

YED

1966

RESEARCH BULLETIN No. 45

ices of Mpls.



1968

LEGISLATIVE REFERENCE LIBRARY
STATE CAPITOL
SAINT PAUL, MINNESOTA 55155

Financial and Administrative Review;

1965 Minnesota

State Legislature

KFM
5407
.M625x
1965

MINNESOTA TAXPAYERS ASSOCIATION
LEGISLATIVE REFERENCE LIBRARY
STATE OF MINNESOTA

MINNESOTA TAXPAYERS ASSOCIATION

OBJECTIVES

The main objectives of the Minnesota Taxpayers Association, a non-profit, non-partisan organization of representative taxpayers, are—

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

OFFICERS AND DIRECTORS

- President*—James C. Kenady, South St. Paul
Land and Tax Commissioner, Great Northern Railway Company
- Vice President*—Otto F. Oswald, New Ulm
President, New Ulm Laundry Company
- Secretary*—John M. Barker, Minneapolis
Director of Taxation, General Mills, Inc.
- Treasurer*—Frederick W. Manke, St. Paul
Vice President, First National Bank of Saint Paul
- Assistant Secretary*—Marty Kjellberg, Monticello
Retail Merchant
- Assistant Treasurer*—Robert H. Tucker, St. Paul
Vice President-Secretary, Minnesota Mining and Manufacturing Company
- John A. Ainley, Bemidji, Publisher, Bemidji Daily Pioneer
Royal D. Alworth, Jr., Duluth, President, Oneida Realty Company
Norris K. Carnes, St. Paul, General Manager, Central Livestock Association, Inc.
E. J. Garrity, Austin, Vice President, Geo. A. Hormel and Company
Jerry J. Kigin, St. Cloud, President, Northwestern Bank and Trust Company
R. Putnam Kingsbury, Rochester, Controller, Mayo Clinic
Russell W. Laxson, Wayzata, Secretary-Treasurer, Honeywell, Inc.
A. C. Murray, Wadena, Insurance and Real Estate
Herman Natwick, Ada, Farmer
Einer B. Nelson, Fairmont, President, Fairmont Clearview TV Inc.
Karl G. Neumeier, Stillwater, Attorney
Scott Schoen, Redwood Falls, Publisher, Redwood Falls Gazette
E. J. Sievers, Winona, Senior Vice President, Finance, Watkins Products, Inc.
-

RESEARCH COUNCIL

- | | |
|--------------------|--------------------|
| Francis D. Butler | Hadlai Hull |
| Russell M. Collins | Arthur O. Lee |
| John L. Connolly | George S. Schuster |
| Carl P. Herbert | John W. Windhorst |
-

EXECUTIVE STAFF

- Charles P. Stone *Executive Director*
Harold T. Miller *Research Director*
Hal Rindal *Director of Field Services*
Martha Mortensen *Research Analyst*

This Research Bulletin has been prepared and published
under the direction of the Research Council.

RESEARCH BULLETIN NO. 45

Financial and Administrative Review;

**1965 Minnesota
State Legislature**

LEGISLATIVE REFERENCE LIBRARY
STATE OF MINNESOTA

JANUARY 1966

**MINNESOTA TAXPAYERS ASSOCIATION
RESEARCH DIVISION**

812 MINNESOTA BUILDING

AREA CODE 612-224-7477

SAINT PAUL, MINNESOTA 55101

Permission to quote from or to reproduce materials
from this publication is granted when due
acknowledgment is made.

APPENDIX TABLES

	Page
A. Comparison of the Appropriations Authorized by the 1963 and 1965 Legislatures	50
B. Estimated Receipts for 1965-67 Biennium (State Portion Only) for Financing of General Revenue and Income Tax School Fund Appropriations	54
C. Comparative Analysis of Selected Tax Rates for 1963-65 and 1965-67 Bienniums (Permanent and Temporary)	56

CHARTS

1. Comparison of Total Appropriations — By Function	12
2. Estimated Receipts — 1965-67 Biennium — General Revenue and Income Tax School Funds ..	47

MAP

1. State's Public Colleges	28
----------------------------------	----

I. INTRODUCTION AND HIGHLIGHTS, 1965 LEGISLATIVE SESSION

The 1965 session convened and was conducted under circumstances not duplicated in 30 years—with a Democratic-Farmer Labor Governor and Conservative majorities in both houses of the Legislature. Conservatives outnumbered Liberals 43 to 24 in the Senate; there were 79 Conservatives, 1 Independent and 55 Liberals in the House.

