



RESEARCH BULLETIN No. 49

A Fiscal Review of the
**1973 Minnesota
Legislative Session**

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

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The Minnesota Taxpayers Association is a nonprofit, nonpartisan organization dedicated to the advancement of the science of efficient, economical government. Its membership is statewide, open to all, and representative of every category of taxpayer. It was founded in 1926 and incorporated in 1958.

The Association devotes primary attention to matters of state government. Its continuing purpose in this field is —

- the exposition and restraint of extravagance and waste of public funds,
- the encouragement of sound administrative policies and efficient practices,
- the devising and furtherance of fiscal and tax policies that help to make Minnesota a better place in which to live, to work, and to do business, and
- the dissemination, through news media and by other means, of factual information that will help to keep all Minnesotans informed and educated in matters of government that bear upon the economic well-being of the State and its people.

The Association's continuing efforts toward these objectives are made possible by the membership dues and voluntary contributions of its members.

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December, 1973

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I. HIGHLIGHTS OF THE 1973 SESSION, 68th MINNESOTA LEGISLATURE

Minnesota's 68th State Legislature inaugurated the "split session" plan authorized by a Constitutional Amendment approved at the 1972 general election, and instituted a 24-month operation.

The first, 1973, session convened January 2 and recessed May 21 after 66 session days. Of 2,585 bills introduced in the House and 2,528 in the Senate, 783 were enacted into law and 2 were vetoed by the Governor.

The second, 1974, session will convene January 15 with 54 session days remaining of the 120 authorized by the Constitution.

Meanwhile, dozens of legislative committees and subcommittees remain active, public hearings are conducted at the Capitol and throughout the State, "mini"-sessions are held monthly, and the drafting, introduction and processing of bills continues.

* * *

The 1973 session scored no major disagreement, and few minor differences, between the lawmakers and the State Administration. The Governor and the majority caucus members in both House and Senate were Democrat-Farmer-Laborites.

* * *

For the first time in many sessions, no major new taxes or tax rate increases were enacted. Ponderous machinery was excluded from taxation as real property, and an employers excise tax of 2 mills per dollar of total wages paid annually in excess of \$100,000 was imposed to replace the revenues lost to the local taxing districts. Accessory tools, equipment and other short lived items used in agricultural and industrial production were exempted from the sales and use tax. A scheduled reduction in the bank excise tax from 13.64 to 12 percent was set back from July 1, 1973 to January 1, 1974. The minimum tax on corporations was upped from \$10 to \$100. The excise tax on liquor was reduced from \$4.53 to \$4.39 a gallon.

* * *

Spending for the current biennium is expected to climb \$926,529,945 from the 1971-73 estimate to a record high total of \$5,625,141,466.

Here is where the money will go:

For education, \$2,168,722,543; for welfare and corrections, \$1,071,743,690; for highways, \$620,888,606; for tax relief, shared taxes, and aids to local units of government, \$929,521,367; for general state government, \$445,707,846; for the legislature, \$23,302,041; for the judiciary, \$7,508,359; for income tax refunds, \$302,730,000; for miscellaneous purposes, \$55,017,014.

Here is where the money will come from:

From state income taxes, \$1,952,423,000; from the state sales tax, \$645,327,000; from gasoline and motor vehicle registration taxes, \$460,707,000; from liquor, beer, cigarette and tobacco products taxes, \$247,804,879; from gross earnings and insurance gross premiums taxes, \$154,400,000; from inheritance and gift taxes, \$49,450,000; from iron ore and taconite taxes, \$38,646,200; from the bank excise tax, \$33,211,000; from the motor vehicle excise tax,

\$82,920,000; from the employers excise tax, \$24,200,000; from flight property, aviation fuel, and aircraft registration taxes, \$30,150,000; from miscellaneous taxes, \$20,050,000; from departmental earnings, \$175,098,915; from tuition and course fees, \$138,880,664; from miscellaneous receipts, \$252,942,127; from transfers of funds, \$117,007,317; from sale of general obligation bonds, \$46,900,000; from opening balances, \$156,835,151; from estimated cancellations of appropriations, \$71,700,000; from federal grants and aids, \$1,071,822,664.

* * *

On June 30, 1973, outstanding debt was \$554,292,000, and \$54,700,000 in authorizations granted in previous legislative sessions were unissued. The 1973 Legislature authorized additional new borrowing, for capital outlay and other purposes, of \$199,670,000.

* * *

Funds appropriated for education climbed \$240,213,129 or 16.1 percent, over the preceding biennium. The biggest share of the \$1,734,800,943 appropriated for education will go as aid to elementary and secondary schools — \$1,326,622,000.

* * *

Three welfare programs — Old Age Assistance, Aid to the Blind, and Aid to the Disabled — will be assimilated into the federal Social Security program effective January 1, 1974. The resultant saving to the State, unofficially estimated at \$30,000,000, was over-shadowed, however, by heavy increases in other welfare costs, notably Aid to Families with Dependent Children. The AFDC caseload is expected to grow more than 17 percent this biennium, to an average of 53,938 in fiscal 1975. The total of welfare appropriations climbed to \$382,454,818 — up more than \$78,000,000 from 1971-73.

* * *

Pay raises and improved fringe benefits for state employees in the classified service will cost an estimated \$39,385,000 this biennium.

* * *

The Commissioner of a newly-created Department of Finance is the State's chief accounting officer, principal financial officer, and controller, under a 1973 law. The law transferred to the Department of Finance almost all of the responsibilities previously held by the State Auditor, and many of the duties heretofore assigned to the Department of Administration, and Public Examiner. Responsibility for the auditing of local governments, school districts and other agencies was transferred from the State Public Examiner to the State Auditor.

* * *

With more than \$460,000,000 from state gasoline and motor vehicle registration taxes and \$160,000,000 in federal funds, state highway planning, construction and maintenance during the current biennium will hold at about the 1971-73 level.

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

Property tax relief, shared taxes, and aids to local units of government — in various forms — will account for a \$2,708,208,854 share — approximately 59.5 percent — of total disbursements (other than federal funds) of the State government during the current biennium.

Tax relief items amount to \$897,241,000. Shared taxes total \$42,759,310. School aids come to \$1,301,268,384. Other forms of aid to local governments — including state assumption of fifty percent of both general relief and county administrative costs of public assistance programs — add up to \$466,940,160.

Tax Relief

An estimated \$293,900,000 has been provided from the state general fund for payment of a portion of the real property taxes levied against home owners. The 1973 Legislature increased the percentage of home owners' property tax relief from 35 percent to 45 percent, included that portion of the levy required to pay principal and interest on school district bonded indebtedness, and raised the maximum relief for any one home owner from \$250 to \$325. Payment of teachers' pensions and state debt charges formerly financed by a state property tax levy will cost \$229,995,000.

The local government aid program is estimated to provide \$255,925,000 in per capita aids to taxing districts other than school districts during the current biennium. Per capita aids to school districts have now been replaced by substantially increased new school foundation aid formulas.

The 8.3-mill agricultural land tax differential aid to school districts is estimated at \$27,000,000, up \$5,000,000 from the 1971-73 period.

Tax relief to persons 65 years old and over, at \$24,541,000, up \$5,541,000, and to renters at \$44,280,000, up \$16,380,000, both have been markedly increased by the 1973 Legislature. In addition, a new program of property tax relief for disabled persons in the sum of \$1,200,000 was provided.

Personal property tax reimbursements to local taxing districts for the current biennium total \$20,400,000 — \$10,000,000 for the remainder of class 3 personal property items exempted by the 1971 Legislature commencing with the January 2, 1972 assessment; and \$10,400,000 for attached machinery and associated items exempted by the 1973 Legislature.

Shared Taxes

Various taxes collected by the state are "shared", in varying amounts, with local units of government. For this biennium the total of such shared taxes is estimated to be \$42,759,310.

From the cigarette tax, local governments will get \$3,923,000; from the bank excise tax \$3,100,000; from liquor taxes, \$3,152,000; from taconite occupation and production taxes, \$17,010,000; from inheritance taxes, \$6,120,000; and from gross earnings taxes, \$3,948,000. Other shared taxes in the sum of \$5,506,310 make up the balance.

The local governments' "share" of revenue from the cigarette, bank excise and liquor taxes this biennium is sharply reduced from previous years, and will be wholly eliminated

after calendar 1973. The reductions are more than offset by a higher level of state aids.

Other State Aids

Other state aids to local governments this two year period amount to \$1,768,208,544.

The largest element of this total is the \$1,301,268,384 that goes for elementary and secondary education, vocational education and construction. These aids are in addition to the personal property tax reimbursements and the 8.3-mill agricultural land tax differential aid.

Grants-in-aid of \$2,435,788 for the school lunch program, \$951,787 for vocational rehabilitation, \$3,143,180 for community library services, \$4,716,000 for medical education, \$610,000 for community school programs, and \$100,000 for the new Southwest and West Central Educational Service Area together total \$11,956,755.

Counties will receive \$195,600,000 from the State to assist in financing the public assistance (categorical aid) programs. In addition, the State will assume 50 percent of the county general assistance (public relief) program \$10,700,000, and 50 percent of the administrative costs of the county public assistance programs \$12,000,000, commencing January 1, 1974. In addition, state grants of \$10,700,000 for community mental health centers; \$3,650,000 for daytime activity centers for the mentally retarded; \$4,497,900 for county aid for mentally retarded and emotionally disturbed children; \$2,150,000 for equalization aid; \$1,506,000 for support of children under guardianship; \$300,000 for economic opportunity programs; \$1,400,000 for county reimbursement of probation services; \$1,000,000 for foster group care; \$1,500,000 for the new Corrections Subsidy Act; \$800,000 for child care services grants; \$877,000 for Indian relief; \$50,000 for community residential facilities for mentally retarded; \$425,000 for community corrections centers; \$550,000 for regional jails, lock-ups and detention centers; and \$2,925,000 for community grants under the alcohol and drug abuse program, raise the total welfare and corrections grants-in-aid to \$250,630,900. Counties, cities and villages will get \$168,892,056 for constructing and maintaining highways and streets. County state-aid roads will get \$128,465,765, and municipal state-aid streets \$40,426,291.

Grants-in-aid of \$6,000,000 for regional recreational and natural areas; \$2,750,000 for the acquisition, long-term lease and development of recreational projects; \$6,140,080 for local airports; \$495,500 to cities, counties and towns having a large portion of gross earnings tax; \$15,875,000 for firemen's and policemen's relief and pensions; \$650,632 for sheriffs' teletype operations; \$209,000 for enforcement of laws relating to snowmobiles and for construction of snowmobile trails; \$1,500,000 for the reduction, reuse and recycling of solid waste; and \$600,000 for reimbursements to local governments for expenses of peace officers receiving state training from the Minnesota Peace Officers Training Board, together total \$34,220,212.

All other grants, including those to county and district agricultural societies, to conservation areas, and state aids for local air warning systems, total \$1,240,237.

III. FUNCTIONS OF THE STATE GOVERNMENT

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

A. Education

The 1973 Legislature appropriated \$1,734,800,943 for education, an increase of \$240,213,129, or 16.1 percent, over the 1971-73 biennium. Additionally, institutions of higher education anticipate receipts of \$138,880,664 from tuition, course fees and miscellaneous income — raising the total of available funds for education to \$1,873,681,607.

The appropriations and other revenues will be used in the following areas:

- ... State Department of Education: \$22,942,880
- ... Aids to elementary and secondary schools: \$1,326,622,000
- ... Community Colleges: \$38,141,676 in state appropriations, plus \$11,605,198 in receipts
- ... State Colleges: \$88,346,520 in state appropriations,

plus \$33,492,966 in receipts.

- ... University of Minnesota: \$236,593,221 in state appropriations, plus \$93,782,500¹ in receipts.
- ... Higher Education Coordinating Commission: \$20,241,556
- ... Mayo Medical School: \$1,536,000
- ... Nursing Scholarships: \$250,000
- ... Other educational services: \$127,090

Federal funds, estimated at \$191,175,342² also will be available for a variety of purposes including elementary and secondary education, higher education, vocational rehabilitation, vocational-technical instruction, school lunch program, manpower development and training, and public library services.

STATE DEPARTMENT OF EDUCATION

The State Department of Education is responsible for overall 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 \$2,700 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 has legal responsibility in meeting federal guidelines regarding desegregation.

Appropriations made directly to the Department for these several purposes total \$22,942,880 for the 1973-75 biennium, an increase of \$9,143,361 over the preceding two-year period. Of the increase, \$972,000 was made available for four new programs — \$50,000 for the purchase of cattle in connection with vocational rehabilitation (Chap. 365), \$100,000 for the Southwest and West Central Educational Service Area (Chap. 578), \$792,000 for the Veterans — Farmer Cooperative Training Programs (Chap. 580), and \$30,000 for the Teachers Standards and Certification Commission. (Chap. 749)

Pilot Educational Services Established

Chapter 578 establishes a pilot educational service area in southwest and west central Minnesota to be known as the "SW and WCESA" to provide educational services and programs on a regional basis. The sum of \$50,000 was provided for each year of the biennium to be paid upon State Board of Education approval of a submitted annual plan.

Veterans — Farmer Cooperative Training Program

Chapter 580 appropriates \$792,000 to the Department of Education to foster and support educational programs for the benefit of veterans. The new state appropriation is additional to amounts otherwise appropriated for the Veteran Farmer Cooperative Training Program established under the Veterans Readjustment Act.

Teachers — Practice — Certification

A 15-member Teacher Standards and Certification Commission was established to develop a code of ethics covering standards of professional teaching practices, including areas of ethical conduct and professional performance, and methods of enforcement.

AID TO ELEMENTARY AND SECONDARY SCHOOLS

These are the component appropriations that make up the \$1,326,622,000 provided for elementary and secondary schools for the 1973-74 and 1974-75 school years:

<i>School Aids Bill</i>	1973-74	1974-75
Foundation Aid	\$541,000,000	\$497,500,000
Transportation Aid	38,000,000	51,000,000
Special Education Aid	25,700,000	27,700,000
Secondary Vocational Aid	10,300,000	10,400,000
Post Secondary Vocational Aid	30,100,000	34,100,000
Adult Vocational Aid	2,700,000	2,800,000
Vocational Construction Aid	750,000	—
	\$648,550,000	\$623,500,000

Other Appropriations

8.3-Mill Agricultural Land Tax Differential	13,500,000	13,500,000
Endowment School Apportionment	12,000,000	12,500,000
Special Education Aids		
Gross Earnings Aid	900,000	900,000
Exempt Land Special School Aid	400,000	400,000
Aid in Lieu of Airport Taxation	145,000	145,000
School Aid-Counties a/c Non-Tax Areas	24,000	24,000

¹Excludes an estimated \$58,614,859 expected from paying patients for services provided by University hospitals.

²Excludes federal funds to the University of Minnesota.

<i>Other Appropriations (Continued)</i>	1973-74	1974-75
Aid to Common School Districts	50,000	50,000
Aid to Common School Districts a/c Military lands	2,000	2,000
Aid to School District No. 16 a/c Airport	15,000	15,000
Annual Totals	\$675,586,000	\$651,036,000
Biennium Total	\$1,326,622,000	

Foundation Aid

Foundation Aid — \$1,038,500,000 for the current biennium — provides about 70 percent of the total maintenance costs of all public elementary and secondary schools. The Foundation Aid appropriation is \$155,527,740 more than was provided for the 1971-73 biennium, an increase of 17.6 percent.

Formulas used to compute the amount of school foundation 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".

A "pupil unit" weight of 0.5 is counted for each child in kindergarten; 1.0 in grades 1 through 6; 1.4 in grades 7 through 12; 1.5 in area vocational-technical schools. An additional 0.5 pupil unit is counted for each child from a family receiving welfare "Aid to Families with Dependent Children". An additional 0.1 pupil unit is counted for each AFDC child if at least 5 percent of the pupil units in the district are from AFDC families; 0.2 unit if the number exceeds 8 percent; 0.35 unit if the number tops 10 percent.

Districts which record a decrease in pupil units from one year to another forfeit only half the decrease; districts which record an increase of elementary and secondary pupil units exceeding 4 percent are credited with an extra 0.25 for each pupil unit increased.

The Department of Education estimates statewide average daily membership in public primary and secondary schools will be 1,121,180 pupil units in the 1973-74 school year and 1,124,202 in the 1974-75 school year.

Aid Formula for 1973-74. The adjusted maintenance cost per pupil unit was set at \$788 less an amount (representing local effort) computed by applying a 30 mill rate to the current adjusted assessed valuation of the district. For 1973-74 this is the 1971 EARC valuation determined by the Equalization Aid Review Committee.

For the high-cost districts (\$663 or greater adjusted maintenance cost per pupil unit in 1970-71), the maximum foundation aid amount of \$788 in pupil units minus 30 mills times the 1971 EARC valuation is allowed.

For the so-called low-cost district (having an adjusted maintenance cost per pupil unit less than \$663 in 1970-71), the district is allowed to increase its cost for 1973-74 by one-sixth of the difference between its 1972-73 cost and \$788 if this difference is more than \$38. The permitted cost divided by \$788 is used as a multiplier to reduce foundation aid entitlement. Both foundation aid and levy entitlements are reduced proportionately for the low-cost districts.

Aid Formula for 1974-75. The maximum foundation aid amount is \$820, and the 1972 EARC valuation is used in computing the 30 mill reduction.

For the low-cost district, an additional \$32 is permitted and the district has the option of taking one-third of the difference

between the 1973-74 cost figure allowed and \$820 if that increase is greater than \$32.

Excess Levy. A high-cost district is entitled to make an excess levy. The basic levy and its foundation aid amount provide the maximum foundation aid amount for each pupil in the district (\$788 for 1973-74, \$820 for 1974-75, and presumably \$860 for 1975-76). Subtracting this maximum foundation aid amount from the permitted cost yields the amount of excess levy that can be made for each child.

Transportation Aid

For the current biennium, Transportation Aid was set at \$89,000,000, up \$30,500,000 from the 1971-73 period. A substantial part of the increase reflects assumption by the State, commencing with the 1974-75 school year, of all but a small portion of school busing costs.

Under the new law, transportation aid will be the lesser of: actual cost per pupil times the number of eligible pupils; or 110 percent of the actual cost in 1972-73 times the number of eligible pupils in 1974-75, minus 1 mill times EARC valuation, plus full depreciation for one year of the school bus fleet at the rate of 10 percent per year of the net cost of the fleet.

In Minneapolis and St. Paul only, transportation aid will be the lesser of: 80 percent of full cost or 80 percent of 110 percent of 1972-73 cost, plus 80 percent of one year's depreciation on the bus fleet.

In converting to the new plan, the State will eliminate repayment to school districts of 1973-74 costs, make 1974-75 payments on a current basis, and make an extra payment in 1974 equal to one-tenth of the 1972-73 aid total to provide the districts with a full year's reimbursement.

An additional transportation aid appropriation of not to exceed \$700,000 annually was authorized for the transportation of public or private elementary school pupils if the Commissioner of Education determines that such transportation is necessary because of traffic hazards.

Vocational Aid

Appropriations for vocational aid total \$91,150,000, up \$28,307,596 from the 1971-73 biennium.

Such aid, additional to Foundation Aid, is to help meet the cost of preparatory and supplemental high school courses and programs which lead to occupational competence, and vocational-technical school programs which lead to employment. For persons up to 21 years the courses are free; a charge is made for those over 21 years of age.

Special Education Aid

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 \$53,400,000 for the current biennium, aid for special education is up \$13,533,864 from the preceding biennium.

These state aid funds will be used to pay 60 percent, but not more than \$5,600 (previously \$5,300) of normal school year salaries, of essential personnel. A pro rata amount is paid for summer school.

Emergency Aid

The foundation aid appropriation includes \$500,000 for possible emergency aid in 1974 to school districts which by reason of calamity, high tax delinquency, excessive debt, or other justifiable cause are unable by taxation to collect sufficient revenue to maintain minimum established standards.

Endowment School Apportionment

As of June 30, 1973, slightly over \$249 million 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) — had 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 \$24,500,000 to be distributed this biennium is \$1,365,000 more than was contemplated in the 1971-73 biennium.

Aid To School Districts for Agricultural Mill Rate Differential

The money requirement for the current biennium is estimated at \$27,000,000, up \$5,000,000 from the 1971-73 period.

School districts which include agricultural lands or other real estate devoted to temporary and seasonal residential occupancy for recreational purposes receive state aid equivalent in amount to the money that would be produced by applying an ad valorem tax rate of 8.3 mills against such property.

OTHER LEGISLATION PERTAINING TO ELEMENTARY AND SECONDARY EDUCATION

Mandatory Kindergarten

Chapter 491 requires school districts to provide kindergarten instruction within the district or in another district after July 1, 1974.

Minnesota Environmental Education Council

Chapter 558 establishes a Minnesota Environmental Education Council to encourage development of life values and style of living which fosters the constructive uses of natural resources and the environment. The Education Council is to operate under the general supervision of the Minnesota Environmental Quality Council.

Minnesota Commission for the Handicapped

Chapter 757 establishes a 15-member Commission for the Handicapped, to be appointed by the Governor, to carry out the duties and responsibilities formerly entrusted to the Governor's Commission on Employment of Handicapped and the Minnesota Advisory Board on Gifted, Handicapped and Exceptional Children.

An appropriation of \$97,000 for the biennium was made available to the Commission.

COMMUNITY COLLEGES

Effective August 1, 1973, State Junior Colleges have been redesignated as Community Colleges, and the State Junior College Board has been redesignated as the State Board for Community Colleges. (Chap. 349)

The \$38,141,676 appropriated to the State Board for Community Colleges reflects an increase for the current biennium of \$2,653,164 or 7.5 percent.

Student enrollments are estimated at 17,500 for each year of the current biennium, computed on a full-time-equivalent basis using 45 credit hours per school year. In the 1971-72 school year actual enrollments were 765 below the budget estimate of 18,795; in the 1972-73 school year actual enrollments were 2,798 below the budget estimate of 20,525.

Eighteen of the twenty Community Colleges presently authorized are in operation — six in the metropolitan area and twelve outstate. (Map page 8.) Construction of the remaining two, Fairlakes at Fairmont and Riverview at Cambridge, has been deferred.

Academic Salaries Increased

The Legislature allowed for cumulative academic salary increases of 5.1 percent in fiscal 1974 and 5.5 percent in fiscal 1975, at an estimated biennial cost of \$2,325,000.

Staffing Ratios, New Positions

The faculty-student staffing ratio, including counselors, librarians and administrative positions at the colleges, was set at 1 to 17.0 for both years. This ratio applies only to the first 17,500 students. The ratio for any excess has been set at 1 to 18.5, with additional personnel to be financed from available contingent funds. Provision was made for 18 new academic positions at an estimated cost of \$400,000 for the biennium.

Tuition Rates Increased

Tuition rates were increased by the State Board for Community Colleges. For resident students the regular and summer session rates were increased from \$7.25 per credit hour to \$8.00. For non-resident students the rate was advanced from \$14.50 to \$16.00 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, continue unchanged.

Additional Revenue

Receipts from tuition and fees, estimated by the Board at \$5,876,648 for 1973-74 and \$5,728,550 for 1974-75, are additional to the state appropriations.

Student Loans — State Matching

State matching funds of \$160,000, up \$85,000 from 1971-73, were provided for the 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.

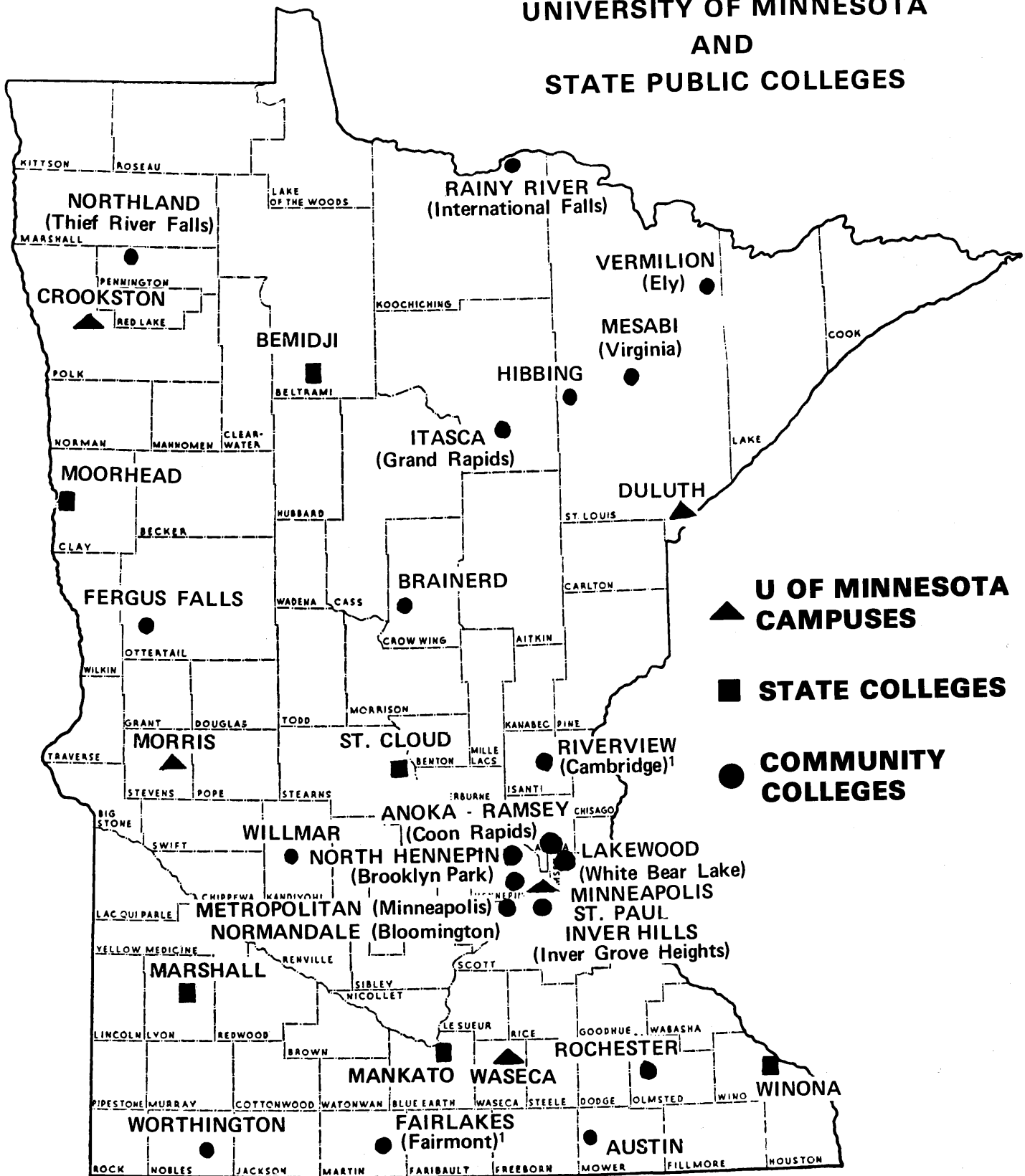
Occupational Program Development

The sum of \$400,000, a decrease of \$100,000 from the 1971-73 appropriations, was provided for new occupational and technical programs, generally of a para-professional type.

