent; over \$200 million, to 0.1 percent.

**Workmen's Compensation Benefits Increased**

Chapter 475 raised the maximum weekly workmen's compensation for temporary or permanent *total* disability from \$70 to \$80, and the weekly maximum for temporary or permanent *partial* disability from \$63 to \$73.

The maximum award to dependents in case of death of a worker was increased from \$25,000 to \$35,000, with the maximum weekly amount raised from \$70 to \$80. Burial allowance was increased from \$750 to \$1,000.

**Second Injury Law**

Chapter 589 increases the employer's responsibility in second injury cases to the first 52 weeks of monetary benefit and \$2,000 in medical expenses. (Previously the employer could claim reimbursement for compensation in excess of 26 weeks and \$1,000 in medical expenses.)



## IV. RETIREMENT BENEFITS

Employer contributions to the retirement benefit programs of state and local public employees in Minnesota during the current biennium will approximate \$197,500,000.

Approximately \$153,500,000 of the total was provided by legislative enactment; an estimated \$44,000,000 will come from local units of general government.

Major item among the state appropriations is the \$126,300,000 that goes to the State Teachers Retirement Association and to separate teacher retirement groups in Minneapolis, St. Paul and Duluth.

Most of the \$27,200,000 calculated for retirement benefits for state employees — the employer contribution — is included in departmental budgets as a part of normal payroll costs.

### Minnesota State Retirement System (MSRS)

Membership in the Minnesota State Retirement System is composed, generally, of employees or officers in the classified and unclassified services of the State.

The employer matching contributions by the State are estimated at \$21,034,000 for the current biennium.

Chapter 604 extended to full-time unclassified employees in certain offices and departments, and to department, division and agency heads, the option of having their retirement fund contributions and the State's matching contribution invested in a supplemental retirement fund. Eligible employees have the further option of choosing either an "income" share account or a combined "income and growth" share account.

### Public Employees Retirement Association (PERA)

Membership in this Association consists largely of elected and appointed officers and employees, other than teachers, of governmental subdivisions.

Employer contributions by local units of government are estimated at \$44 million for the current two-year fiscal period.

Chapter 297 changed the rates of contribution to the PERA Police and Fire Fund. Employee contributions were increased from 6 percent to 7 percent, employer contributions were increased from 9 percent to 10½ percent, and the employer deficit-retirement contributions were reduced from 2½ percent to 1½ percent.

Chapter 695 established a state-aid program for police relief associations. A one percent tax was placed on insurance premiums for auto liability-bodily injury, auto liability-property damage, and auto physical damage coverage, with the

proceeds to be distributed to the police relief programs in essentially the same manner as the two percent fire insurance premiums tax is distributed to fire relief groups.

### Teachers Retirement Association

Membership in the Teachers Retirement Association consists principally of persons who have served or are serving as teachers, supervisors and other professional personnel in the public schools located outside the cities of the first class, or in any charitable or state institutions supported, in whole or in part, by public funds. Membership also is extended to like employees of the state junior colleges and state colleges. Employees of the University are specifically excluded.

Chapter 88 provides a supplemental retirement annuity for those members of the Teachers Retirement Association who retired prior to July 1, 1967. The supplemental annuity is to be paid for life and shall not be less than \$10 per month.

### SUMMARY OF EMPLOYER RETIREMENT CONTRIBUTIONS (Estimated Amounts)

By the State	1969-71	1971-73
Minnesota State Retirement System . . . . .	\$ 19,121,600	\$ 21,034,000
Teachers Retirement Association . . . . .	90,100,000	126,300,000
Highway Patrolmen's Retirement Association . . . . .	2,549,200	2,700,000
Supplemental Retirement Benefits		
- For certain State College and Junior College personnel . . . . .	1,402,480	2,246,220
- For certain employees in MSRS . . . . .	402,500	310,000
- in PERA . . . . .	75,000	295,000
- in TRA . . . . .	580,000	37,000
Elected State Officers' Retirement Program . . . . .	37,800	57,510
Special Retirement Accounts (Retired Attorney General, retired Clerk of Supreme Court, and for District Court Judges and their widows) . . . . .	895,131	614,000
Total State Contribution . . . . .	\$115,163,711	\$153,593,730
<b>By Local Units of Government</b>		
For Public Employees Retirement Association . . . . .	40,000,000	44,000,000
Total . . . . .	\$155,163,711	\$197,593,730

## V. STATE BORROWING

Outstanding bonds and certificates of indebtedness as of December 31, 1971 totaled \$498,327,000, of which \$115,350,000 represents highway bonds to be retired from special revenue sources. Of the remainder, \$320,752,000 is a charge against the general fund of the State.

Authorization by the 1971 Legislature for the borrowing of money was extended far beyond the usual field of state building construction, capital improvements and land acquisition.

Establishment of a Water Pollution Control Fund, institution of Municipal Debt Service Aid, and acquisition of land for the Voyageurs National Park, involve the issuance of more than \$50,000,000 in general obligation bonds.

Financing of a newly-created Higher Education Facilities Authority and a Minnesota Housing Finance Agency involve authority to issue \$195,000,000 of bonds which are not to constitute an obligation of the State.

### State Building Bill

The 1971 Legislature authorized the sale of \$104,898,524 in general obligation bonds, maturing serially within 20 years from date of issuance, for state building purposes. In addition, \$2,240,500 was reappropriated from previous authorizations.

Major items in the building program include:

... *At the University of Minnesota* — a \$40,632,960 building program which includes \$10,783,000 for a health science complex, \$10,000,000 for completion of Phase I of an animal science building, and \$1,000,000 to complete a forest products laboratory — on the Minneapolis and St. Paul campuses; \$3,500,000 to construct and equip a classroom-laboratory, and \$1,375,000 to construct and equip a physical education facility — both at the Duluth campus; \$1,150,000 to construct and equip a library (Phase II), and \$1,680,000 to construct and equip a humanities building (Phase II), — both at the Morris campus; and \$868,000 to construct and equip a learning center (Phase I) at the Technical College, Waseca.

... *At the State Colleges* — \$3,428,000 to complete and equip Morris Hall at Mankato State College; \$6,615,000 to construct and equip a science and mathematics building at St. Cloud State College; \$1,344,000 to construct and equip a community service building, and \$2,115,400 to construct and equip an education-social sciences building — both at Southwest State College, Marshall; and \$2,299,000 to construct and equip a general classroom building at Winona State College. A group of smaller capital projects totaling \$4,760,800 makes up the balance of the \$20,562,200 in new borrowing authorized for State Colleges.

... *At the State Junior Colleges* — \$22,053,420 to construct and equip or acquire certain buildings at 17 state junior college sites and for ground improvements at all state junior colleges.

... *For the Capitol group of buildings* — \$6,178,800, including \$2,243,800 for building, remodeling and rehabilitation and special projects; \$1,345,000 for a parking facility for 1,160 cars; \$710,000 to relocate computer facilities and install an inverter; \$200,000 to remodel elevators in and climate control the Capitol; \$100,000 for cooling towers for the Centennial Office building; a \$500,000 supplemental appropriation for the Veterans

Service building; \$100,000 to remodel and install a smoke-detection system in the Historical Society Building; and \$150,000 for architectural design competition and preliminary plans for a new Justice building.

... *For institutions under the jurisdiction of the Department of Public Welfare* — \$3,627,744, including \$240,000 to air condition the central dining and dietary facilities at Anoka State Hospital; \$700,000 to install boiler and auxiliary services and \$323,444 to air condition certain patient areas at the Fergus Falls State Hospital; and \$350,000 to renovate the power plant at the Ah-Gwah-Ching Nursing Home, Walker.

... *For youth and adult correctional institutions under jurisdiction of the Department of Corrections* — \$2,843,400, including \$600,000 to convert cell house D into a security unit and install a TV monitoring unit at the Reformatory for Men; \$500,000 to remodel and reroof the main kitchen, bakery and dry and cold storage areas at the Minnesota State Prison; and \$480,000 to construct a food preparation and food storage facility at the State Training School for Boys.

### Repairs and Alterations Bill

To supplement the new borrowing, \$6,526,198 was appropriated for repairs, replacements, and alterations to state buildings. (Chap. 964)

### Voyageurs National Park

Issuance and sale of \$5,870,000 in state general obligation bonds was authorized to pay the cost of acquiring public lands to be donated and conveyed to the United States for the Voyageurs National Park. (Chap. 852)

### State Water Pollution Control

Issuance of \$25,000,000 in Minnesota state water pollution control bonds was authorized. This money — together with \$9,750,000 from the general fund and approximately \$1,500,000 transferred from the “crystal waters” fund created by the 1969 Legislature — is to provide “grants of principal or interest to municipalities and agencies of the State for the acquisition and betterment of public land, buildings, and improvements of a capital nature needed for the prevention, control and abatement of water pollution . . .” (Chap. 20, Extra Session)

### Minnesota Housing Finance Agency

The Minnesota Housing Finance Agency, consisting of the state planning director, state auditor, and three public members appointed by the Governor with advice and consent of the Senate, was created and given the power to make or participate in the making of federally insured construction loans and mortgage loans for residential housing for low and moderate income persons and families. The aggregate principal amount of bonds outstanding at any time may not exceed \$150,000,000. The State of Minnesota shall not be liable on notes or bonds of the agency and such notes and bonds shall not be a debt of the State. In addition, \$250,000 was appropriated to the housing development fund of the agency for the purposes of the Act. (Chap. 702)

### Municipal Debt Service Aid

The state auditor was authorized to issue up to \$20,000,000 in state general obligation bonds to provide funds to be loaned to municipalities for the acquisition and betterment of public lands and buildings and other public improvements of a capital nature. (Chap. 856)

### Higher Education Facilities Authority

The Minnesota Higher Education Facilities Authority, consisting of six members appointed by the Governor with the

advice and consent of the Senate and the executive director of the Minnesota Higher Education Coordinating Commission, was created to assist institutions of higher education in the construction, financing, and refinancing of projects.

The Authority is empowered to issue up to \$45,000,000 in revenue bonds for this purpose.

The revenue bonds shall be payable solely out of revenues of the Authority and do not represent or constitute a debt or pledge of the faith and credit of the State. (Chap. 868)

## STATE BUILDING BILLS — 1971 SESSION

	New Borrowing (Chap. 963)	Repairs and <sup>1</sup> Replacements (Chap. 964)	Small Projects (Chap. 964)	Reappropriated Balances (Chaps. 963, 964)	Total
Mental Hospitals	\$ 2,809,244	\$ 785,778	\$ 783,120	\$ 103,500	\$ 4,481,642
Mentally Retarded	123,000	399,575	419,795	1,067,000	2,009,370
Special Schools and Hospitals	---	100,115	211,659	600,000	911,774
Ah-Gwah-Ching Nursing Home	695,500	45,000	---	---	740,500
Glen Lake State Sanatorium and Oak Terrace Nursing Home	---	72,500	35,000	---	107,500
Adult Corrections	1,753,400	327,396	345,650	---	2,426,446
Youth Corrections	1,090,000	151,550	202,800	---	1,444,350
Minnesota Veterans Home	---	47,010	64,300	---	111,310
State Junior Colleges	22,053,420	410,023	---	---	22,463,443
State Colleges	20,562,200	987,271	---	470,000	22,019,471
University of Minnesota	40,632,960	---	---	---	40,632,960
Capitol Group	6,078,800	---	796,156 <sup>2</sup>	---	6,874,956
Conservation Headquarters	300,000	---	---	---	300,000
Land Acquisition					
— for Capitol Area and State Colleges	2,930,000	---	---	---	2,930,000
To Commissioner of Administration					
— for Administration	150,000	---	---	---	150,000
— for plans, studies and surveys	500,000	---	---	---	500,000
— for preliminary plans	50,000	---	---	---	50,000
— for Higher Education Facilities					
Contingency Account	5,000,000	---	---	---	5,000,000
To Minnesota Historical Society	100,000	---	216,500	---	316,500
To State Auditor					
— for bond expense	70,000	---	---	---	70,000
Total	\$104,898,524	\$ 3,326,218	\$ 3,074,980 <sup>2</sup>	\$ 2,240,500	\$113,540,222

Note: Minnesota Security Hospital (St. Peter) included with Mental Hospitals.

Minnesota Residential Treatment Center included with Youth Corrections.

<sup>1</sup> Includes Repairs and Betterments (State Colleges and Junior Colleges) and Preventive Maintenance items.

<sup>2</sup> In addition, sum of \$125,000 for addition to and equipment for warehouse to be expended from Surplus Property Revolving account.

# VI. THE TAX LAWS

## Regular Session

Of the over 6,000 bills introduced in the regular session of the 1971 Legislature, some 440 (exclusive of companion bills) were bills relating to taxes. These tax bills were digested, as they were introduced, in the first 18 issues of our 1971 weekly Legislative Bulletin.

Of the 966 bills actually enacted into law, 103 related to taxes. Many of these 103 enactments made "housekeeping" or procedural changes in existing tax laws. There were some substantive changes.

The following is a synopsis of the tax laws enacted in the regular session of the 1971 Legislature, grouped by type of tax:

### Bank Excise Tax

Laws 1971, Chapter 34 repeals M.S., Sec. 290.361, Subd. 3, which provided that Minnesota adopted federal method numbered 4 (net income) as the method to be used in taxing national banks. Effective January 1, 1972.

Chapter 759<sup>1</sup> amends M.S., Sec. 290.361, Subd. 4 to provide that the revenues derived from the bank excise tax shall be credited to the general fund (instead of to a special fund), and that political subdivisions receiving apportionments may place such amounts to the credit of their general funds. The amendment also provides that for purposes of apportionment and distribution, the tax shall be deemed to have been paid to the Commissioner of Taxation on the last date for the filing of the return, or the date when the tax was received, whichever date occurs later.

### Cigarette and Tobacco Products Taxes

The tobacco products tax law was amended (M.S., Sec. 297.34, Subd. 5) to require all common carriers transporting tobacco products (instead of cigarettes) into the State to file reports of such shipments and to permit examination by the Commissioner of Taxation of their records relating to such shipments. (Laws 1971, Chap. 234)

Chapter 237 amends the tobacco products use tax law (M.S., Sec. 297.32, Subd. 2) to provide that the use tax shall not apply to the use or storage of tobacco products in quantities of not more (instead of less) than 50 cigars, 10 oz. snuff or snuff powder, or 1 lb. smoking or chewing tobacco.

Chapter 238 amends the cigarette tax law (M.S., Sec. 297.07, Subd. 4) to provide for a minimum penalty of \$10 for late payment of tax. It also amends the tobacco products tax law (Sec. 297.35, Subd. 5) to provide for a penalty of five percent per month up to a maximum of 25 percent, with a minimum penalty of \$10, for late payment of tax.

Chapter 239 amends the tobacco products tax law (M.S., Sec. 297.31, Subd. 6) to redefine the term "subjobber" of tobacco products as meaning any person, other than a manufacturer or distributor, who buys from a distributor tobacco products upon which the tax has been paid and sells them to persons other than ultimate consumers, and any licensed distributor who delivers, sells or distributes tobacco products upon which the tax has been paid from a place of

business other than that for which he has obtained his distributor's license.

The cigarette tax law was amended (M.S., Sec. 297.02, Subd. 1) to change the excise tax rate from 12 to 13 cents per pack.<sup>2</sup> (This was a Revisor of Statutes bill, to correct an inadvertent omission in Laws 1969, Chap. 879.) Effective retroactively as of May 29, 1969. (Chap. 428)

The tobacco products tax law was amended (M.S., Sec. 297.35, Subd. 3) to provide that any tobacco products tax due and owing after a final assessment order has been issued by the Commissioner of Taxation to the distributor or his legal representative, shall be paid within 30 days. (Chap. 502)

Chapter 748 repeals Laws 1969, Chap. 399, Sec. 37, which provided that 12½ percent of the revenues from the cigarette tax shall be credited to the natural resources fund. (This provision was in conflict with Laws 1969, Chap. 881, Sec. 14, which provides that 8.3 percent of the revenues from the tax shall be credited to such fund.)

### Deed Tax

The law imposing a tax on instruments of conveyance (deed tax) was amended (M.S., Sec. 287.22) to provide that deeds, instruments or writings in which the U.S. or any agency or instrumentality, or the State of Minnesota or any agency, instrumentality, or governmental or political subdivision, is the grantee or assignee, are not subject to the deed tax, even though there is a consideration. (Prior to the amendment, such instruments were excepted from the tax where there was no consideration or where the consideration did not exceed \$1,000.) (Chap. 835)

Chapter 838 amends M.S., Sec. 287.241 to provide that no deed or instrument subject to the deed tax shall be recorded in the office of the register of deeds or registrar of titles unless it is accompanied by a certificate of value by the grantor, grantee or his legal agent concerning the property transferred. Value, in the case of any deed not a gift, is defined as the amount of full actual consideration paid or to be paid, including the amount of any lien or liens assumed. The form of the certificate of value is to be prescribed by the Department of Taxation. The amendment also provides that the register of deeds or registrar of titles need not record such certificate but shall transmit two true copies of the certificate of value to the assessor who must insert the most recent adjusted market value of each parcel of the transferred property on both copies and transmit one copy to the Department of Taxation.

### Gasoline Tax

Laws 1971, Chapter 596 amends M.S., Sec. 296.421, Subd. 5 to remove the \$500,000 limitation on the amount of unrefunded tax paid on gasoline used for motor boat purposes to be distributed for park, public access, and boat and water safety purposes.

Chapter 673 amends M.S., Sec. 296.15, Subd. 1 to provide that if any person operates as a distributor, special fuel dealer, bulk purchaser or motor carrier without first securing the required license, the gasoline and special fuel tax and

<sup>1</sup> Amended by Article VI of Chapter 31, Extra Session Laws of 1971. (See Appendix A)

<sup>2</sup> Rate further increased by Article II of Chapter 31, Extra Session Laws of 1971. (See Appendix A)

inspection fee shall become immediately due and payable, that a penalty of 25 percent shall be imposed on the tax and fee due, and that the tax, fee and penalty shall bear interest at the rate of 6 percent per year. Effective July 1, 1971.

Chapter 750 amends M.S., Sec. 296.25, Subds. 1 and 2 to increase the maximum fine for violations of the petroleum tax laws to \$300 (instead of \$100). Effective for violations after the effective date of the Act.

Chapter 764 amends M.S., Sec. 296.18, Subd. 5 to provide that all claims for refunds of aviation gasoline and special fuel tax shall be made on or before April 15 (instead of March 1) following the end of the calendar year for which the refund is claimed.

Chapter 765 amends M.S., Sec. 296.18, Subds. 1 and 1a, to provide that claims for refund of tax on gasoline bought and used for any purpose other than use in motor vehicles, or on special fuel bought and used for any purpose other than use in licensed motor vehicles, filed within 15 days beyond the four months limitation period will be honored, less a penalty of 25 percent of the amount of the approved claim, and to provide that the postmark on the envelope in which the claim is mailed determines the date of filing. Chapter 765 also amends Sec. 296.18, Subd. 5 to provide that claims for refund of aviation gasoline and aviation special fuel taxes filed within 15 days beyond the due date (March 1 following the end of the calendar year for which the refund is claimed) will be honored, less a penalty of 25 percent of the amount of the approved claim. Effective July 1, 1971.

#### Gross Receipts Tax

The law imposing a five percent gross receipts tax on admissions to boxing and sparring exhibitions, and on the lease or sale of radio, motion picture and television rights therein, was amended (M.S., Secs. 341.05, 341.10, 341.11 and 341.12) to provide for collection of the tax by the Commissioner of Taxation (instead of by the State Athletic Commission). Other provisions. (Chap. 792)

#### Income Taxes

The Minnesota Income Tax Act (M.S., Chap. 290) was amended (M.S., Sec. 290.06) to provide that in computing the dollar amount of items on the income tax return and accompanying schedules, such money items may be rounded off to the nearest whole dollar amount, disregarding amounts of less than 50 cents, and increasing amounts of 50 cents to 99 cents to the next highest dollar. (Laws 1971, Chap. 35)

Section 290.93, Subd. 5 of the Act was amended to extend to March 1 (instead of February 15) the date by which farmers may file state income tax returns in lieu of declarations of estimated tax. (Chap. 36)

Section 290.50, Subd. 5 of the Act was amended to authorize the Commissioner of Taxation, in the situation where a taxpayer and his spouse have filed a joint return for the taxable year and overpaid the tax, to credit the amount of such overpayment against any previous liability for state income tax on the part of either spouse. (Chap. 37)

The Act was amended (M.S., Sec. 290.45, Subd. 1) to provide that the state income tax shall be paid to the Commissioner of Taxation at St. Paul. (The purpose of this amendment is to make it clear that payments of tax should not be made at the district offices throughout the State. (Chap. 38)

Section 290.37, Subd. 1 of the Act was amended to liberalize the requirements for the filing of state income tax

returns by individuals. The amendment requires the filing of returns by single individuals whose gross income exceeds \$1,000 (instead of \$750), by married individuals whose gross income or combined gross income exceeds \$1,800 (instead of \$1,500), and by guardians of infants and incompetents if the infant's or incompetent's gross income exceeds \$1,000 (instead of \$750). (Gross income filing requirements for executors or administrators of estates, trustees or other fiduciaries, corporations and receivers, trustees in bankruptcy or assignees, remain unchanged.) (Chap. 44)

The Act was amended (M.S., Sec. 290.65, Subd. 6) to provide that in determining the portion of income received by individuals for personal services in the armed forces of the U.S. which may be excluded from gross income in computing the Minnesota income tax, the term "United States" includes Alaska and Hawaii (which theretofore had been specifically excluded). (Chap. 45)

Section 290.38 of the Act was amended to provide that where a husband and wife have elected to file a single income tax return jointly or to file separate returns, and later desire to change their election, such change shall be done in the manner and on such form as the Commissioner of Taxation shall prescribe by regulation. (Chap. 54)

The Act was amended (M.S., Secs. 290.56, Subd. 1 and 290.92, Subd. 14) to extend the investigatory powers of the Commissioner of Taxation in connection with audits of income and withholding taxes, to permit such power to be utilized in connection with the collection of such taxes. (Chap. 55)

Section 290.934 of the Act was amended to provide that where a corporation fails to file a declaration of estimated income tax, the period of underpayment, for penalty purposes, commences to run from the four installment dates set forth in the Act (the 15th day of the 3rd, 6th, 9th and 12th months of the taxable year) and terminates on the 15th day of the 3rd month following the close of the taxable year or the date when the tax is paid, whichever is earlier. (Chap. 96)

Section 290.37, Subd. 1 of the Act was amended to liberalize the requirements for the filing of state income tax returns by individuals 65 or over and by blind individuals. The amendment requires the filing of returns by unmarried individuals who have attained age 65 before the close of the taxable year if their gross income exceeds \$1,900 (instead of \$750), by married individuals living with husband or wife where one has attained age 65 before the close of the taxable year if the combined gross income of himself and his spouse exceeds \$2,400 (instead of \$1,500), and by married individuals living with husband or wife where both have attained age 65 if the combined gross income of both exceeds \$2,900. The amendment also requires the filing of returns by unmarried individuals who are blind at the close of the taxable year if their gross income exceeds \$1,900 (instead of \$750), by married individuals living with husband or wife where one is blind at the close of the taxable year if the combined income of himself and his spouse exceeds \$2,500 (instead of \$1,500), and by married individuals living with husband or wife where both are blind at the close of the taxable year if the combined gross income of both exceeds \$3,100. (Chap. 101)

The Act was amended (M.S., Sec. 290.92, Subd. 7, and by adding a new Subd. 19) to provide that an employer shall not be required to deduct and withhold Minnesota income tax upon a payment of wages to an employee, where the employee furnishes the employer with a withholding exemption certificate certifying that the employee incurred no liability for such



tax for the preceding taxable year and anticipates that he will incur none for the current taxable year. (Chap. 147)

Section 290.17 of the Act was amended to provide that income or gains from intangible personal property wherever held, whether in trust or otherwise, shall be assigned to Minnesota if the recipient of such income or gains is domiciled within the State, or if the grantor of any trust is domiciled within the State and such income or gains would be taxable to such grantor under M.S., Secs. 290.28 or 290.29. (Chap. 152)