The session ran the full 120-day term.

Of 2,083 bills introduced in the Senate and 2,249 in the House, 916 were passed. Of these, 13 were vetoed by the Governor.

Total state spending for current operations, including debt charges, contemplated for the 1965-67 biennium, climbed to a record high of more than \$1,865,000,000.

Direct and open appropriations ..	\$1,007,561,260
Dedicated receipts	257,993,322
Federal Grants	527,696,065
State tax levies for 1966 and 1967 (estimated for 1967)	72,000,000
Total	\$1,865,250,647

New long-term borrowing in the amount of \$67,302,191, principally for the state building program, was authorized. This borrowing will be repaid over the next 20 years, largely by state tax levies against property.

Of the \$1,865,250,647 grand total, about \$855,000,000, or 45.8 percent, will be passed on to local units of government in the form of shared taxes (such as cigarette and liquor taxes), and grants-in-aid (such as school aids, welfare and highway funds).

Direct and open appropriations by the Legislature increased over \$155,500,000 to \$1,007,561,260. More than 73 percent of this increase was appropriated for purposes of education, and welfare and corrections, with the major portion—\$87,602,024, or over 56 percent, going principally for increased state aid to local school districts and for higher education purposes.

The Governor's Budget had proposed total appropriations of \$1,022,751,054 for the 1965-67 biennium, an increase of \$170,739,816 over comparable appropriations for the 1963-65 fiscal period. The total of appropriations authorized by the 1965 Legislature (exclusive of items financed by borrowing or by current state mill levy) is \$1,007,561,260, an increase of \$155,550,021.

To finance this increase the Legislature raised individual income tax rates to provide \$31,000,000 and provided for a corporation income tax speed-up to bring in a \$21,000,000 windfall. Increased yields from existing taxes and surtaxes due to economic growth (estimated at \$60 million), increased receipts from dedicated accounts, larger opening balances, and adjustments in estimated cancellations provide the financing for the remainder of the appropriation increase.

The Legislature took no action on tax reform. Four bills, designed variously to relieve property tax loads, obviate the need for further income tax increase, provide state aid

to local units of government and meet expanded state budget needs, by means of a replacement sales tax, died in committee.

Among highlights of the 1965 legislative session are these:

The Governor vetoed a legislative reapportionment bill. After the session, his veto right was contested. The State Supreme Court upheld his right to veto, but without regard to the merits or demerits of the legislation. At year-end, the question of whether reapportionment would be accomplished, and if so whether by special legislative session or by a federal court decision had not been resolved.

The Governor vetoed a Workmen's Compensation bill which would have increased the compensation schedule, provided higher death benefits, and raised indemnities for permanent injuries. In his veto message the Governor claimed that the bill would have substituted a "welfare or relief concept" for "right" in workmen's compensation, said that only a small percentage of injured workers could qualify for the proposed higher maximum, and charged that a proposed limitation on the term of payment of disability and medical benefits "would destroy" the lifetime protection afforded under existing law.

The Legislature increased the compensation of its members from the present \$200 to \$400 per month, beginning January 1, 1967, and enacted a retirement pension plan for legislators.

A new salary plan for classified employees was approved at an estimated biennial cost of \$14,347,000, and a life, health and hospital insurance plan adopted.

Provision was made for 2,388 new positions in the state service. Of these, 2,204 or 92 percent were in education and welfare activities.

Among new services and activities authorized by the 1965 Legislature were a statewide police teletypewriter network, a state public defender system, a uniform commercial code, a state building code, a statewide planning agency, a driver improvement clinic, and highway billboard control.

A constitutional amendment that would permit legislators to hold certain public offices, and to resign their legislative posts in mid-term, was approved for submittal to voters at the 1966 general election.

The Legislature amended the Teachers Retirement Fund law to provide for applying the necessary mill levy to homestead as well as non-homestead property. On the basis of the state tax levy payable in 1966 certified by the State Auditor, this will increase the taxes on homesteads with a taxable valuation of \$1,000 or more by \$11.48, in addition to any local levy increase. (The state levy for teachers pensions does not apply in cities of the first class, which maintain their own locally-financed teachers pension funds.)