Reduced or Shifting Enrollments

Up to \$600,000 of an \$800,000 contingent fund may be used to provide for meeting contractual obligations between

UNIVERSITY OF MINNESOTA AND STATE PUBLIC COLLEGES



1. To open Fall 1973.

the Board and faculty resulting from reduced or shifting enrollments, a shift to more costly programs requiring lower faculty-student ratios, and to maintain sound program offerings at the smaller institutions.

STATE COLLEGES

Appropriations to the State College Board were increased \$1,558,672 to \$88,346,520, or 1.8 percent.

Total enrollment in the Bemidji, Mankato, Marshall, Moorhead, St. Cloud and Winona State Colleges (Map, page 8), computed on a full-time-equivalent basis using 45 credit hours per school year, is estimated at 32,000 for the 1973-74 school year, and 31,000 for 1974-75. Actual enrollments of 35,695 in 1971-72 school year and 33,630 in 1972-73 were substantially below the estimates of 37,367 and 38,900 on which the 1971-73 appropriations were based.

Appropriations to the Board include the sum of \$1,750,000 for the Metropolitan State College, an increase of \$1,450,000 over the previous biennium. No staffing ratios or enrollments were set by the Legislature for the Metropolitan State College.

Academic Salaries Increased

Cumulative academic salary increases of 5.1 percent in fiscal 1974 and 5.0 percent in fiscal 1975 were provided by the Legislature, at an estimated biennial cost of \$4,537,883.

Staffing Ratios, New Positions

The present faculty-student ratio for undergraduate students of 1 to 19 was continued. Staffing ratio allowed for graduate students is 1 to 13.0. Due to enrollment declines, reductions previously have been made in the number of both academic and civil service positions. A further reduction in the number of academic positions is anticipated. The 1973-75 appropriations permit the restoration of 24.4 custodial positions at an estimated biennial cost of \$299,740.

Tuition Rates Increased

Tuition rates and other fees, as set by the Board, will be higher during the current biennium than in the 1972-73 school year:

	Per Credit Hour	
	1971-73	1973-75
Regular School year — resident	\$ 7.25	\$ 8.00
Regular School year — non-resident	15.50	16.25
Summer Session — resident	7.25	8.00
Summer Session — non-resident	15.50	16.25
Regular School year and Summer Session — graduate resident	9.50	10.25
Regular School year and Summer Session — graduate non-resident	19.50	20.25

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 for the State Colleges other than Metropolitan State College, estimated by the Legislature at \$16,488,983 in 1973-74 and \$16,178,983 for 1974-75, are additional to the state appropriation. Metropolitan State College estimates its tuition and fees at \$825,000 for the 1973-75 biennium.

Student Loans — State Matching

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

Regional and Community Service Projects

The State College Board was authorized to utilize up to \$200,000 of the maintenance and equipment appropriation each year for the regional and community service projects provided that the agency or local unit receiving such services shall reimburse the college system for not less than one-third of their cost.

Realignment of Faculty Staffing

In order to provide for an orderly realignment of faculty staffing resulting from reduced or shifting enrollments, up to \$600,000 of a \$750,000 contingent appropriation may be expended to pay the salaries of faculty members employed on terminal year contracts where such terminal appointments are required by current State College Board rules.

UNIVERSITY OF MINNESOTA

The \$236,593,221 appropriated to the University's Board of Regents by the 1973 Legislature reflects an increase over the 1971-73 biennium of \$29,931,677, or 14.5 percent.

	1971 Legislature	1973 Legislature	Increase or (Decrease)
General Fund	\$199,797,872	\$229,523,221	\$29,725,349
Occupation Tax and Trust Fund earnings	6,863,672	7,070,000	206,328
Total	\$206,661,544	\$236,593,221	\$29,931,677

Additional Revenue

In addition to the appropriated funds it is estimated that during the current biennium the University will receive \$92,700,000 in other income — from tuition and course fees, from overhead charges and earnings or temporary investments, and from dedicated special income from self-supporting activities related to instruction. For the coordinated campuses tuition and course fees are estimated at \$1,082,500 — \$439,900 at the Technical College at Waseca and \$642,600 at the Technical College at Crookston.

Receipts of University hospitals for services to paying patients are estimated at \$29,099,120 in fiscal 1974 and \$29,515,739 in fiscal 1975. These receipts are additional to the direct appropriation for the hospitals of \$12,045,311 for the biennium.

Tuition Rates Increased

By action of the Board of Regents, tuition rates were increased effective the Fall quarter of 1973.

For the University's College of Liberal Arts, General and University Colleges, and the Duluth and Morris Campuses, resident undergraduate tuition was raised from \$168 to \$182 per quarter; non-resident tuition from \$470 to \$492.

For the University's Colleges of Home Economics and Education, resident undergraduate tuition was raised from \$168 to \$194 per quarter; non-resident tuition from \$470 to \$532. For the University's Colleges of Agriculture and Forestry, resident undergraduate tuition was raised from \$173 to \$194 per quarter; non-resident tuition from \$480 to \$532.

For the University's Medical School and School of Dentistry, resident tuition was raised from \$278 and \$315 respectively to \$435 per quarter; non-resident from \$641 to \$726 respectively to \$1,015.

For the campuses at Crookston and Waseca, resident tuition was raised from \$133 to \$155 per quarter; non-resident from \$380 to \$420.

Student activity fees for all students on the Minneapolis and St. Paul campuses remain at \$45.50 per quarter. Quarterly student activity fees are \$30 at Crookston Technical Institute, \$34 at Duluth, \$43 at Morris, and \$30 at Waseca Technical College.

Academic Salaries Increased

The 1973 Legislature allowed for cumulative academic salary increases of 5.1 percent in fiscal 1974 and 5.0 percent in fiscal 1975, plus fringe benefits, for all personnel on the main campus and the coordinated campuses (Crookston and Waseca), at an estimated biennial cost of slightly over \$10 million.

Staffing Ratios, Personnel Complements

Funds provided will finance an over-all faculty-student ratio of 1 to 10.78 in the 1973-74 school year and 1 to 10.89 in 1974-75. The staffing ratios cover the Twin Cities, Duluth and Morris Campuses, and include librarians, counselors and administrators. The instructional staffing ratios alone will be 1 to 13.9 in 1973-74 and 1 to 14.08 in 1974-75.

The Legislature reduced the regular academic instructional staff by 25 positions for 1973-74 and 50 more for 1974-75, at a saving estimated at \$1,500,000 for the two-year period. There was no reduction in civil service complements.

To staff the new Health Science building, 45 academic positions were added for the biennium at a cost of \$900,000. In addition, 182 civil service positions, including 95 custodial and 87 clerical positions, were added at an estimated cost of \$2,199,000.

Enrollments

Student enrollments for the Twin Cities, Duluth and Morris campuses are estimated at 41,960 for the 1973-74 school year and 41,982 for the 1974-75 school year, computed on a full-time-equivalent basis using 45 credit hours per year. Actual enrollments of 43,373 in the 1971-72 school year and 42,167 in 1972-73 were substantially below the estimates of 44,467 and 45,310 on which the 1971-73 appropriations were based. Estimated enrollments for the Crookston Campus are 755 for 1973-74 and 805 for 1974-75; for the Waseca Campus, 550 and 690. This makes total estimated enrollments at all campuses 43,265 for 1973-74, and 43,777 for 1974-75.

Summer School Tuition Supplement

Supplemental funds of \$1,400,000 were provided "to equalize tuition rates among undergraduate students for regular session, summer session and extension programs in order to facilitate to the maximum the use of campus units, buildings and staff."

Student Loans — State Matching

State matching funds for any federal student aid or loan program were provided in the sum of \$395,000. The State provides 10 percent, and the Federal government 90 percent, of the aid or loan funds.

Equipment and Library Supplement

The sum of \$1,000,000 was provided as an equipment and library supplement, with the stipulation that \$150,000 in the second year be spent to upgrade equipment of the industrial education program following legislative review and approval.

Educational Offset

The sum of \$500,000 was made available to the University

Hospitals to offset higher costs resulting from the comingling of patient care and educational programs.

Care of Indigent County Patients by University Hospitals

University Hospitals charges against indigent patients will be shared 70 percent by the state and 30 percent by the county of residence (previously 50-50), up to \$5,000. The state will pay charges in excess of \$5,000. For this purpose \$4,780,000 was appropriated for the biennium.

SPECIAL APPROPRIATIONS

Special appropriations to the University for experiments and investigations were increased \$7,625,363 — from \$26,558,762 in 1971-73 to \$34,184,125 for the current biennial period.

Expanded Medical Programs

Of the \$34,184,125 in special appropriations, \$15,006,307 was made available for expanded medical or medically-related programs. This represents an increase of more than 48 percent over like appropriations in the 1971-73 biennium.

Included are funds for psychiatric research, control of hypercholesterolemia, medical and cancer research and multiple sclerosis and other neurological problems.

Also included are funds for the rural health physicians' associate program, family practice and community health, drug abuse information and education, allied health-nurse-clinician generalist program, and patient transportation.

Also included are funds to continue the undergraduate instruction of medical students; the graduate residency program; and the basic science program for medical training, the dental hygiene program and the Graduate School of Social Work all at the Duluth campus.

Supplementary Funds for Law School

The sum of \$520,000 was provided within the special appropriations total to supplement funds available for Law School purposes should first-year enrollments exceed the number anticipated.

Hormel Institute — Austin

An appropriation of \$200,000 was made available to support research activities at the Hormel Institute at Austin. This is a new activity within the special appropriations category.

HIGHER EDUCATION COORDINATING COMMISSION

Total appropriations to the Minnesota Higher Education Coordinating Commission were increased 74.7 percent from \$11,585,214 for the 1971-73 biennium to \$20,241,556 for this biennium.

Principal items of increase were \$2,960,000 for the state scholarship program (total allowance \$7,050,000), \$3,760,000 for the state grants-in-aid program (total allowance \$7,000,000), \$197,200 for the Minitex Library program (total allowance \$497,200), \$252,400 for private college contracts (total allowance \$2,952,400), \$45,000 for inter-institutional educational television (total allowance \$375,000), plus two new appropriations — \$175,000 for regional coordination and services and \$1,000,000 for student loans.

Regional Coordination and Services

The Coordinating Commission was directed to develop and

administer three experimental regional projects aimed at improving the efficiency and effectiveness of a post-secondary education through increased inter-institutional cooperation and coordination of programs and planning.

Student Loans

To provide "start-up" moneys for administrative costs of the student loan program and for payment of principal and interest, if necessary, on the \$30 million issue of revenue bonds, a general fund appropriation of \$1,000,000 was provided.

Cross-Registration

The Commission was directed to take the necessary steps to encourage and expand the sharing of facilities and course offerings, through cross-registration or other appropriate means, between all public and private institutions of higher learning in Minnesota.

Budget Review Powers

The 1973 Legislature gave the Higher Education Coordinating Commission extensive budgetary authority over the University, state colleges, community colleges and public vocational technical schools, including both operating and capital outlay funds.

Upon request of the state finance officer, and for the purpose of improving coordination of the State's effort in higher education, the Commission may:

- (1) "develop and implement an ongoing budgeting process

and standardized reporting format" compatible among the several institutions "and which includes the relating of dollars expended to program output anticipated."

- (2) "review budget requests, including requests for construction or acquisition of facilities" of the several institutions "for the purpose of relating present resources and higher educational programs to the state's present and long-range needs; and conduct a continuous analysis of the post-secondary institutions and systems, including assessments as to the extent to which such expenditures and accomplishments are consistent with legislative intent."

- (3) "obtain from private post-secondary institutions receiving state funds a report on their use of those funds as specified . . . for public institutions."

The Commission shall include budgetary recommendations for all such public and private institutions in reports to the Governor and the Legislature by November 15, 1974.

Funds appropriated for the Commission included \$120,000 for the foregoing purposes.

OTHER LEGISLATION PERTAINING TO HIGHER EDUCATION

Appropriations to the Mayo Medical School at Rochester total \$1,536,000, up from \$320,000 provided for the 1971-73 biennium. The appropriations are based on the training of 76 Minnesota residents as medical students during the first year, and 116 the second, at a cost to the State of \$8,000 each.

B. Welfare

Public welfare activities in Minnesota will involve the spending of more than \$1,222,140,099 of federal, state and county funds this biennium, with federal aid accounting for nearly one-half of the total.

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 to the Needy — the 1973 Legislature appropriated \$195,600,000¹ in state funds, an increase of \$49,725,000 or 34.1 percent over the sum provided by the 1971 Legislature. The State's 87 counties are expected to provide "matching funds" of \$166,054,000; an increase of \$40,228,000 over the sum estimated for the 1971-73 biennium. The Federal government share is estimated at \$460,530,000, or \$71,581,000 more than the 1971-73 estimate.

For general assistance (relief), the counties' obligation for the biennium is estimated at \$15,270,000. Administrative costs, plus the expenses of a new "social services delivery system"² are estimated to cost the counties \$38,000,000. The counties' 50 percent share of the cost of mental health centers, \$10,700,000, and of the cost of facilities for the mentally retarded, \$3,650,000, brings the county total costs to \$67,620,000 in addition to the \$166,054,000 for public assistance programs. Federal funds for a host of programs including child welfare, crippled children's services, various re-

habilitation programs for the blind and deaf, the federal food stamp program, and other such services are estimated at \$70,481,281 in addition to the \$460,530,000 for public assistance programs.

For the operation of institutions under the direction of the Department of Public Welfare, state appropriations increased to \$128,595,300. The Legislature authorized 300 new positions at an estimated biennial cost of \$2,200,000. The appropriation act also provided that as the hospital populations decrease, the supportive staff complement shall be reduced in proportion. The approved complements for the 10 State Hospitals is 5,410 on July 1, 1973, 5,250 on January 1, 1975, and 5,167 on June 30, 1975.

For administration of the Department of Public Welfare, \$20,350,400 was appropriated, an increase of \$13,324,400 over the 1971-73 biennium. Of the increase, \$12,000,000 is for a new item covering 50 percent reimbursement of the county administrative expenses of public assistance programs beginning January 1, 1974. A new appropriation of \$1,000,000 was provided to implement a mechanized system for the payment of categorical aids. Thirty seven new positions also were authorized at an estimated biennial cost of \$475,000.

For all other welfare purposes, state appropriations increased \$14,489,318 to \$37,909,118. Of the increase, \$10,700,000 is for a new item of state support for 50 percent of the county general assistance (relief) expenditures beginning January 1, 1974.

Total state appropriations for public welfare are \$382,454,818 for the current biennium — up \$78,367,571, or 25.8 percent over 1971-73. County funds total an estimated

¹Including deficiency appropriation of \$11,500,000 for Medical Assistance to the Needy.

²The Social services delivery system includes such activities as protective care, juvenile services, day care, adoptions, foster care and other programs aimed at getting persons off welfare rolls or keeping them from becoming welfare recipients.

\$233,674,000, and Federal support \$606,011,281 for the two-year period.

PUBLIC ASSISTANCE PROGRAMS

The 1973 Legislature appropriated \$184,100,000 for the five public assistance programs. In addition, a 1973 deficiency appropriation of \$11,500,000 was provided for the Medical Assistance for the Needy program. The total sum authorized is an increase of \$49,725,000 over the appropriations for 1971-73 despite the fact that three of the public assistance programs will be incorporated in the Federal Social Security system January 1, 1974, thus generally eliminating state and county maintenance support for Old Age Assistance, Aid to the Blind, and Aid to the Disabled, for the remainder of the biennium.

The medical needs of the OAA, AB and AD will continue to be met through the Medical Assistance for the Needy program. Should the Federal level of maintenance support under Social Security in January 1974 be less than the support provided in the month of December 1973, the difference is to be met by a supplemental allowance funded from state and/or county moneys. The 1973 Legislature appropriated \$3,000,000 for this purpose.

Projected Caseloads

The cost estimates for the public assistance programs were based on a current analysis of caseload and payment trends. The AFDC program is experiencing a rather substantial increase in costs as a result of caseload increases. The upward trend of the past two years remains strong according to the Department of Public Welfare. The AFDC caseload is expected to grow from an estimated annual average of 46,334 in fiscal 1973 to 48,207 in fiscal 1974 and 53,938 in fiscal 1975.

In the Medical Assistance for the Needy program payments for Intermediate Care (including Aid to the Disabled for mentally retarded in state hospitals) are now considered medical payments and account for a substantial portion of the total Medical Assistance increased costs. The MAN caseload is expected to grow from an estimated monthly average of 124,908 in fiscal 1973 to 141,100 in fiscal 1974 and 156,292 in fiscal 1975.

Equalization Aid

Payments of equalization aid to distressed counties continue to be based on a four factor formula: recipient rate, per capita income, per capita taxable value, and per capita expenditures for welfare. Counties eligible for support during the 1973-75 biennium had not been identified as of October, 1973. Counties which received supplemental aid during fiscal years 1972 and 1973 are:

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

The state appropriation has been reduced from \$3,600,000 in 1971-73 to \$2,150,000 for the current two-year period, by reason of assumption by the State, effective January 1, 1974, of 50 percent of the county general relief costs and 50 percent of the administrative expenses for public assistance programs. The formula used for equalization of welfare costs also is to be used for computing distressed county aid for daytime activity centers and community health centers.

General Relief — Indians

The Legislature appropriated \$617,000 for reimbursement, up to 75 percent, of county costs for relief and related services provided for indigent Indians. The 1973-75 appropriation is \$283,000 less than the sum provided for the 1971-73 period.

Assistance to Red Lake

Band of Chippewa Indians

The sum of \$260,000, up \$160,000 from 1971-73, was appropriated for 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.

WELFARE INSTITUTIONS

State Hospitals

Appropriations for 1973-75 are \$107,919,600, up \$693,753 from 1971-73, for the "Big-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 budgeted population for the state hospitals is estimated at 6,500 in fiscal 1974 and 6,300 in fiscal 1975. The actual annual average population for fiscal 1973 was 6,722.

Special Hospitals

The 1973 Legislature appropriated \$15,999,900, up only slightly from the 1971-73 appropriations, for the three special hospitals. The budgeted patient populations for 1973-75 are 60 for the Gillette State Hospital (for crippled children), 470 for Ah-Gwah-Ching Nursing Home, and 375 for the Glen Lake State Sanatorium and Oak Terrace Nursing Home.

Special Schools

For the two special schools — the Braille and Sight Saving School and the School for the Deaf — the appropriations are \$4,553,500, down slightly from the appropriations for the 1971-73 period.

The budgeted populations for 1973-75 are 98 for the Braille and Sight Saving School, and 265 for the School for the Deaf.

An additional appropriation of \$122,300 was provided for the purchase of special equipment for the special schools and hospitals.

Community Mental

Health Centers

Appropriations for the Community Mental Health Centers are \$10,700,000, up \$2.2 million or nearly 26 percent over those for the 1971-73 biennium.

Grants-in-aid are made to 25 areas, each consisting of one or more counties, embracing 26 publicly-operated centers and six private foundations. The centers, with all 87 counties participating, provide a variety of health services, including outpatient assistance to the mentally ill, mentally retarded, and inebriates, and also may accept cases from juvenile courts for diagnostic evaluation.

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.

Daytime Activity Centers

State support for daytime activity centers for the mentally retarded was increased by nearly 25.9 percent — to \$3,650,000, up \$750,000 from the 1971-73 appropriation level. The increased state appropriation is intended to fund up to 60 percent of the operating costs of 117 such centers. In certain distressed counties the state matching may be up to 75 percent of approved expenditures.

An additional appropriation of \$50,000 was made to the Commissioner of Public Welfare to make grants to non profit organizations, municipalities or local units of government to provide for up to 25 percent of the cost of constructing, purchasing, or remodeling small community residential facilities for mentally retarded and cerebral palsied persons. The remaining portion of the costs is to be borne by non-state sources. (Chap. 673)

OTHER LEGISLATION PERTAINING TO WELFARE

Old Age Assistance Lien

Law Repealed

Chapter 78 repealed the Old Age Assistance lien law. Effective April 11, 1973 all existing liens were released and discharged.

Mobile Home Exempt from Personal Property Limitation

In determining eligibility for Medical Assistance or Aid to Disabled, a mobile home, used as an abode, is exempt from the personal property limitations of these two programs. The exemption already exists in the other categorical aid programs. (Chap. 141)

Township System of Relief Abolished

Effective January 1, 1974 the township system of poor relief is abolished; thereafter the county welfare board will administer such relief. The Commissioner of Public Welfare is to prescribe minimum standards of eligibility and payments for poor relief which recognize cost of living differences between counties. (Chap. 380)

Administration of General Assistance Programs (Relief)

The Commissioner of Public Welfare was directed to establish minimum standards for General Assistance, which for cash payments shall be, as to shelter, 100 percent, but as to other budgetary items, 50 percent of the categorical aid standards. General assistance means cash payments for "goods, shelter, fuel, food, clothing, light, necessary household supplies and personal need items", and does not include payments for "foster care, child welfare services, medical, dental, hospitalization, nursing care, drugs or medical supplies." State aid to county agencies shall be 50 percent of general assistance grants made pursuant to standards established by the Commissioner. However, any county may, from its own resources, make payments at a higher standard. The Department of Public Welfare shall reimburse counties up to 50 percent of the non-federal share of their administrative expenses. No aid shall be paid for salary costs of single-county directors, or fiscal and clerical personnel involved in the processing of assistance payments. (Chap. 650)

Aid to Counties — Mentally Retarded Children

State reimbursement support to counties for 50 percent of

the cost of care of mentally retarded children increased \$846,900, to \$3,196,900 for the 1973-75 biennium. The budgeted population is estimated at approximately 1,200 per year. The average daily cost per child for board and room is estimated at \$10.57 for fiscal 1974 and \$11.63 for fiscal 1975.

Aid to Counties —

Emotionally Disturbed Children

The 1973 Legislature appropriated \$1,301,000, up \$701,000 from the initial appropriation in 1971-73, for care of emotionally handicapped children under 18 years of age living outside their own homes and State institutions. The reimbursement to the counties may not exceed one-half of the total costs.

Child Care Service Grants

The appropriation for child care service grants was increased from an initial \$250,000 in 1971-73 to \$800,000 for the 1973-75 fiscal period. Such grants may be made to any municipality, county or corporation for up to 50 percent of total costs for planning, establishing and maintaining or operating a child care service. The balance is to be matched by county, local or private funds.

Licensing of County Nursing Homes Transferred

Chapter 139 transferred from the Department of Public Welfare to the State Board of Health the authority to license county nursing homes.

Nursing Home Patients' Bill of Rights

The well-being of nursing home patients is now protected by a "patients' bill of rights". Every patient is entitled to considerate and respectful care, information about his diagnosis and treatment, privacy as it relates to his "social, religious and psychological well-being", and protection against maltreatment. County welfare agencies must cooperate with the State Board of Health in the investigation of claims of neglect or abuse of patients, and offer protective services to prevent further abuses. (Chap. 688)

Human Services Act

Chapter 716 provides that contiguous counties having an aggregate population of 50,000 or more may, by resolution of their county boards, establish a human services board to coordinate the delivery of human services at the local level, e.g. court services, public health services, public assistance, mental retardation services, social services, mental health services, and others of similar classification. Such boards may receive and expend for the designated purposes funds from the Departments of Corrections, Health and Public Welfare, or from any other lawful source, including any governmental source.

Health Maintenance Organizations

Chapter 670 appropriates \$250,000 to the State Board of Health for the purpose of providing grants for the planning of maintenance organizations.

An initial appropriation of \$183,000 was made to the State Planning Agency which shall designate no more than two Human Services Boards to participate in a pilot study to plan for the development and delivery of services under the Act.

Interstate Compact on Placement of Children

Chapter 227 is enabling legislation permitting Minnesota to become a compact state in the placement of children.

Full Charge to Nonresident Parents

Chapter 138 provides that in the case of nonresident parents of children receiving care in state hospitals in Minnesota, the Commissioner of Public Welfare may require payment of the full per capita cost of caring for such patient (previously up to 10 percent by parents of children under 21 years of age).

Alcohol and Drug Abuse Act Authority Vested in Department of Public Welfare

Effective January 1, 1974 the Department of Public Welfare is directed to establish a section in the Department to act as an authority on alcohol and drug abuse, a function previously performed by the State Planning Agency.

The Department is to have responsibility for research, coordination and development of programs, administration of the State plan, dissemination of public information, and making of grants and contracts for services. A biennial appropriation of \$2,925,000 is provided for community grant programs, halfway houses, and drug treatment and detoxification centers.

The Act also provides for establishment of an 11-member Alcohol and Other Drug Abuse Advisory Council with responsibility to advise the Commissioner of Public Welfare on all matters concerning drugs and alcohol.

The Act also amends the Minnesota Hospitalization and Commitment Act to provide for voluntary hospitalization of drug dependent persons, and transportation of inebriates to detoxification centers and hospitals. (Chap. 572)

Commission for the Handicapped Established

Chapter 757 provides for the establishment of a Commission for the Handicapped, consisting of 30 members appointed by the Governor; 20 from the general public, and 10 from organizations which provide services for the handicapped.

The function of the Commission is to inform the public about services to the handicapped, encourage coordination of programs, services and facilities among state departments and private providers of service, and to formulate plans, programs and policies which will serve the needs of the handicapped.

An initial appropriation of \$97,000 was made to the Commission for the purpose of administering the provisions of the Act during the 1973-75 biennium.

Gillette Hospital Authority Created

Chapter 540 establishes the Gillette Hospital Authority, to govern the operation of the Gillette Children's Hospital in cooperation with the Ramsey County Hospital. The Authority is to be governed by a board of seven members, not more than three of whom shall be residents of Ramsey County.

The Gillette Children's Hospital is directed to seek reimbursement for costs of care and treatment from parents to the extent of their ability to pay, from insurance policies and from federally financed medical programs. The Department of Public Welfare is to continue to provide financial assistance for costs of care otherwise unmet.

Chapter 719 authorizes the Board of County Commissioners of Ramsey County to sell bonds, not to exceed \$400,000, to plan and design an addition to St. Paul - Ramsey County Hospital for the use of the Gillette Hospital Authority.

Foster Grandparent Program

Appropriations to the foster grandparent program were increased eight-fold, from the initial sum of \$50,000 for 1971-73 to \$400,000 for the 1973-75 biennium.

The statutes also were amended (1) to make the program permanent, (2) to provide services to other than young persons, and (3) to permit the Governor's Council on Aging, which administers the program, to make grants which may now be matched with federal funds. (Chap. 302)

Costs of Care in State Hospitals Redefined

Chapter 235 changes the method of determining rates for state hospital care of the mentally ill and mentally retarded. The cost is to be based on anticipated expenditures for maintenance and treatment, and is to include depreciation of buildings and equipment, and "indirect costs". Previously billings were based on the per capita cost for the preceding year. Patients' relatives are still required to pay up to 10 percent of the cost of care, but under the revised law, they may not be charged more than \$60 per month.