The Act was amended to consolidate in M.S., Sec. 290.01, Subd. 20 all modifications to federal adjusted gross income necessary to arrive at the proper Minnesota gross income for individuals, estates and trusts. Modifications were added to support the requirements of other sections of Chap. 290. The added modifications increasing federal adjusted gross income are: (1) losses which do not arise from events or transactions assignable to Minnesota under M.S., Sec. 290.17 to 290.20; (2) the amount of any federal income tax overpayment for any previous taxable year, received as a refund or credited to another taxable year's income tax liability, proportionate to the percentage of federal income tax that was claimed as a deduction in determining Minnesota income tax for such previous taxable year; and (3) in the case of a move from Minnesota to another state, the amount of moving expenses which exceed total reimbursements and which were therefore deducted in arriving at federal adjusted gross income. The added modifications reducing federal adjusted gross income are: (1) income which does not arise from events or transactions assignable to Minnesota under M.S., Secs. 290.17 to 290.20; (2) losses, not otherwise reducing federal adjusted gross income assignable to Minnesota, arising from events or transactions assignable to Minnesota under M.S., Secs. 290.17 to 290.20; (3) if included in federal adjusted gross income, the amount of any overpayment of income tax to Minnesota, or any other state, for any previous taxable year, whether such amount is received as a refund or credited to another taxable year's income tax liability; (4) the amount of any pension or benefit received from the U.S. or from the State of Minnesota, or any of its subdivisions, which is excluded from gross income under Sec. 290.08, Subd. 6; and (5) the amount of compensation for personal services in the armed forces of the U.S. or the United Nations which is excluded from gross income under Sec. 290.65. (Chap. 206)

The Act was amended (M.S., Sec. 290.985) to provide that a claim for rent credit, under the Tax Reform and Relief Act, must be filed not later than the due date specified in M.S., Sec. 290.42 for filing regular income tax returns (April 15 in the case of a calendar year return; the 15th day of the 4th month following the close of the fiscal year, in the case of a fiscal year return; etc.). (Chap. 347)

Section 290.10 of the Act was amended to provide that in computing net income for Minnesota income tax purposes, no deduction shall be allowed for the amount of taxes imposed on self-employment income under Sec. 1401 of the Internal Revenue Code, as amended, which would have been imposed on the same amount of income if such income had been treated as wages from employment and subject to tax under the provisions of Sec. 3101 of the Internal Revenue Code of 1954, as amended. (Chap. 432)

The Act was amended (M.S., Secs. 290.38 and 290.39) to permit a husband and wife to file separate state income tax returns on a single form. The amendment provides that in that event, if the sum of the payments by one spouse, including withheld and estimated taxes, exceeds the amount of tax due,

the excess may be applied by the Commissioner of Taxation to the credit of the other spouse, and that if the sum of the payments by both spouses exceeds the total of the taxes due, refund of the excess may be made payable to both spouses or credited against any income tax liability of either spouse. The amendment also provides that if the standard deduction is not utilized, the total of the itemized deductions may be taken by either spouse or divided between them as they elect. The single form may not be used if either spouse is a nonresident. Applicable to taxable years beginning after December 31, 1970. (Chap. 445)

Section 290.92 of the Act was amended (by adding a new Subd. 20) to provide for voluntary withholding of state income taxes on annuity payments. The amendment also authorizes the Commissioner of Taxation to provide for withholding from remuneration for services performed by an employee for his employer which does not constitute wages, and from any other type of payment with respect to which the Commissioner finds that withholding would be appropriate, if the persons making and receiving payment agree to such withholding. (Chap. 510)

The Act was amended (M.S., Sec. 290.988, Subds. 2 and 3) to increase to six (instead of four) percent the interest rate to be charged on assessments of additional state income tax due to disallowance of fraudulent or excessive claims for rent credit. (Chap. 511)

Section 290.13, Subd. 9 of the Act was amended to delete the requirement that the old residence sold by the taxpayer must have been used by him as his principal residence "in this state" and that the new residence purchased by him within one year from the date of sale of the old residence must be used by him as his principal residence "in this state", to entitle him to deferment of the capital gains tax. (Chap. 512)

The Act was amended (M.S., Sec. 290.92, Subd. 6) to provide that if the aggregate amount of income tax withheld by an employer during either of the first two months of any quarter exceeds \$100 (instead of \$25), the employer must deposit such aggregate amount with the Commissioner of Taxation by the 15th day of the following month. (Chap. 514)

The Act was amended (M.S., Sec. 290.972, Subd. 1) to provide that only those small business corporations subject to the Act, and its shareholders, may elect to have the corporation and its shareholders taxed as though the corporation were a partnership. (Chap. 566)

Section 290.92 of the Act was amended (by adding a new Subd. 21) to provide that any supplemental unemployment compensation benefit paid to an individual (to the extent includable in his Minnesota adjusted gross income) shall be treated as if it were a payment of wages by an employer to an employee for a payroll period, and hence subject to withholding. Applicable to payments made on or after July 1, 1971. (Chap. 729)

Section 290.17 of the Act was amended to provide guidelines for determining whether intangible property is employed in a unitary business carried on partly within and partly without the State so that income derived therefrom is subject to apportionment for state income tax purposes. The amendment provides in effect that if the intangible property is not clearly utilized in the business activity carried on both within and without the State, then the burden is on the taxpayer to demonstrate that it should be assigned outside the State. (Chap. 730)

The Act was amended (M.S., Sec. 290.16, Subds. 4, 5 and 6) to repeal the language relating to capital gains and losses of

individuals. (Under the concept of federal adjusted gross income as the basis for taxation of individuals, the computation of capital gains and losses is made under the Internal Revenue Code and not under the state statute.) The amendment also deletes the provision of the Act permitting corporations to claim capital losses up to the amount of their net income or \$1,000, whichever is smaller. (Under the Internal Revenue Code, corporations may offset capital losses only against capital gains sustained in the same taxable year. The deletion leaves the state and federal provisions identical.) The amendment also rewrites the law re corporation capital loss carrybacks and carryovers. Applicable to taxable years beginning after December 31, 1970. (Chap. 758)

The Act was amended (M.S., Sec. 290.07, Subd. 5) to eliminate as superfluous (inasmuch as the concept of federal adjusted gross income covers this matter) the provision of the Act that if an individual elects to utilize the installment method of reporting gain from the sale of intangible personal property, and moves from the State, he must accrue the gain in its entirety in the last return he files as a Minnesota resident. (Chap. 761)

The Act was amended (M.S., Sec. 290.01, Subd. 20) to provide that for each of the taxable years beginning after December 31, 1960 and ending prior to January 1, 1971, the term "gross income" in its application to individuals, estates and trusts, shall mean the adjusted gross income as computed for federal income tax purposes as defined in the Internal Revenue Code of 1954, as amended for the applicable taxable year, with the modifications specified. The amendment also directs the Revisor of Statutes to change the phrase "Internal Revenue Code" or "Internal Revenue Code of 1954", wherever it appears in the Minnesota Income Tax Act, to read "the Internal Revenue Code of 1954, as amended through December 31, 1970." (This serves to adopt all federal amendments from 1961 through 1970 and thus give effect to the law as defined and administered by the Department of Taxation prior to the decision of the Supreme Court in the case of *Wallace v. Commissioner of Taxation*.) (Chap. 769)

The Act was amended (M.S., Sec. 290.01, Subd. 20) to provide that the term "gross income" in its application to individuals, estates and trusts, means the adjusted gross income as computed for federal income tax purposes as defined in the Internal Revenue Code of 1954, as of January 1, 1971 (instead of as defined in the laws of the U.S. for the taxable year), with the modifications specified. (See also Chapter 769 above). (Chap. 771)

New legislation was enacted (Chap. 788) which provides that no person who prepares, aids in the preparation, consults with respect to or reviews a state or federal income tax return for another person, corporation, partnership, association or other taxpayer shall divulge any particulars of such return, except to authorized employees of the Department of Taxation or of the Internal Revenue Service in the course of an examination, without the written permission of such person, corporation, partnership, association or other taxpayer or the legally appointed representative of such taxpayer if such taxpayer is deceased, incompetent or otherwise unable to give such consent. The prohibition is not applicable to disclosure by an employee of the Department of Taxation or of the Internal Revenue Service to other employees of such Department or Service where such disclosure is necessary for the effective administration of the tax laws of the State or the federal government. Violation of the provisions of the Act constitutes a gross misdemeanor.

Chapter 794 amends Sec. 290.06, Subd. 9 of the Act to broaden the definition of pollution control equipment, a percentage of the cost of which is allowable as a credit against state income tax, to include equipment installed and operated within the State exclusively to prevent pollution of land (as well as air or water). It also amends Sec. 290.06 by adding a new Subd. 9a to provide for a credit against state income tax, in the taxable year in which the equipment is purchased, of 10 percent of the net cost of pollution control and abatement equipment, including but not limited to, lagoons, aerating equipment, concrete storage pits, slurry handling equipment, and other equipment and devices approved by the Pollution Control Agency, purchased, installed and operated within the State by a feedlot operator to prevent pollution of air, land or water in connection with the operation of a livestock feedlot, poultry lot or other animal lot. No deduction may be taken for any portion of the cost of the same equipment pursuant to Subd. 9. The credits provided for in the new subdivision and in Subd. 9 terminate on December 31, 1976. Effective for taxable years commencing after December 31, 1970.

The Act was amended (M.S., Sec. 290.05) to require certain corporations, individuals, estates, trusts and organizations claiming exemption from state income tax (fraternal beneficiary associations, labor and agricultural organizations, farmers' cooperative associations, charitable corporations and associations, business leagues and commercial clubs, clubs organized for recreation or other non-profitable purposes, corporations organized by an exempt association for the purpose of financing crop operations of members, voluntary employees' beneficiary associations, etc.) to furnish information as to their exempt status under the Internal Revenue Code, and to require them to file with the Commissioner of Taxation a copy of any annual report that is required to be filed with the Internal Revenue Service, no later than 10 days after filing the same with the Internal Revenue Service. The amendment also provides that in the event the Internal Revenue Service revokes, cancels, or suspends the exempt status of any such corporation, individual, estate, trust or organization, it must notify the Commissioner in writing of such action within 90 days after receipt of notice from the Internal Revenue Service. Effective for all years beginning after December 31, 1971. (Chap. 802)

Net legislation (Chap. 944) was enacted which allows as a credit against state income tax, the amount paid per student to others for education costs (tuition, classroom instructional fees, and textbooks) incurred in non-public elementary and secondary schools in the State. The amount allowed during the calendar years 1971 and 1972 shall not exceed \$100 per pupil unit. The amount allowed in the calendar year 1973 and thereafter shall not exceed the percent of the average state foundation aid per pupil unit in average daily attendance for Minnesota public elementary and secondary schools in relation to the average state aid local maintenance cost per pupil unit in average daily attendance in the public schools for the same calendar year. The tax credit per pupil unit is to be calculated by dividing the Minnesota public elementary and secondary school foundation aid payment per pupil unit in average daily attendance (based on State Department of Education adjustments) of the same calendar year the credit is claimed, by the same average foundation aid from the previous year, and multiplying this by the tax credit per pupil unit allowed in 1971 and 1972 (\$100). The resulting figure is the maximum tax credit per pupil unit allowable. If the allowable amount of the claim exceeds the state income tax otherwise due on

claimant's income or if no state income tax is due, the amount of the claim not used as an offset against income tax is to be refunded. The claim for credit must be filed on or before the due date specified in M.S., Sec. 290.42 for filing regular income tax returns (April 15 in the case of a calendar year return; the 15th day of the 4th month following the close of the fiscal year, in the case of a fiscal year return; etc.). In effect for taxable years beginning on and after December 31, 1970.

#### **Inheritance, Estate and Gift Taxes**

The inheritance tax law was amended (M.S., Sec. 291.07, Subds. 1 and 2 and by adding a new Subd. 3), to provide that in determining the Minnesota inheritance tax, a deduction shall be allowed for state and federal income taxes on "income in respect of a decedent". The amendment specifies how the state and federal taxes allowed as deductions shall be computed. Effective for all deaths occurring after June 30, 1970. (Laws 1971, Chap. 513)

Chapter 749 amends the inheritance tax law (M.S., Sec. 291.33) to provide for payment to the counties wherein probate proceedings have been had or, if no probate proceedings have been required, wherein are located the probate courts that would have had venue had there been assets of decedents subject to probate, of 20 percent of the net amount of inheritance and Minnesota estate taxes collected. (Under the law before amendment, no part of the inheritance taxes was apportioned to a county where all assets were non-probate assets.) Effective for all fiscal years beginning after June 30, 1971.

The estate tax law was amended (M.S., Sec. 291.34) to provide that where the decedent was a nonresident with property subject to Minnesota estate tax, the amount of tax shall be in the same proportion of the maximum tax as the value of the property taxable in Minnesota bears to the value of the entire estate subject to the federal estate tax. Effective for all deaths occurring after June 30, 1971. (Chap. 756)

Chapter 757 amends the inheritance and gift tax laws pertaining to the taxation of disclaimed interests (M.S., Secs. 291.111 and 292.031) to permit disclaiming only in accordance with the provisions of M.S., Secs. 501.211 and 525.532, unless there has been a renunciation of a will by a surviving spouse, or a court decree settling either a will contest or a contest over a gift, or, in the case of a joint bank account or certificate of deposit, the proceeds are included in the inventory of the decedent's estate.

Chapter 768 amends Sec. 291.11, Subd. 2 of the inheritance tax law to provide that the rule, method and standard of mortality and value employed by the Commissioner of Internal Revenue in determining valuation for federal estate tax purposes shall be applicable to transfers taxable under the state inheritance tax law. It also amends Sec. 291.23 to provide that except as provided in M.S., Sec. 291.09, the applicable federal valuation date or dates provided in Sec. 2032 of the Internal Revenue Code, shall be applicable to such transfers. It also amends Sec. 292.03, Subd. 2 of the gift tax law to make the above provisions applicable to the valuation of gifts of estates dependent upon any life. Applicable in all cases where death occurs after December 31, 1970. (Re-enactment of these provisions was deemed necessary by the Department of Taxation in view of the decision of the Supreme Court in *Wallace v. Commissioner of Taxation*.)

Chapter 789 amends M.S., Secs. 3A.08, 136.84, 291.065, 352.15, 353.15, 354.10, 354.231 and 422.20, to provide that

state legislators' retirement benefits and allowances, state college and junior college employee retirement benefits, employee retirement annuities, state employee retirement benefits, public employee retirement benefits, teacher retirement benefits and retirement allowances to employees of cities of the first class, shall be exempt from state inheritance tax only if transferred to a surviving spouse or minor or dependent child of the decedent or a trust for their benefit. Applicable only to transfers made on and after July 1, 1971.

#### **Insurance Gross Premiums Tax**

The insurance gross premiums tax law was amended (M.S., Sec. 60A.15, Subds. 1 and 2 and by adding a new Subd. 2a) to provide for payment by insurance companies of their two percent gross premiums taxes in quarterly installments of total estimated tax for the current year, with installment payments to be made on or before April 15, June 15, September 15 and December 15 of each year following December 31, 1971. The amendment provides for payment of the taxes for 1971 in two installments — on or before July 1, 1971 and on March 1, 1972. It provides for the filing of annual returns for the preceding year, with adjustments for underpayments or overpayments of estimated tax, on or before March 1. (Chap. 575)

#### **Motor Vehicle Excise Tax**

New legislation (Chap. 853) was enacted which imposes an excise tax at the rate of three percent<sup>1</sup> on the purchase price of any motor vehicle purchased or acquired, either in or outside of the State, which is required to be registered under the laws of this State. The Act exempts (1) purchase or use of any motor vehicle by the U.S. and its agencies and instrumentalities, the State and its agencies, instrumentalities and political subdivisions, gross earnings taxpayers,<sup>2</sup> airline companies subject to the airflight property tax,<sup>2</sup> charitable, religious and educational organizations, and purchasers who are assisted by grants from the U.S. in accordance with 38 U.S. Code, Sec. 1901, as amended; and (2) purchase or use of any motor vehicle by a nonresident at least 60 days before he moves to Minnesota. The tax is to be collected by the Motor Vehicle Registrar as an agent of the Commissioner of Taxation. All moneys collected are to be allocated monthly to the Commissioner of Taxation and distributed in the same manner as the sales and use taxes. The Act exempts the sale or use of motor vehicles from the sales and use taxes. Other provisions. Effective January 1, 1972.

#### **Motor Vehicle Registration Tax**

New legislation (Laws 1971, Chap. 49) was enacted to provide for annual proportionate registration and taxation, under the motor vehicle registration tax law, of fleets of rental trucks operated within and without the State. The number of rental trucks required to be registered in the State is to be determined by dividing the total number of miles traveled within the State during the preceding calendar year by all rental trucks by the total number of miles traveled both within and without the State by all rental trucks, and applying the percentage figure thus arrived at to the total number of rental trucks. The number of rental trucks thus determined is to be

<sup>1</sup> Rate increased by Arts. I and V of Chap. 31, Extra Session Laws of 1971. (See Appendix A)

<sup>2</sup> Exemption removed by Arts. I and V of Chap. 31, Extra Session Laws of 1971. (See Appendix A)

the number deemed to be domiciled within the State and subject to registration and taxation. The Act also provides for annual proportionate registration and taxation of fleets of rental trailers. The number of rental trailers required to be registered in the State is to be a number equal to the average number of rental trailers operated in and through the State during the preceding calendar year. The number of rental trailers thus determined is to be the number of rental trailers deemed to be domiciled within the State and subject to registration and taxation.

The motor vehicle registration tax law was amended (M.S., Sec. 168.031) to exempt from tax the motor vehicle of any disabled war veteran which has been furnished free, in whole or in part, by the U.S. government. The amendment also eliminates the requirement that such motor vehicle must be especially equipped for said disabled veteran. (Chap. 83)

Chapter 457 amends the motor vehicle registration tax law by adding a new Sec. 168.187 which authorizes reciprocal agreements with other states for proportional registration and taxation of motor vehicles operated in more than one state and used for transportation of persons for hire, or designed, used or maintained primarily for transportation of property. The Act creates a Motor Vehicle Reciprocity Commission to administer the Act. Effective September 1, 1971, for the year 1972 and subsequent years.

Chapter 700 amends M.S., Sec. 168.013 of the motor vehicle registration tax law by adding a new Subd. 18 to subject to motor vehicle registration taxation, school buses used exclusively for transportation of students under contract with a school district, or used in connection with transportation for nonprofit educational institutions. Each bus is taxed \$5 per year during each year of its vehicle life. Effective January 1, 1972.

New legislation (Chap. 734) was enacted which imposes a tax of \$1 on the transfer (other than transfers for resale purposes) of every motor vehicle, new or used, weighing more than 1,000 pounds, the title of which is transferred within the State. The tax is to be collected by the Motor Vehicle Registrar, and no registration plates or certificates are to be issued by him unless the tax is paid by the applicant. The tax does not apply to: (1) vehicles which have been previously registered and the applicant for registration is the same person in whose name the registration had previously been issued; (2) vehicles subject to the conditions specified in M.S., Sec. 297A.25, Subd. 1, clauses (j), (l), (m), and (n); (3) common carrier vehicles engaged in interstate commerce; or (4) vehicles purchased or used by a person who was a resident of another state at the time of the purchase and who subsequently becomes a resident of Minnesota, where the purchase occurred more than 60 days prior to the date such person moved his residence to Minnesota. The proceeds of the tax are to be paid into the state treasury. Other provisions. Effective January 1, 1972.

Chapter 754<sup>1</sup> amends M.S., Secs. 168.011, Subd. 25, and 168.013, Subd. 1, of the motor vehicle registration tax law to revamp the motor vehicle registration tax schedule for recreational vehicles. It provides for a graduated tax during the first three years of vehicle life, running from \$5 on a vehicle with a gross weight of 0-1,500 pounds to \$120 for a vehicle with a gross weight of 21,001-24,000 pounds, with an additional tax of \$20 for each ton or fraction thereof in excess

of 24,000 pounds. It provides that during each of the 4th, 5th and 6th years of vehicle life of recreational vehicles weighing 1,501 pounds or more, the tax shall be 75 percent of the scheduled tax; during each of the 7th, 8th and 9th years, 50 percent; and during each succeeding year, 25 percent. The tax in no case is to be less than \$12 on a vehicle with a gross weight of 6,000 pounds or less, and not less than \$20 on a vehicle with a gross weight in excess of 6,000 pounds, and there is no reduction in tax on recreational vehicles with gross weights of less than 1,501 pounds. Chapter 754 also provides that the annual tax on slip-in campers shall be as provided for recreational vehicles unless the owner elects to register the camper as a truck, in which case the tax shall be either the tax imposed for recreational vehicles or the tax imposed for trucks, whichever is higher. Effective November 15, 1971, for the year 1972 and subsequent years.

#### Property Taxes

Laws 1971, Chapter 63 amends M.S., Secs. 272.12 and 272.14, to provide that when a deed or other instrument conveying land is presented to the county auditor for transfer, he shall ascertain from his records if there are taxes delinquent (instead of due) upon the land; that if there are taxes delinquent, he shall certify to the same; and that upon payment of such taxes, or in case no taxes are delinquent, he shall transfer the land upon the books of his office and note upon the instrument the words "no delinquent taxes and transfer entered" (instead of "taxes paid and transfer entered"). Chapter 63 also repeals M.S., Sec. 272.13, which required the county treasurer to certify that the current taxes were paid before the county auditor endorsed his certificate upon the instrument. (The effect of these amendments is to permit the recording of a deed or other instrument conveying land, without payment of the current taxes.)

Chapter 225 amends M.S., Sec. 272.69, Subds. 1 and 2, to change the date for listing with the Commissioner of Taxation of items of tangible personal property by persons engaged in the business of leasing such items, to not later than February 15 (instead of June 1), and provides that the listing shall include all items owned by the lessor and in the possession of the lessee as of January 2 (instead of May 1).

Chapter 376 amends M.S., Sec. 272.68, Subd. 1, to provide that if accrued taxes and unpaid assessments on property acquired by the State or political subdivision are not paid by the acquiring authority as required by law, the State Auditor shall withhold from any funds thereafter to be distributed by him to the acquiring authority, an amount equal to such accrued taxes and unpaid assessments, and pay over such diverted funds to the county treasurer of the county in which the acquired property is located, in payment of such accrued taxes and unpaid assessments.

Chapter 427<sup>2</sup> amends pertinent property tax statutes (M.S., Secs. 124.03, Subd. 2; 270.074; 273.11; 273.12; 273.13, Subds. 2, 3, 4, 5, 6, 7, 7a, 8a, 9, 13, 14 and 17; 273.135, Subd. 1; 273.15; 273.37, Subd. 2; 273.38; 273.40; and 273.49) to eliminate the use of adjusted market value in assessing property and provide that all enumerated classes of property shall be valued and assessed at the stated percentages of market value. It also repeals Sec. 272.03, Subd. 12. Chapter 427 also adds a new Sec. 273.1101 to provide that notwithstanding the provisions of any statute, special law or city

<sup>1</sup> Amended by Arts. I and V of Chap. 31, Extra Session Laws of 1971. (See Appendix A)

<sup>2</sup> Amended by Arts. IX, XXII, XXIII and XXX of Chap. 31, Extra Session Laws of 1971. (See Appendix A)

charter, all references in such provisions to "true and full" values, relating to the procedure of boards of review and equalization, and to certifications by assessors and other public officers, shall be construed as referring to the current market values as determined in assessment. It also adds a new Sec. 273.1102 to provide that the rate of property taxation by any political subdivision or other public corporation for any purpose for which any law or charter now provides a maximum tax rate expressed in mills times assessed value or times full and true value of taxable property, shall not exceed one-third of such maximum tax rate until or unless such law or charter is amended to provide a different maximum tax rate; and that net debt incurred by any political subdivision or other public corporation for which any law or any charter provision provides a limit expressed as a percentage of assessed value or full and true value of taxable property, shall not exceed one-third of such limit until or unless such law or charter is amended to provide a different limit. And it adds a new Sec. 273.1104 to provide that the term "value" as applied to iron ore in Secs. 273.13, Subd. 2 and 273.15, shall be deemed to be three times the present value of future income. Effective for taxes payable in 1973 and thereafter and for tax rate limits and net debt limits based on the assessment of property made in 1972 and thereafter.