Need for "Price Tag" Legislation Continues

The state of Wisconsin in 1957 was the first to adopt "price tag" or fiscal note legislation. Similar legislation has since been enacted in nine other states: Massachusetts, South Dakota, Missouri, New Jersey, Oklahoma, Nebraska, Colorado, Tennessee and Maryland.

While varying slightly, these laws all provide that measures which create or increase the fiscal liability on the part of the state, or are revenue raising, must have an accompanying note clearly disclosing their estimated fiscal effect — such note to be attached upon introduction or to be

available at the time the bill is being heard in the assigned committee.

Two such measures were introduced in the Minnesota House in 1965. One of the bills, H. F. 120, proposed that cost estimates and projections of future fiscal liability be prepared by the Commissioner of Administration; the other, H. F. 298, assigned that responsibility to the Legislative Research Committee.

The Minnesota Taxpayers Association believes that the 1967 Legislature should enact "price tag" legislation to provide both the lawmakers and the public with the facts necessary to weigh every spending proposal in the light of both need and cost.

II. LEGISLATIVE SCOREBOARD

The following "scoreboard" shows the number of bills introduced, the number enacted into law, and the number of measures vetoed. Many nearly-identical bills which appeared to have considerable public interest or voter-appeal were introduced due to author limitations on a single bill—a maximum of three authors in the Senate and five authors on House bills. And, as in previous sessions, many companion bills (same bill in both Senate and House) were introduced.

Table I
STATISTICS OF 1965 LEGISLATURE

Bills introduced—House	2249
Bills introduced—Senate	2083
Bills enacted into law	903 ¹
Joint Resolutions adopted	5
Bills vetoed by Governor	4
Bills pocket-vetoed by Governor	9
Line-item vetoes by Governor	2
Duplicate bills passed	2
Constitutional Amendments to be submitted to popular vote..	1
Legislative Period	
Constitutional limitation	120 days
Convened	January 5, 1965
Adjourned	May 24, 1965
Session Days	
House	100
Senate	103

¹ Includes four unsigned measures.

Vetoed Bills

The four measures vetoed by the Governor were:

- S.F. 46 — A bill to authorize a St. Paul city employee to continue work beyond the mandatory retirement age.
- S.F. 102 — A bill to prescribe the bounds of Senatorial and Representative Districts, to apportion anew the Senators and Representatives among the several districts. (The Reapportionment Bill.)

H.F. 277 — A bill to provide income tax reciprocity; to preclude taxation in two states on earned income of those individuals who reside in one state and are employed in another.

H.F. 795 — A bill to permit the assignment of resigned or retired associate justices to the Supreme Court or the district court.

The nine measures pocket-vetoed by the Governor were:

S.F. 116 — A bill to create a new Board of Trustees for the Minnesota Braille and Sight-Saving School, and transferring administration, management and operation of the School from the Department of Public Welfare to the Board of Trustees. (The "parent choice" bill.)

S.F. 191 — A bill relating to bounties to be paid for the taking of wild bear.

S.F. 748 — A bill to reorganize the Department of Conservation and rename it "Department of Natural Resources." (Not signed because of an enrollment error.)

S.F. 1563 — A bill to provide for the settlement of disputes between public school boards and certified school personnel.

H.F. 160 — The workmen's compensation bill.

H.F. 164 — A bill to provide for payment of bounties on wolf, lynx, bobcat, and fox.

H.F. 753 — A bill to provide a probationary period of employment for school teachers. The bill would have changed the out-state teachers' tenure law to provide for successive probationary periods. It also related to dismissals and would have required school boards to show cause for dismissal and provide proof.

H.F. 1094 — A bill relating to the Judicial Council; providing for the appointment of certain members thereof by the Supreme Court. This

bill also would have shifted from the governor to the chief justice of the Supreme Court the power to name seven at-large members to the State Judicial Council.

H.F. 1260 — A bill relating to motor vehicles; providing for the issuance of certificates of title, and the method of perfecting liens. This bill would have provided that the county where a vehicle was first registered would be its "situs" for mortgage and title purposes.

The four bills which the Governor allowed to become law without his signature were:

S.F. 802 — A bill authorizing the Cook County Board to issue one "on-sale" liquor license for the

premises known and used as the Ski Area and Lodge.

S.F. 803 — A bill authorizing the Itasca County Board to issue one "on-sale" liquor license for the premises known and used as the Ski Area and Lodge.