Board of Health

For administration of the Board of Health, \$6,453,200 was provided in the Omnibus Welfare - Corrections Bill, an increase of \$918,779 over the funds provided for 1971-73 in the Omnibus State Department Bill.

Mobile Health Clinic appropriations total \$78,400, nearly double the \$40,000 appropriated for 1971-73.

Economics Opportunity Program

An appropriation of \$300,000 was made available to allocate and finance operations formerly funded in whole or in part under the Economic Opportunity Act of 1964, Public Laws 88-452. These programs have been largely for migrant persons — such programs as day care and pre-school training. It is the intention of the Legislature that this shall be a final and non-recurring appropriation.

Board of Examiners for Nursing Home Administrators

The sum of \$109,500 was provided for operations of the Board of Examiners for Nursing Home Administrators.

C. Corrections

For the 1973-75 biennium, total appropriations for corrections activities are \$44,998,200, an increase of \$1,470,640, or 3.4 percent over those for 1971-73.

For the operation of institutions under direction of the Department of Corrections, state appropriations decreased \$1,656,754 to \$30,708,200.

For administration, \$6,759,000 was provided, up \$627,254

from the \$6,131,746 appropriated for 1971-73. The administration appropriation includes provision for 10 new positions at an estimated biennial cost of \$190,000, and brings the total approved complement to 245.

Appropriations for all other corrections activities total \$7,531,000, up \$2,500,140 from the 1971-73 biennium.

Correctional Institutions

Appropriations total \$30,708,200 for the eight correctional institutions — the Minnesota State Prison, the Reformatory for Men, the Correctional Institution for Women, the State Training School for Boys, the Willow River Camp, the Minnesota Home School, the Minnesota Reception and Diagnostic Center, and the Thistledeew Camp. The total budgeted population for these institutions is estimated at 1,965 for fiscal 1974 and 1,895 for fiscal 1975.

The approved employee complement was set at 1,138.75, a reduction of 60 from the 1971-73 level, at an estimated biennial saving of approximately \$1,000,000.

Probationary Services

Reimbursement to counties for probationary services was increased by \$300,000 to \$1,400,000 for 1973-75.

Personnel Training

The sum of \$497,000 was appropriated for personnel training, including funds for the training of group home parents in county homes.

Foster Group Care

An appropriation of \$1,000,000 was provided to be used for those foster group care facilities under the Commissioner of Corrections, and to reimburse counties for up to 50 percent of the operating costs of county group homes after federal and state aids, grants or relief programs have been deducted. Reimbursement to the counties is to be prorated if the appropriation is insufficient.

Regional Jails, Area Lockups, and Detention Centers

The sum of \$550,000 was appropriated for regional jails, area lock-ups, and detention centers. In addition, an unexpended balance of \$381,206 from the 1971-73 appropriation for the same purpose was reappropriated for use during the current biennium. It is the intention of the 1973 Legislature that this shall be a final and non-recurring appropriation.

Work Release and Newgate Programs

The work release program was expanded to include a new Newgate program — an educational program conducted at the University of Minnesota for selected inmates from the State Reformatory for Men. During the current biennium the Department of Corrections intends to expand the program to include inmates from the State Prison, the State Training School, and referrals from any court services in the State.

The appropriation was increased from \$200,000 for 1971-73 to \$360,000 for the current biennium, with \$110,000 specifically identified for the Newgate program.

Community Corrections Centers

The appropriation for community corrections centers was increased substantially, from \$175,000 for 1971-73 to \$425,000 for 1973-75. Included in the current appropriation is the sum of \$50,000 for centers on Indian reservations. The Commissioner of Corrections is authorized to make grants not to exceed \$425,000 or 65 percent, whichever is the lesser, of the costs of operating such programs.

OTHER LEGISLATION PERTAINING TO CORRECTIONS

Community Corrections Subsidies

Chapter 354 provides a state subsidy of \$1,500,000 to counties or groups of counties for the purpose of developing a wide spectrum of community correctional programs at the local level. The Commissioner of Corrections is authorized to make grants to assist counties in the development, implementation, and operation of community based corrections programs including, but not limited to, preventive or diversionary correctional programs, probation, parole, community corrections centers, and facilities for the detention or confinement, care and treatment of persons convicted of crimes or adjudicated delinquent. No county or group of counties electing to provide correctional services is eligible for a subsidy until its comprehensive plan has been approved by the Commissioner.

Private Industries

Chapter 145 permits private industry to operate a factory in state correctional institutions. The Commissioner of Administration, with the approval of the Governor, may lease one or more buildings or portions thereof on the grounds of any state correctional institution, together with the real estate needed for reasonable access to and egress from the leased buildings, for a term not to exceed 20 years, to a private corporation for the purpose of establishing and operating a factory for the manufacture and processing of goods, wares, or merchandise. The corporation operating the factory may employ persons conditionally released subject to the provisions of Minnesota Statutes, Sec. 241.26, and such persons are to be deemed to be parolees within the purview of 49 United States Code, Section 60.

Compensation Paid to Inmates

Chapter 307 amends Minnesota Statutes, Section 243.23, by removing the statutory limitation of \$1.00 a day on wages paid to inmates of correctional institutions. As a result, the present average wage of 75 cents a day will be increased to \$1.50 a day. The anticipated cost for the biennium is \$585,400.

State Training School Made Co-Educational

Chapter 68 authorizes the State Training School at Red Wing to become co-educational, thus making it possible to regionalize all diagnostic and treatment programs for juveniles into three regions of the state.

Use of Correctional Facilities by Outside Agencies

Chapter 82 amends Minnesota Statutes, Section 241.01, authorizing social service, educational and rehabilitative agencies, public or private, to utilize the facilities (including staff and other resources) of state correctional institutions. Such agencies are to pay all or part of the cost thereof pursuant to agreements negotiated with the Commissioner of Corrections.

Early Retirement for Correctional Officers

Chapter 653 provides for an early retirement system for certain classes of employees who work directly with inmates in correctional institutions. By July 1, 1976 the mandatory retirement age for such employees will be age 55.

Full Time Parole Board

Chapter 654 abolishes the part-time Adult Corrections

Commission and Youth Conservation Commission and establishes a five member full-time Parole Board. The Board will handle the release of all persons from correctional institutions who are 18 years of age and over. The disposition of juveniles will be handled by the Commissioner of Corrections.

Corrections Ombudsman

Chapter 553 gives statutory authority for the office of Corrections Ombudsman. This program has been operating on an experimental basis during the past year. Appropriations for this purpose total \$109,000 for the biennium. Federal criminal justice and private foundation funds also are available.

D. Highways

Funds totalling \$570,425,676 will be available during this biennium for planning, constructing and maintaining Minnesota's 12,104 miles of state highways.

Gasoline and motor vehicle registration taxes will provide \$410,425,676 of the state money, and \$160,000,000 will come from Federal funds. \$183,549,941 was made available through the omnibus appropriation bill, up \$7,176,380 from the 1971-73 biennium.

A comparison of the omnibus appropriation bills for 1971-73 and 1973-75 bienniums follows:

	1971-73	1973-75
Administrative Operations	\$ 6,594,000	\$ 7,393,250
Legal Division	1,241,161	980,974
Maintenance Division	84,959,000	89,383,840
Construction Operations	66,041,600	68,331,602
Research and Standards	1,543,400	2,384,455
State Aid Administration	453,600	437,614
Planning and Programming	5,040,000	5,119,556
Equipment	6,455,000	7,173,000
Buildings and Improvements	2,375,250	1,100,250
Weigh Station Facilities near Scanlon	—	319,000
Interstate Safety Rest Area Facilities	1,170,550	626,400
Trunk Highway Safety Rest Area Facilities	500,000	300,000
Totals	\$176,373,561	\$183,549,941

The balance of the state funds, \$226,875,735, is available by open appropriation authority and with the Federal funds

will be used mainly for highway construction contracts.

In addition, state aids estimated at \$168,892,056 will be distributed to counties, cities and villages for local streets and highway work outside the trunk highway and interstate systems.

As of July 1, 1973, 662 miles of the 915.2 mile federal interstate system had been completed, 151.4 miles were under construction, and 101.8 miles were in preliminary phases: design, preliminary engineering or right-of-way.

LEGISLATIVE ACTIONS RELATING TO HIGHWAYS

Utility Relocations

Chapter 42 amends state law to conform with federal regulations allowing lump sum agreements on utility relocations up to \$5,000 (presently, \$2,500). These changes are expected to save considerable inspection time and paper work and effect a dollar savings to state and local authorities.

Cable TV on Trunk Highway Right of Way

Chapter 568 amends state law to authorize the Commissioner of Highways to issue permits for the constructing, using, operating and maintaining of community antenna television lines (Cable TV) on trunk highway right-of-way.

E. Other Executive Branch Functions

While appropriations for education, welfare, corrections, and highways, plus tax relief, shared taxes and other aids to local government continue to dominate the state budget, a variety of other executive branch functions — including the Governor's Office, the Departments of Revenue, Administration, Public Safety, and Aeronautics, and the Public Service Commission, received state appropriations of \$262,542,029 for the current biennium, up \$25,907,215 from the 1971-73

fiscal period. These state appropriations will be supplemented by an estimated \$95,487,483 in federal grants to such state departments and agencies as the Governor's Office, the Pollution Control Agency, the State Planning Agency, the Veterans Home, the Governor's Crime Commission, and the Departments of Employment Services, Aeronautics, Public Safety, and Natural Resources.

THE GOVERNOR

State appropriations to the Governor total \$2,002,350, about half of which is for agencies and commissions over which the Governor has direct supervision.

For administration of the executive offices \$1,012,000 was appropriated, up \$34,063 from the 1971-73 biennium.

Activities over which the Governor has direct authority, or for which appropriations have been made to him, include security protection for the Governor and others, \$460,000; the Upper Great Lakes Regional Commission, \$142,000; the Governor's Commission on Crime Prevention and Control, \$100,000; the Capitol Area Architectural and Planning Commission, \$45,000; the Great Lakes Basin Commission, \$44,000; the National Governor's Conference, \$17,000; and the Governor's portrait, \$2,000.

There were three new appropriations: the Missouri River Basin Commission, \$20,350; the Upper Mississippi River Basin

Commission, \$60,000 and a study by the Capitol Area Architectural and Planning Commission on the location of the offices and functions of state government within the capitol area, \$100,000.

GENERAL STATE GOVERNMENT

Appropriations to the State Auditor, the State Treasurer, the Secretary of State, the Departments of Administration, Revenue, Economic Development, and War Veterans Affairs, and to a variety of other state and quasi-state departments and agencies, total \$80,134,580, up \$14,182,878 from the 1971-73 biennium.

The \$24,844,600 going to the Department of Taxation is again the largest single departmental appropriation in the "general state government" category. Appropriations to the Department of Administration total \$21,317,697 and include a new item of \$300,000 for the Cable Communication Commis-

sion. Appropriations to the Secretary of State total \$954,730. Department of War Veterans Affairs appropriations total \$10,504,717, including \$7,475,000 for current biennium principal and interest charges on Vietnam bonus bonds and \$100,000 for bonus payment administrative costs. Department of Economic Development appropriations total \$3,042,000. Appropriations to the Department of Civil Service, which is to be integrated into the new Department of Personnel, total \$2,138,481 — up \$362,933. Appropriations to the Lieutenant Governor total \$335,050 — up \$291,136.

The State Planning Agency receives \$2,415,303, an increase of \$1,139,303 which includes three new activities — recreational vehicle lanes, \$25,000; a Human Services Board, \$183,000; and a Commission on Minnesota's Future, \$140,000.

Other appropriations to major departments and divisions in the general government grouping include the State Auditor, \$3,133,931, including \$1,878,252 for a new statewide accounting system; the State Treasurer, \$613,415; the Public Examiner, \$1,124,039; the Board of Investments, \$732,863; Minnesota Veterans Home, \$1,039,046; Minnesota Historical Society, \$3,378,157; Minnesota State Arts Council, \$600,000; Tax Court, \$103,982; Interstate Cooperation Commission and Council of State Governments, \$75,620; Uniform Laws Commission, \$14,400; and the Minnesota-Wisconsin Boundary Area Commission, \$49,500.

Other new appropriations include \$50,000 "start-up" money for the new Department of Finance; \$200,376 for the Minnesota Commission for the Handicapped; \$3,000,000 to the Department of Manpower Services for youth summer employment; and \$30,000 to the Minnesota Society for the Prevention of Cruelty to Animals.

New Pay Plan for Classified State Employees

A new pay plan for employees in the classified service — the seventh consecutive biennial plan — with increases averaging 6 percent the first year, and an estimated 4 percent the second year representing an anticipated cost-of-living increase — was provided at an estimated biennial cost of \$39,385,000. (Chap. 653)

Salary Increases for Unclassified Employees

Salary increases for constitutional officers, the unclassified department heads and their deputies or assistants, and the district court judges, were provided at an estimated biennial cost of \$845,000. (Chap. 596)

Career Executive Compensation Schedule Increased

The four ranges of the compensation schedule for career executives were increased as follows: CES-I, \$13,500 to \$21,500 (previously \$13,000 to \$18,000); CES-II, \$15,500 to \$24,500 (previously \$15,000 to \$21,000); CES-III, \$18,500 to \$28,000 (previously \$18,000 to \$24,000) and CES-IV, \$23,000 to \$32,000 (previously \$22,000 to \$28,000). (Chap. 653)

Special Salary Ranges for Physicians Increased

The special rates of pay for physicians in state service were increased as follows: Range A, \$23,000 to \$32,000 (previously \$19,500 to \$28,000); Range B, \$28,000 to \$38,000 (previously \$23,500 to \$32,000); and Range C, \$30,000 to \$45,000 (previously \$27,500 to \$37,000). (Chap. 653)

Department of Finance

Chapter 492 establishes a new department to be known as the Department of Finance, under a Commissioner of Finance as the State's chief accounting officer, principal financial officer, and controller.

All the powers, duties and responsibilities previously vested in the State Auditor have been transferred to the Department of Finance, except certain functions relating to the certification of taxes to be levied for borrowed or loaned monies and those powers and duties prescribed by the Constitution. All powers, duties and responsibilities relating to audits of local governments, and school districts, and other governmental bodies have been transferred from the Public Examiner to the State Auditor.

Chapter 492 also transfers the powers, duties, and responsibilities relating to contingent funds, payrolls, reimbursements, and budgets from the Department of Administration to the Department of Finance, and gives the new Department the supervision and control of accounts and expenditures of state government.

Department of Personnel

Chapter 507 creates a Department of Personnel and a Personnel Board. The Commissioner of Personnel is made the chief personnel manager for the State. The Personnel Board is a seven-member board empowered to hold hearings and to advise the Commissioner of Personnel on personnel matters of the State. The duties of the Commissioner of Personnel include the preparation and continuation of official rosters on each state employee, the preparation of qualification and certification standards and procedures, and the enforcement of the Department's rules. All the powers, duties and responsibilities formerly vested in the Department of Civil Service and the Civil Service Board are transferred to the Department of Personnel.

Department of Manpower Services — Change of Name

The name of the Department of Manpower Services was changed to the Department of Employment Services, and the title of the Commissioner was changed to the Commissioner of Employment Services. (Chap. 254)

State Employees Allowed Reimbursement for Noon Meals

Chapter 653 authorizes reimbursement for noon meals to traveling state employees even when the travel does not involve an overnight stay.

PROTECTION TO PERSONS AND PROPERTY

The protection of persons and property takes form in a variety of undertakings involving many state departments and agencies.

For the current biennium, state appropriations for such services total \$92,883,256.

The major single item in this expenditure category is \$53,487,944 to the Department of Public Safety.

Appropriations to the Attorney General include \$1,908,259 for the office and legal staff — up \$229,020; \$715,682 for the Peace Officers Training Board, — up \$412,885; and \$50,000 for the special contingent fund to the Attorney General. The sum of \$251,355 was provided for two

new items — \$51,355 for special counsel fees and \$200,000 for an Antitrust appropriation.

In the Department of Commerce, appropriations for the Divisions of Banking, Securities and Insurance total \$5,419,775, up \$1,026,226.

Other departments and divisions in the "protection" grouping include the Department of Public Service, \$8,692,398; the Department of Labor and Industry, \$4,774,580; the Liquor Control Commission, \$754,110; the Bureau of Mediation Services, \$991,935; the Livestock Sanitary Board, \$1,874,116; the Department of Human Rights, \$781,630; the Department of Military Affairs, \$4,292,530; the sheriffs' mileage and per diem in conveying prisoners, \$56,000; and the Department of Aeronautics, \$1,057,560 for administrative expenses and \$7,450,382 for airport construction and improvements and navigational aids.

Other new appropriations include \$100,000 to the Department of Public Services for contracts to railroads covering passenger service, \$150,000 for a County Attorney Council, \$40,000 for the St. Cloud National Guard Armory, and \$35,000 to the State Board of Examiners of Psychologists.

Activities of the Department of Health, previously classified by the State Auditor in the "protection", category now are classified as "public welfare". In the 1971-73 period the appropriations totaled \$5,601,421; for 1973-75 the appropriations are \$6,531,600.

NATURAL RESOURCES

For the current biennium appropriations for the development and conservation of natural resources total \$81,943,578, up \$3,830,493 from the 1971-73 biennium. Appropriations to the Department of Natural Resources amount to \$46,740,000, representing 57 percent of the total made available for natural resource purposes, and includes an appropriation of \$1,658,000 for remodeling and reconstruction of the French River and Lanesboro hatchery facilities.

The sum of \$1,045,000 was appropriated to the Commissioner of Natural Resources for the following purposes: \$209,000 as grants to local units of government for the enforcement of laws relating to snowmobiles and for the construction of snowmobile trails; \$627,000 to the Department for maintenance of snowmobile trails and trails used exclusively for non-motorized recreation; and \$209,000 to provide access to snowmobile trails and to provide snowmobile areas in parts of the State where trails are unfeasible. (Chap. 648)

Appropriations to accelerate the acquisition and development of natural resources total \$21,735,940, up \$1,879,200 from 1971-73. Included is \$2,000,000 for acquisition of state recreation lands and trails, and \$350,000 for acquisition of land for a memorial hardwood forest; \$2,750,000 in grants-in-

aid to local units to pay a portion of the costs of long term lease, acquisition and development of recreational projects; and \$6,000,000 for regional recreational and natural areas.

The Minnesota Pollution Control Agency was given a total of \$5,245,452 - \$3,505,452 for salaries, supplies and expenses, plus \$140,000 for additional special studies; and \$1,600,000 for automobile recycling.

A new appropriation of \$1,500,000 was authorized for grants-in-aid to any region, municipality, or institution looking toward the reduction, reuse and recycling of solid waste. (Chap. 748)

Other new natural resources appropriations include \$200,000 for a newly established Environmental Quality Council (Chap. 342), \$500,000 for the power plant and transmission line siting (Chap. 591), and \$200,000 for access roads to the St. Croix Wild River State Park. (Chap. 567)

Appropriations to the State Zoological Board, the Minnesota Water Resources Board, the Great Lakes Commission, Voyageurs National Park and the Southern Minnesota Rivers Basin Commission, make up the balance of the natural resources appropriations.

AGRICULTURE

Appropriations to the Department of Agriculture and to the societies and associations for development and conservation of natural resources total \$5,578,263, down slightly from those of the preceding biennium. Included are two new appropriations — \$15,000 to the Soybean Promotion Board, and \$25,000 to the Beef Industry Advisory Board.

Corporate Farming

Chapter 427 defines the terms "farming", "family farm", "family farm corporation", and "authorized farm corporation". This new legislation restricts the owning of agricultural lands by corporations and provides that after May 20, 1973 such corporations shall not expand in acreage beyond 20 percent in any five year period.

Beef Industry Promotion Board

The sum of \$25,000 was provided to the Commissioner of Agriculture for use by the Beef Industry Advisory Board in the implementation of a beef promotion order. Within one year after implementation of the order the Board shall reimburse the state general fund from fees collected. (Chap. 575)

Food — Quality Assurance Date

Chapter 686 authorizes and directs the Minnesota Department of Agriculture to promulgate rules and regulations to require quality assurance dates on the labels of packaged perishable foods.

F. Legislative

Appropriations for the purpose of the Legislature increased from \$12,947,626 in the 1971-73 biennium to \$23,302,041 in the current two-year period, up \$10,354,415, or nearly 80 percent.

Legislators' salaries represent 13.8 percent of the total appropriations. Most of the balance is for costs incidental to the conduct of the legislative work: salaries of an expanded research staff, clerks, stenographers, committee secretaries, pages, doormen and many other employees; the travel and per

diem expense of legislative members, the printing of bills and Senate and House Journals; materials and supplies; and a host of miscellaneous items.

Revisor of Statutes

For the Revisor of Statutes whose legal and clerical staff, at the request of legislators, drafts most of the bills introduced each session, a total of \$1,537,681 was appropriated, up \$426,555 from 1971-73.

Activated Standing Committees

All Senate Standing Committees and Subcommittees have been activated for the interim between the annual sessions. The standing committees include — Committee on Committees; Education; Finance; Governmental Operations; Health, Welfare and Corrections; Judiciary; Labor and Commerce; Local Government; Metropolitan and Urban Affairs; Natural Resources and Agriculture; Rules and Administration; Taxes and Tax Laws; and Transportation and General Legislation. The regular Subcommittee structure has been continued during the recess with the addition of such subcommittees as are deemed necessary. The Subcommittees in operation includes eleven on Education, six on Finance, five on Governmental Operations, four on Health, Welfare and Corrections, five on Judiciary, three on Labor and Commerce, two on Local Government, six on Metropolitan and Urban Affairs, five on Natural Resources and Agriculture, nine on Rules and Administration and four on Transportation and General Legislation.

All House Standing Committees and Subcommittees are being continued during the recess between annual sessions. Such additional subcommittees as are felt necessary have been established. The House Standing Committees include Agriculture, Appropriations, City Government, Commerce and Economic Development, Crime Prevention and Corrections, Education, Environmental Preservation and Natural Resources, Financial Institutions and Insurance, General Legislation and Veterans Affairs, Governmental Operations, Health and Welfare, Higher Education, Judiciary, Labor-Management Relations, Local Government, Metropolitan and Urban Affairs, Rules and Legislative Administration, Taxes, and Transportation.

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

Permanent Commissions and Committees

Appropriations to existing permanent commissions and committees include:

Ethics Committee, Special, Senate	<u>1</u>
Ethics Committee, Special, House	<u>1</u>
Ethics Committee, House and Senate	<u>1</u>

Indian Affairs Commission	\$125,000
Interstate Cooperation Commission and Council of State Governments	75,620 <u>2</u>
Iron Range Resources and Rehabilitation Commission . . .	<u>1</u>
Joint Coordinating Committee (Chap. 598)	<u>1</u>
Joint Legislative Committee to review reports of Commission on Minnesota's Future (Chap. 741) . . .	<u>1</u>
Legislative Advisory Committee	3,000 <u>1</u>
Legislative Audit Commission (Chap. 492)	2,000
Legislative Building Commission	130,000
Legislative Retirement Study Commission	177,360 <u>1</u>
Lobby Registration Committee	<u>1</u>
Midwestern Board for Medical and Allied Education . . .	150,000
Minnesota Resources Commission	49,500
Minnesota — Wisconsin Boundary Area Commission Legislative Advisory Committee	10,000 <u>1</u>
Mississippi River Parkway Commission	20,000
National Conference State Legislative Leaders	150,000
State Claims Commission	32,000
Tax Study Commission	50,000 <u>1</u>
The Education Commission of the States	
The Great Lakes Commission	
Women's Affairs, Advisory Committee	

STATISTICS OF THE 68th LEGISLATURE

	1973 Session	Interim Recess ³
Bills Introduced — House	2,585	72
Bills Introduced — Senate	2,528	22
Bills enacted into law	783	
Bills vetoed by Governor	2	

Legislative Periods:

Constitutional Limitation — 120 days

1973 Session

Convened January 2 — Recessed May 21
Session days — 66

1974 Session

Will convene — January 15, 1974 (Definite date)
Session days remaining — 54

¹Included in appropriation to state department or agency.

²Open appropriation authority.

³To October 12, 1973.

G. Judicial

In terms of total state spending, the judicial branch of state government in Minnesota continues to be relatively inexpensive.

State appropriations to the judicial branch total \$7,452,559 for the current biennium — or approximately .163 percent of estimated state spending, exclusive of federal funds.

Appropriations to the Supreme Court total \$2,203,935, up \$642,450 from 1971-73.

For District Courts (the State pays the basic salaries of District Court judges), the appropriation of \$4,254,221 covers the salaries (\$32,000 annually) of 72 judges, plus mileage allowances and travel expenses. Each district judge in Hennepin,

Ramsey and St. Louis counties receives \$1,500 additionally annually from county funds.

For the State Public Defender, the appropriations total \$563,702, up \$144,702 from the preceding biennium, and include a new item of \$100,000 to "provide civil legal services and to develop and explain grievance procedures to the prison inmates".

Appropriations of \$415,751 to the State Law Library, \$10,000 to the Commission on Judicial Conduct, and \$4,950 to the Judicial Council complete the \$7,452,559 provided by the 1973 Legislature for judicial purposes — an increase of \$644,760 from 1971-73.

H. Miscellaneous

Miscellaneous appropriations amount to \$350,882,604 for the current biennium, up \$119,105,651 from 1971-73.

The major item, which also accounts for a large portion of

the increase, is income tax refunds estimated at \$281,444,000, up \$74,444,000 from the preceding biennium. Regular refunds to individual income taxpayers have been estimated at

\$261,444,000 and to corporate income taxpayers at \$20,000,000. Additionally, income tax credits to parents of children attending non-public elementary and secondary schools, amount to \$21,286,000. (Income tax refunds to senior citizens and to renters, together totaling \$68,821,000, are classified in this publication as "tax relief" items and are reported in Section II.)

An "economic package" estimated at \$39,385,000 provides for salary increases for classified employees (an average of six percent in 1973-74, and an estimated four percent in 1974-75 representing an anticipated rise in the cost-of-living index), plus improvements in vacation and sick leave allowances and in insurance and hospitalization benefits.

Four separate bills, authorized expanding group insurance coverage for state employees to include maternity benefits to unmarried women and minor female dependents, treatment in governmental institutions, extended coverage to disabled employees, and extended coverage for survivors of deceased beneficiaries, at an estimated cost of \$3,130,000 for the biennium. (Chaps. 651, 471, 340 and 339)

Peace Officers — Death in Line of Duty — Benefits to Survivors

To provide benefits to survivors of peace officers killed in the line of duty an open appropriation authority of \$200,000 was made available by the 1973 Legislature. A "peace officer" has been defined, with certain qualifications, as a police officer, a highway patrol officer, a sheriff or full-time deputy sheriff, a state conservation officer, a person employed by the Bureau of Criminal Apprehension, a corrections officer, a fire fighter employed on a full-time basis by any governmental subdivision of the State or a regularly enrolled member of a volunteer fire department, or a "good samaritan" who complies with a request or direction of a peace officer to assist the officer.