New legislation (Chap. 434) was enacted which provides for review by the county assessor of the assessment appraisal records of each local assessor any time after January 15 of each year. It provides that the county assessor shall immediately give notice to the governing body of the taxing district of any deficiencies in assessment procedures with respect to the quantity or quality of the work done as of that date and indicating corrective measures to be undertaken and effected by the local assessor. It provides that if deficiencies are not corrected within 30 days, the county assessor, with the approval of the county board, shall collect the necessary records from the local assessor and complete the assessment. Chapter 434 also provides that assessment districts shall complete their assessment appraisal records on or before May 1, that the records shall be delivered to the county assessor as of that date, and that any work which is the responsibility of the local assessor which is not completed by May 1 shall be completed by the county assessor. Chapter 434 also amends M.S., Sec. 274.01 to change the date by which the county assessor must give notice of the dates set for board of review meetings to May 15 (instead of May 1). Not applicable to cities or villages whose assessors have the powers and duties of a county assessor pursuant to Sec. 273.063. Effective for the 1972 and subsequent assessments.

Chapter 489 amends M.S., Secs. 273.11 and 273.12 to provide that in valuing platted real property which is vacant, an individual lot shall not be assessed in excess of the assessment of the land as if it were unplatted until the lot is improved with a permanent improvement all or a portion of which is located upon the lot, or for a period of three years after final approval of the plat, whichever is shorter. It provides further that when a lot is sold or construction begun, the assessed value of that lot or any single contiguous lot fronting on the same street shall be eligible for reassessment.

Chapter 499 amends M.S., Sec. 272.50 to change the tax lien date for personal property from May 1 to January 2 to conform to the change in assessment date for personal property made by Laws 1969, Chap. 709.

Chapter 564 amends the statutes governing assessment and equalization procedures (M.S., Secs. 270.11, Subds. 1 and 2;

270.12; 270.13; 273.01; 274.01; 274.04; 274.13; 274.14; and 274.16) to change a number of the dates set forth therein. It advances to April 1 (instead of May 1) the date by which the county assessor must give written notice of the dates when the local boards of review in his county shall meet, and provides that such meetings shall be held between May 1 (instead of June 1) and June 30 (instead of July 15). It advances to the first Monday in May (instead of July) the date by which the assessors must return their assessment books to the county auditor, and to the fourth Monday in June (instead of August) the date by which county assessors in counties where county auditors have elected to come under the provisions of M.S., Sec. 273.03, Subd. 2, must submit their recapitulations. It advances to July 1 (instead of the third Monday in July) the date when county boards of equalization shall meet, and to July 15 (instead of the third Monday in August) the date when such boards shall adjourn. It advances to August 1 (instead of the fourth Monday in August) the date by which the county auditors' abstracts of real and personal property, as equalized by the county boards of equalization, shall be filed with the Commissioner of Taxation. And it advances to August 15 (instead of the second Tuesday in September) the date on which the State Board of Equalization shall meet, and to October 15 (instead of November 15) the date by which copies of the record of all proceedings of the Commissioner of Taxation affecting any change in assessed valuation of any property, as revised by the State Board of Equalization, must be mailed to the county auditors. Chapter 564 also provides that real property shall be listed and assessed every odd (instead of even) numbered year, and that with certain exceptions all assessments shall be completed two weeks prior to the date scheduled for the local board of review. The provision as to assessing real property in the odd-numbered year and completion of assessments is effective January 1, 1973. The other provisions are effective January 1, 1972.

Chapter 569 amends M.S., Sec. 272.67 by adding a new Subd. 8 to provide that when a city, village or borough divides its area into an urban service district and a rural service district, constituting separate taxing districts for the purpose of all municipal property taxes except those levied for the payment of bonds and judgments and interest thereon, the rural service district may include platted parcels of land which the governing body determines to be rural in character and not developed for urban residential, commercial, or industrial purposes. The amendment provides that wherever any lot or portion of a platted parcel which is included in the rural service district is developed for commercial, industrial or urban residential purposes, or basic urban services such as sewer, water, or street improvements are extended to any such lot or portion, the governing body shall transfer the entire platted parcel to the urban service district. And it provides that the governing body of such city, village or borough shall annually review the tax ratio applicable to such platted parcels as determined under Subd. 2 of Sec. 272.67, and shall annually review the status of all such platted parcels to determine whether such parcels continue to qualify for inclusion in the rural service district.

Chapter 570 amends M.S., Sec. 272.02 to provide that property owned, leased or used by any public elementary or secondary school district for a home, residence or lodging house for any teacher, instructor, or administrator shall not be entitled to exemption from ad valorem property taxation. Effective from and after January 1, 1972.

Chapter 658 amends M.S., Sec. 280.11 to provide that where land has been bid in for the State in tax judgment sale



proceedings, no state assignment certificate may be given after January 1, 1972.

Chapter 670 amends M.S., Sec. 270.06 to authorize the Commissioner of Taxation to promulgate rules and regulations for the administration and enforcement of the property tax, and to provide that such rules and regulations shall have the force and effect of law.

New legislation (Chap. 684) was enacted which provides that a mortgagee or a vendor on a contract for the conveyance of real property who pays all or any portion of taxes levied upon real property in this State with moneys supplied for that purpose by the mortgagor or contract vendee shall notify the mortgagor or contract vendee in writing each year during the term of the mortgage or contract of the final annual payment of property taxes payable that year within 90 days after such payment shall enclose with the notice a copy of the statement for such taxes or a statement containing the same information appearing on such tax statement. The Act provides further that where the tax statements are not provided to the mortgagee or the contract vendor, the county shall send out a copy of the statement to the mortgagor or contract vendee.

Chapter 742<sup>1</sup> amends M.S., Sec. 273.135, Subd. 3 to provide that the amount of reduction in property taxes afforded home owners in the tax relief areas on the Iron Range shall in no event exceed \$190.

Chapter 747<sup>2</sup> amends M.S., Sec. 273.13, Subd. 7 to provide that where the full and true value of real property used for the purposes of a homestead by a blind person or paraplegic veteran exceeds \$8,000, the amount in excess shall be valued and assessed at 33-1/3 percent in the case of agricultural land and 40 percent in the case of all other real estate (instead of 40 percent in both cases). Effective January 2, 1972.

Chapter 775 amends M.S., Sec. 282.08, to provide that the balance of the net proceeds from tax forfeited land sales, after payment of special assessments, bond issues, etc., shall be apportioned 40 percent to the county (instead of 10 percent to the State and 30 percent to the county), 20 percent to the town, village or city, and 40 percent to the school district.

Chapter 778 amends M.S., Sec. 272.67, Subd. 1 to provide that in proceedings for annexation, incorporation, or consolidation of a municipality, the Minnesota Municipal Commission may by order divide the municipality into an urban service district and a rural service district, which shall constitute separate taxing districts for the purpose of all municipal property taxes except those levied for the payment of bonds and judgments and interest thereon.

Chapter 790 amends M.S., Sec. 272.02 to provide that property owned or leased by, or loaned to, a hospital and used principally by such hospital as a recreational or rest area for employees, administrators, or medical personnel, shall not be entitled to exemption from ad valorem property taxation. Effective from and after January 1, 1971.

Chapter 791 amends M.S., Sec. 273.13 by adding a new Subd. 17b to provide that any structure located in a municipality of less than 10,000 inhabitants, which is owned by a non-profit or limited dividend entity and is used for housing for the elderly or for low or moderate income families as defined by Title II of the National Housing Act and financed by direct federal loan or federally insured loan pursuant to that Act, shall, for 15 years from the date of the

completion of the original construction, be assessed at five percent of its adjusted market value, if the fair market value as determined by the assessor is based on the normal approach to value using normal unrestricted rents.

Chapter 793 amends M.S., Sec. 276.11 to require the county treasurer to pay over to the treasurers of the local taxing districts all moneys received by him arising from property taxes levied and collected, as soon as practical (instead of within 90 days) after each settlement in February, May and October. (Interest accrues, however, if payment is not made within 90 days after the settlement date.)

Chapter 794 amends M.S., Sec. 272.02 to provide that exemption from ad valorem property taxation of real and personal property used primarily for the abatement and control of air or water pollution also applies to such property used primarily for the abatement and control of land pollution. Effective for taxable years commencing after December 31, 1970.

New legislation was enacted (Chap. 795) to provide that no mortgage, contract for deed, or deed conveying fee title to real estate can be recorded until the name and address of the taxpayer to whom future tax statements should be sent is printed, typewritten, stamped or written on it. This requirement is not applicable to instruments executed before January 1, 1972, nor to decrees, orders, judgments or writs of any court, wills or death certificates, nor to instruments executed or acknowledged outside the State.

Chapter 797<sup>3</sup> amends M.S., Sec. 273.13, Subd. 3 to provide that mobile homes shall be classified as class 2a property and shall be valued and assessed at 40 percent of the full and true value, with the tax determined by applying the rate of levy of the preceding year. The county treasurer is required to mail to the taxpayer a statement of the tax due not later than August 1 in the year of assessment. All unpaid taxes on mobile homes are deemed delinquent on September 1 in the year of assessment. Chapter 797 also amends M.S., Sec. 273.13, Subd. 7 to provide that mobile homes used for purposes of a homestead shall constitute class 3c property, and be entitled to the homestead classification (25 percent of the first \$4,000 of full and true value, and 40 percent of the balance). Other provisions. Effective for all taxable years beginning after December 31, 1971.

Chapter 821<sup>3</sup> amends M.S., Sec. 272.02 to provide that a taxable public utility (which is defined as a company, cooperative, public or private corporation, or any other group or individual, otherwise subject to ad valorem taxation, producing or furnishing electric power, transporting by pipeline gas or petroleum products, or a water supply company) shall not be entitled to the optional exemption from ad valorem property taxation of tools and machinery [category (b)] afforded taxpayers under the Tax Reform and Relief Act. Effective for the January 2, 1971 assessment which taxes are payable in 1972, and subsequent assessments.

Chapter 831 amends M.S., Sec. 273.11 to provide for the valuation of property, or the use thereof, which is subject to ad valorem taxation under Sec. 272.01, Subd. 2, or Sec. 273.19, at the market value of such property and not at the value of a leasehold estate in such property, or at some lesser value than its market value.

New legislation was enacted (Chap. 931) which provides that personnel employed as assessors or deputy assessors may take accredited courses of instruction at the University of

<sup>1</sup> Amended by Art. XXX of Chap. 31, Extra Session Laws of 1971. (See Appendix A).

<sup>2</sup> Amended by Art. XXII of Chap. 31, Extra Session Laws of 1971. (See Appendix A).

<sup>3</sup> Amended by Art. XXII of Chap. 31, Extra Session Laws of 1971. (See Appendix A).

Minnesota or any other college or institution conducting such courses, if application is made by or approved by the taxing district for which the assessor is employed, and by the Commissioner of Taxation, and have the tuition paid by the State. The Act appropriates \$80,000 to the Commissioner from the general fund for the purposes of the Act. Effective on July 1, 1971.

Chapter 932 amends M.S., Sec. 270.18, Subd. 1 to increase the amount in the Department of Taxation's permanent reassessment revolving fund from \$500,000 to \$1,000,000 and appropriates sufficient moneys from the general fund to increase the revolving fund to that amount.

#### **Sales and Use Tax**

New legislation (Laws 1971, Chap. 31) was enacted to provide that no sales or use tax shall be collected upon the sale of a motor vehicle to a nonresident purchaser where the tax has been paid to taxing authorities in the purchaser's state of residence by either the dealer or the purchaser during the period commencing August 1, 1967 and ending July 31, 1970.

The Sales and Use Tax Act was amended (M.S., Sec. 297A.41) to extend the investigatory powers of the Commissioner of Taxation in connection with audits of sales and use taxes, to permit such power to be utilized in connection with the collection of such taxes. (Chap. 35)

New legislation (Chap. 115) was enacted to provide that common carriers transporting property in interstate commerce by motor vehicle may register as retailers, and pay the sales or use tax that may be due for the acquisition of their mobile transportation equipment and parts and accessories, directly to the Commissioner of Taxation. The total cost of such equipment and parts and accessories is to be multiplied by a fraction, the numerator of which is the mileage operated during the past calendar year within the State and the denominator of which is the total mileage operated. The amount so determined is to be multiplied by the tax rate to disclose the tax due. Effective July 1, 1971.

Chapter 123 amends Sec. 297A.25, Subd. 1 of the Act to exempt from sales and use taxes, the gross receipts from the sale of an automobile or other conveyance if the purchaser (disabled veteran) is assisted by a grant from the U.S. in accordance with 38 U.S. Code, Sec. 1901, as amended. Effective July 1, 1971.

Chapter 124 amends Sec. 297A.24, Subd. 1 of the Act to exempt from sales and use taxes, the gross receipts from sales of building materials to be used in the construction or remodeling of residences when the construction or remodeling is financed in whole or in part by the U.S. in accordance with 38 U.S. Code, Secs. 801 to 805, as amended. The exemption is not to be effective at the time of sale of the materials to contractors, subcontractors, builders or owners, but is to be applicable only upon a claim for refund to the Commissioner of Taxation filed by recipients (disabled veterans) of the benefits provided in Title 38 U.S. Code, Chap. 21, as amended. Effective July 1, 1971.

Chapter 151 amends Sec. 297A.12 of the Act to provide that the purchaser of property which he rents out while holding for sale must include in his gross receipts subject to sales or use taxes the amount of rental charged, and that upon subsequent sale of such property he must include the entire amount of gross receipts received therefrom without deduction of amounts previously received as rentals.

Chapter 430<sup>1</sup> amends Sec. 297A.14 of the Act to provide that motor vehicles subject to use tax shall be taxed at the fair market value at the time of transport into the State if such motor vehicles were acquired more than three months prior to their transport into the State.

Chapter 446 amends Sec. 297A.35, Subd. 1 of the Act to provide that only those who pay sales or use taxes to the Commissioner of Taxation may file claims for refund. It also provides that the mailing of notices of allowance or disallowance of claims for refund of sales or use taxes shall be made to the addresses shown on the claims (instead of to the addresses shown on the returns).

Chapter 509 amends the Act (M.S., Secs. 297A.31; 297A.34, by adding a new Subd. 6; and 297A.35 by adding a new Subd. 4) to authorize the Commissioner of Taxation and the taxpayer to consent in writing to an extension of the time for the assessment of sales or use taxes, and provides that such extension of time also shall apply to the period within which a claim for refund may be filed or a refund may be made or allowed. It also amends Secs. 297A.34, Subd. 1 and 297A.35, Subd. 1 of the Act to delete the requirement that notices of tax assessment and notices of denial or allowance of claims for refund of tax must be made by certified or registered mail. Applicable to all returns in respect of which an assessment may be made or a refund allowed on the effective date of the Act.

Chapter 724 amends Sec. 297A.43 of the Act to relax the prohibition against disclosing information from state sales tax returns or files. It permits the Commissioner of Taxation to furnish information to taxing officials of any municipality of the State which has a local sales and/or use tax.

New legislation was enacted (Chap. 740) which authorizes the Commissioner of Taxation, upon written application by a dealer licensed under the Aircraft Registration and Taxation Act (M.S., Secs. 360.511-360.67) and payment of a \$20 fee for each aircraft identified in the application, to issue a commercial use permit which entitles the dealer to use the aircraft for commercial purposes without payment of a sales or use tax for a period of 12 months or until the aircraft is sold, whichever first occurs. "Commercial purposes" does not include rental or lease of the aircraft for which the aircraft dealers normally collect the sales tax from their customers. If the aircraft has not been sold within the 12 month period the tax is due on the purchase price of the aircraft and its auxiliary equipment and the sales tax shall become due on the eventual sale of the aircraft. Chapter 740 also amends Sec. 297A.25 of the Sales and Use Tax Act to exempt from the sales or use tax, the gross receipts from the sale to a licensed aircraft dealer of an aircraft for which such commercial use permit has been issued, if the aircraft is resold while the permit is in effect.

#### **Taconite Production Tax**

Chapter 736 amends M.S., Sec. 298.28 by adding a new Subd. 1a to provide that if an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating process are conducted, three-fourths cent per gross ton of the taconite production tax collected from such taxpayer shall be distributed 25 percent to the county and 75 percent to the school district in which such power plant is located.

<sup>1</sup> Amended by Article I of Chap. 31, Extra Session Laws of 1971. (See Appendix A).

### Miscellaneous

Laws 1971, Chap. 226 re-enacts Laws 1969, Chaps. 1123, 1126, 1137 and 1144 (which were found to be void by the Minnesota Supreme Court in *Knapp v. O'Brien* (1970) 179 N. W. 2d 88). Chapter 1123 relates to the licensing of motorcycles. Chapter 1126 relates to the certifications for reimbursement to counties from the tax relief account caused by homestead classification subsequent to assessment. Chapter 1137 relates to the computation of the homestead ad valorem tax credit. Chapter 1144 extends the State's grants-in-aid program to students at vocational schools. (This is a Revisor of Statutes bill.)

Chapter 265 adopts a new Uniform Federal Tax Lien Registration Act. Effective July 1, 1971.

Chapter 431 amends M.S., Chap. 270 by adding a new Sec. 270.065, to provide that in exercising his powers and responsibilities with respect to the administration or collection of any tax, the Commissioner of Taxation may use any and all information in his possession, or to which he has access, to

insure equal and consistent application and enforcement of all tax laws administered by his Department.

Chapter 479 amends M.S., Sec. 270.07, Subd. 1 to provide that an appeal may not be taken to the Tax Court from any order of the Commissioner of Taxation made in the exercise of the discretionary authority granted to him in Sec. 270.07, Subd. 1 in response to a taxpayer's application for an abatement, reduction or refund of taxes, assessed valuations, costs, penalties or interest.

New legislation was enacted (Chap. 609) which provides that where the 1970 final federal census information is unavailable, and the State Auditor is required to use the 1960 census to make apportionments of the proceeds of taxes to political subdivisions upon the basis of population, he shall make an adjustment in subsequent apportionments if there is a difference in the population figures between the 1960 census and the final 1970 census. The adjustment applies to distributions in the year 1971 only. Thereafter distributions are to be made based on the 1970 census.

## Extra Session

Of the 502 bills introduced in the special session of the 1971 Legislature, only 61 (exclusive of companion bills) related to taxes.

Of the 48 bills actually enacted into law, only 5 related to taxes.

The following is a synopsis of the tax laws enacted in the special session:

Extra Session Laws 1971, Chapter 2<sup>1</sup> continues, for another 2 years, the following tax rates, increases in tax rates, additional taxes and surtaxes:

1. Corporate income tax base rate of 8½ percent.
2. Increases in income tax rates on individuals, estates and trusts (½ of 1 percent on first 3 brackets of taxable income, and 1½ percent on remaining brackets.)
3. Additional 1.8 percent corporate income tax.
4. 10 percent income surtax on corporations other than banks.
5. Bank excise tax base rate of 10½ percent.
6. Additional 1.9 percent bank excise tax.
7. 10 percent bank excise surtax.
8. Additional 2.25 percent iron ore occupation tax.

9. Additional 2.25 percent royalty tax.
10. 15 percent liquor surtax.

Chapter 5 amends the 1969 law permitting delayed assessments of improvements to residential real estate in the County of St. Louis (Laws 1969, Chap. 1062) to provide that the first \$12,000 in market value (instead of the first \$4,000 in assessor's adjusted market value) of improvements per dwelling unit (instead of per structure) to any single or multiple dwelling structures or buildings accessory thereto more than 15 (instead of 20) years old shall be entitled to such treatment.

Chapter 24 is the so-called "fiscal disparities" law. It provides that 40 percent of the year by year increases in the assessed valuation of commercial-industrial property within the 7-county metropolitan area be shared among the governmental units within the area at a rate basically determined by populations but adjusted to reflect the additional needs of governmental units with lower per capita tax bases.

Chapter 31 is the omnibus tax law. A detailed synopsis of the law is contained in Appendix A.

Chapter 48 is the so-called "catch all" law. It amends certain Articles in Chapter 31. (See Articles I and XXVI of our Synopsis of Chapter 31 as it appears in Appendix A).

<sup>1</sup> Amended by Articles IV, VI, VII, XVII of Chapter 31, Extra Session Laws of 1971. (See Appendix A).

## VII. CONSTITUTIONAL AMENDMENTS

Four proposed amendments to the State Constitution were approved for submittal to voters at the general election in 1972:

One would amend Article VI "... to provide for the organization and conduct of the judicial power of the state, authorizing the discipline and removal of judges, permitting the legislature to provide for the assumption of the jurisdiction of the probate court, and providing for the appointment of the clerk of district court." (Chap. 957)

Another would amend Article IV, Section 5 and Article V, Sections 1 and 6 "... in relation to the office of lieutenant

governor, providing for his joint election with the governor, removing his duty to preside over the senate, and allowing his compensation to be set by law." (Chap. 958)

A third proposal would amend Article XX, Section 1 "... to permit the payment of bonuses to veterans serving during the period of the Vietnam conflict and the levying of taxes for that purpose." (Chap. 959)

And a fourth would amend Article IV, Section 1 "... to alter the manner of determining the length of legislative session permitting variations in the times for meetings of the legislature." (Chap. 26, Extra Session)

## VIII. STATISTICS

### A. Comparision of Appropriations, 1969 and 1971 Sessions

#### 1. BY APPROPRIATION MEASURES

##### OMNIBUS APPROPRIATION BILLS

The total of appropriations in the Omnibus State Departments, Semi-State Activities, Welfare-Corrections, Education, and Tax bills (plus adjustments in the unclassified pay bill and "catch-all" bill) enacted by the 1971 Legislature amount to \$1,988,777,986 — an increase of \$702,605,537 or 54.6 percent over the \$1,286,172,448 provided by the 1969 Legislature.

The Omnibus Highway appropriation was increased substantially from \$42,746,853 in 1969-71 to \$176,373,561 for 1971-73 — an increase of \$133,626,708. A large portion of this increase results from placing the Maintenance Division, Construction Division, Research and Standards, State Aid Administration, and Planning and Programming under direct appropriation authority.

Omnibus Appropriation Bills	1969 Legislature	1971 Legislature	Increase
State Departments (Chap. 3, Extra Session) . . . . .	\$ 153,501,369	\$ 235,719,404 <sup>1</sup>	\$ 82,218,035
Semi-State Activities (Chap. 960) . . . . .	4,123,699	5,637,215	1,513,515
Welfare-Corrections (Chap. 961) . . . . .	270,592,655	342,429,971 <sup>1</sup>	71,837,316
Education			
State Aids to Education (Chap. 31, Extra Session) . . . . .	563,234,602 <sup>2</sup>	1,048,230,141	484,995,539
Other than State Aids (Chap. 966) . . . . .	294,720,122 <sup>2,3</sup>	356,761,253 <sup>1,3</sup>	62,041,131
	<u>\$1,286,172,448</u>	<u>\$1,988,777,986</u>	<u>\$702,605,537</u>
Highway Department (Chap. 965)			
Direct appropriations for:			
Administrative operation, Legal Division, Equipment,			
Buildings and Improvement, Trunk Highway and			
Interstate Rest Area Facilities — plus Maintenance			
Division, Construction Division, Research and			
Standards, State Aid Administration, and Planning			
and Programming in 1971 Session . . . . .	42,746,853	176,373,561	133,626,708
Total . . . . .	<u>\$1,328,919,301</u>	<u>\$2,165,151,547</u>	<u>\$846,232,245</u>

Note: Columns may not add due to dropping of cents.

<sup>1</sup> Adjusted by Omnibus Tax Bill, Unclassified Pay Bill, and "Catch-All" Bill.

<sup>2</sup> Divided for comparability.

<sup>3</sup> Includes Occupation Tax and Trust Fund revenues estimated at \$7,098,561 in 1969-71 and \$6,863,672 in 1971-73.

##### MISCELLANEOUS APPROPRIATION BILLS

Each session the Legislature enacts many miscellaneous appropriation bills providing direct spending authority not included in the omnibus appropriation measures. A few of the appropriations so made are recurring items, such as miscellaneous claims, interim commissions, and maintenance of state

buildings. Others are for non-recurring items. A large number of these individual appropriations are for purposes and activities which become a continuing part of the State's services with funds provided in one or another of the omnibus appropriation bills in succeeding legislative sessions.