H.F. 560 — A bill relating to the State Board of Electricity; re-defining certain of its powers and duties.

H.F. 1400 — A bill relating to intoxicating liquor; amending and repealing certain sections of the Minnesota Statutes in connection therewith. The bill related to local option elections held in a village.

III. COMPARISON OF APPROPRIATIONS

A. OMNIBUS APPROPRIATION BILLS

Appropriations in the five major money bills (State Departments, Semi-State Activities, Welfare and Corrections, Education, and three divisions of the Highway Department) as enacted by the 1965 Legislature amounted to \$788,851,016¹—an increase of \$125,913,949 or 18.99 percent over the \$662,937,066¹ provided by the 1963 Legislature.

Deficiency appropriations and those appropriations "made immediately available," as included in the Omnibus Bills enacted by the 1965 Session, amount to \$1,629,442 in contrast to the \$1,444,105 authorized by the 1963 Legislature, or a difference of \$185,337. With the exclusion of these deficiency and "immediately available" appropriations from both the 1963 and 1965 totals, the *net* biennial increase for the five Omnibus Appropriation Bills becomes \$125,728,612.

An over-all comparison of these major appropriation bills is presented in the following Table.

¹Includes appropriated Occupation Tax and Trust Fund revenues as they apply to the University—estimated at \$6,012,698 in 1963-65 and \$5,126,992 in 1965-67.

Table 2

COMPARISON OF OMNIBUS APPROPRIATIONS 1963 AND 1965 — DEFICIENCIES INCLUDED —

	1963 Legislature	1965 Legislature	Increase or (Decrease)
Omnibus Appropriation Bills			
State Departments	\$ 74,765,322	\$ 83,551,565	\$ 8,786,242
Semi-State Activities	2,769,760	2,422,085	(347,674)
Welfare and Corrections ..	144,775,099	170,399,423	25,624,324
Education	420,725,994 ¹	508,328,019 ¹	87,602,024
Total	\$643,036,176	\$764,701,094	\$121,664,917

Highway Department Bill

Direct Appropriations for:

Administration, Safety,
Plant and Equipment,
and Contingent Fund.....\$ 19,900,890 \$ 24,149,922 \$ 4,249,032

Grand Total\$662,937,066 \$788,851,016 \$125,913,949

¹ Includes Occupation Tax and Trust Fund revenues estimated at \$6,012,698 in 1963-65 and \$5,126,992 in 1965-67.

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

Comparison of Omnibus Appropriations

New or expanded services provided by the 1965 Legislature, reflected in the increased appropriations reported above, are discussed in detail under the various functional sections of the report.

B. NATURAL RESOURCES BILL

In addition to the Omnibus Appropriation Bills, the 1965 Legislature provided for the second segment of the Natural Resources and Recreation Act. The stated purpose of the act is

" . . . purely the basis for establishing a long-term, comprehensive program to preserve, develop and maintain the natural resources of this State. . . . Such resources include, but without limitation, forests, parks, historic sites, wildlife areas, access to and improvement of lakes, streams, scenic areas, and camping grounds."

Appropriations provided by the 1965 Legislature amount to \$8,195,199, of which \$405,000 is to be financed from the State Parks Development Fund and the remaining \$7,790,199 from the continued one cent increase in the cigarette tax. Appropriations by the 1965 Legislature are \$1,151,590 above the \$7,043,609 provided by the 1963 Legislature.