The Act provides that \$25,000 shall be paid in each such death to the surviving spouse, dependent child or children, or parent or parents, and was made retroactive to January 1, 1973. (Chap. 248)

Unemployment Compensation

Chapter 599 amends the Unemployment Compensation law to extend coverage, effective January 1, 1974, to the following:

- ... Services performed for all governmental subdivisions of the State, including primary and secondary schools. (Presently, coverage is mandatory for state employees but optional for employees of other governmental subdivisions.)
- ... Agricultural services performed for employers who have four or more individuals working in 20 weeks of the year.
- ... Services performed for non-profit organizations having one or more (presently four or more) employees in 20 weeks of a year.

The present minimum tax rate of 0.7 percent was increased to 0.9 percent and the maximum rate from 4.5 percent to 5

percent — both changes effective January 1, 1974.

The maximum weekly benefit rate now \$64 was increased to \$85 on claims filed after June 30, 1973.

Workmen's Compensation

Chapter 643 amends the Workmen's Compensation law to provide the following increase in benefits for work connected injuries or fatalities:

- ... Maximum weekly payments for temporary or permanent total disability increased from \$80 to \$100.
- ... Weekly maximum for temporary or permanent partial disability increased from \$73 to \$100.
- ... Maximum award to dependents in death cases increased from \$35,000 to \$40,000, and maximum weekly benefit raised from \$80 to \$100.

Chapter 388 places the general administration of the workmen's compensation law with the Division of Workmen's Compensation under the direction and control of the Commissioner of Labor and Industry, and provides further that the three-member Workmen's Compensation Commission will serve as an appellate body on compensation cases.

State OSHA Authority

The Occupational Safety and Health Act of 1973 delegates to the Minnesota Department of Labor and Industry the responsibility to develop standards, rules and regulations pertaining to work safety and health and to carry out enforcement obligations. The law applies to all employment except that under the exclusive jurisdiction of the federal government. The Act also creates an Occupational Safety and Health Advisory Board of 12 members, appointed by the Governor, to advise the Department in all phases of promotion of efforts to reduce job-connected injuries and deaths. (Chap. 732)

"Professional Strikebreakers"

Chapter 149 makes it an unfair labor practice for an employer to wilfully and knowingly utilize the services of any professional strike-breaker to replace an employee or employees out of work due to a labor dispute.

State Minimum Wage Increased

Chapter 721 provides that effective January 1, 1974 the minimum wage for adult workers, with limited number of exemptions, will be \$1.80 an hour with time and one-half as overtime pay for hours in excess of 48 hours in a week. Individuals under the age of 18 may be paid at a rate of 90 percent of \$1.80 an hour.

Public Employees Bargaining

Chapter 635 amends the Public Employees Labor Relations Act by granting the right to strike to all but essential (fire, police) employees, under certain conditions. The law also grants a representative organization the right to assess non-members a fee for negotiation services, with employer check-off of the designated amounts.

IV. RETIREMENT PROGRAMS

Employer contributions to the retirement benefit programs of State and local public employees in Minnesota during the current biennium will approximate \$247,167,460, up \$49,483,730 from the previous biennium.

Of the total, approximately \$179,167,460 was provided by various legislative enactments; an estimated \$68,000,000 will come from local units of government.

Major item among the state appropriations is the estimated \$135,595,000 that will go to the State Teachers Retirement Association and to separate teacher retirement groups in Minneapolis, St. Paul and Duluth.

Most of the \$43,270,950 calculated for retirement benefits for state employees, supreme and district court judges and legislators — the employer contribution — is included in departmental budgets as 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. By action of the 1973 Legislature, MSRS will also assume administration of the Highway Patrolmen's Retirement Fund and a new statewide Judges' Retirement Plan.

The employer "matching" contributions by the State (4 percent matching plus 2 percent for the past service accrued liability) are estimated at \$34,733,000 for the current biennium.

Chapter 653 substantially increased retirement benefits for state employees and made other significant changes in the retirement laws.

Starting July 1, 1973 retirement and disability benefits will be based upon the employee's highest five successive years of covered salary. To compute an employee's annuity, the retirement service credit is converted to a percentage using the following formula:

1 percent per year for the first 10 years;

1½ percent for each year of service over 10.

The resulting percentage is then applied to the average of the five highest successive years of salary (salary for high 5 years divided by 60). This procedure determines the amount of monthly benefit payable at age 65. For example, an employee with 30 years of service and a 5-year average of \$900 per month would receive \$360 per month. Another with 40 years of service and a 5-year average of \$1400 per month would receive \$770 per month.

The mandatory retirement age, now 70, was lowered to 68 effective July 1, 1974 and to 65 effective July 1, 1975. Employees with 30 years of service may retire at age 62 with full benefits.

A 25 percent increase in the pension benefits of all presently retired employees will be fully effective in January 1974.

A separate Correctional Employees Retirement Plan was established for certain employees having direct inmate contact. The mandatory retirement age of these persons will decrease, in steps, from 65 years effective July 1, 1974 to 55 years effective July 1, 1976.

The Retirement Board was increased by one member to be elected by members of the Highway Patrolmen's Retirement Fund, and the present three ex-officio members are to be replaced by three members appointed by the Governor.

Public Employees Retirement Association (PERA)

Membership in this Association consists largely of elected and appointed officers and employees, other than teachers, of governmental subdivisions. Also included in membership are district court reporters, employees of the League of Minnesota Municipalities, and officers and employees of public hospitals owned or operated by, or an integral part of, any governmental subdivision.

Employer contributions by local units of government are estimated at \$68,000,000 for the current two-year fiscal period.

The Association operates with three distinct funds — a basic fund, a coordinated fund, and a police and fire fund. The coordinated fund includes employees covered by an agreement made between the State and the Secretary of Health, Education and Welfare making the provision of the Federal Old Age, Survivors and Disability Insurance Act applicable to such members.

Chapter 753 increased the contribution rate of both the employer and the employee from 6 percent to 8 percent for those employees under the basic fund and from 3 percent to 4 percent for those under the coordinated fund — both increases became effective July 1, 1973. In addition to matching the employee's contribution, the employer (the local governmental subdivision) pays 2½ percent under the basic plan and 1½ percent under the coordinated plan. Effective July 1, 1973 the employee contribution rate under the police and fire fund was increased from 7 percent to 8 percent, and the employer contribution from 10½ percent to 12 percent.

The new, higher annuities are based on the average annual salary paid the employee during his highest five successive salary years. Under the basic fund the pension will be 2 percent of such average salary for each of the first 10 years of service and 2.5 percent for each year of service thereafter. Under the coordinated fund, the pension will be 1 percent of such average salary for each of the first 10 years of service and 1.5 percent for each year of service thereafter. Under the police and fire fund, the pension will be 2.5 percent of such average salary for each of the first 20 years of service and 2.0 percent for each year of service thereafter.

Teachers Retirement Association (TRA)

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 and community colleges.

Chapter 728 provides for major pension improvements in the Teachers Retirement Program, principally in the use of the average monthly salary for the five highest successive years in determining annuity benefits.

Retirement service credit is determined using the following percentages:

	Basic System	Coordinated System
Each year of service during first 10	2.0%	1.0%
Each year of service thereafter	2.5%	1.5%

The resulting total percentage applied to the average monthly salary for the five highest successive years produces the monthly annuity payable at age 65.

Member contributions were increased from 7 to 8 percent in the basic system and from 3½ percent to 4 percent in the coordinated system. In addition to matching the employee contribution, the employer (local subdivision) pays 2 percent under each system to amortize the deficit.

Those persons already retired received an increase in benefits of 25 percent.

SUMMARY EMPLOYER RETIREMENT CONTRIBUTIONS (Estimated Amounts)

<u>By the State</u>	<u>1971-73</u>	<u>1973-75</u>
Minnesota State Retirement System	\$ 21,034,000	\$ 34,733,000
Teachers Retirement Association . .	126,300,000	135,595,000
Highway Patrolmen's Retirement Association	2,700,000	3,400,000

<u>By the State (Continued)</u>	<u>1971-73</u>	<u>1973-75</u>
Supplemental Retirement Benefits		
—For certain State College and Community College personnel	\$ 2,246,220	\$ 2,697,598
—For certain employees in:		
—MSRS	310,000	270,000
—PERA	295,000	222,000
—TRA	37,000	22,000
Elected State Officers' Retirement Program	57,510	57,510
Legislative retirements	90,000	216,000
Legislative retirement adjustment	---	1,124,916
Special Retirement Accounts		
Retired Attorney General, retired Clerk of the Supreme Court, and for District Court Judges and their widows	614,000	829,436
Total State Contribution	\$153,683,730	\$179,167,460
<u>By Local Units of Government</u>		
For Public Employees Retirement Association	44,000,000	68,000,000
Total	\$197,683,730	\$247,167,460

V. STATE BORROWING

Issuance of general obligation bonds for the borrowing of \$169,670,000 for capital outlay and other purposes, was authorized by the 1973 Legislature. In addition, issuance of up to \$30,000,000 in revenue bonds by the Higher Education Coordinating Commission was authorized.

As of June 30, 1973, prior to the issuance of any of the newly authorized bonds, outstanding state debt was \$554,292,000, and bonds authorized prior to the 1973 session but not issued, amounted to \$54,700,000. (\$44,900,000 in State building bonds and \$9,800,000 in school loan bonds).

State Building Program

The 1973 Legislature authorized the sale of \$46,470,000 of general obligation bonds, maturing serially within 20 years from date of issuance, for state building purposes. In addition, \$5,894,528 was reappropriated, for new purposes, from previous authorizations.

Major items in the building program include:

- ... At the University of Minnesota — a \$29,492,854 program, representing 63.5 percent of the total new borrowing authorized for building. This included \$14,000,000 to construct a Unit of the Health Science Complex; \$5,800,000 to construct and equip the Home Economics building expansion, Phase I; \$2,048,800 for boiler additions and pollution controls, Phase II; \$781,800 to remodel Cook Hall and Norris Gymnasium on the Minneapolis and St. Paul campuses; and \$1,893,000 for a library addition to the Health Sciences Building on the Duluth Campus. A host of smaller projects at both the Twin Cities and coordinated campuses, totalling \$4,975,254, makes up the balance of the new borrowing authorized.
- ... At the State Colleges — \$3,769,578, including \$2,242,178 to construct and equip an Administration/Orientation Building at St. Cloud State College. A group of smaller projects totals \$1,527,400.
- ... At the Community Colleges — \$320,000 to improve the grounds at certain community colleges.
- ... For the Capitol group of buildings — \$6,399,000, including \$1,000,000 for land acquisition in the Capitol area, including improvements and preparation of sites for construction; \$1,200,000 for preliminary plans and cost estimates for a Capitol Building Annex; \$1,760,000 for building remodeling and special projects; an \$829,000 supplement for the Centennial Building parking facility; \$800,000 to remodel the east wing of the Capitol Building for the Supreme Court; \$410,000 for special improvements in the State Office Building; and \$400,000 for remodeling and improvement of certain other property in the Capitol area.
- ... For institutions under the jurisdiction of the Department of Public Welfare — \$3,810,000, including \$3,100,000 for alterations, betterments, construction,

improvements, rehabilitation, fire safety, and demolition of buildings at the state hospitals; \$170,000 for design, rehabilitation and construction of facilities at St. Paul-Ramsey Hospital for use by the Gillette State Hospital; and \$540,000 for alterations, betterments, construction, reconstruction, improvements, rehabilitation and fire safety at the special schools and hospitals.

Repairs and Alterations

In supplementation to the authorized new borrowing, \$4,482,092 was appropriated from the state general fund for alteration, repair, equipping and equipment replacement to state public buildings. (Chap. 777)

Vietnam Bonus

Issuance of \$60,000,000 in state general obligation bonds was authorized to provide compensation to those members of the armed forces who served during the Vietnam conflict. (Chap. 204)

Zoological Garden

Issuance of \$23,025,000 in Minnesota Zoological Garden bonds was authorized for the acquisition and betterment of public land, buildings, and improvements of a capital nature for the Minnesota Zoological Garden. In addition, the State Auditor was authorized to issue an additional \$2,350,000 of bonds, with no part thereof to be expended unless equally matched by other than state appropriations. The authorization is for 20-year bonds. (Chap. 207)

State Water Pollution Control Bonds

Minnesota Statutes, Sec. 116.18, Subd. 4, was amended to increase the issuance of Minnesota state water pollution control bonds from \$25,000,000 to \$55,000,000. (Chap. 771) The funds are to provide "grants 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..." The appropriation of \$9,750,000 made in 1971 was cancelled back to the state general fund. (Chap. 423)

Student Loan Program

The Higher Education Coordinating Commission was authorized to issue revenue bonds in an aggregate amount not to exceed \$30,000,000 for the purpose of providing loans to encourage young men and women to continue their education, and to provide financial assistance for those who would not otherwise be able to do so. (Chap. 605)

State College Bonds — Refunding

Issuance of up to \$7,825,000 of Minnesota state college bonds was authorized to refund certain revenue bonds now outstanding. (Chap. 759)

STATE BUILDING BILLS – 1973 SESSION

	New Borrowing (Chap. 778)	Repairs and Replacements (Chap. 777)	Small Projects (Chap. 777)	Reappropriated Balances (Chap. 778)	Total
Department of Public Welfare	\$ 3,810,000	\$1,381,482	\$ 250,000	---	\$ 5,441,482
Department of Corrections	135,000	476,385	525,450	---	1,136,835
Community Colleges	320,000	503,775 ¹	---	\$1,680,000	2,503,775
State Colleges	3,769,578	1,100,000 ¹	---	---	4,869,578
University of Minnesota	29,492,854	---	---	---	29,492,854
To Commissioner of Administration					
–for land acquisition and preparation of sites for construction	1,000,000	---	---	---	1,000,000
–for Capitol Complex	5,399,000	---	---	1,214,528	6,613,528
–for Minnesota Historical Society	945,334	---	230,000	---	1,175,334
–for Minnesota Veterans Home	100,000	15,000	---	---	115,000
–for administration of building program	100,000	---	---	---	100,000
–for plans, studies and surveys, and for alterations, betterments, construction, reconstruction, improvements or rehabilitation . . .	300,000	---	---	---	300,000
–for preliminary plans	50,000	---	---	---	50,000
–for Higher Education Facilities Contingent Account	1,000,000	---	---	---	1,000,000
To State Auditor					
–for bond expense	48,234	---	---	---	48,234
To General Fund					
–for reimbursement for moneys advanced to equip Health Sciences Bldg. at University	---	---	---	3,000,000	3,000,000
Total	\$46,470,000	\$3,476,642	\$1,005,450	\$5,894,528	\$56,846,620

¹ Identified as "repairs and betterments" in appropriation bill.

VI. THE TAX LAWS

Of the 5,108 bills introduced in the first regular session of the 1973 Legislature, some 341 (exclusive of companion bills) related to taxes. These tax bills were digested, as they were introduced, in the first 20 issues of our 1973 weekly Legislature Bulletin.

Of the 783 bills actually enacted into law, 76 related to taxes. A number of the individual tax bills introduced were combined and included as Articles in the Omnibus Tax Law (Laws 1973, Chapter 650). A separate Synopsis of that Law appears in Appendix A.

The following is a synopsis of the other tax laws, as enacted, grouped by type of tax:

Bank Excise Tax

See Articles VIII and XXV of Chapter 650 - Appendix A.

Beer Tax

Chapter 483 amends Minnesota Statutes, Sec. 340.47, Subd. 2, to provide that any brewer producing and selling within this State fermented malt beverages shall receive a credit of 50 percent of the tax on the first 40,000 barrels of 3.2 beer, and a credit of 50 percent of the tax on the first 40,000 barrels of strong beer. In effect on July 1, 1973.

Cigarette and Tobacco Products Taxes

Laws 1973, Chapter 119 amends the cigarette tax law (Minnesota Statutes, Sec. 297.08, Subd. 3) to provide that in addition to other permitted ways of disposing of seized contraband cigarettes after judgment of forfeiture, the Commissioner of Taxation may cause the forfeited property to be sold at public auction. Effective April 20, 1973.

The cigarette use tax law was amended (M.S., Sec. 297.23, by adding a new subdivision) to impose a penalty (5 percent of the unpaid tax remaining each month up to a maximum of 25 percent, but in no event less than \$10) for failure to timely file any cigarette use tax return required to be filed. The amendment also authorizes the Commissioner of Taxation to extend the time for filing such return without penalty for good cause shown. Effective April 28, 1973. (Chap. 134)

Chapter 455 amends the cigarette use tax law (M.S., Sec. 297.22, Subd. 3) to limit the non-application of the use tax to the use or storage of cigarettes in quantities of 200 or less in the possession of any one consumer, to the situation where such cigarettes are carried into this State by such consumer. Effective May 22, 1973.

See also Article X of Chapter 650 - Appendix A.

Deed Tax

The law imposing a tax on instruments of conveyance (deed tax) was amended (Minnesota Statutes, Sec. 287.21) to provide that the minimum deed tax of \$2.20 shall be applicable when transfers are made by instruments pursuant to mergers, consolidations, sales or transfers of substantially all of the assets of corporations pursuant to plans of reorganization. Effective April 20, 1973. (Laws 1973, Chap. 118)

Employers Excise Tax

See Article XXVI of Chapter 650 - Appendix A.

Gasoline Tax

Laws 1973, Chapter 105 amends Minnesota Statutes, 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 proper license, any inspection fee (as well as any tax) shall become immediately due and payable, and the penalty and interest provision shall apply to it as well. Effective August 1, 1973.

Chapter 106 amends M.S., Sec. 296.12, by adding a subdivision to require bulk purchasers of special fuel, except LP gas (who are required to report and pay the special fuel excise tax on all special fuel purchased by them for storage) to make withdrawals of such fuel through an accumulating meter. Effective January 1, 1974.

Chapter 107 amends M.S., Sec. 296.17, Subd. 20, to correctly designate the Commissioner of Public Safety (instead of the Commissioner of Highways) as the enforcement officer authorized and directed to utilize the Minnesota Highway Patrol to assist in the enforcement of the road tax imposed by Subds. 7 to 22. Effective August 1, 1973.

Chapter 108 amends M.S., Sec. 296.01, Subd. 4, to define "fuel oil" as meaning any petroleum product other than gasoline which when tested in accordance with the methods of the American Society for Testing Materials (instead of when tested with a Cleveland open cup tester) shall not flash below 110 (instead of 120) degrees Fahrenheit, etc. Effective April 14, 1973.

Chapter 146 amends M.S., Sec. 296.18, Subd. 1, to extend to one year (instead of four months) the time within which claims for refund of gasoline or special fuel tax may be filed with the Commissioner of Taxation. Applicable to all purchases made after January 1, 1973.

Chapter 648 amends M.S., Secs. 296.16, Subd. 1, 296.18, Subd. 1, and 296.421 by adding a subdivision, to provide that the amount of unrefunded tax paid on gasoline used for snowmobile purposes shall be a sum equal to 3/8 of 1 percent of all revenues derived from the excise tax on gasoline, except on gasoline used for aviation purposes, and that the amount of such tax, computed for each 6-month period commencing July 1, 1973, shall be credited to the general fund. The amendment appropriates \$1,045,000 to the Commissioner of Natural Resources for the 1973-1975 biennium, to be paid in grants in aid to local units of government for enforcing laws relating to snowmobiles and for construction of snowmobile trails, for provision and maintenance of snowmobile trails, and for provision of access to such trails. Effective July 1, 1973.

Gross Earning Taxes

Laws 1973, Chapter 278 amends Minnesota Statutes, Sec. 295.01, Subd. 2, to provide that for the purpose of determining the percentage of gross earnings of a railroad company assignable to Minnesota where the company is engaged in interstate business, the term "mileage" as used in Subd. 2 means the distance of the most commonly used direct mainline routes operated by the company between the origin and the destination of the freight shipment. Effective May 17, 1973.

Chapter 617 amends M.S., Sec. 295.01, Subd. 9, to define "telephone company", as used in the statute subjecting telephone companies to the gross earning tax (Sec. 295.34), as meaning any person, firm, association or corporation, excluding municipal telephone companies, owning or operating any telephone line or telephone exchange for hire wholly or

partly within State, including radio and other advancements in the art of telephony. Effective for all taxable years commencing after December 31, 1973.

See also Article XXVII of Chapter 650 - Appendix A.

Income Taxes

Laws 1973, Chapter 19 amends Sec. 290.93, Subd. 3, of the Minnesota Income Tax Act (M.S., Chap. 290) to amend the definition of the term "estimated tax" (in connection with the requirement for filing declaration of estimated tax by individuals) to permit an estimate of all allowable income tax credits provided in the Income Tax Act to be considered in determining whether a declaration of estimated tax must be filed. (Before the amendment, Subd. 3 listed each credit by reference to a section, but did not list them all.) Effective for taxable years beginning after December 31, 1972.

Chapter 20 amends Sec. 290.50, Subd. 1, of the Income Tax Act to provide that if a refund of state income tax is made based on the carry-back of a pollution control credit, interest on the refund shall be computed from the end of the taxable year in which the pollution control credit arose to the date the refund is paid (the same as for refunds based on carry-backs of net operating losses). Effective August 1, 1973.

Chapter 21 amends Sec. 290.49, Subd. 2, of the Act to provide that a written early audit request for assessment of tax by the executor, administrator, or other fiduciary representing the estate of a decedent, or by the trustee of a terminating trust or other fiduciary who, because of custody of assets, would be liable for the payment of tax under Sec. 290.54, or by the corporation, must be filed in such form as the Commissioner of Taxation may prescribe. Effective August 1, 1973.

Chapter 22 amends Sec. 290.06, Subd. 9, of the Act to provide that the credit against state income tax for pollution control equipment shall be 5 percent of the net cost of such equipment (the same as the credit for feedlot pollution control equipment). Applicable to property acquired in taxable years beginning on or after January 1, 1969. Chapter 22 also amends Sec. 290.0607 of the Act to change the heading of the second column of the schedule showing the amount of credit against state income tax to which elderly home owners or renters are entitled, from "Not More Than" to "But Less Than". Effective August 1, 1973.

Chapter 43 amends Secs. 290.93, Subd. 9, and 290.936, of the Act to provide that interest on refunds of overpayments of estimated tax shall be computed from 90 days after (a) the due date of the return of the taxpayer or (b) the date on which his return was filed, whichever is later. (The 90 day provision in the law before the amendment appeared to apply only to the due date of the return.) Effective August 1, 1973.

Chapter 44 amends Sec. 290.086, Subd. 6, of the Income Tax Act to provide for payment of interest on refunds, where the credit against state income tax for non public school education costs exceeds the tax due or if no tax is due. Chapter 44 also amends Sec. 290.983, Subd. 2, of the Act to provide for payment of interest on refunds, where the rent credit against state income tax exceeds any liability for tax on the part of the individual claiming the credit. In effect for taxable years beginning after December 31, 1972.

Chapter 55 amends Sec. 290.37, Subd. 1, of the Act to adjust the minimum dollar filing requirements for certain individuals. The amendment provides that an unmarried individual who has attained age 65 before the close of taxable year is required to file a state income tax return if his gross income exceeds \$1,800 (instead of \$1,900); and that a married individual living with spouse where both have attained age 65

before the close of taxable year is required to file if the combined gross income of himself and spouse exceeds \$2,800 (instead of \$2,900). It provides that an unmarried individual who is blind at close of taxable year is required to file if his gross income exceeds \$1,800 (instead of \$1,900), or \$2,400 if the individual has also attained age 65 before the close of taxable year; that a married individual living with spouse where one is blind at the close of taxable year is required to file if the combined gross income of himself and spouse exceeds \$2,400 (instead of \$2,500), or \$2,800 if one has attained age 65 before the close of the taxable year and \$3,300 if both have attained age 65 before the close of the taxable year; and that a married individual living with spouse where both are blind at the close of taxable year is required to file if the combined gross income of himself and spouse exceeds \$2,900 (instead of \$3,100), or \$3,300 if one has attained age 65 before the close of taxable year and \$3,600 if both have attained age 65 before the close of taxable year. Effective for taxable years beginning after December 31, 1972.

Chapter 66 amends Sec. 290.611 of the Act to provide that the prohibition against disclosing the contents of state income tax returns shall not apply to the furnishing of information by any tax return preparer to a tax return processor for the purpose of obtaining computer services in the preparation of the return; that the prohibition shall not apply to the furnishing of information by an owner or employee of the same business firm, whether or not such other person became an owner or employee after such information was received; and that the prohibition shall not be construed to limit the disclosure of tax returns, records, or information to the purchaser, and his employees, in the event of the sale of a business where such business includes the preparation of state or federal income tax returns. Effective August 1, 1973.

Chapter 73 amends Sec. 290.92, Subds. 6,7,8,9,11,12,13 and 15, of the Income Tax Act to eliminate the requirement that in prescribing state income tax withholding forms the Commissioner of Taxation must do so by regulation. Effective April 3, 1973.

Chapter 74 amends Sec. 290.095, Subds. 1,2,3 and 4, of the Act to spell out in more detail the computation and modifications necessary to determine allowable net operating loss for state income tax purposes, both for the year of the loss and the year to which the loss is carried. The amendment also specifies that where an apportionment formula is used, the lower ratio between the year of the loss and the year to which the loss is to be carried will be used in determining the net operating loss deduction. Effective August 1, 1973.

Chapter 77 amends Sec. 290.53, Subd. 3, and by adding a new subdivision, of the Act to provide that if any part of any additional assessment of state income tax is due to negligence or intentional disregard of rules and regulations (but without intent to defraud), a penalty equal to 5 percent of the additional assessment shall be added to the tax, but that this penalty shall not apply if the 50 percent fraud penalty is applicable. Applicable to taxable years beginning after December 31, 1972.

Chapter 210 amends Sec. 290.086, Subd. 8, of the Act to provide that in order to claim credit against state income tax for non public school education costs, the parent or legal guardian of the student must have been a resident of Minnesota during the period for which the claim is made. Effective August 1, 1973.

Chapter 232 amends Sec. 290.01 of the Income Tax Act, by adding a new subdivision to provide that for state income

tax purposes, certain unit investment trusts shall not be treated as persons, corporations, partnerships, trusts or investment companies. The new subdivision also provides that each holder of an interest in such a trust shall, to the extent of such interest, be treated as owning a proportionate share of the assets of such trust; that the basis of the assets of such trust which are so treated shall be the same as the basis of the holder's interest in such trust; and that in determining the period for which the holder of an interest in such trust has held the assets of the trust, there shall be included the period for which such holder has held his interest in such trust. In effect for all taxable years of unit investment trusts ending after December 31, 1972.

Chapter 273 amends Sec. 290.93, Subds. 1 and 4, of the Act to provide that for state income tax purposes a declaration of estimated tax need only be filed by an individual if his gross income exceeds the gross income amounts set forth in Sec. 290.37, Subd. 1, pertaining to the requirements for making a return, and includes more than \$500 (instead of \$200) from sources other than wages upon which a tax has been deducted and withheld. Further, no declaration is required if the estimated tax can reasonably be expected to be less than \$50 (instead of \$20). Applicable to taxable years beginning after December 31, 1973.