**MISCELLANEOUS APPROPRIATIONS**  
**1969 AND 1971 SESSIONS**  
(Including deficiencies and appropriations  
made immediately available)

<b>Recurring Items</b>	<b>1969 Legislature</b>	<b>1971 Legislature</b>	<b>Increase or (Decrease)</b>	<b>New Activities (Continued)</b>	<b>1969 Legislature</b>	<b>1971 Legislature</b>	<b>Increase or (Decrease)</b>
Miscellaneous Claims . . . .	\$ 486,929	\$ 293,560	\$ (193,369)	State Water Pollution Control Fund . . . . .	---	9,750,000	9,750,000
Interim Commissions . . . .	12,500	275,000	262,500	Motor Vehicle Excise Tax - Administration . . . . .	---	300,000	300,000
State Buildings - Current maintenance . . . .	5,664,153	6,526,198	862,045	Registration of Motor Vehicles on Ad Valorem Basis . . . .	---	50,000	50,000
<b>Total . . . . .</b>	<b>6,163,582</b>	<b>7,094,758</b>	<b>931,176</b>	<b>Total . . . . .</b>	<b>---</b>	<b>17,341,170</b>	<b>17,341,170</b>
<b>To Major Appropriation Bills</b>				<b>Non-Recurring Items</b>			
State School Aid (Deficiency)	1,507,303	4,317,000	2,809,697	Workman's Compensation Revolving Fund . . . . .	36,566	500,000	463,434
Supplemental Appropriations	1,004,720	6,563,145	5,558,425	City of Staples (School in 1969) . . . . .	43,000	20,000	(23,000)
Various appropriations (For listing see MTA Research Bulletin No. 47) . . . . .	1,251,531	---	(1,251,531)	Acquisition and Betterment of Public Lands . . . . .	---	215,000	215,000
<b>Total . . . . .</b>	<b>3,763,554</b>	<b>10,880,145</b>	<b>7,116,591</b>	Toilet Facilities Along Lake Superior . . . . .	---	1,000	1,000
<b>New Activities</b>				1971 National Legislative Conference Expense . . . .	---	85,000	85,000
State Building Code . . . .	---	650,000	650,000	Improving Manpower Services Building - Minneapolis . . .	---	100,000	100,000
Midwestern Medical and Allied Education Board	---	4,000	4,000	Placing Unemployed Professionals . . . . .	---	7,800	7,800
Fire Service Education . . .	---	15,000	15,000	State Parks and Monuments	---	1,000	1,000
Housing Development Agency	---	250,000	250,000	Aid to Lower St. Louis Basin Sanitary District . . . . .	---	300,000	300,000
Southern Minnesota Rivers Basin Commission . . . .	---	30,000	30,000	World Ploughing Contest . .	---	50,000	50,000
Mayo Foundation - Undergraduate Medical School . . . . .	---	320,000	320,000	Sam Brown Memorial Wayside	---	1,000	1,000
Grants for Child Care Programs . . . . .	---	250,000	250,000	Reconstruction of Willow River Dam . . . . .	---	20,000	20,000
Minnesota Experimental City Authority . . . . .	---	140,000	140,000	Reimbursement of Counties for Welfare Costs for certain Indians . . . . .	---	100,000	100,000
Contracts to Educate Minnesota Residents Attending Private State Colleges . . . . .	---	2,700,000	2,700,000	Wildlife Acquisition - Breeding Grounds . . . . .	---	30,000	30,000
Aid to Regents of University of Minnesota - Medical Education at St. Paul- Ramsey Hospital . . . . .	---	40,170	40,170	Payments to Science Museum	---	100,000	100,000
Alcoholism and Drug Abuse	---	1,425,000	1,425,000	Project for Advance Form of Public Transportation . . .	---	50,000	50,000
Community School Program	---	560,000	560,000	Reassessment Revolving Fund	---	500,000	500,000
Commission on Judicial Conduct . . . . .	---	10,000	10,000	Water Control Structures - Kanabec County . . . . .	---	50,000	50,000
Contingent Appropriation - Game and Fish Fund . . . .	---	500,000	500,000	Various appropriations (for listing see MTA Research Bulletin No. 47) . . . . .	3,067,674	---	(3,067,674)
Course of Instruction for Assessors . . . . .	---	80,000	80,000	<b>Total . . . . .</b>	<b>3,147,240</b>	<b>2,130,800</b>	<b>(1,016,440)</b>
Range Center, Inc.	---	100,000	100,000	<b>Grand Total . . . . .</b>	<b>\$13,074,376</b>	<b>\$37,446,873</b>	<b>\$24,372,497</b>
Center for Environment Information . . . . .	---	50,000	50,000				
Public Health Physician Interns . . . . .	---	27,000	27,000				
Foster Grandparent Program	---	50,000	50,000				
Mobile Health Clinic . . . .	---	40,000	40,000				

<sup>1</sup> Included in Omnibus Appropriation Bills.

**OPEN AND STANDING APPROPRIATIONS**

Open and standing appropriations are expected to total \$2,495,851,596 for the 1971-73 biennium. Of this sum, \$964,870,176 will be financed from the general fund - an increase of \$188,268,807, or 24.2 percent over the 1969-71

biennium. The balance of \$1,530,981,420 will be financed from a variety of other sources, including \$843,575,811 in federal funds.



## OPEN AND STANDING APPROPRIATIONS

General Fund	1969 Legislature	1971 Legislature	Increase or (Decrease)	1971 Session Additions and Changes (Continued)	1969 Legislature	1971 Legislature	Increase or (Decrease)
\$10 Census Aid . . . . .	\$ 18,000,000	\$ --- <sup>1</sup>	\$ (18,000,000)	Personal property tax reim-			
Income Tax refunds . . . . .	127,000,000	207,000,000	80,000,000	bursment (balance of			
Per capita aids to munici-				Class 3) . . . . .	---	10,000,000	10,000,000
palities and school districts	102,449,399	29,300,000	(73,149,399)	25-mill agricultural land tax			
Exempt personal property				differential aid . . . . .	---	22,000,000	22,000,000
reimbursements to muni-				Unclassified pay plan . . .	---	1,360,000	1,360,000
cipalities and school				Total General Fund	\$776,601,369	\$964,870,176	\$188,268,807
districts . . . . .	148,925,000	39,400,000	(109,525,000)				
Homestead credits . . . . .	201,900,000	237,400,000	35,500,000				
Debt charges and teachers'				<b>Other Funds</b>			
retirement payments . . .	143,500,000	197,300,000	53,800,000	Endowment School			
Renter credit . . . . .	14,000,000	27,900,000	13,900,000	Apportionment . . . . .		\$ 23,135,000	
Senior citizen credit . . . .	5,400,000	19,000,000	13,600,000	Trunk Highway Fund . . .		84,859,345	
Parks, waysides and trails .	7,000,000	---	(7,000,000)	Highway User Fund . . . .		170,206,708	
Aid to fire departments and				State Airports Fund . . . .		22,458,500	
firemen's relief . . . . .	3,555,000	6,749,455	3,194,455	Iron Range Resources and			
Revenue refunds . . . . .	400,000	1,500,000	1,100,000	Rehabilitation Fund . . .		838,930	
Supplemental retirement				Game and Fish (Public			
benefits . . . . .	2,459,980	2,888,000	428,020	Hunting Grounds) . . . . .		115,000	
Economic Opportunity Act	851,490	1,552,250	700,760	Consolidated Conservation Fund		247,310	
Dairy research and marketing,				Miscellaneous Special Revenues		11,683,370	
security force, athletic				General-Dedicated Receipts		180,049,190	
commission and others . .	1,160,500	1,429,471	268,971	Bond Fund . . . . .		6,519,860	
				Agency Funds . . . . .		178,468,134	
				Revolving Funds . . . . .		8,824,262	
				Federal Funds . . . . .		843,575,811	
				Total Other Funds . .		\$1,530,981,420	
<b>1971 Session Additions</b>							
<b>and Changes</b>				Total Open and Standing			
Tax credit to parents with				Appropriations . . . . .		\$2,495,851,596	
children in non-public							
schools . . . . .	---	21,000,000	21,000,000				
Voyageurs National Park .	---	91,000	91,000				
Police department aid . . .	---	5,700,000	5,700,000				
Aid to local governments .	---	133,300,000	133,300,000				

<sup>1</sup> Included in new School Foundation Aid Formula.  
<sup>2</sup> Included in Omnibus State Departments Bill.

## TOTAL SPENDING

Authorized expenditures by the state government during the current biennium — including both direct and open appropriations, but excluding those from federal funds — is

estimated at \$3,854,874,206. With federal funds added, the two-year total becomes \$4,698,450,017.

Omnibus appropriation bills . . . . .	\$2,165,151,547
Miscellaneous appropriation bills . . . . .	37,446,873
Open and standing appropriations:	
From State Funds . . . . .	\$1,652,275,785
From Federal Funds . . . . .	843,575,811
Total . . . . .	<u>2,495,851,596</u>
	\$4,698,450,017

## 2. APPROPRIATIONS FOR 1971-1973, BY FUNCTION COMPARED WITH APPROPRIATIONS FOR 1969-1971

### Property Tax Relief, Shared Taxes, and Aids to Local Government

	1969 Legislature	1971 Legislature	Increase or (Decrease)
Aid to Fire Departments . . . . .	\$ 3,000,000	\$ 5,959,455	\$ 2,959,455
Surcharge, Firemen's Relief . . . . .	555,000	790,000	235,000
Aid to Police Departments . . . . .	---	5,700,000	5,700,000
To Counties a/c Non-Tax Areas . . . . .	48,000	48,000	---
Special Aid to Cities . . . . .	401,350	407,500	6,150
Special Aid to Counties . . . . .	75,000	75,000	---
Special Aid to Towns . . . . .	3,000	3,000	---
Property Tax Relief (Property Tax Relief Fund)			
Per Capita Aids to Municipalities . . . . .	50,200,000	15,800,000	(34,400,000)
Supplemental Per Capita Aid to Municipalities . . . . .	5,278,438	---	(5,278,438)
Exempt Personal Property Reimbursement . . . . .	148,925,000	18,100,000	(130,825,000)
Elimination of Property Tax Levy . . . . .	143,500,000	197,300,000	53,800,000
Homestead Credit . . . . .	201,900,000	237,400,000	35,500,000
65 and Over Property Tax Relief Credit . . . . .	5,400,000	19,000,000	13,600,000
Renters Credit . . . . .	14,000,000	27,900,000	13,900,000
City of Staples - Gross Earning Aid . . . . .	---	20,000	20,000
Aid to Local Government . . . . .	---	133,300,000	133,300,000
Class 3 Reimbursement . . . . .	---	10,000,000	10,000,000
	\$ 573,285,788	\$ 671,802,955	\$ 98,517,167

### Shared Taxes

(Cigarette, liquor, bank excise, inheritance, gross earnings, mobile homes, taconite, and rural electric cooperatives) . . . . .	81,023,992
	\$ 752,826,947

### Education

#### Department of Education (salaries, supplies and expense, revision and printing of curriculum, research, Manpower Development and Training program, and Veterans-on-the-job Training program)

	\$ 4,449,243	\$ 6,101,269	\$ 1,652,026
Vocational Training of Disabled . . . . .	2,900,000	3,200,000	300,000
Long Term Sheltered Workshop . . . . .	350,000	650,000	300,000
Scholarships for Indian Students . . . . .	135,000	230,000	95,000
Community Lunch Program . . . . .	1,075,000	1,265,250	190,250
Aid to Public Libraries . . . . .	950,000	950,000	---
Experimental Laboratory Program . . . . .	50,000	---	(50,000)
Professional Teaching Practices Commission . . . . .	5,000	3,000	(2,000)
Inter-Library Cooperation . . . . .	35,000	90,000	55,000
Community School Program . . . . .	---	560,000	560,000
Council on Quality Education . . . . .	---	750,000	750,000

#### School Aids

Foundation Aid . . . . .	---	882,972,260	882,972,260
Emergency School Aid . . . . .	---	4,000,000	4,000,000
School Transportation Reimbursement Aid . . . . .	---	58,500,000	58,500,000
Handicapped Children . . . . .	---	39,866,136	39,866,136
Vocational Aids . . . . .	---	62,842,404	62,842,404
Aid to Schools . . . . .	563,234,602	---	(563,234,602)
Per Capita Aids to School Districts . . . . .	42,500,000	13,500,000	(29,000,000)
Supplemental Per Capita Aids to School Districts . . . . .	4,470,961	---	(4,470,961)
25-Mill Agricultural Land Tax Differential Aid . . . . .	---	22,000,000	22,000,000
Additional Aid to School Districts (Valuation Lag) . . . . .	1,750,000	1,700,000	(50,000)
\$10 Per Child Census Aid . . . . .	18,000,000	---	(18,000,000)
Exempt Personal Property Reimbursement . . . . .	---	21,300,000	21,300,000
Endowment School Fund Apportionment . . . . .	20,250,000	23,135,000	2,885,000
Shared Time . . . . .	1,000,000	1,000,000	---
Continuing Education . . . . .	370,000	370,000	---
Teachers In-Service Training . . . . .	445,000	490,000	45,000
Remediation Aids . . . . .	600,000	---	(600,000)
AFDC Students . . . . .	475,000	---	(475,000)
Indian Students . . . . .	155,000	230,000	75,000

## 2. APPROPRIATIONS BY FUNCTION (Continued)

Education (Continued)	1969 Legislature	1971 Legislature	Increase or (Decrease)
<b>Additional Education Aids</b>			
School Aid to Counties a/c Non-Tax Areas . . . . .	\$ 48,000	\$ 48,000	\$ ---
To School Districts a/c Gross Earnings . . . . .	3,485,000	1,980,000	(1,505,000)
To School Districts a/c Exempt Lands . . . . .	800,000	800,000	---
To School Districts a/c Airports . . . . .	290,000	290,000	---
To Common School Districts . . . . .	100,000	100,000	---
To Common School Districts a/c Military Lands . . . . .	4,400	4,000	(400)
To School District 16 a/c Airports (General Fund) . . . . .	10,500	10,500	---
To School District 16 a/c Airports (State Airports Fund) . . . . .	19,500	19,500	---
Staples Independent School District . . . . .	43,000	---	(43,000)
Independent School District #280 . . . . .	---	49,341	49,341
Independent School District #623 . . . . .	7,303	---	(7,303)
Deficiency Aids to Certain School Districts . . . . .	1,500,000	4,317,000	2,817,000
<b>State Junior College Board . . . . .</b>	<b>26,480,217</b>	<b>34,412,262</b>	<b>7,932,045</b>
Occupational Program Development . . . . .	---	500,000	500,000
National Defense Student Loan Program . . . . .	55,000	75,000	20,000
Economic Opportunity Act . . . . .	133,700	201,250	67,550
State Junior College Board Contingent . . . . .	200,000	300,000	100,000
<b>State Junior College Board and Commissioner of Administration --</b>			
Planning and Architectural Services for State Junior Colleges . . . . .	200,000	---	(200,000)
<b>State College Board . . . . .</b>	<b>60,725,581</b>	<b>83,887,904</b>	<b>23,162,323</b>
Contingent Fund . . . . .	500,000	650,000	150,000
Southwest State College . . . . .	7,551,094	---	(7,551,094)
Equipment . . . . .	350,000	---	(350,000)
National Defense Student Loan Program . . . . .	548,944	548,944	---
Economic Opportunity Act . . . . .	717,790	1,351,000	633,210
General Research . . . . .	50,000	50,000	---
Bonding Bill -- State College Dormitories, etc. . . . .	600,000	---	(600,000)
Educational Program Planning -- Metropolitan State College Center . . . . .	---	300,000	300,000
<b>University of Minnesota</b>			
Maintenance and Improvements . . . . .	141,093,656	162,174,982	21,081,326
Educational Equipment Supplement . . . . .	2,000,000	1,000,000	(1,000,000)
Libraries Supplement . . . . .	1,000,000	720,000	(280,000)
Technical Institute -- Crookston . . . . .	1,640,000	1,844,000	204,000
Waseca Technical College . . . . .	165,000	1,400,000	1,235,000
National Defense Student Loan Program . . . . .	516,700	392,100	(124,600)
Summer Tuition Supplement . . . . .	---	688,200	688,200
Rochester Extension Program . . . . .	---	140,000	140,000
University General Hospital . . . . .	6,714,814	4,800,000	(1,914,814)
Psychopathic Department . . . . .	2,445,140	2,899,900	454,751
Child Psychiatric Department . . . . .	919,041	1,076,400	157,359
Rehabilitation Center . . . . .	2,410,204	2,857,000	446,796
Department of Community Service . . . . .	78,500	110,200	31,700
Drug Abuse Information and Education . . . . .	---	300,000	300,000
<b>Special Appropriations</b>			
<b>Agri-Business Activities</b>			
Agricultural Extension Service . . . . .	5,550,000	6,616,000	1,066,000
General Agricultural Research . . . . .	4,126,800	4,844,000	717,200
Soybean Research . . . . .	282,000	316,900	34,900
Potato Processing Research Laboratory . . . . .	58,400	65,700	7,300
Forest Research Center -- Cloquet . . . . .	113,300	125,600	12,300
Veterinary Diagnostic Laboratory . . . . .	426,000	484,900	58,900
Tuition and Transportation Aid . . . . .	45,000	9,000	(36,000)
Ore and Geological Research . . . . .	781,612	713,593	(68,019)
General Research . . . . .	2,333,500	2,920,600	587,100
Medical and Cancer Research . . . . .	320,000	500,000	180,000
Psychiatric Research . . . . .	285,000	642,900	357,900
Control of Hypercholesterolemia . . . . .	60,000	82,240	22,240
Multiple Sclerosis and Other Neurological Problems . . . . .	334,000	483,200	149,200
Basic Sciences Programs -- Medical Training Curriculum -- Duluth . . . . .	340,000	1,149,200	809,200
Dental Hygiene Program -- Duluth . . . . .	---	201,169	201,169
Graduate School of Social Work -- Duluth . . . . .	---	410,000	410,000
Family Practice and Community Health . . . . .	550,000	1,340,800	790,800

## 2. APPROPRIATIONS BY FUNCTION (Continued)

Education (Continued)	1969 Legislature	1971 Legislature	Increase or (Decrease)
Undergraduate Instruction of Medical Students			
Hennepin County General Hospital . . . . .	\$ ---	\$ 1,080,000	\$ 1,080,000
St. Paul-Ramsey Hospital . . . . .	---	1,080,000	1,080,000
Mayo Foundation . . . . .	---	320,000	320,000
Graduate Residency Program			
University of Minnesota . . . . .	---	527,935	527,935
Hennepin County General Hospital . . . . .	---	1,050,349	1,050,349
St. Paul-Ramsey Hospital . . . . .	---	954,506	954,506
Rural Health Physicians Associates Program . . . . .	---	355,000	355,000
Medical Education Contingency Fund . . . . .	---	225,000	225,000
Medical Education:			
Hennepin County General - Residency . . . . .	400,000	---	(400,000)
Mayo Foundation . . . . .	100,000	---	(100,000)
Northern Association for Medical Education . . . . .	200,000	---	(200,000)
Cost of Transporting Burn Patients, Organ Transplant Patients, and Critical Newborn Infants to University Hospital . . . . .	---	40,000	40,000
Medical Education Facilities - St. Paul - Ramsey Hospital . . . . .	---	40,170	40,170
Nursing Scholarships . . . . .	250,000	250,000	---
Midwestern Board for Medical and Allied Education . . . . .	---	4,000	4,000
Minnesota Higher Education Coordinating Commission . . . . .	644,000	925,214	281,214
Inter-institutional Educational Television . . . . .	540,000	330,000	(210,000)
Minitex Library Program . . . . .	---	300,000	300,000
State Scholarship Program . . . . .	1,450,000	4,090,000	2,640,000
State Grant-in-Aid Program . . . . .	800,000	3,240,000	2,440,000
Contracts with Private Colleges to Educate State Residents . . . . .	---	2,700,000	2,700,000
State Board of Medical Examiners - Loans . . . . .	50,000	100,000	50,000
The Education Commission of the States . . . . .	27,000	32,000	5,000
Unemployment Compensation . . . . .	3,473	6,236	2,763
Employees Compensation . . . . .	17,894	28,800	10,906
	\$ 946,690,878	\$1,494,587,814	\$ 547,896,936
Open Appropriations - Other Funds			
Tuition and Course Fees			
(State Junior Colleges, State Colleges and University of Minnesota) . . . . .		130,285,423	
Storage Revolving . . . . .		120,000	
Redemption of State College Bonds . . . . .		1,575,590	
Redemption of State Loan Bonds . . . . .		3,441,890	
University of Minnesota Hospital Receipts . . . . .		47,861,707	
Junior Colleges . . . . .		522,451	
Federal Funds . . . . .		131,692,404	
		\$1,810,087,279	
<b>Welfare and Corrections</b>			
Department of Welfare			
Administration . . . . .	\$ 7,275,000	\$ 7,026,000	\$ (249,000)
Categorical Aids			
Care, Relief and Support of Families with Dependent Children . . . . .	27,703,000	56,440,000	28,737,000
Care, Relief and Support of Aged . . . . .	12,371,000	13,100,000	729,000
Care, Relief and Support of Blind . . . . .	368,000	635,000	267,000
Care, Relief and Support of Disabled . . . . .	5,485,000	30,100,000	24,615,000
Medical Assistance to Needy . . . . .	49,675,500	45,600,000	(4,075,500)
Institutions			
State Hospitals . . . . .	---	107,015,000	107,015,000
Anoka State Hospital . . . . .	8,441,675	17,685	(8,423,990)
Fergus Falls State Hospital . . . . .	8,575,309	8,530	(8,566,779)
Hastings State Hospital . . . . .	5,648,088	4,413	(5,643,675)
Moose Lake State Hospital . . . . .	6,387,711	12,409	(6,375,302)
Rochester State Hospital . . . . .	8,674,837	40,000	(8,634,837)
St. Peter State Hospital . . . . .	10,307,242	8,835	(10,298,407)
St. Peter Security Hospital . . . . .	1,577,506	---	(1,577,506)
Willmar State Hospital . . . . .	6,362,824	---	(6,362,824)
Minnesota Residential Treatment Center . . . . .	343,150	---	(343,150)