Table 3

ALLOCATIONS OF NATURAL RESOURCES APPROPRIATIONS

To Governor	
Hardwood forest areas	\$ 75,000
Local share of projects financed in part with federal funds	1,000,000
Repair and Reconstruct—Flandrau dam	59,000
Contingency Fund	250,000
	<hr/>
	1,384,000
To Commissioner of Administration	
Topographic mapping	940,000
Land acquisition for state parks and Memorial Hardwood Forest	100,000
Aeromagnetic mapping, geological mapping and accelerated soil survey programs	200,000
Purchase of land within Memorial Hardwood Forest	200,000
	<hr/>
	1,440,000
To Department of Business Development	
Third stage of Iron Range Municipalities Planning Study	16,100
State's contribution to Regional or County Planning Studies	250,000
Administrative costs (for above)	25,000
Regional promotional bases	25,000
Promotional folders on Minnesota Resources	25,000
	<hr/>
	341,100
To Department of Taxation	
Collection of taxes	51,000
	<hr/>
To Commissioner of Administration	
To repair state parks	150,000
	<hr/>
To Minnesota Outdoor Recreation Commission	
For Administration	100,000
	<hr/>
To Commissioner of Conservation	
Acquisition of state park land	964,445
Acquisition of wildlife land	400,000
Capital improvements in state parks	1,351,450 ¹
Hydrologic studies	150,000
Equipment purchases	100,000
Memorial Hardwood Forest	25,000
Professional services	184,000
Red River study	70,000
Tree planting	200,000
Spawning land acquisition	300,000
River studies	50,000
Feasibility studies—new state parks	75,000
Forest roads	300,000
	<hr/>
	4,169,895
To University of Minnesota	
Paleontology Program	14,000
Archeology Program	58,000
Research in aquatic organisms control	30,000
	<hr/>
	102,000
To Minnesota Historical Society	
Historical archeology	21,500
Historic sites program	235,704
Restoration Fort Snelling	200,000
	<hr/>
	457,204
Total	<hr/>
	\$8,195,199 ²
Financing Provided	
From Natural Resources Fund	\$7,790,199
From State Parks Development Fund	405,000

¹ To be financed from the Natural Resources Fund, except for \$405,000 appropriated from the State Parks Development Account for capital improvements.
² In addition, a 1965 deficiency appropriation of \$25,000 was made to the Commission (Laws 1965, Chap. 5) and \$15,000 was appropriated to the Interim Commission on Minnesota River Valley Development (Laws 1965, Chap. 888), both from the Natural Resources Fund.

C. MISCELLANEOUS APPROPRIATION BILLS

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

Others are for non-recurring items such as the 1963 appropriation for the recount in the governorship election contest. Most of the appropriations are for purposes and activities which, while initially classified as "miscellaneous," become a continuing part of the State's services with funds provided in one or another of the major appropriation bills in succeeding legislative sessions. For example, medical assistance for the aged, Southwest state college, supplemental junior college aid, dairy research and the oleomargarine tax enforcement were financed by "miscellaneous" appropriations in 1963, but became a part of omnibus bill appropriations in 1965. For these reasons line increases or decreases in Table 4 are meaningless except as applied to continuing items and to the grand total.

Table 4

MISCELLANEOUS APPROPRIATIONS OF 1963 AND 1965

(Including Deficiencies and Appropriations "Immediately Available")

Recurring Items	1963 Legislature	1965 Legislature	Increase or (Decrease)
Miscellaneous Claims	\$ 439,325	\$ 452,449	\$ 13,124
Workmen's Compensation, Supplement	350,000	350,000	.....
Interim Commissions	205,000	155,000	(50,000)
Re-assessment Revolving Fund ...	150,000	350,000	200,000
State Buildings— Current Maintenance	1,059,560	2,068,263	1,008,703
<u>New Activities</u>			
Sheltered Workshops .....	.....	15,000	15,000
State Building Code .....	.....	50,000	50,000
Statewide Planning Agency .....	.....	25,000	25,000
Additional Aid—School Districts with Decreasing Assessed Valuation .....	.....	1,500,000	1,500,000
Minnesota-Wisconsin Boundary Area Commission .....	.....	25,000	25,000
Uniform Commercial Code .....	.....	43,500	43,500
Public Defender .....	.....	130,000	130,000
Establish Teletypewriter Communications Network .....	.....	170,000	170,000
<u>To Major Appropriation Bills</u>			
Daytime Activity Centers, Mentally Retarded	155,000	.....	(155,000)
Education and Aid to Handicapped Children .....	.....	860,000 ¹	860,000
Withholding Tax Administration..	150,000	.....	(150,000)
Medical Assistance for Aged	750,000	.....	(750,000)
Southwest State College	100,000	.....	(100,000)
Junior College Aid, Supplement..	500,000	.....	(500,000)
Dairy Research	250,000	.....	(250,000)
Oleomargarine, Tax Enforcement .	75,000	.....	(75,000)
State Parks—Acquisition, Develop- ment and Improvement	862,200	.....	(862,200)