Chapter 279 amends Sec. 290.10 of the Income Tax Act to provide that in computing net income for state income tax purposes, in situations where the Act provides for an exclusion from gross income of a specific dollar amount of an item of income assignable to Minnesota, no deduction shall be allowed for any expenses attributable to earning such income. Applicable to taxable years beginning after December 31, 1972.

Chapter 446 amends Sec. 290.09, Subd. 27, of the Act to include as adoption expenses allowable as a deduction from gross income in computing net income for state income tax purposes, court costs, social or adoption agency fees, and other necessary costs in connection with an adoption. The amendment also increases the maximum amount of allowable adoption expenses to \$1,250 (from \$450) per child adopted. Effective August 1, 1973.

Chapter 459 amends Sec. 290.08, Subd. 6, of the Act to add to the list of items which are not to be included as gross income, for state income tax purposes, public employee pensions, retirement benefits, etc., received by any person from any other state or its political or governmental subdivisions. Applicable to taxable years beginning after December 31, 1972.

Chapter 470 amends Sec. 290.16, Subd. 3, of the Income Tax Act to change the definition of "net capital gain" to mean the excess of the gains from the sale or exchanges of capital assets over the losses from such sales or exchanges (instead of the excess of (i) the sum of the gains from the sales or exchanges of capital assets, plus net income of the taxpayer or \$1,000, whichever is smaller, over (ii) the losses from such sales or exchanges). Applicable to taxable years beginning after December 31, 1972.

Chapter 711 amends Sec. 290.01, Subd. 20, of the Act to provide that for each of taxable years beginning after December 31, 1960 and prior to January 1, 1971, the term "gross income" in its application to individuals, estates and trusts shall mean 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 Code, as amended through December 31, 1970, is to be in effect for taxable years beginning

after December 31, 1970 and prior to January 1, 1973; the Code, as amended through December 31, 1972, is to be in effect for taxable years beginning after December 31, 1972. Chapter 711 also amends Sec. 290.09, Subd. 24, of the Act to provide that in the case of property disposed of on or after January 1, 1973, there shall be added to the taxpayer's income, in the year in which the property is disposed of, the amount of any increase in the taxpayer's federal tax liability under section 47 of the Internal Revenue Code of 1954, as amended through December 31, 1972, to the extent of the credit under section 38 of the Internal Revenue Code of 1954, as amended through December 31, 1972, that was previously allowed as a deduction under Sec. 290.09. Chapter 711 also directs the Revisor of Statutes to change the phrase "Internal Revenue Code", "Internal Revenue Code of 1954", or "Internal Revenue Code of 1954 as amended through December 31, 1970", wherever it appears in the Minnesota Income Tax Act, to read "the Internal Revenue Code of 1954, as amended through December 31, 1972". Effective August 1, 1973.

Chapter 737 amends Sec. 290.01, Subd. 20, of the Income Tax Act, and adds a new subdivision to Sec. 290.09, to provide that expenses and losses arising from a farm shall be allowed as deductions from gross income, in computing net income for state income tax purposes, up to the amount of the income and gains arising from a farm or farms in any taxable year, plus the amount of non-farm gross income, or taxable net income in the case of a corporation, not to exceed \$10,000 reduced by the amount by which such non-farm income exceeds \$10,000. The amendment also provides for allowance of carry back and carry forward, with certain limitations. Applicable to taxable years beginning on or after January 1, 1974.

See also Articles VI, VII, IX, XVI, XVIII, XXII and XXVI of Chapter 650 - Appendix A.

Inheritance, Estate and Gift Taxes

The Gift Tax Act (Minnesota Statutes, Chap. 292) was amended (Sec. 292.105) to eliminate the provision requiring the Attorney General's consent and approval of agreements entered into between the Commissioner of Taxation and the donor or donee of property the transfer of which is subject to gift tax, to compound the tax. Effective May 8, 1973. (Laws 1973, Chap. 183)

The Inheritance Tax Act (M.S., Chap. 291) was amended (Sec. 291.09, Subds. 1 and 6) to provide that where there is no objection to an inheritance tax return within the prescribed period (90 days after filing), the return shall be conclusive as to the computation of the tax, and that the tax as determined and adjusted by the Commissioner of Taxation shall be the tax legally due. Effective for all inheritance tax returns filed on or after July 1, 1973. (Chap. 184)

Chapter 185 amends Secs. 291.005, 291.03, and 291.05 of the Inheritance Tax Act to define "dependent child" and "stepchild", and to provide that where the beneficiary is a stepchild, the same inheritance tax rates and exemptions shall apply as for Class 2 beneficiaries (husband, adult child, etc.). Chapter 185 also amends Secs. 292.05, Subd. 1, and 292.07, Subds. 3 and 5, of the Gift Tax Act to provide that where the donee is a dependent child as defined for inheritance tax purposes, the same gift tax specific exemption shall apply as for a wife or minor child, and the same tax credit shall apply as for a minor child; and that where the donee is a stepchild, the same gift tax specific exemption and tax credit shall apply as for Class B donees (husband, adult

child, etc.). Effective for all gifts made on or after January 1, 1973.

Chapter 186 amends Sec. 291.18 of the Inheritance Tax Act to provide that where interest is required to be paid on refunds of inheritance tax, the interest shall be computed on both the amount of the tax and the accrued interest thereon which was overpaid. Effective May 8, 1973.

Chapter 275 amends Sec. 291.08 of the Inheritance Tax Act to disallow deductions, expenses or taxes not attributable to Minnesota property, in the case of non-resident decedents, and to reduce the Minnesota exemptions by the maximum amount allowed or allowable in the state of the decedent's residence. Effective for decedents dying on or after January 1, 1973.

See also Article XIX of Chapter 650 - Appendix A.

Liquor Tax

Chapter 664 amends Minnesota Statutes, Sec. 340.47 to reduce the rate of the excise tax on specialty liquors (scotch, bourbon, etc.) to \$4.39 (instead of \$4.53) per gallon. Other provisions. Effective August 1, 1973.

See also Article XI of Chapter 650 - Appendix A.

Mortgage Registration Tax

See Article V of Chapter 650 - Appendix A.

Motor Vehicle Registration Tax

The motor vehicle registration tax law was amended (Sec. 168.013, Subd. 12) to provide that the owner of a motor vehicle may re-register the vehicle for a weight of more than 75,000 pounds for one or more 30 day periods, and that for each 30 day period the additional tax shall be equal to 1/12 of the difference between the annual tax which has been paid and the annual tax for the weight at which the vehicle is re-registered. The amendment also provides that when a vehicle is so re-registered, a distinctive windshield sticker provided by the Registrar of Motor Vehicles shall be permanently displayed. In effect on March 30, 1973. (Laws 1973, Chap. 54)

Chapter 218 amends Secs. 168.011, Subds. 16 and 17; 168.013, Subds. 1, 3, 12, and 15; 168.12, Subd. 1; and 168.29, of the motor vehicle registration tax law (and repeals Secs. 168.011, Subd. 24; 168.013, Subds. 1a, 10 and 13; 168.015; and 168.165) to revamp the motor vehicle registration tax schedule for farm trucks, trailers, trucks and tractors, truck-trailer and semi-trailer combinations, urban trucks, and recreational vehicles. It sets up a Minnesota base rate, according to total gross weight in pounds, for trucks and tractors and truck-tractor and semi-trailer combinations, with one schedule for the first 6 years of vehicle life and another for the 7th and succeeding years. Base rate schedule I runs from a tax of \$5 for total gross weight of 0-1,500 pounds to a \$1,050 tax for total gross weight of 69,001-75,000 pounds, with an additional tax of \$36 for each ton or fraction thereof in excess of 75,000 pounds. Base rate schedule II runs from a tax of \$8 for total gross weight of 3,001-4,500 pounds to a tax of \$630 for total gross weight of 69,001-75,000 pounds, with an additional tax of \$36 for each ton or fraction thereof in excess of 75,000 pounds. It provides that the tax on farm trucks, trailers, urban trucks, and recreational vehicles shall be stated percentages of the Minnesota base rate. Other provisions. Effective November 15, 1975, for the year 1976 and subsequent years.

Chapter 375 amends Sec. 168.33 of the motor vehicle registration tax law by adding a new subdivision to authorize the

Registrar of Motor Vehicles to charge a filing fee of 50 cents for each application for motor vehicle registration tax presented through the United States mail or at a state office, the fee to be in addition to all other statutory fees and taxes. Effective August 1, 1973.

Occupation and Royalty Taxes

Chapter 631 amends Sec. 298.01, Subds. 1 and 2, of the Occupation Tax Act (Chap. 298) to clarify conflicting laws relating to the time for payment of the iron ore occupation tax and the occupation tax on taconite, semi-taconite and iron sulphides. It amends Secs. 298.10, 298.12 and 298.13 of the Occupation Tax Act, and Secs. 299.05, 299.06, 299.07, 299.08, 299.09, and 299.10 of the Royalty Tax Act (Chap. 299), to permit the Commissioner of Taxation to bill the taxpayer directly for the occupation and royalty taxes, and to provide for payment of the taxes directly to the Commissioner (thus eliminating the State Auditor and State Treasurer from the collection procedure). Other provisions. Effective May 24, 1973.

Property Taxes—See Also Property Tax Relief

Laws 1973, Chap. 150 amends Minnesota Statutes, Sec. 274.01, to provide that local boards of review may have a longer period than 20 days from the time of convening, to complete their work of reviewing assessments, if the Commissioner of Taxation approves. Effective May 4, 1973.

Chapter 285 amends M.S., Sec. 282.04, Subd. 1, to permit the county auditor to sell at private sale to individuals small amounts of green standing, dead, down, insect infested or diseased timber on tax-forfeited land, where such timber does not exceed \$750 (instead of \$500) in appraised valuation. The amendment provides that not more than 2 (instead of 1) such sales directly or indirectly to any individual shall be in effect at one time. The amendment also permits the county auditor to lease tax-forfeited land involving considerations of not more than \$300 (instead of \$50) per year, without first offering such land at public sale. Approved May 16, 1973.

Chapter 341 amends M.S., Chap. 280, by adding a section to provide that effective the second Monday in May 1974, and each year thereafter, no parcel of land against which judgment has been entered and remains unsatisfied for the taxes of the preceding year or years may be sold at public venue as provided in M.S., Secs. 280.01 and 280.02 by the county auditor but shall be treated in the same manner as land bid in for the State in the manner provided in Sec. 280.02. The amendment also provides that no notice of sale required by Sec. 280.01 shall be published or posted in 1974 and in years thereafter, and no auditor's certificate authorized by Sec. 280.03 shall be issued on the second Monday in May 1974 or thereafter. Approved May 19, 1973.

Chapter 355 amends M.S., Sec. 273.13, Subd. 17, to extend the 20 percent classification given to structures situated on real property that are used for housing for the elderly or for low and moderate income families as defined by Title II of the National Housing Act, to structures used for housing for the elderly or for low and moderate income families as defined by the Minnesota Housing Finance Agency Law of 1971 or regulations promulgated by the Agency pursuant thereto. The 15-year provision remains, as does the provision restricting the application of the lower percentage classification to non-profit and limited dividend entities. Chapter 355 also amends Subd. 17b of Sec. 273.13 to provide that any structure (a) situated on real property that is used for housing for the elderly or for

low and moderate income families as defined by the Farmers Home Administration, (b) located in a municipality of less than 10,000, (c) financed by a direct loan or insured loan from the Farmers Home Administration, and (d) which qualifies as a non-profit or limited dividend entity, shall, for 15 years from the date of the completion of the original construction or for the original term of the loan, be assessed at 5 percent of adjusted market value, provided that the fair market value as determined by the assessor is based on the normal approach to value using normal unrestricted rents. Approved May 19, 1973.

Chapter 369 amends M.S., Chap. 282, by adding a section to provide for the withdrawal from sale of tax-forfeited land bordering on or adjacent to meandered lakes and other public waters and watercourses. The amendment also provides that timber on such land may be sold by the authority having jurisdiction, under certain conditions and with certain restrictions. And it reserves a strip two rods in width over such land for public travel. Other provisions. Approved May 19, 1973.

Chapter 389 amends M.S., Secs. 275.11 and 412.251 (which deal with levy limitations on municipalities), to provide that nothing in those sections shall be construed to reduce levies of any municipality below the per capita levy spread in 1970. Approved May 19, 1973.

Chapter 450 amends M.S., Sec. 273.111, Subd. 3, to provide that the homestead of a shareholder in a family farm corporation shall be entitled to valuation and tax deferment under the Minnesota Agricultural Property Tax Law, notwithstanding the fact that legal title to the real estate may be held in the name of the family farm corporation. "Family farm corporation" is defined as a corporation founded for the purpose of farming and owning agricultural land, in which all of the stockholders are members of a family related to each other within the third degree of kindred according to the rules of civil law. Effective with respect to taxes payable in 1974 and subsequent years.

Chapter 456 amends M.S., Sec. 273.13, by adding a subdivision to provide that townhouse property shall be classified and valued as is other property under Sec. 273.13, except that the value of such property shall be increased by the value added by the right to use any common areas in connection with the townhouse development. The amendment provides that the common areas of the development shall not be separately taxed and provides that the total value of the townhouse property, including the value added by the right to use the common areas, shall have the benefit of homestead treatment. Effective for taxes payable in 1974 and thereafter.

Chapter 458 amends M.S., Sec. 275.28, Subd. 1, to provide that the tax lists which the county auditors are required to make must be completed, and all taxes extended thereon, as of October (instead of November) 16 annually. Effective for taxes levied in 1973 and subsequent years.

New legislation (Chap. 509) was enacted to provide that any real property or portion thereof owned by the State and under the control of the State or any department, agency or institution thereof and regularly utilized as living accommodations for any officer or employee of the State or any department, agency or institution thereof, shall be subject to assessment and taxation on the same basis as privately owned property of a like nature. Effective for taxes payable in 1976 and thereafter.

Chapter 543 amends M.S., Secs. 117.135 and 272.68, Subd. 1, to exempt the State Highway Department from the general provisions of Sec. 272.68 relating to payment of delinquent

taxes by governmental agencies acquiring land, and to establish specific provisions for payment of unpaid taxes, including all unpaid special assessments and future installments thereof, due on the date of acquisition. "Date of acquisition" is defined as either the date on which the Department enters into a written agreement to purchase the property or, in cases of condemnation, the date of the award of the court-appointed commissioners. Approved May 23, 1973.

Chapter 549 amends M.S., Sec. 168.012, Subd. 9, to eliminate the requirement that all mobile homes must be registered with the Commissioner of Public Safety. It amends Sec. 168.02 by adding a subdivision to provide that a certificate of title is required for a mobile home. And it amends Sec. 169.86, Subd. 1, to provide that permits for authorization to move oversize mobile homes on highways shall not be issued by the Commissioner of Highways (with respect to state highways) or by local authorities (with respect to highways under their jurisdiction) to persons other than mobile home dealers for movement of new units owned by them, until such persons first present a statement from the county auditor and treasurer where the unit is presently located, stating that all personal and real property have been paid. The statement must be dated within 30 days of the contemplated move. Other provisions. Effective May 24, 1973.

Chapter 583 amends sections of the statutes to remove numerous limitations on tax levies by counties, and provides that any special act for a single county relating to a limitation on the authority of a county board to levy taxes which is inconsistent with Chap. 583 is superseded. It also repeals a number of sections of the statutes and session laws dealing with levy limitations on counties. (Apparent purpose of this law is to make the levy limit provided in the 1971 Omnibus Tax Law the only levy limitation for counties). The Act also provides that nothing in Chap. 583 shall be construed to permit any county to levy in excess of the levy limitation imposed by M.S., Secs. 275.50 to 275.56. Approved May 23, 1973.

Chapter 590 amends M.S., Sec. 273.13, by adding a subdivision to provide that when a structure is constructed with materials meeting the requirements for type I or II construction as defined in the state building code, 90 percent or more of which is used or to be used as apartment housing, and no part of which is used for the purpose of a homestead, it shall be classified for ad valorem property tax purposes for 40 years from the date of completion of original construction or the date of initial though partial use, whichever is the earlier date, as follows: (a) when such structure is 5 or more stories high, that part, section, floor or area used or to be used for apartment housing shall be valued and assessed at 25 percent of market value; (b) when such structure is 4 or less stories high, that part, section, floor or area used or to be used for apartment housing shall be valued and assessed at 33 1/3 percent of market value. Effective January 1, 1975.

Chapter 641 amends M.S., Secs. 270.46 and 270.47, to provide that the State Board of Assessors shall (instead of may) establish training courses on assessment practices, and that the courses shall be established in various places throughout the State and be offered on regular intervals. The amendment also provides that the Board shall (instead of may) establish rules and regulations necessary to accomplish its function, and shall (instead of may) establish criteria required of assessing officials in the State. And it provides that the Board shall (instead of may) prepare and give examinations, and that such tests shall (instead of may) be given immediately upon comple-

tion of courses required by the Board. Chapter 641 also amends M.S., Chap. 270, by adding a section to provide that any township which failed to certify its intention to employ or continue to employ a certified assessor on or before April 1, 1972, may still hire such an assessor if done prior to December 1, 1974, provided such assessor is accredited or certified, in which case the assessment function will be returned to the local assessor by the county assessor. Approved May 24, 1973.

Chapter 700 amends M.S., Sec. 282.031, to extend the right of veterans to make application for the purchase of tax-forfeited land for agricultural development, to veterans who have had active service since June 1, 1961. The amendment provides that this right shall expire on January 1, 1976. Approved May 24, 1973.

Chapter 773 provides that in the next and subsequent editions of Minnesota Statutes, wherever a mill rate is stated which is subject to correction pursuant to M.S., Sec. 273.1102, the Revisor of Statutes shall substitute the corrected mill rate for that previously stated. Effective May 25, 1973.

Chapter 774 amends M.S., Sec. 273.13, Subd. 4, to provide that all real property devoted to temporary and seasonal residential occupancy for recreational purposes, and which is not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, shall be Class 3 property and assessed accordingly. Effective for taxes levied in 1973 and subsequent years.

Chapter 776 amends M.S., Sec. 270.17, to remove the requirement that special assessors and deputies appointed by the Commissioner of Taxation to make reassessments of property must be citizens of the State. Effective May 25, 1973.

See also Articles I, III, IV, XV, XXIII and XXIV of Chap. 650—Appendix A.

Property Tax Relief

Chapter 775 amends Minnesota Statutes, Secs. 273.135, Subds. 3 and 4, and 273.136, Subds. 2 and 3, to transfer from the State Auditor to the Commissioner of Taxation, the administration of homestead property tax relief in taconite and iron ore areas. Effective May 25, 1973.

See also Articles II, IX, XIV, XVI, XVIII and XXIII of Chap. 650—Appendix A.

Sales and Use Tax

The Sales and Use Tax Act (Minnesota Statutes, Chap. 297A) was amended (Sec. 297A.01, Subd. 8) to delete the provision that merchandise must be returned to the retailer by the purchaser within 3 months in order to permit a refund of the sales tax to the retailer. Effective March 23, 1973. (Laws 1973, Chap. 36)

Chapter 75 amends Sec. 297A.25, Subd. 1, of the Act, to specify that the exemption from the sales and use tax of the gross receipts from the sale of materials used or consumed in industrial production of personal property intended to be sold ultimately at retail, applies to the production of road building materials (not to road building). Effective April 3, 1973.

Chapter 452 amends Sec. 297A.25, Subd. 1, of the Act, to refine the provision exempting from the sales and use tax the gross receipts from the sale of tangible personal property the ultimate destination of which is outside the State and which is not thereafter returned to a point within the State except in the course of interstate commerce. The amendment provides for exempting from the tax the gross receipts from the sale of tangible personal property (i) which, without intermediate use, is shipped or transported outside Minnesota and thereafter

used in a trade or business or is stored, processed, fabricated or manufactured into, attached to or incorporated into other tangible personal property transported or shipped outside Minnesota and thereafter used in a trade or business outside Minnesota, and which is not thereafter returned to a point within Minnesota except in the course of interstate commerce (storage shall not constitute intermediate use); or (ii) which the seller delivers to a common carrier for delivery outside Minnesota, places in the United States mail or parcel post directed to the purchaser outside Minnesota, or delivers to the purchaser outside Minnesota by means of the seller's own delivery vehicles, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce. Effective May 22, 1973.

Chapter 461 provides that the provision of the 1971 Omnibus Tax Law prohibiting cities from increasing a present tax or imposing a new tax on sales or income (M.S., Sec. 477A.01, Subd. 18), shall not be deemed to prohibit the City of Duluth from amending its sales and use tax ordinances so as to impose a sales or use tax at the rate of 1 percent upon any or all sales or uses which are taxed by the State. Effective upon compliance with M.S., Sec. 645.021.

Chapter 476 amends the Sales and Use Tax Act (and also M.S., Chap. 360) by adding sections to provide that no aircraft shall be registered or licensed in Minnesota unless the applicant presents proof that the Minnesota sales or use tax has been paid or that the transaction is exempt from the imposition of the tax. Effective July 1, 1973.

Chapter 589 amends M.S., Sec. 462.39, Subd. 1, to provide that regional development commissions are instrumentalities of the State and therefore exempt from the state sales and use tax. Other provisions. Effective August 1, 1973.

See also Article XIII of Chap. 650—Appendix A.

Tax On Separate Mineral Interests

See Article XX of Chap. 650—Appendix A.

Miscellaneous

Laws 1973, Chap. 104 amends M.S., Chap. 270, by adding a section to provide that when the last day prescribed by law for the payment of any tax to or the filing of any return with the Commissioner of Taxation or the Department of Taxation falls on Saturday, Sunday or a legal holiday, the performance of such act shall be considered timely if it is performed on the next succeeding day which is not a Saturday, Sunday or legal holiday. Effective April 14, 1973.

Chapter 377 repeals M.S., Sec. 3.923, which created the Commission on Taxation and Production of Iron Ore and Other Minerals. Effective May 20, 1973.

Chapter 457 amends M.S., Sec. 270.07, by adding a subdivision to provide that where any tax collected by the Commissioner of Taxation has been overpaid, the Commissioner may credit the amount of such overpayment against any delinquent tax liability on the part of the taxpayer who made the overpayment. The amendment also provides that an amount paid as tax shall constitute an overpayment even if in fact there was no tax liability with respect to which such amount was paid. Effective May 22, 1973.

Chapter 551 amends M.S., Sec. 163.051, Subd. 1, to exempt motorcycles from the \$5 wheelage tax which the county boards of the metropolitan counties are authorized to levy. Other provisions. Approved May 23, 1973.

Chapter 582 amends M.S., Sec. 270.02 to change the name of the Department of Taxation to Department of Revenue,

and to change the name of the Commissioner of Taxation to Commissioner of Revenue. The amendment provides that the person occupying the position of Commissioner of Taxation on July 1, 1973 shall be designated as Commissioner of Revenue, and his term of office shall coincide with that of the Governor. It also provides that until the Commissioner of Revenue is able to make all changes in designation, he may continue to use the Department of Taxation designation, but

not beyond the first Monday in January, 1978. Effective July 1, 1973.

Chapter 601 amends Extra Session Laws 1971, Chap. 31, Article 13, Sec. 1, to continue the Tax Study Commission until June 30, 1975, and to provide that the Commission shall study immediate and short range tax issues in terms of longer range policy. Other provisions. In effect May 24, 1973.

See also Article XII of Chap. 650—Appendix A.

VII. STATISTICS

A. Comparison of Appropriations, 1971 and 1973 Sessions

1. BY APPROPRIATION MEASURES

OMNIBUS APPROPRIATION BILLS

Appropriations in the Omnibus State Departments, Semi-State Activities, Welfare — Corrections, Education, and School Aids bills enacted by the 1973 Legislature amount to \$2,372,405,714, up \$383,627,728 or 19.3 percent over the

\$1,988,777,986 provided by the 1971 Legislature.

The Omnibus Highway appropriation bill is \$183,549,941 for the current biennium, up \$7,176,380 from the 1971-73 period.

Omnibus Appropriation Bills	1971 Legislature	1973 Legislature	Increase
State Departments (Chap. 720)	\$ 235,719,404 ¹	\$ 260,546,906	\$ 24,827,501
Semi-State Activities (Chap. 592)	5,637,215	6,785,586	1,148,371
Welfare-Corrections (Chap. 765)	342,429,971 ¹	427,061,717 ²	84,631,746
Education			
School Aids (Chap. 683)	1,048,230,141 ³	1,275,036,000	226,805,859
Other than School Aids (Chap. 768)	356,761,253 ^{1,4}	402,975,504 ⁴	46,214,250
	<u>\$1,988,777,986</u>	<u>\$2,372,405,714</u>	<u>\$383,627,728</u>
Highway Department (Chap. 718)			
Direct Appropriations for:			
Administrative operations, Equipment, Buildings and Improvements, Research and Standards, State Aid Administration, Planning and Programming, a Weigh Station, Trunk Highway and Interstate Rest Area Facilities — plus the Legal, Maintenance and Construction Divisions	176,373,561	183,549,941	7,176,380
Total	<u>\$2,165,151,547</u>	<u>\$2,555,955,655</u>	<u>\$390,804,108</u>

¹ Adjusted by Omnibus Tax Bill, Unclassified Pay Bill, and "Catch-All" Bill.

² Includes \$10,700,000 for county general assistance (public relief) and \$12,000,000 for administrative costs of county assistance programs — state funds to become effective January 1, 1974 to cover an estimated 50 percent of county costs. (Omnibus Tax Bill, Chap. 650, Article XXI)

³ Included in Omnibus Tax bill in 1971 Session; in School Aids bill in 1973 Session.

⁴ Includes Occupation Tax and Trust Fund revenues estimated at \$6,863,672 in 1971-73 and \$7,070,000 in 1973-75.

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 activi-

ties 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.

The total of miscellaneous appropriations decreased from \$37,496,873 in the 1971-73 biennium to \$31,534,050 for the current two-year period — a reduction of \$5,962,825.