## 2. APPROPRIATIONS BY FUNCTION (Continued)

<u>Welfare and Corrections (Continued)</u>	<u>1969</u> <u>Legislature</u>	<u>1971</u> <u>Legislature</u>	<u>Increase or</u> <u>(Decrease)</u>
Faribault State Hospital . . . . .	\$ 18,270,270	\$ 10,050	\$ (18,260,220)
Cambridge State Hospital and Lake Owasso Children's Home . . . . .	13,178,027	35,425	(13,142,602)
Owatonna State School and Shakopee Home for Children . . . . .	1,052,600	---	(1,052,600)
Brainerd State Hospital . . . . .	10,559,086	23,500	(10,535,586)
Braille and Sight Saving School . . . . .	1,334,946	1,527,800	192,854
School for the Deaf . . . . .	2,594,633	3,030,100	435,467
Gillette State Hospital . . . . .	4,512,663	5,095,000	582,337
Ah-Gwah-Ching Nursing Home . . . . .	4,362,049	4,914,000	551,951
Glen Lake Sanatorium and Oak Terrace Nursing Home . . . . .	5,209,007	5,873,700	664,693
Special Equipment - Special Schools . . . . .	---	100,000	100,000
 All Other Welfare			
Mental Health Research and Training Program . . . . .	600,000	542,800	(57,200)
Community Mental Health Centers . . . . .	6,500,000	8,500,000	2,000,000
Board of Examiners - Nursing Home Administration . . . . .	50,000	112,132	62,132
Contingent Fund - Institutions . . . . .	250,000	750,000	500,000
Hospital Care . . . . .	50,000	50,000	---
Support for Children Under Guardianship . . . . .	1,460,000	1,325,000	(135,000)
Administrative Expense on Aging . . . . .	87,298	112,000	24,702
Vocational Rehabilitation of Blind . . . . .	305,000	410,000	105,000
Equalization Welfare Costs . . . . .	2,000,000	3,600,000	1,600,000
Daytime Activity Centers - Mentally Retarded . . . . .	1,800,000	2,900,000	1,100,000
Aid to Counties - Mentally Retarded . . . . .	1,900,000	2,350,000	450,000
Aid to Counties - Emotionally Disturbed . . . . .	---	600,000	600,000
Crippled Children Services . . . . .	200,000	1,100,000	900,000
Child Day Care Centers - Grants . . . . .	---	250,000	250,000
Commissioner of Administration - Special Computer Projects . . . . .	---	265,000	265,000
Commissioner of Administration - Studies on Welfare . . . . .	---	225,000	225,000
Foster Grandparents Program . . . . .	---	50,000	50,000
Range Center, Inc. . . . .	---	100,000	100,000
Group Homes . . . . .	75,000	90,000	15,000
General Relief - Indians . . . . .	330,000	900,000	570,000
General Assistance - Becker County . . . . .	50,000	---	(50,000)
Reimbursement of Counties for Welfare Costs of Red Lake Band of Chippewa Indians . . . . .	---	100,000	100,000
	<u>\$ 235,926,421</u>	<u>\$ 304,949,379</u>	<u>\$ 69,022,958</u>
 Department of Corrections			
Administration			
Salaries . . . . .	4,655,975	5,582,746	926,771
Supplies and Expense . . . . .	431,400	549,000	117,600
Probation Service - County Reimbursement . . . . .	1,010,000	1,100,000	90,000
Research . . . . .	85,000	85,000	---
Psychiatric Services and Hospital Care . . . . .	170,000	329,000	159,000
Psychiatric Services and Correctional Institutions . . . . .	50,000	55,000	5,000
Personnel Training . . . . .	125,000	975,000	850,000
Vocational Training . . . . .	113,000	135,000	22,000
Foster Group Care . . . . .	346,560	796,860	450,300
Work Release Program . . . . .	187,350	200,000	12,650
Transportation Unit . . . . .	57,017	80,000	22,983
Adult Penal Institutions . . . . .	13,031,585	16,218,954	3,187,369
Youth and Juvenile Institutions . . . . .	13,936,299	16,146,000	2,209,701
Commissioner of Administration -			
Secure Treatment Facilities for Juveniles . . . . .	20,000	---	(20,000)
Regional Jails, Area Lock-Ups, Detention Centers . . . . .	---	800,000	800,000
Special Projects . . . . .	---	300,000	300,000
Community Corrections Center . . . . .	---	175,000	175,000
All Other Welfare and Corrections			
Employees Compensation . . . . .	545,046	524,899	(20,147)
Unemployment Compensation . . . . .	27,001	13,581	(13,420)
	<u>\$ 270,717,654</u>	<u>\$ 349,015,420</u>	<u>\$ 78,297,766</u>

## 2. APPROPRIATIONS BY FUNCTION (Continued)

<u>Welfare and Corrections (Continued)</u>	<u>1969 Legislature</u>	<u>1971 Legislature</u>	<u>Increase or (Decrease)</u>
Open Appropriations			
Special Revenue Accounts . . . . .		\$ 220,000	
Prison Revolving . . . . .		5,436,651	
Blind Stands Revolving . . . . .		96,000	
Welfare Recoveries . . . . .		757,000	
Corrections Institutions . . . . .		30,335	
Sale of Stores for Resale . . . . .		2,924,366	
Federal Funds . . . . .		405,115,500	
		<u>\$ 763,595,272</u>	
 <u>Highways</u>			
Administration, Safety, Plant and Equipment, and Contingent Funds . . . . .	\$ 40,723,853	\$ 16,665,411	\$ (24,058,442)
Construction of Interstate and Trunk Highway			
Rest Areas and Facilities . . . . .	2,023,000	1,670,550	(352,450)
Maintenance . . . . .	---	84,959,000	84,959,000
Research and Standards . . . . .	---	1,543,400	1,543,400
State Aid Administration . . . . .	---	453,600	453,600
Planning and Programming . . . . .	---	5,040,000	5,040,000
Construction Operations			
(Design, Right of Way, Central and District Offices) . . . . .	---	66,041,600	66,041,600
"Open" Trunk Highway Appropriations . . . . .	208,698,200	84,859,345	(123,838,855)
	<u>\$ 251,445,053</u>	<u>\$ 261,232,906</u>	<u>\$ 9,787,853</u>
 Open Appropriations			
Municipal Roads and Streets (Highway User Tax Fund) . . . . .		145,156,708	
County Highways (Agency Fund) . . . . .		20,100,000	
Revenue Refunds (Highway User Tax Fund) . . . . .		25,050,000	
Federal Funds			
State Projects . . . . .		171,700,000	
County Secondary . . . . .		13,700,000	
		<u>\$ 636,939,614</u>	
 <u>Other Executive Branch Functions</u>			
<u>Governor</u>			
Salaries, Supplies and Expense . . . . .	\$ 730,000	\$ 947,937	\$ 217,937
Personal Expenses Connected with Office . . . . .	22,000	30,000	8,000
Governor's Portrait . . . . .	2,000	2,000	---
Capitol Area Architectural and Planning Commission . . . . .	---	50,000	50,000
Veteran's Memorial . . . . .	---	300	300
Security Protection for Governor . . . . .	---	645,826	645,826
Technical Services . . . . .	75,000	---	(75,000)
Governor's Commission on Employment of Handicapped . . . . .	55,142	68,468	13,326
Civil Defense . . . . .	344,754	---	(344,754)
Great Lakes Basin Commission . . . . .	40,000	45,000	5,000
Drug Abuse and Addiction Program . . . . .	40,000	---	(40,000)
Fort Snelling Sesquicentennial . . . . .	50,000	---	(50,000)
Upper Great Lakes Regional Commission . . . . .	142,334	142,000	(334)
Souris-Red-Rainy River Basin Commission . . . . .	60,000	60,000	---
National Governor's Conference . . . . .	12,000	17,000	5,000
	<u>\$ 1,573,230</u>	<u>\$ 2,008,531</u>	<u>\$ 435,301</u>
 General State Government			
Lieutenant Governor . . . . .	40,000	43,914	3,914
State Auditor . . . . .	1,196,049	1,183,833	(12,216)
Contributory Share to Public Employees' Retirement Fund . . . . .	20,674	6,708	(13,966)
Civil Air Patrol . . . . .	41,700	59,530	17,830
State Treasurer . . . . .	484,377	586,417	102,040



## 2. APPROPRIATIONS BY FUNCTION (Continued)

Other Executive Branch Functions (Continued)	1969 Legislature	1971 Legislature	Increase or (Decrease)
Secretary of State . . . . .	\$ 458,189	\$ 589,090	\$ 130,901
Public Examiner . . . . .	883,100	1,013,310	130,210
Public Examiner Revolving Fund . . . . .	50,000	---	(50,000)
Department of Taxation . . . . .	20,707,718	24,278,417	3,570,699
State Tax Court . . . . .	80,356	96,107	15,751
Reassessment Revolving Fund . . . . .	---	500,000	500,000
Tax Assessors - Instructional Courses . . . . .	---	80,000	80,000
Department of Administration . . . . .	8,843,580	12,865,137	4,021,557
For Salary Adjustment of Agency and Department Heads . . . . .	500,000	---	(500,000)
For Construction and Maintenance of State Owned Buildings . . . . .	100,000	---	(100,000)
Plans to Remodel State Capitol . . . . .	170,000	---	(170,000)
Operation and Maintenance of Capitol Square Building . . . . .	631,800	---	(631,800)
State Ceremonial Building . . . . .	120,000	153,403	33,403
Computer Service . . . . .	409,546	---	(409,546)
Computer Acceleration . . . . .	900,000	---	(900,000)
General Services Revolving . . . . .	50,000	---	(50,000)
Employees Benefit Insurance . . . . .	51,150	57,933	6,783
Career Executive Contingent . . . . .	375,000	75,000	(300,000)
Building Bills . . . . .	5,664,153	6,526,198	862,045
Postage Contingent . . . . .	230,000	250,000	20,000
State Building Code . . . . .	25,000	650,000	625,000
Special Management Studies . . . . .	---	75,000	75,000
Special Computer Projects . . . . .	---	1,570,000	1,570,000
University/State Information System Project . . . . .	---	350,000	350,000
Computer Bill Drafting . . . . .	70,000	---	(70,000)
Executive Council and Board of Investment . . . . .	356,268	552,692	196,424
Statewide Planning Agency . . . . .	854,634	1,376,000	521,366
Alcoholism-Drug Abuse Detoxification . . . . .	---	1,425,000	1,425,000
Department of Civil Service . . . . .	1,517,906	1,747,748	229,842
Compensation Review Board . . . . .	---	20,000	20,000
Placing Unemployed Professionals . . . . .	---	7,800	7,800
War Veterans Affairs . . . . .	2,156,527	2,566,830	410,303
Minnesota Veterans Home . . . . .	896,324	1,234,193	337,869
Acquisition and Betterment of Lands . . . . .	---	215,000	215,000
Miscellaneous Veterans Association . . . . .	48,000	39,980	(8,020)
Department of Economic Development . . . . .	2,988,362	3,331,000	342,638
World Ploughing Contest . . . . .	---	50,000	50,000
Cigarette Enforcement Fair Trade Law . . . . .	42,000	---	(42,000)
Land Exchange Review Board . . . . .	70,000	50,000	(20,000)
State Archives Commission . . . . .	244,692	216,276	(28,416)
Minnesota Municipal Commission . . . . .	123,166	139,730	16,564
State Athletic Commission . . . . .	40,000	40,000	---
Interstate Cooperative Commission and Council on			
State Governments and Uniform Laws Commission . . . . .	64,100	81,657	17,557
Advisory Commission on Intergovernmental Relations . . . . .	2,000	2,000	---
Minnesota-Wisconsin Boundary Area Commission . . . . .	25,000	30,000	5,000
Minnesota Safety Council . . . . .	80,000	90,000	10,000
Minnesota Historical Society . . . . .	1,475,523	2,335,361	859,838
Minnesota History on Film . . . . .	25,000	---	(25,000)
Payments to Science Museum . . . . .	---	100,000	100,000
Historic Sites . . . . .	207,000	---	(207,000)
Sleepy Eye and Morton State Monuments . . . . .	---	1,000	1,000
Sam Brown Memorial Wayside . . . . .	---	1,000	1,000
Minnesota Arts Council . . . . .	227,650	360,000	132,350
Sibley House . . . . .	14,500	22,000	7,500
Minnesota Academy of Science . . . . .	30,000	32,500	2,500
Minnesota Experimental City Authority . . . . .	---	140,000	140,000
Housing Finance Agency . . . . .	---	250,000	250,000
Employees Compensation . . . . .	180,468	232,248	51,780
Unemployment Compensation . . . . .	216,495	306,730	90,235
	\$ 53,988,007	\$ 68,006,744	\$ 14,018,737

## 2. APPROPRIATIONS BY FUNCTION (Continued)

Other Executive Branch Functions (Continued)	1969 Legislature	1971 Legislature	Increase or (Decrease)
Protection to Persons and Property		3,622,036	
Attorney General . . . . .	\$ 1,425,032	\$ 1,679,239	\$ 254,207
Minnesota Peace Officers Training Board . . . . .	131,500	302,797	171,297
Criminal Justice Contingent . . . . .	415,000	1,600,000	1,185,000
Special Contingent . . . . .	---	60,000	60,000
Department of Commerce . . . . .	---	4,378,549	4,378,549
Registration of Debt Prorating Agencies . . . . .	15,000	15,000	---
Division of Banking . . . . .	1,807,721	---	(1,807,721)
Division of Insurance . . . . .	1,246,113	---	(1,246,113)
Division of Securities . . . . .	408,258	---	(408,258)
Health and Sanitation			
Board of Health . . . . .	4,325,660	5,534,421	1,208,761
Mobile Health Clinic . . . . .	---	40,000	40,000
Public Health Physician Residencies . . . . .	---	27,000	27,000
Livestock Sanitary Board . . . . .	2,223,141	2,178,252	(44,889)
Commission on Alcohol Problems . . . . .	93,700	129,379	35,679
Public Service Commission . . . . .	7,303,832	9,178,655	1,874,823
Labor and Industry . . . . .	3,428,155	4,358,271	930,116
Labor Conciliator . . . . .	466,811	603,206	136,395
Liquor Control Commission . . . . .	754,708	869,257	114,549
Department of Public Safety			
Registrar of Motor Vehicles - Motor Vehicle Registration . . . . .	---	42,513,052	42,513,052
Sheriffs' Teletype Operation . . . . .	241,866	125,000	125,000
Weight Scale and Motor Vehicle Inspection . . . . .	---	247,436	5,570
Weight Scale and Motor Vehicle Inspection . . . . .	---	616,000	616,000
Fire Marshall . . . . .	537,139	---	(537,139)
Fire Service Education and Research . . . . .	---	15,000	15,000
Bureau of Criminal Apprehension . . . . .	2,257,980	---	(2,257,980)
Police Schools . . . . .	---	110,000	110,000
State Aids for Air Warnings . . . . .	---	30,000	30,000
License Plates . . . . .	---	2,036,920	2,036,920
Motor Vehicle Division . . . . .	6,053,887	---	(6,053,887)
Motor Vehicle Contingent . . . . .	25,000	25,000	---
Traffic Safety Contingent . . . . .	---	150,000	150,000
Interstate Registration and Reciprocity . . . . .	---	50,000	50,000
Motor Vehicle Excise . . . . .	---	300,000	300,000
Mobile Home Administration . . . . .	101,425	---	(101,425)
Department of Aeronautics . . . . .	811,943	957,606	145,663
Aeronautics Proceedings . . . . .	15,000	15,000	---
Aeronautics Contingent . . . . .	---	150,000	150,000
Aeronautics Safety and Education . . . . .	40,000	40,000	---
Airport Construction and Improvements			
Key System Airports . . . . .	2,361,400	4,800,000	2,438,600
Secondary Airports System . . . . .	887,450	1,423,250	535,800
State Landing Strips . . . . .	459,800	1,313,400	853,600
Navigational Aids . . . . .	477,546	867,650	390,104
Striping Airport Runways . . . . .	58,000	37,600	(20,400)
Hangar Construction Revolving . . . . .	250,000	450,000	200,000
Promotional Materials . . . . .	6,000	---	(6,000)
Department of Human Rights . . . . .	487,411	615,734	128,323
Adjutant General . . . . .	3,574,055	4,094,124	520,069
Sheriffs' Expense Conveying Prisoners . . . . .	64,000	72,000	8,000
	\$ 42,754,533	\$ 92,008,798	\$ 49,254,265
Development and Conservation of Natural Resources			
Department of Natural Resources			
Administration . . . . .	2,444,550	3,018,990	574,440
Snowmobile Program . . . . .	825,000	1,685,000	860,000
Boat and Water Safety . . . . .	1,150,000	1,289,176	139,176
Iron Range Trails and Reclamation . . . . .	40,000	---	(40,000)
Indian Treaty Litigation and Fact Finding . . . . .	---	25,000	25,000
Conservation Education Program . . . . .	---	125,000	125,000
Breeding Grounds - Canada . . . . .	---	30,000	30,000

## 2. APPROPRIATIONS BY FUNCTION (Continued)

Other Executive Branch Functions (Continued)	1969 Legislature	1971 Legislature	Increase or (Decrease)
Division of Water, Soils and Minerals . . . . .	\$ 2,169,648	\$ 2,966,419	\$ 796,771
Willow River Dam — Reconstruction . . . . .	---	20,000	20,000
Water Control Structures — Kanabec County . . . . .	---	50,000	50,000
Water Control Structures — Lac qui Parle . . . . .	20,000	---	(20,000)
Cedar Lake Flowage . . . . .	5,000	---	(5,000)
Lake Benton Restoration . . . . .	25,000	---	(25,000)
Division of Lands and Forestry . . . . .	7,616,450	8,844,881	1,228,431
Forest Guards . . . . .	25,000	---	(25,000)
Division of Game and Fish . . . . .	10,142,871	11,939,827	1,796,956
Game and Fish Contingent . . . . .	---	500,000	500,000
Game and Fish Contingent . . . . .	100,000	100,000	---
Deer Browse . . . . .	100,000	---	(100,000)
For Deer, Upland Game and Waterfowl . . . . .	1,100,000	---	(1,100,000)
Acquisition of Wetlands . . . . .	684,000	1,100,000	416,000
Division of Parks and Recreation . . . . .	4,122,188	5,168,809	1,046,621
Soudan State Park . . . . .	1,000	1,000	---
Parks, Wayside Trails, Lands . . . . .	7,000,000	---	(7,000,000)
Division of Enforcement and Field Services . . . . .	4,576,939	5,384,988	808,049
Predator Control . . . . .	150,000	120,000	(30,000)
State Zoological Board . . . . .	500,000	150,837	(349,163)
Interstate Pest Compact . . . . .	29,000	---	(29,000)
Socities and Associations for Development and			
Conservation of Natural Resources . . . . .	538,300	551,800	13,500
Southern Minnesota Rivers Basin Commission . . . . .	---	30,000	30,000
State Soil and Water Conservation Committee . . . . .	671,267	762,333	91,066
Minnesota Water Resources Board . . . . .	75,714	110,360	34,646
The Great Lakes Commission . . . . .	32,000	40,000	8,000
Clear Waters Bill . . . . .	1,500,000	---	(1,500,000)
Minnesota Pollution Control Agency . . . . .	1,569,039	4,901,725	3,332,686
Water Pollution Control Fund . . . . .	---	9,750,000	9,750,000
Minnesota Resources Commission . . . . .	9,648,553	19,856,740	10,208,187
Toilet Facilities — North Shore . . . . .	---	1,000	1,000
Voyaguers National Park . . . . .	---	91,000	91,000
Center for Environmental Education . . . . .	---	50,000	50,000
	\$ 56,836,519	\$ 78,664,885	\$ 21,828,366
Department of Agriculture . . . . .			
Salaries . . . . .	2,688,685	3,521,060	832,375
Supplies and Expense . . . . .	461,953	597,300	135,347
Division of Meat Industry . . . . .	405,968	---	(405,968)
Poultry Breeding and Inspection . . . . .	152,874	129,700	(23,174)
Weed Control on Tax Exempt and Tax Forfeited Land . . . . .	18,000	---	(18,000)
White Pine Blister Rust Control . . . . .	20,452	29,500	9,048
Forest Pest Control . . . . .	14,000	15,000	1,000
Market and Produce Inspection . . . . .	90,000	95,000	5,000
Butterfat Regulations . . . . .	62,858	66,419	3,561
Market Development . . . . .	120,000	300,000	180,000
Pesticide Control Program . . . . .	30,000	60,000	30,000
Dairy and Marketing Research . . . . .	250,000	250,000	---
Structural Pest Control . . . . .	50,000	47,278	(2,722)
Soybeans — Development . . . . .	25,000	---	(25,000)
	\$ 4,389,790	\$ 5,111,257	\$ 721,467
Total Other Executive Branch Functions . . . . .		245,800,215	
Open Appropriations — Other Funds . . . . .			
Iron Range Resources and Rehabilitation . . . . .		838,930	
Consolidated Conservation . . . . .		247,310	
Game and Fish . . . . .		115,000	
Special Revenue Accounts . . . . .		11,463,370	
Aeronautics . . . . .		22,439,000	
Revolving Funds . . . . .		3,171,611	
Redemption State Airport Bonds . . . . .		939,770	

## 2. APPROPRIATIONS BY FUNCTION (Continued)

<u>Other Executive Branch Functions (Continued)</u>	<u>1969 Legislature</u>	<u>1971 Legislature</u>	<u>Increase or (Decrease)</u>
Redemption Manpower Services Building Bonds . . . . .		\$ 562,610	
Civil Service . . . . .		12,026	
Veterans Home Board . . . . .		646,140	
Department of Agriculture . . . . .		456,559	
Agency Funds . . . . .		2,712,314	
Federal Funds . . . . .		<u>121,367,907</u>	
		\$ 410,772,762	
 <u>Legislative</u>			
Legislature . . . . .	\$ 7,365,000	\$ 8,555,800	\$ 1,190,800
General Fund Contingent . . . . .	600,000	850,000	250,000
Legislative Advisory Committee . . . . .	3,290	3,300	10
Legislative Services Commission . . . . .	108,000	166,000	58,000
State Claims Commission . . . . .	15,000	18,000	3,000
Legislative Building Commission . . . . .	52,000	80,000	28,000
Indian Affairs Commission . . . . .	80,000	98,400	18,400
Mississippi River Parkway Commission . . . . .	10,000	10,000	---
Commission on Taxation and Production of Iron Ore . . . . .	25,000	---	(25,000)
Legislative Interim Committee . . . . .	12,500	175,000	162,500
Legislative Retirement Study Commission . . . . .	145,000	95,000	(50,000)
Legislative Film . . . . .	40,000	---	(40,000)
Revisor of Statutes . . . . .	420,991	799,126	378,135
Deficiency . . . . .	---	220,000	220,000
Bill Drafting . . . . .	---	92,000	92,000
Legislative Retirements . . . . .	67,400	90,000	22,600
1971 National Legislative Conference . . . . .	---	85,000	85,000
Liquor Study Commission . . . . .	---	50,000	50,000
Tax Study Commission . . . . .	---	50,000	50,000
	<u>\$ 8,944,181</u>	<u>\$ 11,437,626</u>	<u>\$ 2,493,445</u>
 <u>Judicial</u>			
District Courts . . . . .	\$ 3,302,000	\$ 4,515,575	\$ 1,213,575
State Public Defender . . . . .	305,658	419,000	113,342
Supreme Court . . . . .	1,337,011	1,561,485	224,474
Judicial Council . . . . .	2,000	4,800	2,800
State Law Library . . . . .	243,961	296,939	52,978
Commission on Judicial Conduct . . . . .	---	10,000	10,000
	<u>\$ 5,190,630</u>	<u>\$ 6,807,799</u>	<u>\$ 1,617,169</u>
 <u>Retirement Benefits</u>			
Elected State Officers Retirement Program . . . . .	\$ 37,800	\$ 57,510	\$ 19,710
Supplemental Retirements			
SERA . . . . .	402,500	310,000	(92,500)
PERA . . . . .	75,000	295,000	220,000
TRA . . . . .	580,000	37,000	(543,000)
Legislative Retirement Commission . . . . .			
PERA Study . . . . .	25,000	---	(25,000)
Retired Supreme Court and District Court			
Judges and Commissioners . . . . .	895,131	614,000	(281,131)
Supplemental Retirement for			
State Junior Colleges and State Colleges . . . . .	1,402,480	2,246,220	843,740
	<u>\$ 3,417,911</u>	<u>\$ 3,559,730</u>	<u>\$ 141,819</u>

## 2. APPROPRIATIONS BY FUNCTION (Continued)

	1969 Legislature	1971 Legislature	Increase or (Decrease)
<b>State Borrowing</b>			
State Building Bill . . . . .	\$ [139,989,134]	\$ [104,898,574]	\$ [(35,090,560)]
State Colleges (Dormitories, Residence Halls, and Food Service and Student Union Facilities) . . . . .	[12,000,000]	[---]	[(12,000,000)]
Maximum Effort School Loan Fund . . . . .	[20,000,000]	[---]	[(20,000,000)]
Water Pollution Control Fund . . . . .	[---]	[25,000,000]	[25,000,000]
Housing Authority . . . . .	[---]	[150,000,000] <sup>1</sup>	[150,000,000]
Municipal Bond Guaranty Loan Fund . . . . .	[---]	[20,000,000]	[20,000,000]
Voyageurs National Park . . . . .	[---]	[5,870,000]	[5,870,000]
Higher Education Facilities Authority . . . . .	[---]	[45,000,000] <sup>1</sup>	[45,000,000]
	<u>\$ [171,989,134]</u>	<u>\$ [350,768,574]</u>	<u>\$ [178,779,440]</u>
 <b>Miscellaneous</b>			
Advance to Sewer Service Board of Metropolitan Council . . . . .	500,000	---	(500,000)
Aid to St. Louis Basin Sanitary District . . . . .	---	300,000	300,000
Claims Against State . . . . .	486,929	293,560	(193,369)
Bond Sales Expense Collection Fees . . . . .	6,000	6,000	---
Income Tax Refunds . . . . .	127,000,000	207,000,000	80,000,000
Tax Credit to Parents with Children in Non-Public Schools . . . . .	---	21,000,000	21,000,000
Improvement to Manpower Services Building, Minneapolis . . . . .	---	100,000	100,000
Revenue Refunds . . . . .	400,000	1,500,000	1,100,000
Abandoned Bank Deposits . . . . .	1,000	1,000	---
R. A. Weber Compensation . . . . .	2,400	2,400	---
Cancelled Warrants Expense . . . . .	20,000	20,000	---
Medal of Honor . . . . .	674	---	(674)
Workman's Compensation Revolving Fund . . . . .	36,566	500,000	463,434
Workman's Compensation Commission . . . . .	---	251,015	251,015
Unclassified Pay Plan . . . . .	---	264,000	264,000
	<u>\$ 128,453,569</u>	<u>\$ 231,237,975</u>	<u>\$ 102,784,406</u>
 <b>Open Appropriations — Other Funds</b>			
Miscellaneous . . . . .		2,453,823	
Retirements . . . . .		68,371,188	
		<u>302,062,986</u>	
 <b>TOTAL</b> . . . . .	<u>\$2,347,687,747</u>	<u>\$3,275,482,442</u>	<u>\$ 927,794,695</u>
 <b>Additional Open Appropriations</b> . . . . .		579,391,764	
		<u>3,854,874,206</u>	
 <b>Federal Funds</b> . . . . .		843,575,811	
 <b>GRAND TOTAL</b> . . . . .		<u>\$4,698,450,017</u>	

Note: Columns may not add due to dropping of cents.