Non-Recurring Items

Distressed Area Work Projects and Relief	750,000	.....	(750,000)
Executive Council, Flood Survey..	50,000	.....	50,000
State Buildings			
Speech-Music Building (Supplement) Mankato	300,000	.....	300,000
Armory Alterations—			
Moorhead	120,000	.....	120,000
Air Conditioned Surgical Suite—Rochester	225,000	.....	225,000
Warehouse—Capitol Group	250,000	.....	250,000
Rehabilitation Building			
Glen Lake	40,000	.....	40,000
Retirement and Compensation Allowances for Certain District Court Judges and Compensation Allowances for Widows of District and Supreme Court Judges	87,000	.....	87,000
Recount Cost, Governor's Race ...	150,000	.....	(150,000)
World's Fair Exhibit	150,000	.....	(150,000)
All Other	764,853	.....	(152,483)
Total	\$6,860,939^a	\$7,878,584	\$1,017,645

¹ In reality a supplement to the "Aid to Schools" appropriation covering public elementary and secondary education.
² Natural Resources Bill in amount of \$7,043,609 included in Miscellaneous grouping in Research Bulletin No. 44.

D. OPEN AND STANDING APPROPRIATIONS

General Revenue and Income Tax School Funds

Excluding income tax refunds and earnings of the Endowment School Fund, the usually compared open and standing appropriations from the General Revenue and Income Tax School Funds, which need not be re-enacted each legislative session, rose from \$20,603,180 to \$24,536,832—a two-year increase of \$3,933,652. Two new items account for most of the increase—a change in the maximum salary base upon which contributions are made by both the State and the employees to the State Employees Retirement Fund from \$4,800 to \$7,200 per year effective July 1, 1965, and the enactment of an employee insurance program which will become effective July 1, 1966.

Income tax refunds have been eliminated from the comparison in order to focus attention on the expenditure items. Income tax refunds were estimated at \$57,200,000 for the 1963-65 period and at \$67,000,000¹ for the 1965-67 biennial period.

Earnings of the Endowment School Fund, which are an open appropriation authority in behalf of elementary and secondary public education in the State, are expected to increase by \$1,000,000—from an estimated \$17,250,000 for the 1963-65 period to an estimated \$18,250,000 for 1965-67. With these earnings added, open and standing appropriations for 1965-67 are estimated at \$42,786,832 — up \$4,933,652, or 13.03 percent, over those authorized in the 1963 Session.

¹ Estimate at close of legislative session. Subsequent revision by Department of Taxation (June 24, 1965) anticipates refunds for 1965-67 to total \$71 million—\$35 million in fiscal year 1966 and \$36 million in fiscal year 1967—by reason of 1965 increase in individual income tax rates.

Table 5

COMPARISON OF ESTIMATED OPEN AND STANDING APPROPRIATIONS FOR 1963-65 AND 1965-67 BIENNIUMS

General Revenue Fund	1963 Legislature	1965 Legislature	Increase or (Decrease)
Aid to Fire Departments	\$ 1,902,000	\$ 2,110,000	\$ 208,000
Surcharge for Firemen's Relief	495,000	450,000	(45,000)
Revenue Refunds	200,000	200,000	.....
Colored Oleomargarine Tax Distribution .....	..¹ ..	250,000	250,000
Consolidated Conservation—			
Temporary Transfer .....	.....	75,000	75,000
Soudan State Park .....	.....	1,000	1,000
Change in Retirement Base for State Employees .....	.....	1,533,532	1,533,532
Employee Insurance .....	.....	1,500,000	1,500,000
Pioneer Teachers Retirement ...	.....	32,160	32,160
Aid to Certain School Districts a/c Airport .....	.....	10,500	10,500
State Athletic Commission .....	.....	30,000	30,000
Salary Adjustments			
District Court Judges	512,000	.....	(512,000)
Supreme Court Judges	49,000	.....	(49,000)
All Other	61,100	67,100	6,000
Total	\$ 3,219,100	\$ 6,259,292	\$ 3,040,192
Income Tax School Fund²			
\$10 Per Pupil Census Aid	\$16,900,000	\$17,400,000	\$ 500,000
Attributable Costs	84,080	436,400	352,320
Change in Retirement Base for State Employees .....	.....	191,140	191,140
Employee Insurance .....	.....	250,000	250,000
Deficiency Interest	400,000	.....	(400,000)
Total	\$17,384,080	\$18,277,540	\$ 893,460
Total—General Revenue and Income Tax School Funds	\$20,603,180	\$24,536,832	\$ 3,933,652
Endowment School Fund			
Portion of "Aid to Schools" Appropriation Calculation	17,250,000	18,250,000	1,000,000
Grand Total	\$37,853,180	\$42,786,832	\$ 4,933,652

¹ Treated as a Miscellaneous Appropriation in amount of \$250,000 in review of 1963 Session (Research Bulletin No. 44).
² Excludes Income Tax Refunds, estimated at \$57,200,000 for 1963-65 and \$71,000,000 for 1965-67. (Revised by Department of Taxation 6-24-65 because of 1965 enacted increases in individual income tax rates.)