MISCELLANEOUS APPROPRIATIONS 1971 AND 1973 SESSIONS

(Including deficiencies and appropriations
made immediately available)

	1971	1973	Increase or (Decrease)		1971	1973	Increase or (Decrease)
Recurring Items	Legislature	Legislature		New Activities (Continued)	Legislature	Legislature	
Miscellaneous Claims . . .	\$ 293,560	\$ 450,520	\$ 156,960	Human Services Board . . .	\$ ---	\$ 183,000	\$ 183,000
State Buildings -				Student Loans - Medical			
Current Maintenance . . .	6,526,198	4,482,092	(2,044,106)	Osteopathy	---	100,000	100,000
Total	\$6,819,758	\$4,932,612	\$ (1,887,146)	Commission on Minnesota's			
				Future	---	140,000	140,000
Major Appropriation Bills				Recycling Solid Waste . . .	---	1,500,000	1,500,000
State School Aid (Deficiency)	4,317,000	---	(4,317,000)	Teacher Standards and			
Supplemental Appropriations	6,563,145	13,376,307	6,813,162	Certification	---	30,000	30,000
Various Appropriations	16,557,000	¹	(16,557,000)	Minnesota Commission for			
Total	27,437,145	13,376,307	(14,060,838)	Handicapped	---	97,000	97,000
				Total	---	\$ 9,007,218	\$ 9,007,218
New Activities							
Railroads - Contracts for				Non-Recurring Items			
Passenger Service	---	100,000	100,000	University of Minnesota -			
Environmental Quality Council	---	200,000	200,000	Medical Education at St. Paul-			
Vocational Rehabilitation -				Ramsey Hospital	40,170	90,000	49,830
Purchase of Cattle	---	50,000	50,000	Party Designation Ballot	---	75,000	75,000
Soybean Promotion Board	---	15,000	15,000	University of Minnesota - Health			
Rochester State Hospital				Science Complex	---	3,000,000	3,000,000
Religious Activity Center, Inc.	---	15,218	15,218	Vietnam Bonus Administration	---	100,000	100,000
Department of Finance . . .	---	50,000	50,000	Attorney General - Special			
Cable Communication Com-				Counsel Fees	---	51,355	51,355
mission	---	300,000	300,000	Historical Society - Harkin-			
Veteran's Preference				Massopust Store	---	55,000	55,000
Enforcement	---	5,000	5,000	Road Reconstruction			
Beef Industry Advisory Board	---	25,000	25,000	Reimbursement - Carlton			
Southwest and West Central				County	---	100,000	100,000
Educational Service Area	---	100,000	100,000	St. Croix Wild River State Park			
Veteran Farmer Co-op				Access Roads	---	200,000	200,000
Training Program	---	792,000	792,000	Sanitary District Advance	---	100,000	100,000
Power Plant Siting Act . . .	---	500,000	500,000	Tax Study Commission . . .	50,000 ¹	150,000	100,000
Snowmobile Purposes . . .	---	1,045,000	1,045,000	Bloomington a/c Special			
County Attorney Council	---	150,000	150,000	Assessments	---	102,557	102,557
Health Maintenance				Recreational Vehicle Lanes	---	25,000	25,000
Organizations	---	250,000	250,000	Supreme Court - Additional			
Community Residential				Justices	---	28,000	28,000
Facilities For Mentally				Painting Concerning Indian Life	---	1,000	1,000
Retarded	---	50,000	50,000	Minnesota Statutes Revolving			
Youth Summer Employment	---	3,000,000	3,000,000	Fund - Revisor of Statutes	---	140,000	140,000
Voter Registration	---	200,000	200,000	Various Appropriations	3,149,800	---	(3,149,800)
Work Study Grants - Post				Total	3,239,970	4,217,912	977,942
Secondary	---	15,000	15,000	Grand Total	\$37,496,873	\$31,534,050	\$ (5,962,825)
Psychologists - Board of							
Examiners	---	35,000	35,000				
Health Manpower Credentialing	---	60,000	60,000				

¹ Included in Omnibus Appropriation Bills.

OPEN AND STANDING APPROPRIATIONS - STATE FUNDS

Open and standing appropriations from state funds are expected to total \$1,965,829,097 for the current biennium. Of this, \$1,291,834,364 will be financed from the general

fund - up \$326,964,188, or 33.9 percent, over a similar estimate made for the 1971-73 period. The remaining balance of \$673,994,733 will be financed from a host of other state sources.

OPEN AND STANDING APPROPRIATIONS STATE FUNDS

<u>General Fund</u>	<u>1971 Legislature</u>	<u>1973 Legislature</u>	<u>Increase or (Decrease)</u>	<u>1973 Session Additions and Changes (Continued)</u>	<u>1971 Legislature</u>	<u>1973 Legislature</u>	<u>Increase or (Decrease)</u>
Income Tax Refunds . . .	\$207,000,000	\$281,444,000	\$ 74,444,000	Pollution Control Bonds . . \$	---	\$ 2,800,000	\$ 2,800,000
Per Capita Aids to Municipalities and School Districts	29,300,000	---	(29,300,000)	Property Tax Relief to Disabled Persons	---	1,200,000	1,200,000
Exempt Personal Property reimbursements to municipalities and school districts	39,400,000	---	(39,400,000)	Legislative Retirement Adjustment	---	1,124,916	1,124,916
Homestead Credit	237,400,000	293,900,000	56,500,000	Group Insurance Legislation	---	3,130,000	3,130,000
Elimination of State Mill Levy	197,300,000	229,995,000	32,695,000	Economic Package	---	39,385,000	39,385,000
Renter Credit	27,900,000	44,280,000	16,380,000	Toilet Facilities - North Shore	1	15,000	15,000
Senior Citizen Credit	19,000,000	24,541,000	5,541,000	St. Croix Wild River State Park Reimbursement to the County	---	---	2
Aid to Fire Departments and Firemen's Relief	6,749,455	8,375,000	1,625,545	Sales Tax Refunds	---	400,000	400,000
Revenue Refunds	1,500,000	2,800,000	1,300,000	Peace Officers - Benefits to Survivors	---	200,000	200,000
Supplemental Retirement Benefits	3,035,730	3,485,108	449,378	Judges Retirement Plan	---	---	3
Economic Opportunity Act Tax Credit to Parents with Children in Non-Public Schools	21,000,000	21,286,000	286,000	Total General Fund	\$964,870,176	\$1,291,834,364	\$326,964,188
Aid to Police Departments	5,700,000	7,500,000	1,800,000				
Aid to Local Governments	133,300,000	255,925,000	122,625,000	Other State Funds			
Personal Property Tax Reimbursement (Class 3)	10,000,000	10,000,000	---	Legislature			
8.3-Mill Agricultural Land Tax Differential Aid	22,000,000	27,000,000	5,000,000	General Dedicated	\$	199,328,802	
Unclassified Pay Plan	1,360,000	845,000	(515,000)	Building Fund		78,987,912	
Dairy Marketing and Research, Security Force, Voyageurs National Park and Others	1,372,741	908,900	(463,841)	Miscellaneous Special Revenue		24,455,168	
				Endowment School Apportionment		24,500,000	
1973 Session Additions and Changes				Iron Range Resources and Rehabilitation		1,287,648	
Apportionments (Bank Excise Tax, Cigarette Tax and Liquor Tax)	---	10,175,000	10,175,000	Game and Fish		250,000	
Tax Reimbursement for Exempt Attached Machinery	---	10,400,000	10,400,000	Consolidated Conservation		244,837	
Vietnam Bonus Bonds	---	7,475,000	7,475,000	State Airports		22,929,842	
Zoo Bonds	---	2,250,000	2,250,000	Trunk Highway		83,702,665	
				County State Aid Highway		136,368,800	
				Municipal State Aid Street		41,267,200	
				Agency Fund		56,986,179	
				Prison Revolving		3,685,680	
				Total - Other Funds		\$ 673,994,733	
				Total - Open and Standing Appropriations		\$1,965,829,097	

¹ The sum of \$1,000 was provided by the 1971 Legislature by a miscellaneous appropriation.
² Estimated that no monies will be necessary this biennium.
³ No estimate yet available.

FEDERAL FUNDS

Federal funds, to be used for a variety of purposes, are expected to total \$1,071,822,664 for the current biennium - up \$228,246,853, or 27.1 percent, over a similar estimate for the 1971-73 fiscal period.

A distribution of the estimated funds, by state department or function, follows:

Activity	
Education	\$ 191,175,342
Welfare - Corrections	625,104,039
Highways	160,104,000
General State Government	95,487,483
Judiciary	55,800
Total	\$1,071,822,664

TOTAL SPENDING

Authorized expenditures by the state government during the current biennium - including both direct and open appropriations, but excluding those from federal funds - are estimated at \$4,555,157,298. With the addition of federal funds, the two-year spending total becomes \$5,626,979,962.¹

Omnibus appropriation bills	\$2,555,955,655
Miscellaneous appropriation bills	31,534,050
Open and Standing appropriations	1,965,829,097
	\$4,553,318,802
Federal Funds	1,071,822,664
Total Spending	\$5,625,141,466¹

¹ Following the format of the Governor's Budget Message, this sum does not include payments for redemption of state debt, retirement and federal insurance contributions, and revolving fund expenditures.

2. APPROPRIATIONS FOR 1973-75, BY FUNCTION COMPARED WITH APPROPRIATIONS FOR 1971-73

Property Tax Relief, Shared Taxes and Aids to Local Governments	1971 Legislature	1973 Legislature	Increase (Decrease) Over 1971
Aid to Fire Departments	\$ 5,959,455	\$ 7,500,000	\$ 1,540,545
Surcharge for Firemen's Relief	790,000	875,000	85,000
Aid to Police Departments	5,700,000	7,500,000	1,800,000
To Counties a/c Non-Tax Areas	48,000	48,000	---
Special Aid to Cities	407,500	417,500	10,000
Special Aid to Counties	75,000	75,000	---
Special Aid to Towns	3,000	3,000	---
Property Tax Relief			
Per Capita Aid to Municipalities	15,800,000	---	(15,800,000)
Exempt Personal Property Reimbursement	18,100,000	10,400,000	(7,700,000)
Elimination of State Mill Levy	197,300,000	229,995,000	32,695,000
Homestead Credit	237,400,000	293,900,000	56,500,000
65 & Over Property Tax Relief	19,000,000	24,541,000	5,541,000
Renters Credit	27,900,000	44,280,000	16,380,000
City of Staples - Gross Earning Aid	20,000	---	(20,000)
Aid to Local Governments	133,300,000	255,925,000	122,625,000
Class 3 Property Reimbursement	10,000,000	10,000,000	---
Property Tax Relief to Disabled Persons	---	1,200,000	1,200,000
City of Bloomington a/c Special Assessments	---	102,557	102,557
Apportionments:			
Bank Excise Tax	18,400,000 ¹	3,100,000 ¹	(15,300,000)
Cigarette Tax	14,481,000 ¹	3,923,000 ¹	(10,558,000)
Liquor Tax	14,114,197 ¹	3,152,000 ¹	(10,962,197)
	\$ 718,798,152	\$ 896,937,057	\$ 178,138,905
Shared Taxes (Inheritance, Gross Earnings, and Taconite Occupation and Production Taxes)		27,078,000	
Other Special Tax Aids (includes royalties on Iron Ore and Copper-Nickel, Sale of Timber, and Others)		5,506,310	
		\$ 929,521,367	
Education			
Department of Education (General Academic, Vocational Technical, Special and Compensatory Instruction, Education Planning, Auxiliary Services and General Support)	\$ 9,649,519	\$ 14,426,201	\$ 4,776,682
Vocational Rehabilitation	3,200,000	3,900,627	700,627
Community Library Service	950,000	3,644,052	2,694,052
Vocational Rehabilitation - Purchase of Cattle	---	50,000	50,000
Southwest and West Central Educational Service Area	---	100,000	100,000
Farmer Cooperative Training Program	---	792,000	792,000
Teacher Standards and Certification	---	30,000	30,000
School Aids			
Foundation	882,972,260	1,038,500,000	155,527,740
Transportation	58,500,000	89,000,000	30,500,000
Handicapped Children	39,866,136	---	(39,866,136)
Special Education	---	53,400,000	53,400,000
Vocational Aids	62,842,404	---	(62,842,404)
Secondary Vocational	---	20,700,000	20,700,000
Post Secondary	---	64,200,000	64,200,000
Adult Vocational	---	5,500,000	5,500,000
Vocational Construction	---	750,000	750,000
Emergency School Aid	4,000,000	---	(4,000,000)
Per Capita Aids to School Districts	13,500,000	---	(13,500,000)
8.3-Mill Agricultural Land Tax Differential	22,000,000	27,000,000	5,000,000
Exempt Property Reimbursement	21,300,000	---	(21,300,000)
Endowment School Fund Apportionment (Misc. Spec. Rev. Fund)	23,135,000	24,500,000	1,365,000
Special School Aids			
Gross Earnings	1,980,000	1,800,000	(180,000)
Exempt Land Special School Aid	800,000	800,000	---
Aid to School Districts	290,000	290,000	---
Counties a/c Non-Tax Areas	48,000	48,000	---
Additional Aid to School Districts	1,700,000	---	(1,700,000)
Shared Time	1,000,000	---	(1,000,000)
Continuing Education	370,000	---	(370,000)
Teacher In-Service Training	490,000	---	(490,000)
Indian Students	230,000	---	(230,000)

2. APPROPRIATIONS BY FUNCTION (Continued)

Education (Continued)	1971 Legislature	1973 Legislature	Increase (Decrease) Over 1971
To Common School Districts	\$ 100,000	\$ 100,000	\$ ---
To Common School Districts a/c Military Land	4,000	4,000	---
To School District # 16 a/c Airport (General Fund)	10,500	10,500	---
To School District # 16 a/c Airport (State Airports Fund)	19,500	19,500	---
I. S. D. # 280	49,341	---	(49,341)
Deficiency Aid to Certain School Districts	4,317,000	---	(4,317,000)
State Community College Board			
Maintenance & Equipment	34,412,262	36,537,236	2,124,974
Occupational Program Development	500,000	400,000	(100,000)
Student Loan Program	75,000	160,000	85,000
State Community College Contingent	300,000	800,000	500,000
Economic Opportunity Act	201,250	244,440	43,190
State College Board			
Maintenance & Equipment	83,887,904	84,497,576	609,672
Metropolitan State College	300,000	1,750,000	1,450,000
State College Board Contingent	650,000	750,000	100,000
Student Loans - State Matching	548,944	548,944	---
General Research	50,000	50,000	---
Economic Opportunity Act	1,351,000	750,000	(601,000)
University of Minnesota			
Maintenance & Operations	162,174,982	179,956,478	17,781,496
Equipment & Library Supplement	1,000,000	1,000,000	---
Summer School Tuition - Continuing Ed. Supplement	688,200	1,400,000	711,800
University of Minnesota Technical College - Crookston	1,844,000	2,269,548	425,548
Waseca Technical College	1,400,000	1,700,532	300,532
Student Loans - State Matching	392,100	395,000	2,900
University General Hospital	4,800,000	4,800,000	---
Educational Offset	---	500,000	500,000
Psychopathic Department	2,899,900	3,071,184	171,284
Child Psychiatric Department	1,076,400	1,146,791	70,391
Rehabilitation Center	2,857,000	3,027,336	170,336
Department of Community Service	110,200	142,227	32,027
Libraries Supplement	720,000	---	(720,000)
Rochester Extension Program	140,000	---	(140,000)
Health Science Complex	---	3,000,000	3,000,000
Special Appropriations			
Agri-Business Activities			
Agricultural Extension Service	6,616,000	7,351,045	735,045
General Agricultural Research	4,844,000	5,650,000	806,000
Soybean Research	316,900	346,280	29,380
Potato Processing Research Laboratory	65,700	70,632	4,932
Forest Research Center - Cloquet	125,600	138,875	13,275
Hormel Institute - Austin	---	200,000	200,000
Veterinary Medicine			
Veterinary Diagnostic Laboratory	484,900	530,680	45,780
Veterinary Medicine Teaching Hospital	---	100,000	100,000
Geological Research	713,593	244,010	(469,583)
Lake Superior Basin Studies	---	100,000	100,000
General Research	2,920,600	3,509,769	589,169
Industrial Relations Education Program	---	361,600	361,600
Municipal Reference Bureau	---	54,927	54,927
Medical Research (Multiple Sclerosis, other Neurological Problems, Medical and Cancer, and Psychiatric Research; and Control of Hypercholesterolemia)	1,708,340	1,710,405	2,065
Basic Sciences Program - Medical Training - Duluth	1,149,200	1,849,856	700,656
Dental Hygiene Program - Duluth	201,169	266,107	64,938
Graduate School of Social Work - Duluth	410,000	707,797	297,797
Undergraduate Instruction of Medical Students	2,160,000	2,688,000	528,000
Graduate Residency Program			
University of Minnesota	527,935	2,775,000	2,247,065
Hennepin County General	1,050,349	1,064,000	13,651
St. Paul-Ramsey	954,506	874,000	(80,506)
Law School Supplement	---	520,000	520,000
Medical Education - St. Paul-Ramsey	40,170	90,000	49,830
Tuition & Transportation Aid	9,000	---	(9,000)
Medical Services & Instruction (Family Practice & Community Health; Rural Health Physicians Assoc. Program; Drug Abuse Information & Education; and Cost of Transportation - Burn Organ Transplants, Critical Newborns to University)	2,035,800	2,981,142	945,342
Medical Education Contingency Fund	225,000	---	(225,000)
Minnesota Higher Education Coordinating Commission	925,214	956,956	31,742

2. APPROPRIATIONS BY FUNCTION (Continued)

Education (Continued)	1971 Legislature	1973 Legislature	Increase (Decrease) Over 1971
State Scholarship Program	\$ 4,090,000	\$ 7,050,000	\$ 2,960,000
State Grant-In-Aid Program	3,240,000	7,000,000	3,760,000
Inter-Institutional Educational Television	330,000	375,000	45,000
Minitex Library	300,000	497,200	197,200
Private College Contracts	2,700,000	2,952,400	252,400
Regional Coordination & Service	---	175,000	175,000
Student Loans	---	1,000,000	1,000,000
Budget Coordination - Post Secondary Educational Institutions	---	120,000	120,000
Workstudy Grants - Post Secondary Education	---	15,000	15,000
Study Loans - Medical Osteopathy	---	100,000	100,000
Other Related Education:			
Mayo Medical School	320,000	1,536,000	1,216,000
Nursing Scholarships	250,000	250,000	---
Midwestern Board for Medical & Allied Education	4,000	---	(4,000)
State Board of Medical Examiners - Loans	100,000	---	(100,000)
The Education Commission of the States	32,000	32,000	---
Unemployment Compensation	6,236	41,139	34,903
Employment Compensation	28,800	53,951	25,150
	<u>\$1,494,587,814</u>	<u>\$1,734,800,943</u>	<u>\$ 240,213,129</u>
Open Appropriations - Other Funds			
Tuition and Course Fees (Community Colleges, State Colleges and University of Minnesota)		138,880,664	
University of Minnesota Hospital Receipts		58,614,859	
Redemption of State College Bonds		195,124	
Redemption of University of Minnesota Bonds		36,439,302	
School Loan Committee		7,802,774	
Community College Board, State College Board and Department of Education (Agency Funds)		813,535	
Federal Funds		191,175,342	
		<u>\$2,168,722,543</u>	
Welfare and Corrections			
Department of Public Welfare			
Administration	7,026,000	7,350,400	324,400
Mechanized Payment System for Categorical Aids	---	1,000,000	1,000,000
Reimbursement to Counties for Administrative Expense	---	12,000,000	12,000,000
State Aid for General Assistance	---	10,700,000	10,700,000
Public Assistance (Categorical Aids)	140,435,000	184,100,000	43,665,000
Care, Relief and Support of Disabled - Deficiency	5,440,000	---	(5,440,000)
Medical Assistance to Needy - Deficiency	---	11,500,000	11,500,000
Institutions			
State Hospitals	107,065,000	107,919,600	854,600
State Hospital - Deficiency	160,847	---	(160,847)
Braille and Sight Saving School	1,527,800	1,491,400	(36,400)
School for the Deaf	3,030,100	3,062,100	32,000
Gillette State Hospital	5,095,000	5,134,500	39,500
Ah-Gwah-Ching Nursing Home	4,914,000	4,951,100	37,100
Glen Lake Sanatorium and Oak Terrace Nursing Home	5,873,700	5,914,300	40,600
Special Equipment - Special Schools and Hospitals	100,000	122,300	22,300
All Other Welfare			
Mental Health Research and Training Program	542,800	293,000	(249,800)
Community Mental Health Centers	8,500,000	10,700,000	2,200,000
Support for Children Under Guardianship	1,325,000	1,506,000	181,000
Administrative Expense on Aging	112,000	250,000	138,000
Vocational Rehabilitation of the Blind	410,000	420,000	10,000
Equalization of Welfare Costs	3,600,000	2,150,000	(1,450,000)
Daytime Activity Centers - Mentally Retarded	2,900,000	3,650,000	750,000
Crippled Children Services	1,100,000	1,300,000	200,000
Aid to Counties - Mentally Retarded	2,350,000	3,196,900	846,900
Red Lake Band of Chippewa Indians	100,000	260,000	160,000
General Relief - Indians	900,000	617,000	(283,000)
Foster Grandparents Program	50,000	400,000	350,000
Aid to Counties - Emotionally Disturbed	600,000	1,301,000	701,000
Child Care Service Grants	250,000	800,000	550,000
Economic Opportunity Program	---	300,000	300,000

2. APPROPRIATIONS BY FUNCTION (Continued)

Welfare and Corrections (Continued)	1971 Legislature	1973 Legislature	Increase (Decrease) Over 1971
Commissioner of Administration – Computer Projects	\$ 265,000	\$ ---	\$ (265,000)
Commissioner of Administration – Welfare Studies	225,000	---	(225,000)
Range Center, Inc.	100,000	---	(100,000)
Group Homes	90,000	---	(90,000)
Community Residential Facilities – Mentally Retarded	---	50,000	50,000
Rochester State Hospital Religious Activity Center, Inc.	---	15,218	15,218
	<u>\$ 304,087,247</u>	<u>\$ 382,454,818</u>	<u>\$ 78,367,571</u>
Alcohol and Drug Abuse	---	330,200	330,200
Administration	1,425,000	2,925,000	1,500,000
Community Grant Programs	---	---	---
Board of Health	5,534,421	6,453,200	918,779
Administration	40,000	78,400	38,400
Mobile Health Clinic	27,000	---	(27,000)
Public Health Physician Residencies	---	250,000	250,000
Health Maintenance Organizations	---	60,000	60,000
Health Manpower Credentialing	---	---	---
Department of Corrections	6,131,746	6,759,000	627,254
Administration	1,100,000	1,400,000	300,000
Probation Services – County Reimbursement	85,000	---	(85,000)
Research	384,000	1,500,000	1,116,000
Medical and Psychiatric Services	175,000	425,000	250,000
Community Corrections Centers	975,000	497,000	(478,000)
Personnel Training	135,000	140,000	5,000
Vocational Training	796,860	1,000,000	203,140
Foster Group Care	200,000	360,000	160,000
Work Release Program	80,000	---	(80,000)
Transportation Unit	---	1,500,000	1,500,000
Corrections Subsidy Act	32,364,954	30,708,200	(1,656,754)
Correctional Institutions	800,000	550,000	(250,000)
Regional Jails, Area Lock-Ups & Detention Centers	300,000	50,000	(250,000)
Special Projects	<u>\$ 43,527,560</u>	<u>\$ 44,889,200</u>	<u>\$ 1,361,640</u>
Corrections Ombudsman	---	109,000	109,000
All Other Public Welfare and Corrections	750,000	500,000	(250,000)
Contingent for State Institutions	112,132	109,500	(2,632)
Board of Examiners – Nursing Home Administrators	524,899	738,068	213,169
Employees Compensation	13,581	39,548	25,967
Unemployment Compensation	<u>\$ 356,041,840</u>	<u>\$ 438,936,935</u>	<u>\$ 82,895,094</u>
Open Appropriations	---	---	---
Corrections (Special Revenue Accounts and Miscellaneous Special and Dedicated Revenues)	---	324,230	324,230
Prison Revolving	---	3,685,680	3,685,680
Welfare Recoveries	---	116,700	116,700
Agency Funds – Gifts	---	3,210,446	3,210,446
Department of Health (Agency Funds and Miscellaneous Special Revenue)	---	365,660	365,660
Federal Funds	---	625,104,039	625,104,039
	---	<u>\$1,071,743,690</u>	<u>\$1,071,743,690</u>
Highways	---	---	---
Administrative Operations, Legal Division, Equipment, and Buildings and Improvements	16,665,411	16,647,474	(17,937)
Maintenance	84,959,000	89,383,840	4,424,840
Construction Operations	66,041,600	68,331,602	2,290,002
Research and Standards	1,543,400	2,384,455	841,055
State Aid Administration	453,600	437,614	(15,986)
Planning and Programming	5,040,000	5,119,556	79,556
Construction of Interstate and Trunk Highway Rest Areas and Facilities	1,670,550	1,245,400	(425,150)
	<u>\$ 176,373,561</u>	<u>\$ 183,549,941</u>	<u>\$ 7,176,380</u>
Open Appropriations	---	---	---
Municipal and State Aids Street Fund	---	41,267,200	41,267,200
County State Aid Highway Fund	---	136,368,800	136,368,800
Trunk Highway Construction	---	82,206,351	82,206,351

2. APPROPRIATIONS BY FUNCTION (Continued)

<u>Highways (Continued)</u>	<u>1971 Legislature</u>	<u>1973 Legislature</u>	<u>Increase (Decrease) Over 1971</u>
Repayment of Advance, and Weight and Vehicle Inspection	\$	\$ 1,496,314	\$
Agency Funds		16,000,000	
Federal Funds		160,000,000	
		<u>\$ 620,888,606</u>	
 <u>Other Executive Branch Functions</u>			
<u>Governor</u>			
Salaries, Supplies, and Expense	947,937	982,000	34,063
Personal Expenses Connected with Office	30,000	30,000	---
Governor's Portrait	2,000	2,000	---
Upper Great Lakes Regional Commission	142,000	142,000	---
Great Lakes Basin Commission	45,000	44,000	(1,000)
Missouri River Basin Commission	---	20,350	20,350
Souis-Red-Rainy River Basin Commission	60,000	---	(60,000)
National Governor's Conference	17,000	17,000	---
Veteran's Memorial	300	---	(300)
Capitol Area Architectural and Planning Commission	50,000	45,000	(5,000)
Location of Office & Functions of State Government - Study	---	100,000	100,000
Security Protection for Governor	645,826	460,000	(185,826)
Governor's Commission on Crime Prevention and Control	100,000	100,000	---
Upper Mississippi River Basin Commission	---	60,000	60,000
	<u>\$ 2,040,063</u>	<u>\$ 2,002,350</u>	<u>\$ (37,713)</u>
 <u>General State Government</u>			
Lieutenant Governor	43,914	335,050	291,136
State Auditor	1,183,833	1,255,475	71,642
Contributory Share to Public Employee's Retirement Fund	6,708	204	(6,503)
Statewide Accounting System	---	1,878,252	1,878,252
State Treasurer	586,417	613,415	26,998
Secretary of State	589,090	954,730	365,640
Public Examiner	1,013,310	1,072,173	58,863
Public Examiner's Revolving Fund	---	51,866	51,866
Department of Revenue	24,278,417	24,724,600	446,183
Tax Assessors or Deputies Training	80,000	120,000	40,000
Reassessment Revolving Fund	500,000	---	(500,000)
State Tax Court	96,107	103,982	7,875
Department of Administration	12,865,137	15,696,075	2,830,938
Cable Communication Commission	---	300,000	300,000
State Ceremonial Building	153,403	---	(153,403)
State Employees Insurance Benefits	57,933	---	(57,933)
Special Computer Projects	1,570,000	---	(1,570,000)
University/State Information System	350,000	350,000	---
Special Management Studies	75,000	---	(75,000)
State Building Code	650,000	---	(650,000)
Postage Contingent	250,000	250,000	---
Building Bills	6,526,198	4,482,092	(2,044,106)
Career Executive Contingent	75,000	---	(75,000)
Ancillary Services Program	---	239,530	239,530
Department of Finance	---	50,000	50,000
Board of Investment	552,692	732,863	180,171
State Planning Agency	1,276,000	2,067,303	791,303
Recreational Vehicle Lanes	---	25,000	25,000
Human Services Board	---	183,000	183,000
Commission on Minnesota's Future	---	140,000	140,000
Department of Civil Service	1,747,748	2,138,481	390,733
Compensation Review Board	20,000	---	(20,000)
Placing Unemployed Professionals	7,800	---	(7,800)
Department of Economic Development	3,331,000	3,042,000	(289,000)
World Ploughing Contest	50,000	---	(50,000)
War Veterans Affairs	2,566,830	2,924,717	357,887
Vietnam Bonus Administration	---	100,000	100,000
Vietnam Bonus Bonds	---	7,475,000	7,475,000
Veterans Preference Enforcement	---	5,000	5,000
 <u>Interstate Cooperation Commission, Council on State Governments and</u>			
Uniform Laws Commission	81,657	90,020	8,363
Minnesota-Wisconsin Boundary Area Commission	30,000	49,500	19,500