<sup>1</sup>Non-State Obligations.

[Non-add items — For information only.]

### 3. APPROPRIATIONS FOR 1971-1973, BY FUNDS COMPARED WITH APPROPRIATIONS FOR 1969-1971

<u>Fund</u>	<u>1969 Legislature</u>	<u>1971 Legislature</u>	<u>Increase or (Decrease)</u>
General Fund . . . . .	\$2,037,291,716	\$2,911,427,178	\$874,135,461
Endowment School Fund . . . . .	20,250,000	23,135,000	2,885,000
Trunk Highway Fund . . . . .	252,070,305	295,143,191	43,072,886
Highway User Tax Distribution . . . . .	5,923,518	7,511,251	1,587,733
Highway Safety . . . . .	57,304	89,094	31,790
State Airports . . . . .	5,387,592	10,075,302	4,687,710
Game and Fish Fund . . . . .	17,412,849	17,702,753	289,904
State Parks Development . . . . .	920,500	1,730,000	809,500
Wildlife Acquisition . . . . .	684,000	1,130,000	446,000
Consolidated Conservation . . . . .	140,976	---	(140,976)
Iron Range Resources and Rehabilitation Fund . . . . .	325,000	150,000	(175,000)
Agricultural Society . . . . .	425	---	(425)
Development Revolving Account . . . . .	125,000	150,000	25,000
Rural Rehabilitation Trust Fund . . . . .	---	150,000	150,000
Federal Unemployment Trust Fund . . . . .	---	100,000	100,000
Surplus Property Revolving . . . . .	---	125,000	125,000
	<u>\$2,340,589,186</u>	<u>\$3,268,618,770</u>	<u>\$928,029,584</u>
Portion of the University's Maintenance and Improvements appropriation to be financed from the University's portion of the occupation tax on iron ore and taconite, plus the earnings of the University's consolidated trust funds . . . . .	7,098,561	6,863,672	(234,889)
Total . . . . .	<u>\$2,347,687,747</u>	<u>\$3,275,482,442</u>	<u>\$927,794,695</u>
<b><u>Additional Open Appropriations</u></b>			
General Fund -- Dedicated Receipts . . . . .		180,049,190	
Miscellaneous Special Revenue Fund . . . . .		11,683,370	
Highway User Tax Distribution Fund . . . . .		170,206,708	
State Airports Fund . . . . .		22,439,000	
Game and Fish Fund . . . . .		115,000	
Consolidated Conservation Areas Fund . . . . .		247,310	
Iron Range Resources and Rehabilitation Fund . . . . .		838,930	
Revolving Funds . . . . .		8,824,262	
Bond Fund . . . . .		6,519,860	
Agency Funds . . . . .		178,468,134	
Federal Funds . . . . .		843,575,811	
Grand Total . . . . .		<u>\$4,698,450,017</u>	

Note: Columns may not add due to dropping of cents.



## B. Estimated Resources for 1971-73 Biennium for Financing of General Fund Appropriations

PLUS RELATED DISTRIBUTION, INCLUDING LOCAL SHARING, OF CERTAIN TAXES

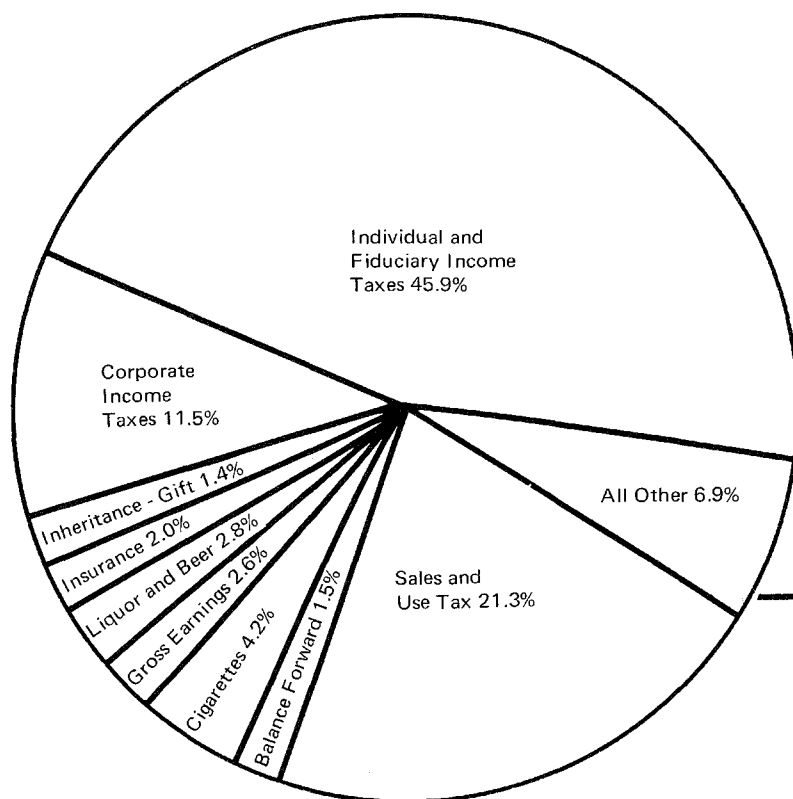
Code	Item	General Fund	University	Iron Range Resources and Rehabilitation	State Total	Local Share	Grand Total
Estimated Balance (July 1, 1971)							
	Governor's Biennial Budget . . . . .	\$ 37,130,411*					
	Revisions in 1971 estimated receipts and other adjustments . . . . .	5,730,842					
	Net adjusted balance . . . . .	42,861,253					
Permanent and Temporary Taxes and Receipts							
(1)	Gross Earnings Taxes . . . . .	\$ 76,316,000	\$ ---	\$ ---	\$ 76,316,000	\$ 3,384,000	\$ 79,700,000
	Insurance Gross Premium Tax . . . . .	50,820,000	---	---	50,820,000	---	50,820,000
(2)	Iron Ore Occupation Tax . . . . .	15,300,000	1,800,000	900,000	18,000,000	---	18,000,000
	Iron Ore Royalty Tax . . . . .	1,800,000	---	---	1,800,000	---	1,800,000
(3)	Taconite Occupation Tax . . . . .	4,160,000	640,000	---	4,800,000	1,600,000	6,400,000
	Taconite Royalty Tax . . . . .	1,500,000	---	---	1,500,000	---	1,500,000
(4)	Taconite Production Tax . . . . .	276,000	---	---	276,000	8,324,000**	8,600,000
(5)	Inheritance and Gift Taxes . . . . .	33,340,000	---	---	33,340,000	6,660,000	40,000,000
(6)	Liquor and Beer Taxes . . . . .	65,390,137	---	---	65,390,137	13,864,197	79,254,334
(7)	Cigarette Tax . . . . .	90,019,000	---	---	90,019,000	14,481,000	104,500,000
	Tobacco Products Tax . . . . .	4,470,000	---	---	4,470,000	---	4,470,000
	Sales and Use Tax . . . . .	467,000,000	---	---	467,000,000	---	467,000,000
	Real Estate Transfer Tax . . . . .	6,500,000	---	---	6,500,000	---	6,500,000
(8)	Bank Excise Tax . . . . .	5,600,000	---	---	5,600,000	18,400,000	24,000,000
	Oleomargarine Tax . . . . .	7,000,000	---	---	7,000,000	---	7,000,000
(9)	Income Tax - Individual and Fiduciary (Gross) . . . . .	1,126,000,000	---	---	1,126,000,000	---	1,126,000,000
(9)	Income Tax - Corporations (Gross) . . . . .	187,000,000	---	---	187,000,000	---	187,000,000
	Grain Inspection Fees . . . . .	6,315,200	---	---	6,315,200	---	6,315,200
	Institutions (Care of Persons) . . . . .	54,368,766	---	---	54,368,766	---	54,368,766
(10)	University Hospitals . . . . .	2,400,000	---	---	2,400,000	---	2,400,000
	Mobile Home Tax . . . . .	---	---	---	---	6,570,000	6,570,000
	All Other Receipts . . . . .	25,024,607	---	---	25,024,607	1,315,795***	26,340,402
		2,230,599,710	2,440,000	900,000	2,233,939,710	74,598,992	2,308,538,702
Transfers							
	Invested Treasurer's Cash . . . . .	12,000,000	---	---	12,000,000	---	12,000,000
(11)	State Park Receipts . . . . .	925,000	---	---	925,000	---	925,000
(12)	Attributable Costs . . . . .	2,615,250	---	---	2,615,250	---	2,615,250
	Motor Vehicle - Transfer Ownership . . . . .	1,535,371	---	---	1,535,371	---	1,535,371
(13)	Gas Tax Collection Costs . . . . .	1,300,000	---	---	1,300,000	---	1,300,000
	All Other Transfers . . . . .	5,000,000	---	---	5,000,000	---	5,000,000
		23,375,621	---	---	23,375,621	---	23,375,621
1971 Session Changes							
	Insurance Gross Premiums Tax Payments						
	Acceleration . . . . .	7,000,000	---	---	7,000,000	---	7,000,000
	Iron Ore Occupation Tax Increase . . . . .	900,000	80,000	40,000	1,020,000	---	1,020,000
	Iron Ore Royalty Tax Increase . . . . .	100,000	---	---	100,000	---	100,000
	Taconite Occupation Tax Increase . . . . .	3,300,000	510,000	---	3,810,000	1,275,000	5,085,000
	Taconite Royalty Tax Increase . . . . .	1,200,000	---	---	1,200,000	---	1,200,000

Taconite Royalty Tax Increase	1,200,000	---	---	1,200,000	---	1,200,000
Taconite Production Tax Increase	---	---	---	---	3,900,000	3,900,000
Inheritance Tax Payment Acceleration	8,000,000	---	---	8,000,000	1,000,000	9,000,000
Liquor Tax Increase	13,150,000	---	---	13,150,000	250,000	13,400,000
Beer Tax Increase	2,550,000	---	---	2,550,000	---	2,550,000
Cigarette Tax Increase	32,700,000	---	---	32,700,000	---	32,700,000
Sales and Use Tax Increase	124,900,000	---	---	124,900,000	---	124,900,000
Extension of Sales Tax to Tax-exempt Organizations, Including Newsprint and Ink	18,100,000	---	---	18,100,000	---	18,100,000
Sales Tax on Casual Sales	5,400,000	---	---	5,400,000	---	5,400,000
Extension of Sales Tax to Intrastate Toll Service	4,100,000	---	---	4,100,000	---	4,100,000
Individual Income Tax Increase (Net)	211,200,000	---	---	211,200,000	---	211,200,000
Corporation Income Tax Increase and Elimination of Federal Deductibility (Net)	130,400,000	---	---	130,400,000	---	130,400,000
Bank Excise Tax - Elimination of Federal Deductibility	16,000,000	---	---	16,000,000	---	16,000,000
Building Code Surcharge	900,000	---	---	900,000	---	900,000
Motor Vehicle Registration Tax Conversion To Ad Valorem Basis	550,000	---	---	550,000	---	550,000
Fee for Recycling of Automobiles	1,300,000	---	---	1,300,000	---	1,300,000
<b>Total</b>	<b>581,750,000</b>	<b>590,000</b>	<b>40,000</b>	<b>582,380,000</b>	<b>6,425,000</b>	<b>588,805,000</b>
<b>Total Taxes, Receipts and Transfers</b>	<b>2,835,725,331</b>	<b>3,030,000</b>	<b>940,000</b>	<b>2,839,695,331</b>	<b>81,023,992</b>	<b>2,920,719,323</b>
Appropriation Cancellations (Estimated)						
From Pay Plan	14,600,000	---	---	14,600,000		
From Other	19,000,000	---	---	19,000,000		
<b>Total Taxes, Receipts, Transfers and Estimated Cancellations</b>	<b>2,869,325,331</b>	<b>3,030,000</b>	<b>940,000</b>	<b>2,873,295,331</b>		
<b>Total Resources (Including Opening Balance)</b>	<b>\$2,912,186,584</b>	<b>\$ 3,030,000</b>	<b>\$ 940,000</b>	<b>\$2,916,156,584</b>		

**Code      Disposition of Tax**

- \* Prior to 1971 deficiency and "immediately available" appropriations.  
 \*\* Includes an estimated \$3,724,000 in taconite property tax relief.  
 \*\*\* Includes \$1,260,695 for iron ore and copper-nickel royalties, sale of timber, and other earnings not shared with general fund.
- (1) Local share (\$3,384,000) consists of 94% of gross earnings tax on taconite railroads.
  - (2) Distributed 85% to general fund, 10% to University, and 5% to Iron Range Resources and Rehabilitation Account.
  - (3) Distributed 65% to general fund, 10% to University, and 25% to local units of government.
  - (4) Distributed to taxing districts in which lands from which taconite was mined or quarried were located - 11½% to city, village or town, 27% to school district, 11½% to county, 3% to State and 47% to Taconite Property Tax Relief Account for apportionment to home owners. The additional tax imposed by the 1971 Legislature is divided as follows: approximately 50% to taconite municipal aid account, approximately 25% to taconite property tax relief account, and equal shares of approximately 12½% each to county road and bridge fund in qualifying counties, and to Commission of Iron Range Resources and Rehabilitation.
  - (5) Distributed 80% to State, 20% to counties of resident inheritance; nonresident inheritance and gift taxes, 100% to general fund.
  - (6) Liquor tax distributed 83% to State, 17% to local units of government; beer tax 100% to State.
  - (7) Distributed 5.5% to Natural Resources Account, 5.5% to Natural Resources Acceleration Account, 11.9% of 89% balance to local units of government, and the balance to the State General Fund.
  - (8) Distributed 45% to taxing districts in which banks are located; 55% to state.
  - (9) Gross and net estimated collections, by fiscal years, are as follows:
- |                                |                      |                      |                        |
|--------------------------------|----------------------|----------------------|------------------------|
|                                | <b>Fiscal 1972</b>   | <b>Fiscal 1973</b>   | <b>Biennium Total</b>  |
| Gross individual and fiduciary | \$530,000,000        | \$496,000,000        | \$1,126,000,000        |
| Gross corporate                | 90,000,000           | 97,000,000           | 187,000,000            |
|                                | <u>620,000,000</u>   | <u>693,000,000</u>   | <u>1,313,000,000</u>   |
| Less refunds                   | 107,000,000          | 123,000,000          | 230,000,000            |
| Net totals                     | <u>\$513,000,000</u> | <u>\$570,000,000</u> | <u>\$1,083,000,000</u> |
- (10) Reimbursement by counties to cover cost of care for indigent patients.
  - (11) Excess over \$50,000 balance at end of each fiscal year credited to general fund.
  - (12) Reimbursement for services (utility and others) furnished to other than general fund-financed activities.
  - (13) Reimbursement for costs incurred in both collecting and refunding of gasoline taxes.

# ESTIMATED RESOURCES AND EXPENDITURES GENERAL FUND 1971-73 BIENNIUM



## ESTIMATED RESOURCES

Including Estimated Cancellation — Pay Plan, \$14,600,000 and General Appropriations, \$19,000,000.

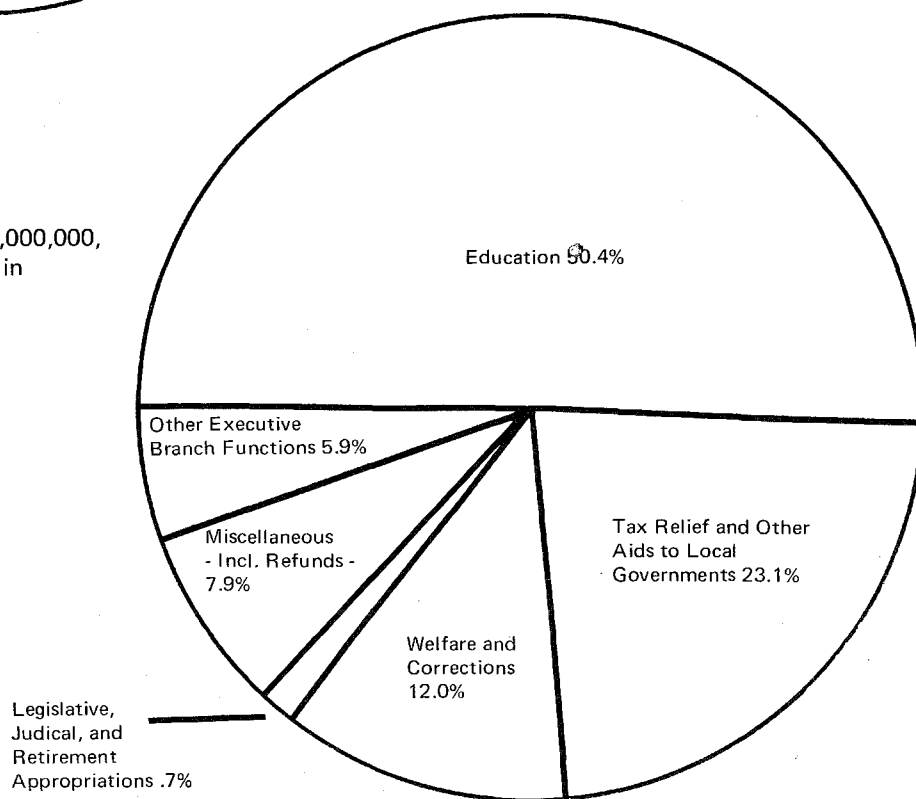
**\$2,912,186,584**

Severance, Tobacco Products, Real Estate Transfer, Bank Excise and Oleomargine Taxes, plus Grain Inspection Fees, Departmental Receipts, Transfers and Cancellations.

## ESTIMATED EXPENDITURES

Including Income Tax Refunds, \$207,000,000, and Tax Credit to parents of children in non-public schools, \$21,000,000.

**\$2,911,427,178**



## C. Rates of Principal Taxes With Effective Dates of New or Increased Taxes

### INCOME TAXES

### SALES AND EXCISE TAXES

#### Individual and Fiduciary Income Tax

			<u>New Rate Effective</u>	
			<u>January 1</u>	<u>January 1</u>
			<u>1971</u>	<u>1972</u>
		<u>Old Rate</u>		
First	\$ 500	1.5%	1.55%	1.6%
Next	500	2.0	2.10	2.2
Next	1,000	3.0	3.25	3.5
Next	1,000	5.0	5.40	5.8
Next	1,000	6.0	6.65	7.3
Next	1,000	7.0	7.90	8.8
Next	2,000	8.0	9.10	10.2
Next	2,000	9.0	10.25	11.5
Next	3,500	10.0	11.40	12.8
Next	7,500	11.0	12.50	14.0
Excess				
over	20,000	12.0	13.50	15.0

#### Corporation Income Tax

	<u>Old Rate</u>	<u>New Rate Effective July 1, 1971</u>
Under old rate, amount of federal income tax paid was deductible in computing taxable income.	11.33%	
Under new rate, no deduction is allowed for federal income tax paid.		12.00%

#### Bank Excise Tax

	<u>Old Rate</u>	<u>New Rate Effective July 1, 1971</u>
Under old rate, amount of federal income tax paid was deductible in computing taxable income.	13.64%	
Under new rate, no deduction is allowed for federal income tax paid.		13.64%
Rate drops to 12.00%, effective July 1, 1973.		

	<u>Old Rate</u>	<u>New Rate Effective November 1, 1971</u>
Retail Sales and Use Tax Exempts foodstuffs, clothing, medicines, gasoline and cigarettes.	3.00%	4.00%
Liquor Tax (per gallon)	27¢ to \$3.625	27¢ to \$4.53
Beer Tax (per barrel)		
3.2% beer	\$1.60	\$2.00
Strong beer	3.20	4.00
Cigarette Tax (per pack)	13¢	18¢
Tobacco Products Tax computed on wholesale price.	20%	No Change
Yellow Margarine Tax (per pound)	10¢	No Change
Gasoline Tax (per gallon)	7¢	No Change

### GROSS EARNINGS TAXES

(In lieu of ad valorem taxes)

Rates unchanged in 1971 Legislative sessions

	<u>Rate</u>
Railroad Companies	5%
Telephone Companies	
— from service to rural subscribers	4%
— from exchange business in cities of the fourth class and villages with 10,000 or less population	4%
— from all other business	7%
— for companies with gross earnings of \$1,000 or less; per connected telephone	30¢
Telegraph Companies	6%
Sleeping Car Companies	6%
Express Companies	5%
Freight Line Companies	7%
Taconite Railroads	5%

## SEVERANCE TAXES

	Old Rate	New Rate Effective January 1, 1972
Iron Ore Occupation Tax	14.25%	15.50%
Iron Ore Royalty Tax	14.25%	15.50%
Taconite Occupation Tax	12.00%	15.00%
Taconite Royalty Tax	12.00%	15.00%

### Taconite and Iron Sulphides Tax

(In lieu of property taxes)

per ton of concentrates having content of 55% dry iron plus, for each additional 1% of dry iron content 11.50¢  
1/10th¢

### Additional Tax on Taconite and Iron Sulphides and Concentrates (per gross ton)

— produced in 1971 4¢  
— produced in 1972 7¢  
— produced in 1973 and 1974 9¢  
— produced in 1975 and 1976 10¢  
— produced in 1977 and 1978 12¢  
— produced in 1979 and thereafter 14¢

(The additional tax shall be increased by 1/10 of one cent for each percentage point that wholesale price index as of January shall be above 119, using average for 1957-59 as the base of 100.)

Copper-Nickel Occupation Tax 1%

Copper-Nickel Royalty Tax 1%

### Copper-Nickel (in lieu of property tax)

— per gross ton of concentrate 2.5¢  
— plus, for each 1/10 of 1% by which mineral content exceeds 1% .025¢

## REAL ESTATE TRANSFER

(Rates unchanged in 1971 Legislative sessions)

\$2.20 for first \$1,000, plus \$1.10 for each additional \$500.