State Employees Retirement Program Contributions Increased

To meet the State's increased obligation to the State Employees Retirement Association (up to \$7,200 effective July 1, 1965) and for Old Age Survivor's Insurance (up to \$6,600 effective January 1, 1966), an open appropriation in the sum of \$1,724,672 was provided by the 1965 Legislature — \$1,533,532 out of the General Revenue Fund and \$191,140 from the Income Tax School Fund. (Chap. 861)

Insurance and Health Benefits for State Employees

Certain insurance, medical, and related benefits are to be provided by the State for "all regular employees in the

classified service of the State Civil Service and paid on the State payroll." (For comments regarding benefits and the Insurance Benefit Board created, see reference to Chapter 780, Page 16.)

To meet this new obligation, an open appropriation in the estimated sum of \$1,750,000 was provided by the 1965 Legislature—\$1,500,000 from the General Revenue Fund and \$250,000 from the Income Tax School Fund.

Highway Department "Open" Appropriations

In addition to the open and standing appropriations listed above, estimated highway department expenditures of state revenues for construction, maintenance and other open appropriation obligations for the coming two-year period, exclusive of the payment for principal on bonds, are calculated to be \$159,849,629. The comparable sum for the 1963-65 biennium was \$137,316,444. The amount of the biennial increase is \$22,533,185. These appropriations are financed out of the Trunk Highway Fund.

Table 6

COMPARISON OF "OPEN" HIGHWAY APPROPRIATIONS — ESTIMATES FOR 1963-65 and 1965-67 BIENNIUMS

Item	For 1963-65	For 1965-67	Increase or (Decrease)
Construction and Maintenance Operations	\$ 87,178,429 ¹	\$101,817,360	\$ 14,638,931
Bond Sale Expense and Fees	6,000	10,000	4,000
Interest on Bonds ²	1,921,800	1,622,150	(299,650)
Highway Patrol Fine Expense	50,000	50,000	.....
Highway Safety Account	384,000	384,000	.....
Services by Other State Departments	825,000	860,000	35,000
Maintenance and Services Highway Building	675,000	730,000	55,000
Highway Construction (Including Right-of-Way)	225,176,215 ³	270,876,119	45,699,904
Total	316,216,444	376,349,629	60,133,185
Federal Funds in Program			
Regular Trunk Highway System	34,900,000	32,000,000	(2,900,000)
Interstate System	144,000,000	184,500,000	40,500,000
Total	178,900,000	216,500,000	37,600,000
Net Total State Funds	\$137,316,444	\$159,849,629	\$ 22,533,185

¹ Actual costs used to provide more meaningful comparison.

² Payment of Principal on Bonds excluded. Estimates for 1963-65, \$5,880,000; for 1965-67, \$6,480,000.

³ Sum of \$53,505,655 in construction funds not placed under contract during 1963-65 period. Amount carried forward to 1965-67 biennium.

E. STATUTORY TAX LEVY ITEMS

Statutory items to be financed from the property tax levy increased from \$61,003,315 during the 1963-65 biennium to an estimated \$72,000,000 for the 1965-67 fiscal period. For a detailed analysis of the state tax levies, see Section VI, Comparison of Tax Levies for State Purposes, Page 38.

Table 7

COMPARISON OF STATE SPENDING TO BE FINANCED BY STATE TAX LEVY ON PROPERTY

	1963 Legislature	1965 Legislature	Increase
Soldiers Relief (1/10 Mill) ¹	.....	.....	.....
Teachers Retirement	\$22,428,113	\$32,000,000	\$ 9,571,887
State Building Bonds (Debt Retirement and Interest)	33,467,787)		
Rural Credit Deficiency	3,059,925)	40,000,000	1,424,798
School Loan Bonds	2,047,490)		
Total	\$61,003,315	\$72,000,000²	\$10,996,685

¹ See comments in text below.

² Actual requirements payable in 1966, plus estimates payable in 1967.