2. APPROPRIATIONS BY FUNCTION (Continued)

Other Executive Branch Functions (Continued)	1971 Legislature	1973 Legislature	Increase (Decrease) Over 1971
Advisory Commission on Intergovernmental Relations	\$ 2,000	\$ 2,000	\$ ---
Minnesota Veterans Home	1,234,193	1,039,046	(195,147)
Acquisition and Betterment of Lands	215,000	---	(215,000)
Miscellaneous Veteran Associations	39,980	42,980	3,000
Minnesota Commission For the Handicapped	68,468	200,376	131,908
Department of Employment Services - youth summer employment	---	3,000,000	3,000,000
Minnesota Historical Society	2,335,361	3,197,157	861,796
Science Museum Extension Program	100,000	125,000	25,000
Sleepy Eye & Morton State Monuments	1,000	---	(1,000)
Sam Brown Memorial Wayside	1,000	---	(1,000)
Historic Site - Harkin-Massopust Store	---	55,000	55,000
Painting Concerning Indian Life	---	1,000	1,000
Sibley House	22,000	22,450	450
Minnesota State Arts Council	360,000	600,000	240,000
Minnesota Academy of Science	32,500	27,000	(5,500)
Minnesota Safety Council	90,000	95,000	5,000
Land Exchange Review Board	50,000	50,000	---
State Archives Commission	216,276	---	(216,276)
Minnesota Municipal Commission	139,730	157,242	17,512
State Athletic Commission	40,000	40,000	---
Minnesota Experimental City Authority	140,000	---	(140,000)
Housing Finance Agency	250,000	---	(250,000)
Minnesota Society For the Prevention of Cruelty to Animals	---	30,000	30,000
	\$ 65,951,702	\$ 80,134,580	\$ 14,182,878
Protection to Persons and Property			
Attorney General	1,679,239	1,908,259	229,020
Minnesota Peace Officers Training Board	302,797	715,682	412,885
Special Counsel Fees	---	51,355	51,355
Special Contingent	60,000	50,000	(10,000)
Antitrust Appropriation	---	200,000	200,000
Department of Commerce	4,378,549	5,419,775	1,041,226
Registration of Debt Prorating Agencies	15,000	---	(15,000)
Department of Public Service	9,178,655	8,692,398	(486,257)
Railroads - Contracts for Passenger Service	---	100,000	100,000
Labor and Industry	4,358,271	4,774,580	416,309
Liquor Control Commission	869,257	754,110	(115,147)
Bureau of Mediation Services	603,206	991,935	388,729
Department of Public Safety	42,513,052	47,862,523	5,349,471
Weight Scale & Motor Vehicle Inspection	616,000	760,000	144,000
Sheriffs Teletype Operation	247,436	666,532	419,096
Police Schools	110,000	244,715	134,715
State Aids for Air Warnings	30,000	60,000	30,000
License Plates	2,036,920	3,619,174	1,582,254
Motor Vehicle Contingent	25,000	150,000	125,000
Traffic Safety Contingent	150,000	50,000	(100,000)
Fire Services - Advisory Council	15,000	15,000	---
Registrar of Motor Vehicles - Motor Vehicle Registration	125,000	---	(125,000)
Interstate Registration and Reciprocity	50,000	---	(50,000)
Motor Vehicle Excise	300,000	---	(300,000)
Civil Air Patrol	59,530	60,000	470
Department of Aeronautics	957,606	1,002,560	44,954
Aeronautics Proceedings	15,000	15,000	---
Aeronautics Safety and Education	40,000	40,000	---
Airport Construction and Improvements			
Key Systems Airports	4,800,000	2,850,000	(1,950,000)
Secondary System Airports	1,423,250	1,142,500	(280,750)
State Landing Strips	1,313,400	1,299,430	(13,970)
Navigational Aids	867,650	800,000	(67,650)
Striping Airport Runways	37,600	48,150	10,550
Construction/Operation of State Owned Airports	---	1,310,302	1,310,302
Aeronautics Contingent	150,000	---	(150,000)
Hanger Construction Revolving	450,000	---	(450,000)
Livestock Sanitary Board	2,178,252	1,874,116	(304,136)
Commission on Alcoholic Problems	129,379	---	(129,379)

2. APPROPRIATIONS BY FUNCTION (Continued)

Other Executive Branch Functions (Continued)	1971 Legislature	1973 Legislature	Increase (Decrease) Over 1971
Department of Human Rights	\$ 615,734	\$ 781,630	\$ 165,896
County Attorney Council	---	150,000	150,000
Military Affairs	4,094,124	4,292,530	198,406
St. Cloud National Guard Armory	---	40,000	40,000
Sheriffs' Expense Conveying Prisoners	72,000	56,000	(16,000)
Psychologist - Board of Examiners	---	35,000	35,000
	<u>\$ 84,866,907</u>	<u>\$ 92,883,256</u>	<u>\$ 8,016,349</u>
 Development and Conservation of Natural Resources			
Department of Natural Resources	41,668,090	43,921,001	2,252,911
Breeding Grounds - Canada	30,000	---	(30,000)
Willow River Dam - Reconstruction	20,000	---	(20,000)
Water Control Structures - Kanabec	50,000	---	(50,000)
Game & Fish Contingent (Game and Fish Fund)	500,000	100,000	(400,000)
Game & Fish Contingent (General Fund)	100,000	---	(100,000)
Soudan State Park	1,000	1,000	---
Sanitary Facilities - North Shore	1,000	15,000	14,000
Snowmobile Trails and Law Enforcement	---	1,045,000	1,045,000
French River and Lanesboro Hatchery Facilities	---	1,658,000	1,658,000
Minnesota Pollution Control Agency	4,901,725	5,245,452	343,727
Water Pollution Control Funds	9,750,000	---	(9,750,000)
Pollution Control Bonds	---	2,800,000	2,800,000
Recycling Solid Waste	---	1,500,000	1,500,000
State Zoological Board	150,837	492,185	341,348
Zoo Bonds	---	2,250,000	2,250,000
Minnesota Water Resources Board	110,360	110,000	(360)
The Great Lakes Commission	40,000	50,000	10,000
Voyaguers National Park	91,000	65,000	(26,000)
Center for Environmental Education	50,000	---	(50,000)
Environmental Quality Control	---	200,000	200,000
Power Plant Siting Act	---	500,000	500,000
St. Croix Wild River State Park - Access Roads -			
Chisago County	---	200,000	200,000
Natural Resources Acceleration	19,856,740	21,735,940	1,879,200
State Soil and Water Conservation Committee	762,333	---	(762,333)
Southern Minnesota Rivers Basin Commission	30,000	55,000	25,000
St. Croix Wild River State Park - Reimbursement to County	---	⁴	---
	<u>\$ 78,113,085</u>	<u>\$ 81,943,578</u>	<u>\$ 3,830,493</u>
 Agriculture			
Department of Agriculture	4,861,257	4,734,363	(126,894)
Soybean Promotion Board	---	15,000	15,000
Beef Industry Advisory Board	---	25,000	25,000
Dairy and Marketing Research	250,000	250,000	---
Societies and Associations for Development and Conservation of			
Natural Resources	551,800	553,900	2,100
	<u>\$ 5,663,057</u>	<u>\$ 5,578,263</u>	<u>\$ (84,794)</u>
 Total Other Executive Branch Functions		\$ 262,542,029	
Open Appropriations - Other Funds			
Iron Range Resources and Rehabilitation		1,287,648	
Consolidated Conservation		244,837	
Game and Fish		250,000	
Special Revenue Accounts		16,114,380	
State Airports Fund		22,910,342	
Civil Service		10,000	
Veterans Home Board		1,018,560	
Agency Funds		2,925,292	
Other General Dedicated Funds		563,789	
Department of Administration (Building Bonds)		42,353,486	
Federal Funds		95,487,483	
		<u>\$ 445,707,846</u>	

2. APPROPRIATIONS BY FUNCTION (Continued)

	1971 Legislature	1973 Legislature	Increase (Decrease) Over 1971
Legislative			
Legislature	\$ 8,555,800	\$ 17,500,000	\$ 8,944,200
Legislative Services Commission	166,000	177,360	11,360
State Claims Commission	18,000	20,000	2,000
Legislative Building Commission	80,000	2,000	(78,000)
Indian Affairs Commission	98,400	125,000	26,600
Legislative Retirement Study Commission	95,000	130,000	35,000
Mississippi River Parkway Commission	10,000	10,000	---
General Contingent Account	850,000	2,050,000	1,200,000
Criminal Justice Contingent Account	1,600,000	1,600,000	---
Tax Study Commission	50,000	150,000	100,000
Legislative Advisory Committee	3,300	5	(3,300)
Legislative Interim Committee	175,000	---	(175,000)
1971 National Legislative Conference	85,000	---	(85,000)
Liquor Study Commission	50,000	---	(50,000)
Revisor of Statutes	891,126	1,211,681	320,555
Statutes Revolving Fund	---	140,000	140,000
Deficiency - Bill Drafting and Related Activities	220,000	186,000	(34,000)
	<u>\$ 12,947,626</u>	<u>\$ 23,302,041</u>	<u>\$ 10,354,415</u>
Judicial			
District Courts	4,515,575	4,254,221	(261,354)
State Public Defender	419,000	463,702	44,702
Civil Legal Aid for Inmates	---	100,000	100,000
Supreme Court	1,561,485	2,203,935	642,450
Judicial Council	4,800	4,950	150
State Law Library	296,939	415,751	118,812
Commission on Judicial Conduct	10,000	10,000	---
	<u>\$ 6,807,799</u>	<u>\$ 7,452,559</u>	<u>\$ 644,760</u>
Federal Funds		55,800	
		<u>\$ 7,508,359</u>	
Retirement Benefits			
Supplemental Retirements			
MSRS	310,000	270,000	(40,000)
PERA	295,000	222,000	(73,000)
TRA	37,000	22,000	(15,000)
Constitutional Officers Retirement	57,510	57,510	---
Legislative Retirements	90,000	216,000	126,000
Legislative Retirement Adjustment	---	1,124,916	1,124,916
Retired Supreme Court and District Court Judges and Commissioners	614,000	829,436	215,436
Judges Retirement Plan	---	6	---
Supplemental Retirement for Community and State Colleges - TRA	2,246,220	2,697,598	451,378
	<u>\$ 3,649,730</u>	<u>\$ 5,439,460</u>	<u>\$ 1,789,730</u>
Open Appropriations - Other Funds			
Agency Funds		325,000	
		<u>\$ 5,764,460</u>	
State Borrowing			
State Building Bill	\$ [104,898,574]	\$ [46,470,000]	
Water Pollution Control Fund	[25,000,000]	[30,000,000]	
Housing Authority	[150,000,000]	[---]	
Municipal Bond Guaranty Loan Fund	[20,000,000]	[---]	
Voyageurs National Park	[5,870,000]	[---]	
Higher Education Facilities Authority	[45,000,000] ¹	[---]	
Vietnam Bonus	[---]	[60,000,000]	
Zoological Garden	[---]	[25,375,000] ⁸	
Student Loan Program	[---]	[30,000,000] ²	
State College Bonds - Refunding	[---]	[7,825,000]	
	<u>\$ [350,768,574]</u>	<u>\$ [199,670,000]</u>	

2. APPROPRIATIONS BY FUNCTION (Continued)

Miscellaneous	1971 Legislature	1973 Legislature	Increase (Decrease) Over 1971
Aid to St. Louis Basin Sanitary District	\$ 300,000	\$ ---	\$ (300,000)
Claims against the State	293,560	450,520	156,960
Bond Sales Expense — Collection Fees	6,000	6,000	---
Income Tax Refunds	207,000,000	281,444,000	74,444,000
Tax Credit to Parents with Children in Non-Public Schools	21,000,000	21,286,000	286,000
Improvement of Manpower Services Bldg., Minneapolis	100,000	---	(100,000)
Revenue Refunds	1,500,000	2,800,000	1,300,000
Abandoned Bank Deposits	1,000	---	(1,000)
R. A. Weber Compensation	2,400	2,400	---
Cancelled Warrants Expense	20,000	20,000	---
Workmen's Compensation Revolving Fund	500,000	---	(500,000)
Workmen's Compensation Commission	251,015	---	(251,015)
Sales Tax Refunds	---	400,000	400,000
Road Reconstruction Reimbursement — Carlton County	---	100,000	100,000
Dover, Eyota, St. Charles Sanitary District Advance	---	100,000	100,000
Judges and Unclassified Pay Plan	264,000	845,000	581,000
Group Insurance Legislation	---	3,130,000	3,130,000
Economic Package	---	39,385,000	39,385,000
Peace Officers — Benefits to Survivors	---	200,000	200,000
Unemployment Compensation	306,730	477,409	170,679
Employees Compensation	232,248	236,273	4,025
	<u>\$ 231,776,953</u>	<u>\$ 350,882,604</u>	<u>\$ 119,105,651</u>
 Open Appropriations — Other Funds			
Miscellaneous Special Revenue and Agency Funds		1,099,950	
		<u>\$ 351,982,554</u>	
 Group Totals — By Function			
(Direct and Open Appropriations)	\$3,275,482,442	\$3,903,843,569	\$ 628,361,125
 Additional Open Appropriations		649,475,233	
 Federal Funds		1,071,822,664	
 Grand Total		<u>\$5,625,141,466</u>	

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

[Non-add items — For information only.]

1 Payments made directly from General Fund under open appropriation authority.

2 Provided as appropriation to "Handicapped Children".

3 Appropriation for "Vocational Aids" provided as a single item.

4 No land purchases contemplated during 1973-75 biennium.

5 Included in the Ancillary Service Program appropriation (Department of Administration) in the sum of \$1,500 per year.

6 Open appropriation authority; no estimate of estimated liability yet available.

7 Non-State obligation.

8 Includes additional \$2,350,000 if matching non-state funds are available.

9 Revenue bonds.

3. APPROPRIATIONS FOR 1973-1975, BY FUNDS COMPARED WITH APPROPRIATIONS FOR 1971-1973

Fund	1971 Legislature	1973 Legislature	Increase or (Decrease)
General Fund	\$2,911,427,178	\$3,609,310,592	\$ 697,883,412
Endowment School Fund	23,135,000	24,500,000	1,365,000
Trunk Highway Fund	295,143,191	219,861,853	(75,281,338)
Highway User Tax Distribution Fund	7,511,251	9,849,425	2,338,174
Highway Safety	89,094	---	(89,094)
State Airports Fund	10,075,302	8,528,594	(1,546,708)
Game and Fish Fund	17,702,753	21,722,109	4,019,356
State Parks Development	1,730,000	1,900,000	170,000
Wildlife Acquisition	1,130,000	1,100,000	(30,000)
Iron Range Resources and Rehabilitation Fund	150,000	---	(150,000)
Development Revolving Account	150,000	---	(150,000)
Rural Rehabilitation Trust Fund	150,000	---	(150,000)
Federal Development Trust Fund	100,000	---	(100,000)
Surplus Property Revolving	125,000	---	(125,000)
Teachers Retirement Fund	---	996	996
	<u>\$3,268,618,769</u>	<u>\$3,896,773,569</u>	<u>\$ 628,154,798</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	6,863,672	7,070,000	206,328
	<u>\$3,275,482,441</u>	<u>\$3,903,843,569</u>	<u>\$ 628,361,125</u>
Additional Open Appropriations			
General Fund - Dedicated Receipts		\$ 199,328,802	
Miscellaneous Special Revenue Fund		24,455,168	
Highway User Tax Distribution Fund		177,636,000	
Trunk Highway Fund		83,702,665	
State Airports Fund		22,910,342	
Game and Fish Fund		250,000	
Consolidated Conservation Areas Fund		244,837	
Iron Range Resources and Rehabilitation Fund		1,287,648	
Building Fund		78,987,912	
Revolving Funds		3,685,680	
Agency Funds		56,986,179	
		<u>649,475,233</u>	
Total Appropriations - State Funds		\$4,553,318,802	
Federal Funds		<u>1,071,822,664</u>	
Grand Total		<u>\$5,625,141,466</u>	

B. Estimated Resources for 1973-75 Biennium

(ESTIMATES AS OF CLOSE OF 1973 SESSION)

<u>Code</u>	<u>General Fund</u>	<u>Amount</u>
	Estimated Balance (July 1, 1973) Governor's Budget Address	\$ 45,710,615*
	Revisions of 1973 estimated receipts, expenditures and cancellations	30,488,105
	Net adjusted balance	\$ 76,198,720
	<u>Taxes and Receipts</u>	
(1)	Gross Earnings Taxes	\$ 89,752,000**
	Insurance Gross Premiums Tax	60,700,000
(2)	Iron Ore Occupation Tax	8,721,000***
	Iron Ore Royalty Tax	1,000,000
(3)	Taconite Occupation Tax	5,200,000+
	Taconite Royalty Tax	2,800,000
(4)	Taconite Production Tax	242,000++
(5)	Inheritance and Gift Taxes	43,330,000+++
(6)	Liquor and Beer Taxes	92,258,879
(7)	Cigarette Tax	151,576,000
	Tobacco Products Tax	3,970,000
	Grain Inspection Fees	5,477,720
	Institutions — Care of Persons	84,802,250
(8)	University Hospitals	1,440,000
(9)	Bank Excise Tax	33,211,000
	Oleomargarine Tax	8,350,000
	Income Tax — Individual and Fiduciary (Gross)	1,652,000,000
	— Corporate (Gross)	300,423,000
	Sales and Use Tax	645,327,000
	Deed Tax	8,200,000
	Motor Vehicle Excise Tax	82,920,000
	Employers Excise Tax	24,200,000
	All Other Receipts	48,488,101
	Total	\$3,354,388,950
	<u>Transfers</u>	
	Invested Treasurer's Cash	\$ 12,000,000
(10)	Attributable Costs	2,200,000
	Motor Vehicle Transfer of Ownership	2,458,000
(11)	Gas Tax Collection Reimbursement	1,404,000
(12)	State Parks Receipts	1,731,000
	Revenue Sharing	77,676,200
	All Other Transfers	10,931,110
	Total	\$ 108,400,310
	Total Taxes, Receipts and Transfers	\$3,462,789,260
	Appropriation Cancellations (Estimated)	70,500,000++++
	Total Taxes, Receipts, Transfers and Estimated Cancellations	\$3,533,289,260
	Total General Fund Resources (Including Opening Balance)	\$3,609,487,980
	<u>All Other State Funds</u>	
	Estimated Balances (July 1, 1973)	\$ 80,636,431#
	<u>Taxes and Receipts</u>	
	Gasoline and Motor Vehicle Registration Taxes	\$ 460,707,000
	Flight property, aviation fuel, and aircraft registration taxes	30,150,000

Taxes and Receipts (Continued)

	Amount
Miscellaneous taxes	\$ 34,251,200
Departmental earnings	175,098,915
Tuition and course fees	138,880,664
Miscellaneous receipts	112,734,056
Miscellaneous transfers	8,607,007
General obligation bonds	46,900,000
Total Taxes, Receipts and Transfers	<u>\$1,007,328,842</u>

Appropriation Cancellations (Estimated – Game and Fish)	1,200,000
	<u>\$1,008,528,842</u>

Total Resources – Other State Funds – Including Opening Balances	<u>\$1,089,165,273</u>
--	------------------------

Recapitulation – All State Funds

Opening Balances	\$ 156,835,151#
Taxes, Receipts, and Transfers	4,470,118,102
	<u>\$4,626,953,253</u>

Appropriation Cancellations (Estimated)	71,700,000
---	------------

Total Taxes, Receipts, Transfers and Cancellations (Including Opening Balances)	<u>\$4,698,653,253</u>
---	------------------------

Estimated Federal Funds	<u>\$1,071,822,664</u>
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Total Resources	<u>\$5,770,475,917</u>
---------------------------	------------------------

Code**Disposition of Tax**

*	Prior to 1973 deficiency and immediately available appropriations.
**	An estimated additional \$3,948,000 will be distributed to local units of government.
***	An estimated additional \$1,026,000 and \$513,000 will be credited to the University and Iron Range Resources and Rehabilitation Commission respectively.
+	An estimated additional \$800,000 will be credited to the University and \$2,000,000 will be distributed to local units of government.
++	An estimated additional \$848,000 will be credited to the Iron Range Resources and Rehabilitation Commission, and \$15,010,000 will be distributed to local units of government.
+++	An estimated additional \$6,120,000 will be distributed to local units of government.
++++	Cancellations required to achieve a balanced budget between estimated resources and expenditures. The Governor's Budget Message included estimated cancellations of \$30,000,000 for the biennium. MTA's Fiscal Facts Supplement No. 4, based on estimates at the close of the 1973 session, presented a need for cancellations of \$52,000,000 to effect a balanced budget. Subsequent revisions by the Department of Revenue in both tax estimates and certain open appropriations necessitated a further increase to \$70,500,000.
#	In accordance with Governor's Budget Message, accumulated balances in permanent trust funds are not included.
(1)	Local share (\$3,948,000) 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 will be divided in the 1973-75 biennium approximately as follows: 44.44% to taconite municipal aid account, 33% to taconite property tax relief account and equal shares of 11.11% each to county road and bridge fund in qualifying counties, and to Iron Range Resources and Rehabilitation Commission.
(5)	Inheritance taxes distributed 90% to state, 10% to county. Gift taxes credited 100% to State general fund.
(6)	Liquor tax now distributed 100% to State; Beer tax 100% to State.
(7)	Now distributed 5.5% to Natural Resources Account, 5.5% to Natural Resources Acceleration Account, and 89% to the State general fund.
(8)	Reimbursement by counties to cover cost of care for indigent patients.
(9)	Now distributed 45% to taxing districts in which banks are located; 55% to State. Last distribution to be made November 30, 1973; subsequently excise tax to be credited 100% to State general fund.
(10)	Reimbursement for services (utility and others) furnished to other than general fund-financed activities.
(11)	Reimbursement for costs incurred in both collecting and refunding of gasoline taxes.
(12)	Excess over \$50,000 balance at end of each fiscal year credited to general fund.

C. Effect of 1973 Law Changes on Estimated Resources

	Increase or (Decrease)
Elimination of sales tax on:	
(a) returnable beverage containers	\$ (175,000)
(b) textbooks	(910,000)
(c) advertising materials shipped out-of-state	(710,000)
(d) newsprint and ink (first \$100,000 in calendar year)	(113,000)
(e) accessory items (detachable)	(4,165,000)
Minimum corporate income tax increased from \$10 to \$100	1,800,000
Rural electric cooperative tax — local sharing eliminated	57,337
Inheritance tax — local sharing reduced	2,000,000
Mortgage registry tax — local sharing reduced	3,290,000
Old Age lien law repealed	(450,000)
Beer Tax credit	(940,000)
Limit on deduction allowable for losses due to farming	(50,000)
Reduction of solid waste, fees	900,000
Beef industry promotion board — repayment	25,000
Dover, Eyota and St. Charles Sanitary districts — repayment	100,000
Snowmobile program	1,045,000
Retaining bank excise tax at 13.64% rate (6 mos. to Jan. 1, 1974)	1,051,000
Power plant siting	500,000
Employers excise tax	24,200,000
Liquor tax decreased (\$4.53 to \$4.39 gal.)	(2,121,121)
Destination Sales (Corporate income tax)	(10,927,000)
Total Tax Changes	\$14,407,216

D. Rates of Principal Taxes

INCOME TAXES

Individual and Fiduciary Income Tax

First	\$ 500	1.6%
Next	500	2.2
Next	1,000	3.5
Next	1,000	5.8
Next	1,000	7.3
Next	1,000	8.8
Next	2,000	10.2
Next	2,000	11.5
Next	3,500	12.8
Next	7,500	14.0
Excess over	20,000	15.0

(Federal income tax paid is deductible in computing taxable income.)

(Personal credits against computed tax: single person, \$21; married couple, \$42; dependents, \$21 each. Additional credits against computed tax: age 65 or over, self, \$21—spouse, \$21; single and blind, \$21; married and blind, self, \$25—spouse, \$25.)

Corporation Income Tax 12%

Federal income tax paid is not deductible in computing taxable income.)

Bank Excise Tax

To December 31, 1973	13.64%
From January 1, 1974	12.0%

(Federal income tax paid is not deductible in computing taxable income.)

SALES AND EXCISE TAXES

Retail Sales and Use Tax 4.0%

(Exempts foodstuffs, clothing, medicines, gasoline and cigarettes.)

Liquor Tax (per gallon) 27¢ to \$4.39

Beer Tax (per barrel)

3.2% beer	\$2.00
Strong beer	\$4.00

Cigarette Tax (per pack) 18¢

Tobacco Products 20% (Tax computed on wholesale price)

Yellow Margarine Tax (per pound) 10¢

Gasoline Tax (per gallon) 7¢

GROSS EARNINGS TAXES

Railroad Companies 5%

Telephone Companies

—service to rural subscribers	4%
—exchange business in cities of fourth class and villages with 10,000 or less population	4%
—all other business	7%
—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

Iron Ore Occupation Tax 15.5%

Iron Ore Royalty Tax 15.5%

Taconite Occupation Tax 15.0%

Taconite Royalty Tax 15.0%

Taconite and Iron Sulphides Production Tax

per ton of concentrates having content of 55% dry iron plus, for each additional 1% of dry iron content	11.5¢ 0.1¢
---	---------------

Additional Production Tax on Taconite and Iron Sulphides

(per gross ton)	
—produced in 1973 and 1974	9¢
—produced in 1975 and 1976	10¢
—produced in 1977 and 1978	12¢
—produced in and after 1979	14¢

(The stated tax rate is increased by 0.1¢ for each percentage point by which the 1957-59 base wholesale price index exceeds 119 in January of the tax year.)