## PROPERTY TAX CHANGES

Corporations

(See Synopsis Chapter 31,

Parking Ramps

(Extra Session

Petroleum Refineries

(Laws 1971, Appendix A, Page 67

# APPENDIX A

## Synopsis of Chapter 31 (HF 262) Extra Session Laws of 1971 (Omnibus Tax Bill)

### CONTENTS

#### Articles

- I Sales and Use Tax
- II Cigarette and Cigarette Use Tax
- III Inheritance and Estate Taxes
- IV Occupation and Royalty Taxes
- V Motor Vehicle Registration Tax — Motor Vehicle Excise Tax
- VI Corporation Income and Bank Excise Taxes
- VII Liquor and Beer Taxes
- VIII Tax Relief for Senior Citizens and Renters
- IX Low Property Tax Classification for Federally Financed Housing for Elderly or Low Income Families
- X Airflight Property Tax
- XI Real Estate Investment Trusts; Deduction of Certain Dividends In Computing Net Income Subject to Tax
- XII Grain Handler's Tax — Vessel Tonnage Tax — Occupation Tax on Coal Dock Operators
- XIII Tax Study Commission
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- XV Council on Quality Education
- XVI Appropriation to Department of Taxation
- XVII Definition of Real Property for Ad Valorem Property Tax Purposes
- XVIII Individual Income Tax
- XIX Ramsey County Board of Public Welfare
- XX School Aids; Levy Limitations Upon School Districts; Appropriation
- XXI Local Government Aid
- XXII Property Taxes
- XXIII Assessment Practices: Valuation of Agricultural Lands; Notice of Increases in Valuation of Real Property



## Articles

- XXIV Municipal Industrial Development Act
- XXV State Board of Assessors
- XXVI Levy Limitations on Governmental Subdivisions
- XXVII Intergovernmental Information Services Advisory Council
- XXVIII Property Tax Levy for Removal of Condemned Property
- XXIX Distribution of Proceeds of Taconite Production Tax
- XXX Additional Tax on Taconite and Iron Sulphides; Distribution of Proceeds; Exemption of New Taconite Plants From Sales Tax
- XXXI Repeal of Personal Property Tax Replacement and Per Capita Aid Distributions to Municipalities and School Districts
- XXXII Aid to School Districts for Agricultural Mill Rate Differential
- XXXIII Supplemental Welfare Appropriations
- XXXIV Personal Property Tax Replacements to Local Taxing Districts for 1972
- XXXV Calculation of Local Property Tax Levies
- XXXVI Replacement of Revenues Lost By Reason of Home Owners' Relief
- XXXVII Gross Earnings Tax Refunds to School Districts
- XXXVIII Effective Date

Synopsis of  
Chapter 31 (HF 262)  
Extra Session Laws of 1971  
(Omnibus Tax Bill)

ARTICLE I SALES AND USE TAX

- A. Increases rate of *state sales and use tax* to 4 (from 3) percent. Effective *November 1, 1971*.
1. Provides that tax on sales at retail through *coin-operated vending machines* shall be 3 percent of gross receipts of such sales. Not effective until *December 1, 1971* (see Section 44 of Chapter 48, Extra Session Laws of 1971).
- B. Subjects furnishing of *intrastate telephone toll service* to sales tax.
- C. Provides that if sales price of any sale at retail is 12 (was 16) cents or less, no sales tax shall be collected.
- D. Subjects *paper or ink products* used or consumed in *producing* publications regularly issued at average intervals not exceeding 3 months, to sales and use tax. (Through oversight, *publications* also were made subject to tax. This was corrected in Section 42 of Chapter 48, Extra Session Laws.)
- E. Exempts gross receipts from sales of tangible personal property to, and storage, use or consumption of such property by, *a state* (instead of State of Minnesota) and its agencies, instrumentalities and political subdivisions.
- F. Revokes exemption from sales and use tax presently granted to *gross earnings taxpayers* (railroads, taconite railroads, express companies, freight line companies, sleeping car companies, telegraph companies, telephone companies and certain types of trust companies) and to *airline companies* taxed under *airflight property tax law*.
1. But exempts gross receipts from sales of *rolling stock* and storage, use or other consumption of such property by *railroads, freight line companies, sleeping car companies and express companies*; gross receipts from sales of *airflight equipment*, and storage, use or other consumption of such property by such companies; gross receipts from sale of *telephone central office telephone equipment used in furnishing intrastate and interstate telephone service to the public*; and gross receipts from sale of and storage, use or consumption by *taconite companies* of *mill liners, grinding rods and grinding balls* which are substantially consumed in production of taconite, the material of which primarily is added to and becomes a part of the material being processed.
- a. Defines "*rolling stock*" as used in clause (1) above, as the portable or moving apparatus and machinery of any railroad, freight line, sleeping car or express company which moves on the road, including, but not limited to, engines, cars, tenders, coaches, sleeping cars and parts necessary for the repair and maintenance of such rolling stock.
- b. Defines "*airflight equipment*" as used in clause (1) above, as including airplanes and parts necessary for the repair and maintenance of such equipment, and flight simulators.
- G. Provides that increase in tax shall not apply to the gross receipts from sales at retail made pursuant to *bona fide written contracts*, nor to *lump sum or fixed price construction contracts* which unconditionally vest the rights and obligations of the parties thereto and which do not make provision for allocation of future taxes; provided that such contracts were enforceable prior to *November 1, 1971*; and further provided that (1) in the case of *construction contracts* the delivery of tangible personal property used in performing such construction contract is made on or prior to *November 1, 1972*, and (2) in the case of *all other contracts* subject to this section the delivery of tangible personal property subject thereto is made on or prior to *December 15, 1971*.
- H. Provides that distribution to townships, cities, villages, boroughs, counties and school districts of one-fourth of sales and use tax proceeds shall be *discontinued* after *calendar year 1971*.
- I. Paragraphs B-H effective as to all sales made after *October 31, 1971*.
- J. Provides that newly-enacted *motor vehicle excise tax* (Laws 1971, Chap. 853) shall be at same rate as sales tax (4 percent).

- K. Removes the exemption from *motor vehicle excise tax* of persons taxed under in lieu provisions of the *gross earnings tax* and *taconite tax* laws and to persons taxed under the *airflight property tax* law.
1. Exempts *common carriers* electing to register as retailers and to pay sales or use tax direct to Commissioner of Taxation, from paying *motor vehicle excise tax*.
- L. Paragraphs J and K effective *January 1, 1972*.

## ARTICLE II CIGARETTE AND CIGARETTE USE TAX

- A. Increases *cigarette and cigarette use tax rate* to 18 (from 13) cents per pack.
- B. Changes *distributor's discount percentage* to 2.50 (was 2.75) percent of face amount of tax stamps for first \$500,000 (was \$206,250) of such stamps, 2 percent (same) on next \$500,000, and 1.50 (was 2) percent on all additional stamps purchased in any fiscal year.
- C. Provides that 5.5 (was 8.3) percent of *proceeds* of tax shall be credited to *natural resources account*; that 5.5 percent shall be credited to *natural resources acceleration account*; that until January 1, 1972 an additional 5.5 (was 8.3) percent shall be deposited in general fund for distribution with sales tax proceeds; that 11.9 (was 18) percent of *balance* shall be credited to *cigarette tax apportionment account*; and that *balance* shall be deposited in *general fund*.
- D. Increased tax rate in effect *from and after final enactment*.

## ARTICLE III INHERITANCE AND ESTATE TAXES

- A. Provides for payment of *inheritance and estate taxes* within 12 (was 18) months after decedent's death.
- B. Applicable for deaths occurring on and after *August 1, 1971*.

## ARTICLE IV OCCUPATION AND ROYALTY TAXES

- A. Combines *iron ore occupation tax and additional taxes* (11 percent basic tax, 1 percent additional tax, and 2.25 percent "temporary" additional tax) into one *increased* tax equal to 15.5 percent of valuation of all ores (except taconite, semi-taconite and iron sulphides) mined or produced *after December 31, 1971*. Increases *occupation tax* on *taconite, semi-taconite and iron sulphides* to 15 (was 12) percent of valuation of all taconite, semi-taconite and iron sulphides mined or produced *after December 31, 1970*.
1. Limits labor credit to  $\frac{3}{4}$  of 11 percent of *valuation of ore used in computing tax* (was 75 percent of 11 percent basic tax), as applied to underground and taconite or semi-taconite operations; and to  $\frac{6}{10}$  of 11 percent of *valuation* (was 60 percent of 11 percent basic tax), as applied to all other operations.
- B. Combines *iron ore royalty tax and additional taxes* (11 percent basic tax, 1 percent additional tax, and 2.25 percent "temporary" additional tax) into one *increased* tax equal to 15.5 percent of royalties received for permission to explore, mine, take out and remove ore other than taconite, semi-taconite and iron sulphides *after December 31, 1971*. Increases *royalty tax* on *taconite, semi-taconite and iron sulphides* to 15 (was 12) percent of valuation of all royalties received.
1. Limits labor credit to  $\frac{3}{4}$  of 11 percent of *royalty received* (was 75 percent of 11 percent basic tax), as applied to underground, taconite and semi-taconite operations; and to  $\frac{6}{10}$  of 11 percent of *royalty received* (was 60 percent of 11 percent basic tax), as applied to all other operations.
- C. Provides that iron ore (exclusive of taconite, semi-taconite and iron sulphides) mined or produced *prior to January 1, 1972* is not affected by the above provisions of Article IV and that provisions of M.S. 1969, Chaps. 298 and 299 shall apply to such iron ore mined or produced *prior to January 1, 1972*.

## ARTICLE V Motor Vehicle Registration Tax -- MOTOR VEHICLE EXCISE TAX

- A. Provides that *motor vehicle registration tax* on *passenger automobiles, ambulances, and hearses*, shall be \$10 plus an *additional tax* equal to 1.25 percent of *manufacturer's suggested retail price* of vehicle including *destination charge*.
1. Every vehicle is to be classified in a series of base value classes successively set in brackets having a spread of \$200 with *base value* to be *middle point* between extremes of its class.

2. The annual additional tax during *first* year of vehicle life is to be computed upon *100 percent* of base value; for *second* year, *90 percent* of such value; for *third* year, *75 percent*; for *fourth* year, *60 percent*; for *fifth* year, *45 percent*; for *sixth* year, *35 percent*; for *seventh* year, *30 percent*; for *eighth* year, *20 percent*; for *ninth* year, *15 percent*; for *tenth* year, *10 percent*; and for *eleventh* and *each succeeding year*, \$2.
  3. The *5 percent surtax* imposed by M.S., Sec. 168.013, Subd. 14, is not to be added.
- B. Removes exemption from newly-enacted *motor vehicle excise tax* (Laws 1971, Chap. 853) granted in that law to persons taxed under in lieu provisions of *gross earnings tax* and *taconite tax* laws and to persons taxed under *airflight property tax* law.
  - C. Appropriates \$125,000 from highway user tax distribution fund for purposes of Article.
  - D. In effect for taxes due on *January 1, 1973* and thereafter.

## ARTICLE VI CORPORATION INCOME AND BANK EXCISE TAXES

- A. Combines *corporate income tax, additional tax and surtax rates* (8.5 percent basic tax, 1.8 percent "temporary" additional tax, and 10 percent "temporary" surtax) into one rate *increased* from 11.33 to 12 percent.
- B. Combines *bank excise tax, additional tax and surtax rates* (10.5 percent basic tax, 1.9 percent "temporary" additional tax, and 10 percent "temporary" surtax) into one rate of *13.64 percent* until *July 1, 1973*. Reduces rate to 12 percent *after July 1, 1973*.
  1. Provides for distribution back to counties of *45 percent* of revenue derived from tax (essentially equivalent to previous distribution which was 100 percent of basic tax).
- C. Removes *federal income taxes* from list of enumerated taxes allowed *corporations* and *banks* as *deductions from gross income* in computing net income.
- D. Provisions of this Article not applicable to *individuals, estates and trusts*.
- E. Provisions of this Article applicable for all income taxable under M.S., Chap. 290 after *June 30, 1971*.

## ARTICLE VII LIQUOR AND BEER TAXES

- A. Increases rates of excise tax on *intoxicating liquor*, as follows:
  1. On specialty liquors (scotch, bourbon, etc.) to \$4.53 (was \$3.625 including surtax) per gallon; and on miniatures, to 12 (was 7.187 including surtax) cents.
  2. Changes percentage of proceeds of these taxes apportioned to counties, cities, villages and boroughs to *17 percent* (essentially equivalent to previous distribution which was 30 percent of basic tax).
  3. Repeals "*temporary*" *surtaxes* imposed by M.S., Sec. 340.47, Subds. 3 and 5, and *additional tax* imposed by Subd. 6.
- B. Increases rate of excise tax on *3.2 beer* to \$2.00 (was \$1.60) per barrel, and rate of excise tax on *strong beer* to \$4.00 (was \$3.20) per barrel.
- C. Increased tax rates in effect *from and after final enactment*.

## ARTICLE VIII TAX RELIEF FOR SENIOR CITIZENS AND RENTERS

- A. Liberalizes tax relief provisions (credit against or refund of state income tax) of Tax Reform and Relief Act for *senior citizen home owners* and *senior citizen renters*.
  1. Senior citizen may qualify for credit (or refund) if he attains age 65 during calendar year for which claim is filed.
  2. Senior citizen *renter* may qualify for credit (or refund) if he has rented property during *any part* of calendar year for which claim is filed.
  3. If landlord does not supply charges for *utilities, etc.* furnished by him, or if charges appear to be incorrect, Commissioner of Taxation may *apply a percentage* determined from samples of similar gross rents paid solely for right of occupancy.
  4. Requires local treasurer to include with tax bill a statement that if owner of property is 65 or over, *he may be eligible for the credit*.

5. Sets up *new schedule of senior citizen tax credits*, depending upon amount of property tax and amount of total household income. Benefits are afforded those having *household incomes* up to \$5,000 (was \$3,500).
  6. Increases *maximum property tax allowable as basis for credit* to \$800 (was \$600).
- B. Increases to  $7\frac{1}{2}$  (was  $3\frac{3}{4}$ ) percent, percentage of rent allowed *renters* as credit against state income tax, and increases to \$90 (was \$45) *maximum amount* of such credit in any taxable year.
  - C. Repeals provision prohibiting *recipients of public funds* for payment of taxes or rent, from receiving senior citizen tax credits.
  - D. Provisions of this Article effective for all years beginning *after December 31, 1970*.

#### ARTICLE IX LOW PROPERTY TAX CLASSIFICATION FOR FEDERALLY FINANCED HOUSING FOR ELDERLY OR LOW INCOME FAMILIES

- A. Amends M.S., Sec. 273.13, Subd. 17, as amended by Laws 1971, Chap. 427, Sec. 12, to provide that structures situated on real property used for *housing for elderly or for low and moderate income families* as defined by Title II of National Housing Act and financed by direct federal loan or federally insured loan pursuant to Act, shall be valued and assessed at 20 percent of adjusted market value for 15 years from date of completion of original construction *or substantial rehabilitation, or for original term of loan*.

#### ARTICLE X AIRFLIGHT PROPERTY TAX

- A. Provides that for *airflight property taxes* levied in 1972, rate shall not exceed  $33\frac{1}{3}$  percent of average rate of taxes, general, municipal, and local, levied throughout State for preceding year. [Note: This conforms assessment of airflight property to provisions of Laws 1971, Chap. 427, which eliminates use of adjusted market value.]

#### ARTICLE XI REAL ESTATE INVESTMENT TRUSTS; DEDUCTION OF CERTAIN DIVIDENDS IN COMPUTING NET INCOME SUBJECT TO TAX

- A. Provides that in computing net income for state income tax purposes, *real estate investment trusts* may deduct their *dividends paid* to extent permitted by Sec. 857 (b) (2) (C) of Internal Revenue Code, and their *capital gain dividends paid* as defined and limited by Sec. 857 (b) (3) (C) of Code.
- B. Applicable to taxable years commencing *after December 31, 1970*.

#### ARTICLE XII GRAIN HANDLER'S TAX – VESSEL TONNAGE TAX – OCCUPATION TAX ON COAL DOCK OPERATORS

- A. Repeals *tax for handling of grain* (M.S., Chap. 286), *vessel tonnage tax* (Chap. 289), and *occupation tax on coal dock operators* (Secs. 298.41-298.45).
- B. Provides that none of these taxes shall be levied *after December 31, 1971*.

#### ARTICLE XIII TAX STUDY COMMISSION

- A. Creates a *Tax Study Commission* (5 House members, 5 Senators, 5 members chosen by Governor) to examine *State's total tax structure*, its equity and distribution as they relate to revenue needs and sources of State and its political subdivisions.
- B. Commission to focus major attention on:
  1. Distribution of property or in lieu taxes from large industrial units such as power plants, taconite plants, etc.
  2. Alternate sources of tax revenue which should be made available to local units of government.
  3. Classification of real and personal property for ad valorem tax purposes.
  4. Nature and extent of levy controls which should be placed upon property taxing power of local units of government.
- C. Commission also to examine *income and sales taxes* as they relate to real estate taxes, with purpose of determining more equitable individual and corporate tax burdens.

- D. Commission to report its findings and a definite comprehensive plan for legislative and administrative action to Governor and Legislature no later than *January 15, 1973*.
- E. Appropriates \$50,000 from general fund for expenses of Commission.

#### ARTICLE XIV LIQUOR STUDY COMMISSION

- A. Creates a *Liquor Study Commission* (5 House members, 5 Senators, 5 members chosen by Governor) to examine *State's total liquor trade structure*.
- B. Commission to focus major attention on (1) revenue effects of trade as presently organized and as organized under any proposed arrangements; (2) monopolistic practices in the trade; (3) possible alternative arrangements of the trade; and (4) practices in other states.
- C. Commission to report its findings and a definite comprehensive plan for legislative and administrative action to Governor and Legislature no later than *January 15, 1973*.
- D. Appropriates \$50,000 from general fund for expenses of Commission.

#### ARTICLE XV COUNCIL ON QUALITY EDUCATION

- A. Establishes a *Council on Quality Education* (17 members) to encourage, promote and aid research and development programs in elementary and secondary schools.
- B. Authorizes Council, through State Board of Education, to make *grants or loans* to *school districts* in support of such programs.
- C. Appropriates \$750,000 from general fund for purposes of Article.

#### ARTICLE XVI APPROPRIATION TO DEPARTMENT OF TAXATION

- A. Appropriates \$65,000 to *Department of Taxation* for *fiscal year 1971-72* for purpose of effecting the tax increases, and \$80,000 for *fiscal year 1972-73* for purpose of auditing and reviewing certificates and levy limitations.

#### ARTICLE XVII DEFINITION OF REAL PROPERTY FOR AD VALOREM PROPERTY TAX PURPOSES

- A. Provides that for ad valorem property tax purposes, *building or structure* shall include *building or structure itself, together with all improvements or fixtures annexed to building or structure which are integrated with and of permanent benefit to building or structure, regardless of present use of building, and which cannot be removed without substantial damage to itself or to building or structure*.

#### ARTICLE XVIII INDIVIDUAL INCOME TAX

- A. Provides that for taxable year beginning after *December 31, 1970* and prior to *January 1, 1972*, rates of *state income tax* on *individuals, estates and trusts* shall be as follows:
  - 1. On first \$500 of taxable net income, *1.55* (was 1.5) percent.
  - 2. On second \$500, *2.1* (was 2) percent.
  - 3. On next \$1,000, *3.25* (was 3) percent.
  - 4. On next \$1,000, *5.4* (was 5) percent.
  - 5. On next \$1,000, *6.65* (was 6) percent.
  - 6. On next \$1,000, *7.9* (was 7) percent.
  - 7. On next \$2,000, *9.1* (was 8) percent.
  - 8. On next \$2,000, *10.25* (was 9) percent.
  - 9. On next \$3,500, *11.4* (was 10) percent.
  - 10. On all over \$12,500, and not over \$20,000, *12.5* (was 11) percent.
  - 11. On remainder, *13.5* (was 12) percent.

- B. Provides that for taxable years beginning *after December 31, 1971*, the rates shall be as follows:
1. On first \$500 of taxable net income, *1.6* percent.
  2. On second \$500, *2.2* percent.
  3. On next \$1,000, *3.5* percent.
  4. On next \$1,000, *5.8* percent.
  5. On next \$1,000, *7.3* percent.
  6. On next \$1,000, *8.8* percent.
  7. On next \$2,000, *10.2* percent.
  8. On next \$2,000, *11.5* percent.
  9. On next \$3,500, *12.8* percent.
  10. On all over \$12,500; and not over \$20,000, *14* percent.
  11. On remainder, *15* percent.
- C. Increases *personal credits* for taxable year beginning *after December 31, 1970* and ending *prior to January 1, 1972* to \$20 (was \$19) for *unmarried individuals* and *estates of decedents*; to \$40 (was \$38) for *married couples* or *heads of households*; and to \$20 (was \$19) for *dependents*.
- D. For taxable years which begin *after December 31, 1971*, increases *personal credits* to \$21 for *unmarried individuals* and *estates of decedents*; to \$42 for *married couples* or *heads of households*; to an additional \$21 for *unmarried individuals 65 years of age or older*; to an additional \$21 for *unmarried blind individuals*; and to an additional \$21 for *each spouse* for *married individuals 65 years of age or older*.
- E. Provides that *withholding tables* applicable to period beginning *after December 31, 1971* under tax provision prescribed by this Article shall also be applicable for periods of *November and December 1971*.

## ARTICLE XIX RAMSEY COUNTY BOARD OF PUBLIC WELFARE

- A. Provides that *Board of County Commissioners* shall be County Welfare Board in *Ramsey County*

## ARTICLE XX SCHOOL AIDS; LEVY LIMITATIONS UPON SCHOOL DISTRICTS; APPROPRIATION

- A. Changes basis for computation of school aids to average daily *membership* (instead of attendance).
- B. Provides an *additional half pupil unit* for *AFDC* pupils.
- C. For *1971-72* school year, increases foundation aid per pupil payments to school districts to \$600 less *30 mills* times *1970* adjusted assessed valuation in district, but not less than \$215 per pupil unit and not less than \$600 per pupil unit *AFDC*.
- D. For *1972-73* school year, increases foundation aid per pupil payments to school districts to \$750 less *30 mills* times *1970* adjusted assessed valuation in district, but not less than \$215 per pupil unit and not less than \$750 per pupil unit *AFDC*.
- E. Provides for *equalization of property assessments* in various school districts, with final review and authority in *Tax Court*.
- F. Provides for payment to school districts of *10 percent* of estimated foundation aids in *each* of months from *September* through *May*, with *final distribution* to be made in *August*.
1. In *1971-72* school year, payments are to commence in *November*, or as soon as possible thereafter, with payment of *13 percent* of estimated foundation aids *each month* through *May* and *final distribution* in *August*.
- G. Requires a basic levy of *30 mills* in each school district, subject to certain exceptions, plus amounts necessary for bonded debt, unreimbursed portion of transportation aid, and costs in excess of \$750 per pupil in *1971-72* and \$788 in *1972-73*.
- H. Imposes *levy limitations* upon school districts and provides for *reduction* in amount of state aid to *non-complying* districts equal to *one-half of excess in levy*.



I. Appropriates following amounts for school aids:

	1971	1972
School Foundation Aids . . . . .	\$378,772,460	\$517,699,800
Emergency School Aid . . . . .	4,000,000	---
School Transportation Reimbursement Aid . . . . .	25,200,000	33,300,000
Classes for Handicapped Children . . . . .	18,633,000	21,233,136
School Vocational Aid . . . . .	27,942,000	34,900,404

ARTICLE XXI LOCAL GOVERNMENT AID

- A. Provides for payments to *taxing districts* (except school districts) in *all counties except those in 7-county metropolitan area*, of *per capita aids* of \$25 for *calendar year 1972* and \$27 for *calendar year 1973*.
1. *County governments* to receive same percentage of distribution that they were entitled to receive in 1971 from personal property reimbursement, except that distribution to *school districts* are to be *disregarded* in making the calculations.
  2. *Balance* to be divided among all *municipalities* (except school districts) in *proportion to their respective tax levies*.
- B. Provides for payments to *taxing districts* (except school districts) in *Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties*, of *per capita aids* of \$27 for *calendar year 1972* and \$29 for *calendar year 1973*.
1. *County governments* to receive in total, in 1972, 18.5 percent of \$26 times population of the 7 counties, and, in 1973, 17.5 percent of \$28 times population of the 7 counties.
  2. *Minneapolis and St. Paul* to receive proportion of *balance* that *dollar amounts* of their *tax levies* payable in 1971 bear to dollar amount of levies of *all municipalities* in 7-county metropolitan area.
  3. *Balance* to be divided among all municipalities in area in proportion to their *populations*.
- C. Provides that no county, city, village, borough, town or other taxing authority shall *increase a present tax* or impose a *new tax on sales or income*.
- D. Except as otherwise provided above, this Article, including its appropriations, is *effective upon final enactment*.

ARTICLE XXII PROPERTY TAXES

- A. Provides that real property of *refineries* (which were classified at 27 percent of market value) shall be classified at 30 percent in 1972 assessment, 33-1/3 percent in 1973 assessment, 38 percent in 1975 assessment, and 43 percent in 1977 assessment.
- B. Provides that *parking ramps* in *St. Paul and Duluth* (which were classified at 20 percent of market value for 15 years from date of original construction or initial use) shall be classified at 25 percent in 1972 assessment, 30 percent in 1973 assessment, 36 percent in 1975 assessment, and 43 percent in 1977 assessment.
- C. Eliminates election afforded taxpayers to have either *inventories* [category (a)] or *tools and machinery* [category (b)] exempt from ad valorem property taxation. Provides that taxpayer shall be exempted with respect to "all *agricultural products*, *inventories*, *stocks of merchandise* of all sorts, *all materials, parts and supplies*, *furniture and equipment*, *manufacturers material*, *manufactured articles* including the *inventories* of *manufacturers, wholesalers, retailers and contractors*, and the *furnishings* of a room or apartment in a hotel, rooming house, tourist court, motel or trailer camp, *tools and machinery* which by law are considered as personal property, *except personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, or petroleum products*."
- D. Provides that *after December 31, 1971*, property owned, leased or used by any *public elementary or secondary school district* for a *home, residence or lodging house* for any teacher, instructor, or administrator shall *not* be entitled to exemption from ad valorem property taxation.
- E. Provides that *after December 31, 1970*, property owned or leased by, or loaned to, a *hospital* and used principally by such hospital as a *recreational or rest area* for employees, administrators, or medical personnel, shall *not* be entitled to exemption from ad valorem property taxation.
- F. Provides that *tools, implements and machinery, which are fixtures* shall continue to constitute *Class 3* property (assessed at 33-1/3 percent of market value).

- G. Provides that *residential real estate*, other than seasonal residential, recreational and homesteads, shall be classified as *Class 3d* property and shall have a taxable value equal to *40 percent* of market value.
  - 1. Defines *residential real estate* as real property used or held for use by the owner thereof, or by his tenants or lessees as a residence for *rental periods of 30 days or more*, but not including *homesteads or real estate devoted to temporary or seasonal residential occupancy for recreational purposes*.
- H. Provides that *Class 4* property (all property not included in preceding classes) shall be valued and assessed at *43* (was 40) percent of market value.
- I. Provides that amount of the excess over \$12,000 of market value of urban homestead property shall continue to be valued and assessed at *40* (instead of 43) percent of market value.
- J. Except as specifically provided in A, B and E above, this Article is *effective* for *January 2, 1972* assessment and subsequent assessments.

### **ARTICLE XXIII ASSESSMENT PRACTICES: VALUATION OF AGRICULTURAL LANDS; NOTICE OF INCREASES IN VALUATION OF REAL PROPERTY**

- A. Directs assessors, in valuing *agricultural land* for ad valorem property tax purposes, to consider and give recognition to *earnings potential* of such lands as measured by its free market rental rate.
- B. Provides that if county assessor, or village or city assessor having powers of county assessor, values any taxable real property at an *amount greater than amount of its valuation for previous year*, he must *notify property owner* in writing at least 10 days before meeting of local board of review or equalization. The notice shall contain amount of increase in terms of market value, assessor's office address, and dates, places, and times set for meetings of local board of review or equalization and county board of equalization.

### **ARTICLE XXIV MUNICIPAL INDUSTRIAL DEVELOPMENT ACT**

- A. Broadens powers of municipalities and redevelopment agencies, under *Municipal Industrial Development Act*, to aid in redevelopment of existing areas of blight, marginal land, and substantial and persistent unemployment.
- B. Broadens term "*project*" to include properties used or useful in connection with a revenue producing enterprise engaged or to be engaged in *generating, transmitting, or distributing electricity*; and any *properties, real or personal, used or useful in abatement or control of air or water pollution in connection with a revenue producing enterprise*.
- C. Includes *towns having village powers* within definition of "*municipality*".
- D. Other provisions.

### **ARTICLE XXV STATE BOARD OF ASSESSORS**

- A. Creates a *State Board of Assessors* (7 members appointed by Governor for 4-year terms) for purpose of establishing, conducting, reviewing, supervising, coordinating or approving courses in assessment practices, and establishing certain criteria for determining assessor's qualifications.
- B. Provides that commencing *December 1, 1974*, no assessor shall be employed who has not been certified as qualified by the Board.
  - 1. Time to comply may be extended upon a showing to Board that certified assessors are not available for employment.
- C. Other provisions.

### **ARTICLE XXVI LEVY LIMITATIONS ON GOVERNMENTAL SUBDIVISIONS**

- A. Establishes *property tax levy limitations* for *governmental subdivisions* (counties, cities, villages, boroughs, towns having village powers, and boards or commissions authorized to levy property taxes).
  - 1. Term "governmental subdivision" does not include *school districts*.
- B. Provides for tax levy limitation *increases* and *decreases*.
  - 1. Provides for *percentage reductions* in local government aids when levies *exceed* allowable limitations.

**ARTICLE XXVII INTERGOVERNMENTAL INFORMATION  
SERVICES ADVISORY COUNCIL**

- A. Directs *Intergovernmental Information Services Council* (which was created by Laws 1971, Chap. 918) to develop recommendations to Commissioner of Taxation for expeditious gathering and reporting of (1) incidence, rate, distribution, exemption from and total revenue raised of state and local sales, property, income taxes, special assessments and other revenue sources of State and each unit of local government; (2) bonded indebtedness of local units of government and relationship of such debt to statutory debt limits; (3) distribution of state funds, by category, to each local unit of government; (4) amounts of state and federal grant-in-aid assistance to each local unit of government and state agencies by category; and (5) such other information as Commissioner may require.

**ARTICLE XXVIII PROPERTY TAX LEVY FOR REMOVAL  
OF CONDEMNED PROPERTY**

- A. Authorizes local units of government to levy taxes in excess of tax or levy limitations, for *demolition or removal of real property condemned as hazardous* to health, safety or welfare of public.

**ARTICLE XXIX DISTRIBUTION OF PROCEEDS OF  
TACONITE PRODUCTION TAX**

- A. Limits special distribution to Independent School District No. 319, Itasca County, of percentage of proceeds of *taconite production tax* in respect to *concentrating plants* within that district and Independent School District No. 701, St. Louis County, to tonnage produced from any plant constructed and placed in operation *after year 1971*.

**ARTICLE XXX ADDITIONAL TAX ON TACONITE  
AND IRON SULPHIDES; DISTRIBUTION OF PROCEEDS;  
EXEMPTION OF NEW TACONITE PLANTS FROM SALES TAX**

- A. Imposes an *additional tax* upon *taconite and iron sulphides* of 4 cents per ton during 1971, 7 cents per ton during 1972, 9 cents per ton during 1973 and 1974, 10 cents per ton during 1975 and 1976, 12 cents per ton during 1977 and 1978, and 14 cents per ton during 1979 and thereafter.
- B. Provides for *distribution* of proceeds of additional tax, in varying amounts, to *county road and bridge funds* of counties from which taconite was mined, to *Commissioner of Iron Range Resources and Rehabilitation*, to *taconite property tax relief account* in apportionment fund, and to *taconite municipal aid account* in apportionment fund.
- C. Provides for distribution to *municipalities* comprising a *tax relief area*, of amounts deposited in *taconite municipal aid account*.
1. Redefines term "*tax relief area*".
- D. Increases amount of *property tax relief* afforded home owners in *tax relief areas*.
- E. Exempts from *state sales and use tax*, all *materials and supplies or equipment* consumed in constructing or *incorporated into construction* of a *new taconite plant* or *expansion of an existing plant* the construction of which is commenced *prior to July 1, 1974*, which are purchased and used or consumed in connection with such construction, or incorporated into such taconite plant *prior to July 1, 1978*.
1. In the case of an *expansion* of an existing plant, construction must result in an *increase in productive capacity of at least 10 percent*.

**ARTICLE XXXI REPEAL OF PERSONAL PROPERTY TAX REPLACEMENT  
AND PER CAPITA AID DISTRIBUTIONS TO  
MUNICIPALITIES AND SCHOOL DISTRICTS**

- A. Repeals, as of *January 1, 1972*, provisions of Tax Reform and Relief Act for *personal property tax replacement* and *per capita aid distributions* to *municipalities* and *school districts* from *sales tax receipts*.

## ARTICLE XXXII AID TO SCHOOL DISTRICTS FOR AGRICULTURAL MILL RATE DIFFERENTIAL

- A. Provides for payment to *school districts* of *aid* determined by applying a rate of 25 mills to *valuation* determined on *January 2, 1971 assessment* and 8.3 mills on *January 2, 1972 assessment* and *subsequent assessments* on all *agricultural lands* and all *real estate devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes*, within such school districts.
- B. Directs State Auditor to make payment of such aid to school districts in two installments — one-half on or before *May 31*, and remainder on or before *October 31*.
- C. Appropriates from general fund an amount sufficient to make payments to school districts entitled thereto.
- D. Directs county auditors to *reduce* dollars levied for *school maintenance* by each district by *amount of aid*.
- E. Effective in *1971 and subsequent years*.

## ARTICLE XXXIII SUPPLEMENTAL WELFARE APPROPRIATIONS

- A. Makes supplemental appropriation of \$400,000 for *equalization aid for welfare*, and \$300,000 for *Indian relief*.

## ARTICLE XXXIV PERSONAL PROPERTY TAX REPLACEMENTS TO LOCAL TAXING DISTRICTS FOR 1972

- A. Provides that each taxing district imposing a levy for taxes payable in 1972 shall receive a *reimbursement* in 1973 for *personal property exempted* from taxation under Act.
  - 1. Each taxing district's reimbursement shall be equal to proportion of \$20,000,000 that its 1971 levy payable in 1972 imposed on personal property exempted from taxation by Act bears to sum of all taxing districts' 1971 levies payable in 1972 on personal property exempted from taxation by Act.
    - a. County auditor is required to deduct amount of reimbursement that each taxing district will receive in 1973, from taxing district's *budget levy* in determining taxing district's 1972 levy payable in 1973.
  - 2. Payment is to be made to each taxing district in *two* payments — one-half on or before *February 28, 1973* and one-half on or before *July 15, 1973* but not prior to *July 1, 1973*.

## ARTICLE XXXV CALCULATION OF LOCAL PROPERTY TAX LEVIES

- A. Provides that amount of *gross earnings aids* distributed to any city or village and *one-third* of amount distributed to any *school district* in 1971 and *that portion not deducted from state aids in Article XX, Sec. 3, Subd. 8 thereafter*, shall be included in computing permissible levies of such city, village or school district under M.S., Sec. 275.11 or Article XX, Sec. 8 of Act.
- B. Provides that amount of *taconite and iron sulphides production tax* distributed to any city or village and *one-third* of amount distributed to any *school district* in 1971 and *that portion not deducted from state aids in Article XX, Sec. 3, Subd. 8 thereafter*, shall be included in computing permissible levies of such city, village or school district under M.S., Sec. 275.11 or Article XX, Sec. 8 of Act.
- C. Provides that amount of *occupation tax on taconite* distributed to any city or village and *one-third* of amount distributed to any *school district* in 1971 and *that portion not deducted from state aids in Article XX, Sec. 3, Subd. 8 thereafter*, shall be included in computing permissible levies of such city, village or school district under M.S., Sec. 275.11 or Article XX, Sec. 8 of Act.
- D. Provides that amount of tax on *semi-taconite and semi-taconite deposits* distributed to any city or village and *one-third* of amount distributed to any *school district* in 1971 and *that portion not deducted from state aids in Article XX, Sec. 3, Subd. 8 thereafter*, shall be included in computing permissible levies of such city, village or school district under M.S., Sec. 275.11 or Article XX, Sec. 8 of Act.
- E. Provides that amount of tax on *copper-nickel agglomerating facilities and upon production of agglomerates* distributed to any city or village and *one-third* of amount distributed to any *school district* in 1971 and *that portion not deducted from state aids in Article XX, Sec. 3, Subd. 8 thereafter*, shall be included in computing permissible levies of such city, village or school district under M.S., Sec. 275.11 or Article XX, Sec. 8 of Act.

**ARTICLE XXXVI REPLACEMENT OF REVENUES  
LOST BY REASON OF HOME OWNERS' RELIEF**

- A. Provides for replacement from general fund of revenues lost to local taxing districts by reason of *35 percent reduction in real estate taxes of home owners*.
1. *One-half* of replacement monies to be paid not later than *July 15* and *remaining half* not later than *November 15*.
  2. *One-third* of remaining half of *1971* distribution to be paid on or before *November 15, 1971*, and *balance* in two equal installments on or before *January 15, 1972* and *March 15, 1972*. Governmental units are permitted to issue certificates of indebtedness for not more than 6 months up to amount of any deferred payments (see Sec. 47 of Chap. 48, Extra Session Laws of 1971).

**ARTICLE XXXVII GROSS EARNINGS TAX REFUNDS TO SCHOOL DISTRICTS**

- A. Provides that for purpose of determining whether a school district is entitled to a refund of gross earnings taxes, the valuation of taxable property shall be the *1969* adjusted value as determined by Equalization Aid Review Committee, *exclusive of class 2 personal property and personal property exempt from taxation by the Tax Reform and Relief Act*.

**ARTICLE XXXVIII EFFECTIVE DATE**

- A. Except as otherwise indicated above, the Act is in effect from and after its *final enactment (October 30, 1971)*.

**Capsule Summary of Estimates of New and Additional  
Revenue Provided by Chapter 31  
Extra Session Laws 1971 (Omnibus Tax Bill)  
(Including Revenues Provided by Related  
Revenue Measures Enacted in the Regular Session)**

<u>Estimated Revenue</u>	
Art. I	Increase in sales and use tax rate to 4% (Effective November 1, 1971) . . . . . \$124,900,000
	Extension of sales tax to intrastate telephone toll service (Effective November 1, 1971) . . . . . 4,100,000
	Extension of sales tax to gross earnings taxpayers and airline companies and to paper and ink products (Effective November 1, 1971) . . . . . 18,100,000
Art. II	Increase in cigarette and cigarette use tax rate to 18¢ per pack (Effective November 1, 1971) . . . . . 32,700,000
Art. III	Acceleration of inheritance and estate tax payments (Effective for deaths occurring on and after August 1, 1971) . . . . . 8,000,000
Art. IV	Increase in occupation and royalty tax rates (from 14.25% to 15.5% on natural ores, effective January 1, 1972; and from 12% to 15% on taconite, effective January 1, 1971). . . . . 5,500,000
Art. V	Conversion of motor vehicle registration tax to ad valorem basis (Effective January 1, 1973) . . . . . 550,000
Art. VI	Increase in corporate income tax rate to 12%, plus elimination of deductibility of federal income taxes (Effective July 1, 1971) . . . . . 130,400,000
	Elimination of deductibility of federal income taxes for banks (Effective July 1, 1971) . . . . . 16,000,000
Art. VII	Increase in liquor tax rates (Effective November 1, 1971) . . . . . 13,150,000
	Increase in beer tax rates (Effective November 1, 1971) . . . . . 2,550,000
Art XVIII	Increases in individual income tax rates (see Synopsis for effective dates) . . . . . 211,200,000
	Acceleration of insurance gross premiums tax payments (passed in regular session — Chap. 575) . . . . . 7,000,000
	Fee for recycling of automobiles (passed in regular session — Chap. 734) . . . . . 1,300,000
	Building code surcharges (passed in regular session — Chap. 561) . . . . . 900,000
	Imposition of excise tax on casual sales of motor vehicles (passed in regular session — Chap. 853) (Effective January 1, 1972) . . . . . 5,400,000
	<b>TOTAL</b> \$581,750,000

NOTE: The additional tax revenues resulting from the real property tax classification changes made in Article XXII, and from the additional tax on taconite imposed in Article XXX, will inure to the benefit of the local taxing districts and are not reflected in the above estimates.

## APPENDIX B

### Annual Salaries of Public Officials, Department Heads and Their Deputies or Assistants, and Heads of Institutions

(Excludes those Deputies and Assistants Under Civil Service)

<u>Position</u>	<u>Amount</u>
<b>Constitutional Officers</b>	
Governor .....	\$35,000
Secretary of State .....	21,000
State Auditor .....	21,000
State Treasurer .....	21,000
Attorney General .....	30,900
<b>Other Elected Officers</b>	
Public Service Commissioner (3) .....	21,000
<b>Assistants to Constitutional Officers</b>	
Deputy Secretary of State .....	13,200 - 16,200
Deputy State Auditor .....	14,600 - 17,700
Deputy State Treasurer .....	13,300 - 17,500
<b>Attorney General Staff</b>	
Chief Deputy Attorney General .....	24,500 - 28,000
Deputy Attorney General .....	19,100 - 23,300
Solicitor General .....	21,300 - 26,000
Assistant Attorney General .....	12,000 - 22,500
Special Assistant Attorney General .....	10,000 - 19,500
<b>Judicial Branch</b>	
Chief Justice, Supreme Court .....	35,000
Associate Justice, Supreme Court .....	32,500
District Judge .....	29,000
<b>Other Judicial Positions</b>	
Public Defender .....	18,000 - 27,500
Deputy Public Defender .....	14,000 - 21,000
Court Administrator .....	18,000 - 26,500
Revisor of Statutes .....	18,000 - 27,500
Assistant Revisor of Statutes .....	15,600 - 23,400
Special Assistant to Revisor .....	12,000 - 22,000
Law Librarian .....	10,500 - 15,500
<b>Department Heads, Deputies and Assistants</b>	
Administration — Commissioner .....	32,500
— State Building Inspector .....	18,000 - 24,000
Aeronautics — Commissioner .....	20,100
Agriculture — Commissioner .....	21,000
— Deputy Commissioner .....	16,600 - 20,300
Alcohol Problems — Executive Director .....	13,000
Civil Service — Director .....	21,300 - 26,000
Commerce — Commissioner of Banks .....	21,000
— Commissioner of Insurance .....	21,000
— Commissioner of Securities .....	21,000
Corrections — Commissioner .....	26,100
— Deputy Commissioner .....	19,400 - 23,700
Crime Control and Prevention — Executive Director .....	17,500



<u>Position</u>	<u>Amount</u>
Economic Development — Commissioner . . . . .	21,000
— Deputy Commissioner . . . . .	14,800 - 18,100
— Director of Finance . . . . .	13,300 - 18,000
— Director of Tourism . . . . .	13,300 - 17,500
— Director of Publicity and Promotion . . . . .	13,300 - 17,500
— Director of Research . . . . .	13,300 - 17,500
— Director of Industrial Development . . . . .	13,300 - 17,500
— Area Redevelopment Administrator . . . . .	13,300 - 17,500
Education — Commissioner . . . . .	24,000 - 29,400
Employment of Handicapped — Executive Secretary . . . . .	12,200 - 14,900
Health — Executive Officer . . . . .	24,500 - 29,900
Higher Education Coordinating Commission	
— Executive Director . . . . .	19,200 - 28,800
— Assistant Executive Director . . . . .	15,600 - 23,400
— Director of Research . . . . .	13,700 - 20,600
— Director of Community Services . . . . .	13,100 - 19,700
— Director of Educational Resources . . . . .	12,200 - 18,300
— Budget Director . . . . .	11,500 - 17,300
Highways — Commissioner . . . . .	31,500
Human Rights — Commissioner . . . . .	18,300
Indian Affairs — Executive Secretary . . . . .	15,400 - 18,900
Investment Board — Executive Secretary . . . . .	29,900
Iron Range Resources and Rehabilitation Commission — Commissioner . . . . .	16,900
Labor and Industry — Commissioner . . . . .	21,000
— Workmen's Compensation Commissioner . . . . .	21,000
— Workmen's Compensation Judge . . . . .	16,100 - 19,700
— Director, Mediation Services . . . . .	21,000
Liquor Control — Commissioner . . . . .	18,000
Livestock Sanitary Board — Executive Officer . . . . .	16,100 - 19,700
Manpower Services — Commissioner . . . . .	25,200
Minnesota State Retirement System — Executive Secretary . . . . .	14,500 - 17,700
Municipal Commission — Secretary . . . . .	12,900 - 15,800
Natural Resources — Commissioner . . . . .	26,700
— Deputy Commissioner . . . . .	20,700 - 25,300
— Assistant Commissioner, Administration . . . . .	17,500 - 21,400
— Assistant Commissioner, Planning . . . . .	17,300 - 21,000
— Director, Division of Game and Fish . . . . .	19,100 - 23,100
— Director, Division of Water, Soil and Minerals . . . . .	18,300 - 22,200
— Director, Division of Lands and Forestry . . . . .	17,300 - 21,000
— Director, Division of Parks and Recreation . . . . .	17,300 - 21,000
— Director, Division of Enforcement and Field Services . . . . .	16,400 - 20,000
Office of Economic Opportunity — Director . . . . .	18,300
Peace Officers Training Board — Executive Secretary . . . . .	15,100 - 18,500
Planning Agency — Director . . . . .	26,300
Pollution Control Agency — Director . . . . .	23,200
Public Examiner — Public Examiner . . . . .	23,300
Public Safety — Commissioner . . . . .	26,000
— Deputy Commissioner . . . . .	18,700 - 22,900
— Superintendent, Crime Bureau . . . . .	18,700 - 22,900
— Director, Civil Defense . . . . .	17,000 - 20,700
— Fire Marshal . . . . .	16,400 - 20,000
— Director, Drivers License Division . . . . .	16,100 - 19,600
— Director, Motor Vehicle Division . . . . .	13,100 - 15,900
— Director, Motor Vehicle Services . . . . .	18,700 - 22,900 <sup>1</sup>
— Chief of Highway Patrol . . . . .	18,700 - 22,900
Public Service — Commissioner . . . . .	21,000
— Director . . . . .	21,000
Public Welfare — Commissioner . . . . .	30,300
Soil and Water Conservation Commission — Executive Secretary . . . . .	10,400 - 12,800

<sup>1</sup>The salary for this position is authorized only if the divisions of drivers licenses and of motor vehicles are consolidated and the positions of the two directors of the former divisions are eliminated.

<u>Position</u>	<u>Amount</u>
State College System – Chancellor . . . . .	22,200 - 34,200
– College President (6) . . . . .	19,100 - 29,600
– Vice Chancellor, Academic Affairs . . . . .	18,500 - 28,000
– Vice Chancellor, Administration . . . . .	17,600 - 27,000
– Vice Chancellor, Plans and Development . . . . .	14,100 - 22,000
– Vice Chancellor, Educational Relations . . . . .	12,300 - 19,200
– Vice Presidents, State College . . . . .	15,400 - 24,000
State Junior College System	
– Chancellor . . . . .	19,800 - 30,200
– Junior College Presidents (20) . . . . .	15,800 - 24,200
– Assistant to Chancellor, Planning . . . . .	15,800 - 23,000
– Assistant to Chancellor, Fiscal Affairs . . . . .	14,900 - 22,800
– Assistant to Chancellor, Curriculum and Inservice . . . . .	14,900 - 22,800
– Assistant to Chancellor, Personnel . . . . .	14,200 - 22,000
– Assistant to Chancellor, Student Services . . . . .	11,700 - 18,000
– Assistant to Chancellor, Plant Services . . . . .	10,400 - 15,900
– Dean, State Junior Colleges . . . . .	15,100 - 23,000
Taxation – Commissioner . . . . .	28,000
Teachers Retirement – Executive Secretary . . . . .	16,500 - 23,000
Veterans Affairs – Commissioner . . . . .	14,700
Veterans Home – Commandant . . . . .	18,100 - 22,100
Water Resources Board – Administrative Secretary . . . . .	9,800 - 12,000

#### H heads of State Institutions

(Pursuant to delegation in Section 15A.021, Subd. 2, Civil Service Board to fix salary ranges of unclassified positions comparable to salary ranges for similar positions in the classified service.

Appointing authority shall fix the individual salary within the range.)

Note: The appointing authority shall fix the individual salary where there are prescribed ranges. Appointments to vacancies shall not be made above midpoint of salary range unless concurred in by compensation review board.



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