Copper-Nickel Occupation Tax 1%

Copper-Nickel Royalty Tax 1%

Copper-Nickel Production Tax

—per gross ton of concentrate	2.5¢
—plus, for each 0.1% by which mineral content exceeds 1%	.025¢

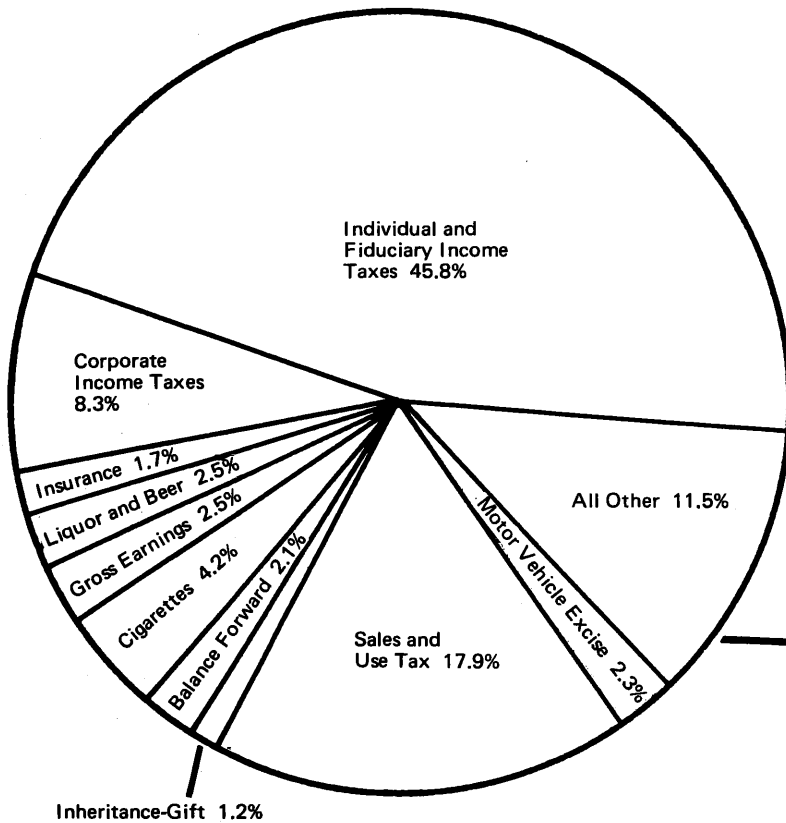
REAL ESTATE TRANSFER TAXES

—first \$1,000	\$2.20
—each additional \$500	1.10

EMPLOYERS EXCISE TAX

Per dollar of total wages paid (Excluding first \$100,000)	0.2¢
--	------

ESTIMATED RESOURCES AND EXPENDITURES GENERAL FUND 1973-75 BIENNIUM



ESTIMATED RESOURCES

Including Estimated
Cancellations of
\$70,500,000.

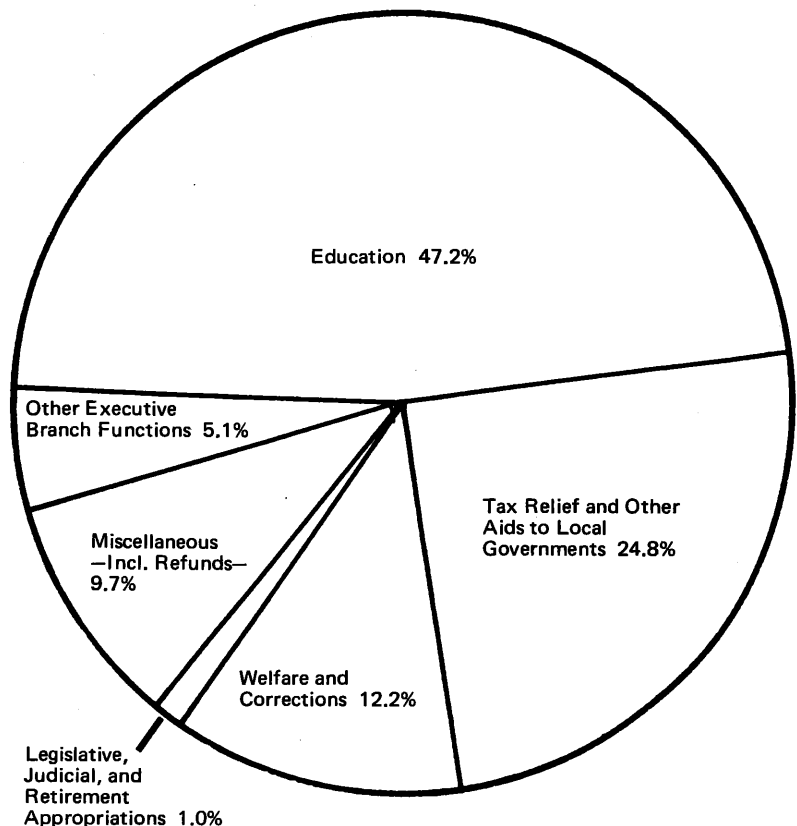
\$3,609,487,980

Severance, Tobacco Products, Bank Excise,
Oleomargarine, Real Estate Transfer and
Employers' Excise Taxes, plus Grain
Inspection Fees, Departmental Receipts,
Transfers and Cancellations

ESTIMATED EXPENDITURES

Including Income Tax Refunds of
\$371,551,000.

\$3,609,310,592



APPENDIX A

Synopsis of Chapter 650 (HF 2121) (1973 Omnibus Tax Bill)

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**Synopsis of
Chapter 650 (HF 2121)
(1973 Omnibus Tax Bill)**

**Article I
Agricultural Land Tax Differential Ratio - Payment Shift**

1. Amends Minnesota Statutes 1971, Sec. 124.03, Subd. 3 (which provides for an agricultural land tax differential ratio in computing the rate of property taxation for school maintenance purposes), to provide that for the year 1974 and subsequent years, State Auditor shall issue his warrant in an amount equal to one-half the amount certified on or before *July 15 but no earlier than July 1* (now on or before May 31), and that remainder shall be distributed as presently provided (October 31).
2. Effective day following final passage.

**Article II
Property Tax Relief to Homeowners in Taconite and Iron Ore Areas**

1. Redefines "tax relief area" as meaning geographic area contained within boundaries of a school district which contains a municipality in which assessed valuation of unmined iron ore on May 1, 1941 was not less than 40 percent of assessed value of all real property and in which, as of applicable assessment date, assessed valuation of unmined iron ore is not more than 60 (now 55) percent of assessed valuation of all real property. Effective with respect to taxes payable in 1973 and thereafter.
2. Other provisions.

**Article III
Distribution of Annual Tax on Cooperative Associations**

1. Amends Minnesota Statutes 1971, Sec. 273.41, to provide that annual tax on cooperative associations (\$10 per 100 members or fraction thereof) shall be deposited in *state general fund* (thus eliminating distribution of 95 percent of proceeds of tax to counties).
2. Effective for all payments required to be made after December 31, 1973.

**Article IV
Levy Limitations on Municipalities and Counties**

1. Makes a number of changes in the provisions of the 1971 tax law relating to levy limits imposed upon municipalities and counties.
 - a. Expands list of permitted special levies to which levy limits do not apply.
 - b. Provides formula for calculating levy limits.
 - c. Increases penalty for exceeding levy limit to 33 (now 10) cents per dollar of excess levy, but provides that governmental subdivision by resolution may exceed limit up to 5 percent and only be penalized 15 cents for each dollar in excess of levy limitation.
2. Deletes power of Commissioner of Taxation to order reduction of current or future levies where levy limitations have been exceeded.
3. Creates a Levy Limitations Review Board to resolve questions concerning administrative interpretation of the tax levy limitation law that require review and to hear appeals by governing bodies of governmental subdivisions who disagree with the administrative rulings issued by Commissioner.
4. Provides for local election to increase levy above levy limit without penalty.
5. Provides that commencing with levy year 1973, governmental subdivisions under 500 population shall be exempt from levy limits.
6. Other provisions.

Article V
Apportionment of Mortgage Registration Tax

1. Amends Minnesota Statutes 1971, Sec. 287.12 to provide that all mortgage registration taxes paid to county treasurers shall be apportioned *95 percent to state general fund and 5 percent to county revenue fund* (instead of 1/6 to state general fund, 1/6 to county revenue fund, and balance to be divided equally between school district and city, village or town in which real estate described in mortgage is situated).
2. Effective for all payments required to be made after December 31, 1973.

Article VI
Income Tax Reciprocity

1. Amends Sec. 290.081 of Income Tax Act to provide that when it is deemed to be in the best interests of the people of this State, Commissioner of Taxation may determine that the provisions of clause (a) shall not apply. [Clause (a) provides that the compensation received for the performance of personal or professional services within this State by an individual who resides and has his place of abode and place to which he customarily returns at least once a month in another state, shall be excluded from gross income to the extent such compensation is subject to an income tax imposed by the state of his residence; provided that such state allows a similar exclusion of compensation received by residents of Minnesota for services performed therein.]
2. Further amends Sec. 290.081 to provide that for purposes of clause (a), whenever Wisconsin tax on Minnesota residents which would have been paid Wisconsin without clause (a) exceeds Minnesota tax on Wisconsin residents which would have been paid Minnesota without clause (a), or vice versa, that state with net revenue loss resulting from clause (a) shall receive from other state amount of such loss. Effective for all years beginning after December 31, 1972.
3. Provides that if agreement cannot be reached as to amount of loss, Commissioner of Taxation and taxing official of Wisconsin shall each appoint a member of a board of arbitration, and they appoint third member. Board shall then make a determination as to amount to be paid other state.

Article VII
**Income Tax - Allocation of Income -
Sales Factor - Destination Basis**

1. Amends Sec. 290.17 of Income Tax Act to provide that a trade or business located in Minnesota is considered to be carried on partly within and partly without this State if tangible personal property is sold by such trade or business and delivered or shipped to a purchaser located outside State. (Under present law, unless a Minnesota trade or business has a place of business outside State, it is not considered as doing business within and without State, even though property may be shipped to customers in another state.)
2. Amends Sec. 290.19 to provide that sales of tangible personal property are made within this State if the property is delivered or shipped to a purchaser within this State, and taxpayer is taxable in this State, regardless of the f.o.b. point or other conditions of sale. (Under present law, all sales made by, through or from an office in this State are assignable to this State, even though all or a portion of such sales may be delivered to outstate customers.)
3. Also amends Sec. 290.19 to provide that sales made by or through a corporation which is qualified as a domestic international sales corporation under Sec. 992 of Internal Revenue Code of 1954, as amended through December 31, 1972, shall not be considered to have been made within this State.
4. Effective for taxable years beginning after December 31, 1973.

Article VIII
Distribution of Bank Excise Tax Revenues

1. Amends Sec. 290.361 of Bank Excise Tax Act to eliminate provision for distribution of 45 percent of bank excise tax revenues to counties in which banks are located.
2. Effective for all payments required to be made after November 30, 1973.

Article IX
Tax Relief to Renters

1. Changes requirement that in order to qualify as a claimant for credit against state income tax for percentage of rent paid, claimant must have been a renter for not less than *last* 6 months of calendar year, to provide that he need only have been a renter for any 6 months of calendar year.

2. Increases to 10 (now 7½) percent, percentage of rent allowed as a credit, and increases to \$120 (now \$90) maximum amount of such credit in any taxable year.
3. Eliminates prohibition against renter receiving tax relief by way of credit against state income tax if he resides in a rental unit the rental of which is subject to regulations of a federal, state or local government agency.
4. Effective for all years beginning after December 31, 1972.

Article X Distribution of Cigarette Tax Revenues

1. Amends Sec. 297.13, Subd. 1 of Cigarette Tax Act to provide that balance of revenues derived from cigarette tax, after crediting 5½ percent to "natural resources account" and 5½ percent to "natural resources acceleration account" shall be deposited in *state general fund* (thus eliminating apportionment and distribution of 11.9 percent of balance to counties, cities, villages and boroughs).
2. Repeals Subds. 2, 3, 4, 5, 6, 7 and 8 of Sec. 297.13, and Secs. 297.15 and 297.16.
3. Effective for all payments required to be made after December 31, 1973.

Article XI Distribution of Liquor Tax Receipts

1. Amends Minnesota Statutes 1971, Sec. 340.60, Subd. 1, to provide that all liquor tax receipts shall be deposited in *general fund* (thus eliminating apportionment and distribution of 17 percent of proceeds to counties, cities, villages and boroughs).
2. Repeals Subds. 2, 3, 4, 5, 6 and 7 of Sec. 340.60.
3. Effective for all payments required to be made after August 15, 1973.

Article XII Minnesota Tax Study Commission

Directs Minnesota Tax Study Commission to focus particular attention on process of assessing and classifying real and personal property for ad valorem tax purposes, in order that Legislature may be able to achieve a reasonable balance between total revenue requirements of State and its political subdivisions and that portion of such revenues that should be raised by property taxes.

Article XIII Sales and Use Tax

1. Amends Sec. 297A.14 of Sales and Use Tax Act to provide that cost of *paper and ink products exceeding \$100,000* in any calendar year, used or consumed in producing a publication as defined in Sec. 297A.25, Subd. 1, clause (i), is subject to use tax.
2. Amends Sec. 297A.25 (h) of Sales and Use Tax Act:
 - a. To include *returnable containers used in packaging food and beverage products* as materials used or consumed in agricultural or industrial production of personal property intended to be sold ultimately at retail and thus exempt from sales and use tax.
 - b. To provide that production shall include *research, development, or design* of any tangible personal property.
 - c. To provide that *accessory tools, equipment and other short lived items, which are separate detachable units used in producing a direct effect upon the product, where such items have an ordinary useful life of less than 12 months*, are exempt from sales and use tax.
3. Amends Sec. 297A.25 (i) to exempt gross receipts from sale of and storage, use or consumption of, tangible personal property (except *as provided in Sec. 297A.14 above*) which is used or consumed in producing any publication regularly issued at average intervals not exceeding three months, and *any such publication*.

4. Amends Sec. 297A.25:

- a. To exempt gross receipts from sale of *textbooks which are prescribed for use in conjunction with a course of study in a public or private school, college, university and business or trade school to students who are regularly enrolled at such institutions.*
- b. To exempt gross receipts from sale of and storage of *material designed to advertise and promote sale of merchandise or services, which material is purchased and stored for purpose of subsequently shipping or otherwise transferring outside State by purchaser for use thereafter solely outside State.*

5. Repeals Sec. 297A.252.

6. Effective after December 31, 1973.

Article XIV
Property Tax Relief to Home Owners

1. Increases percentage reduction afforded home owners on their property taxes to 45 (now 35) percent of their taxes, *including* portion levied for payment of principal and interest on *school district* bonded indebtedness.
2. Increases maximum amount of such reduction to \$325 (now \$250).
3. Increases acreage of rural homestead property entitled to percentage reduction to 120 (now 80) acres.
4. Effective for taxes payable in 1974 and subsequent years.

Article XV
Tax Freeze for Senior Citizens

1. Provides for a special qualified property tax credit against income tax (or refund if credit exceeds tax) to "qualified home owners" of "qualified property". Defines "qualified home owner" as person 65 years of age or older (or surviving spouse of a decedent, if decedent was 65 or older at his death and spouse has not remarried) who owns property as his homestead. Defines "qualified property" as property which (i) is a single family dwelling, or is part of a multi-family dwelling, or is a portion of a multi-purpose structure, or is a mobile home as defined in section 168.011 which is used for the purposes described in Section 273.13, subdivision 7, together with one acre of land most contiguous to the structure or mobile home, and (ii) is the homestead of a qualified home owner. Defines "base tax" as ad valorem tax legally due with respect to qualified property in year preceding year in which qualified home owner thereof attains such status prior to June 1, provided that where such status is attained on or after June 1 base tax shall be ad valorem tax legally due in such year. Defines "current tax" as the ad valorem tax legally due and payable on qualified property in year following year of assessment. Provides that where current tax on qualified property is in excess of base tax on such property, qualified home owner shall be allowed credit of an amount equal to excess of "current tax" over "base tax" against state income tax.
2. Effective for all "base taxes" payable after December 31, 1972, and for all "current taxes" payable after December 31, 1973.

Article XVI
Tax Relief to Elderly Home Owners and Renters

1. Provides new schedule of senior citizens' property tax (or equivalent rent) credits which elderly home owners and renters with household incomes of less than \$6,000 (now \$5,000) may claim against state income tax.
2. Provides that claim filed after original or extended due date shall be allowed, but amount of credit shall be reduced by 5 percent, plus an additional 5 percent for each month of delinquency, not exceeding a total reduction of 25 percent.
3. Provides that no claim shall be allowed if claim is not filed on or before 2 years after original or extended due date.
4. Effective for all claims filed on or after January 1, 1974 based on property taxes due and payable in 1974 and thereafter for each succeeding year, and for rent constituting property taxes accrued for 1973 and thereafter for each succeeding year.
5. Repeals Minnesota Statutes 1971, Secs. 290.0607 and 290.0617.

Article XVII
Local Government Aid

1. Increases local government aid in non-metropolitan area counties to \$35 per capita for calendar year 1974 (was \$25 for 1972) and \$36 per capita for 1975 (was \$27 for 1973).
2. Increases local government aid in 7 metropolitan counties to \$36 per capita for calendar year 1974 (was \$26 for 1972) and \$37 per capita for 1975 (was \$28 for 1973).
3. "Grandfathers" counties, cities, villages, boroughs and towns in to level of aid they received in 1973 from local government aids, cigarette tax distribution aids, liquor tax distribution aids, bank excise tax aids, gross earnings aids, inheritance tax distributions, and mortgage registration tax apportionments.
4. Other provisions.
5. Repeals Minnesota Statutes 1971, Sec. 477A.01, Subds. 12 and 15, for payments required to be made to political subdivisions after December 31, 1973.

Article XVIII
**Tax Relief to Recipients of Supplementary Security
Income for Aged, Blind and Disabled**

1. Amends Sec. 290.0601 of Income Tax Act to extend tax relief afforded elderly home owners and renters under Tax Reform and Relief Act (credit against state income tax for percentage of property tax or equivalent rent) to include recipients of *"supplementary security income for the aged, blind, and disabled" provided under the social security amendments of 1972 (P.L. 92-603)*.
2. Effective January 1, 1974. Applicable to property taxes and rent constituting property taxes accrued in 1973 and subsequent years.

Article XIX
Distribution of Inheritance and Estate Tax Collections

1. Amends Sec. 291.33, Subd. 2 of Inheritance and Estate Tax Act to reduce percentage of net amount of inheritance and estate taxes to be distributed to counties to 10 (now 20) percent.
2. Effective for all payments required to be made in 1974 and years thereafter.

Article XX
Tax on Separate Mineral Interests

1. Classifies mineral interests owned separately and apart from fee title to surface of real property as Class 1b property, and imposes a tax of 25 cents per acre or portion of acre of mineral interest.
2. Provides that no such tax is due and payable on (a) mineral interests valued and taxed under other laws relating to taxation of minerals, gas, coal, oil, or other similar interests, or (b) mineral interests exempt from taxation pursuant to constitutional or related statutory provisions.
3. Eighty percent of proceeds of tax to be apportioned to taxing districts included in area taxed, in same proportion as surface interest mill rate of a taxing district bears to total mill rate applicable to surface interests in area taxed.
4. Twenty percent of revenues received from tax to be transmitted to state treasurer and deposited in general fund in special accounts identified as "reservation residents loan accounts" and a "non-reservation residents loan account". Amounts credited to these accounts, on a formula basis, to be used solely for making loans to Indians.
5. Tax effective for taxing years beginning January 1, 1975.
6. Other provisions.
7. Repeals Minnesota Statutes 1971, Secs. 93.53, 93.54, 93.56 and 93.57 (dealing with severed mineral interests).
8. Effective as of January 1, 1974.

Article XXI
Welfare Financing - General Assistance - Administrative Costs

1. Provides that county welfare boards shall provide general assistance to persons residing within their jurisdictions, and that state aid shall be paid to such local agencies for 50 percent of all general assistance grants up to standards according to procedures established by Commissioner of Public Welfare. Appropriates \$10,700,000 for biennium.
2. Abolishes township system for caring for poor.
3. Provides that State Department of Public Welfare shall reimburse counties up to 50 percent of all salary expenses incurred and paid by them, for which no payment or reimbursement is made by U.S., in administering, and salary administrative costs, with certain exceptions, in providing services in connection with, all public assistance programs. Appropriates \$12,000,000 for biennium.
4. Other provisions.
5. Effective January 1, 1974.

Article XXII
Minimum Corporate Income Tax

1. Amends Sec. 290.06, Subd. 1 of Income Tax Act to increase minimum corporate income tax to \$100 (now \$10).
2. Effective for taxable years beginning after December 31, 1972.

Article XXIII
**Limitation on Increases in Assessment of
Residential and Agricultural Property**

1. Provides that in the case of property described in Sec. 273.13, Subds. 6, 7, 7b, 10, 12, 17, 17b and 19 (essentially *homestead property*), plus all *agricultural property* and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes where such property is held by same owner, by a surviving spouse of deceased owner, or by a surviving joint tenant, for a period of one year prior to any assessment date, assessor after determining value of any such property shall compare value with that determined in preceding assessment. If increase exceeds 5 percent of preceding valuation, *amount of increase* entered in current assessment shall not exceed 5 percent; excess (not exceeding 5 percent of latest assessor's market valuation or full amount of excess if property is no longer held by same owner, by surviving spouse of a deceased owner, or by a surviving joint tenant) may be entered in following year's assessment.
2. Other provisions.
3. Applicable to 1973 assessment and subsequent assessments.

Article XXIV
Exempt Property - Attached Machinery

1. Provides that the term real property shall not include *tools, implements, machinery, and equipment attached to or installed in real property for use in the business or production activity conducted thereon, regardless of size, weight or method of attachment.*
2. Effective for taxes payable in 1974.
3. Provides for reimbursement to county governments, cities, villages, boroughs, townships and school districts for taxes lost by above exemption.

Article XXV
**13.64 Percent Bank Excise Tax Rate Continued
for Six Months**

Continues 13.64 percent bank excise tax rate (scheduled to be reduced to 12 percent on July 1, 1973 under present law) until January 1, 1974.

**Article XXVI
Employers Excise Tax**

1. Imposes an excise tax of 2 mills per dollar on total wages paid by an employer to employees after June 30, 1973, excluding therefrom first \$100,000 of compensation paid during employer's fiscal or calendar taxable year.
 - a. Term "employer" does not include persons exempt under Sec. 290.05, Subd. 1, (h), (i), (1) and (m) of Income Tax Act (public hospitals, churches, colleges, charitable institutions, U.S., State of Minnesota, etc.) or taconite railroad companies, railroads, express companies, freight line companies, and sleeping car companies.
2. Provides that in the event an employer other than one exempt under provisions of Sec. 290.05, has taxable net income for taxable year of \$0 or less, excise tax imposed shall be 1 mill instead of 2 mills.

**Article XXVII
Gross Earnings Distribution Payments to
Counties and Municipalities Repealed**

Repeals Minnesota Statutes 1971, Secs. 276.15, 276.16, 276.17, 276.18, 295.38, 368.39, 368.40, 368.41, 368.42, 373.20, 373.21, 373.22, 373.23 and 373.24 for all payments required to be made thereunder subsequent to December 31, 1973.

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>
Constitutional Officers	
Governor	\$41,000
Lieutenant Governor	30,000
Secretary of State	25,000
State Auditor	26,000
State Treasurer	25,000
Attorney General	36,500
Other Elected Officers	
Public Service Commissioner (3)	21,000
Assistants to Constitutional Officers	
Deputy Secretary of State	17,500
Deputy State Auditor	20,800
Deputy State Treasurer	17,500
Attorney General Staff	
Chief Deputy Attorney General	24,500 — 31,500
Deputy Attorney General	19,100 — 27,500
Solicitor General	21,300 — 28,000
Assistant Attorney General	12,000 — 26,000
Special Assistant Attorney General	12,600 — 22,600
Judicial Branch	
Chief Justice, Supreme Court	40,000
Associate Justice, Supreme Court	36,500
District Judge	32,000
County Court and County Municipal Judges	
Judges of a County Court (learned in the law)	25,000
Judges of a County Court (not learned in the law)	21,000
Judges of the Probate Court of St. Louis County and Duluth Municipal Court	(Same as above)
Judges of the County Municipal Courts, the Municipal courts of the City of St. Paul, and county courts in the counties of Hennepin, Ramsey, Washington, Anoka, Scott, Carver and Dakota	29,000
Other Judicial Positions	
Public Defender	24,000 — 30,000
Court Administrator	25,000 — 32,000
Revisor of Statutes	32,000
Deputy Revisor of Statutes	18,000 — 27,000
Assistant Revisor of Statutes	15,000 — 25,000
Department Heads, Deputies and Assistants	
Administration — Commissioner	36,000
— Deputy Commissioner	28,800
Aeronautics — Commissioner	20,400
Agriculture — Commissioner	22,000
— Deputy Commissioner	17,600
Civil Service — Director	25,700 — 28,200 ¹
Commerce — Commissioner of Banks	22,000
— Commissioner of Insurance	22,000
— Commissioner of Securities	22,000

Position	Amount
Corrections – Commissioner	28,000
– Deputy Commissioner	22,400
Economic Development – Commissioner	22,000
– Deputy Commissioner	17,600
Education – Commissioner	29,800
Employment Services – Commissioner	26,400
Finance – Commissioner	35,500
– Deputy Commissioner	28,400
Health – Commissioner	30,300
Higher Education Coordinating Commission	
– Executive Director	26,100
– Assistant Executive Director	20,900
Highways – Commissioner	33,600
Human Rights – Commissioner	20,000
Indian Affairs Commission – Executive Director	17,500
Investment Board – Executive Secretary	35,000
Labor and Industry – Commissioner	26,400
– Deputy Commissioner	21,100
– Workmen's Compensation Commissioner	22,000
– Director, Mediation Services	21,000
Liquor Control – Commissioner	19,000
Natural Resources – Commissioner	28,300
– Deputy Commissioner	22,600
Personnel – Commissioner	31,000 ²
– Deputy Commissioner	24,800 ²
Planning Agency – Director	27,000
Pollution Control Agency – Director	24,000
Public Examiner – Public Examiner	25,100 ³
Public Safety – Commissioner	26,900
– Deputy Commissioner	21,500
Public Service – Commissioner	22,000
– Director	20,700
Public Welfare – Commissioner	33,600
– Deputy Commissioner	26,900
Revenue – Commissioner	28,900
State College System – Chancellor	32,500
Community College System	
– Chancellor	27,500
Veterans Affairs – Commissioner	16,000

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, taking into consideration the experience and quality of employee performance of the officer or employee.

¹Salary authorized only until Department of Civil Service is abolished by other law.

²Salaries authorized only upon the effective date of any law authorizing the creation of a Department of Personnel.

³Salary authorized only until August 31, 1973.

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