Soldiers Relief

The proceeds from the 1/10th mill state tax levied for Soldiers Relief is administered by the Soldiers' Home Board to supply general relief to veterans.

This levy—which raises approximately \$175,000 per year—is not applied to homestead property.

To facilitate the work of the State Auditor and the County Auditors throughout the State, the Minnesota Taxpayers Association suggests that this levy either (1) be applied to homestead as well as non-homestead property, or (2) be eliminated from the state levy on property and financed from the General Revenue Fund—preferably the latter.

Teachers Retirement Fund

The Executive Secretary of the Teachers Retirement Fund estimates needs for 1966 and 1967 at \$32,000,000—\$15,650,000 for 1966 (based on the Certification of the State Auditor), and \$16,350,000 for 1967. The Certifications for 1964 and 1965 totaled \$22,428,113.

The 1965 Legislature provided that the State mill levy required to finance the Teachers Retirement Fund be applied against homestead as well as non-homestead property.

Cities of the first class maintain their own retirement plans and are excluded from the levy, except for that portion covering teachers currently employed in state institutions, in state junior colleges and in state colleges. This portion of the levy will now be applied to both homestead and non-homestead properties by reason of the amendment.

F. STATE BORROWING

Authorized borrowing decreased from \$81,424,918 in the 1963 Session to \$67,302,191 in the 1965 Session—down \$14,122,727. Included in the 1963 authorizations, however, was the re-enactment of the 1961 Building Bill in the amount of \$29,361,383 following passage of Constitutional Amendment No. 2. After adjusting for this re-enacted Building Bill, the total 1965 authorization in reality are \$15,238,656 in excess of the authorizations made by the 1963 Legislature.

Table 8

COMPARISON OF STATE BORROWING

	1963 Legislature	1965 Legislature	Increase or (Decrease)
State Building Bills			
New Borrowing Only	\$33,990,435	\$54,789,691	\$20,799,256
Re-enactment 1961 Bill	29,361,383	.....	(29,361,383)
	63,351,818	54,789,691	(8,562,127)
Maximum Effort School			
Aid Law	16,000,000	10,400,000 ¹	(5,600,000)
State Airports	2,073,100	2,112,500 ²	39,400
Total	\$81,424,918	\$67,302,191 ³	\$(14,122,727)

¹ See appropriate comments under Section IV - E, Education, Page 27.
² For details see Section IV - H, State Borrowing, Page 36.
³ Excludes contingent property tax liabilities—Emergency Relief, Executive Council, \$4,000,000; and Employment Security Building, \$3,000,000—discussed under Section IV-B, Page 17 and Section IV-H, State Borrowing, Page 36.

State Building Bills

A detailed analysis of the State Building Bills as enacted in the 1963 and 1965 Sessions is reported in the functional section of this Research Bulletin.

State Airports

For the past several years revenues available to the Department of Aeronautics for debt redemption have been sufficient to preclude the necessity of a general property tax levy for State Airports purposes. It is anticipated that the same conditions will prevail during the 1965-67 biennium.

The allocation of the State Airport funds to be expended in the coming biennium is reported on Page 36.

G. SUMMARY OF APPROPRIATIONS

A summary comparison of the foregoing direct and open appropriations authorized in the 1963 and 1965 Legislative Sessions follows:

Table 9
SUMMARY OF APPROPRIATIONS

	1963 Legislature	1965 Legislature	Increase
Four Omnibus Appropriation Bills	\$643,036,176	\$ 764,701,094	\$121,664,917
Highway Department Bill			
Direct Approp. Only ...	19,900,890	24,149,922	4,249,032
Natural Resources Bill ..	7,043,609 ¹	8,195,199	1,151,590
Miscellaneous Appropriations	6,860,939	7,878,584	1,017,645
Open and Standing Appropriations	37,853,180	42,786,832	4,933,652
Highway Department Open Approp. (Est.) ..	137,316,444 ²	159,849,629	22,533,185
Total — to be financed by other than current state mill levies or borrowing	\$852,011,239	\$1,007,561,260	\$155,550,021

¹ Included in Miscellaneous Appropriations in Research Bulletin No. 44.
² Modified from estimate reported in Research Bulletin No. 44. (See Table 6 for details.)

H. CONTINGENCY APPROPRIATION FOR STATE EMERGENCIES

The Executive Council was empowered to spend up to \$2 million in each fiscal year to meet emergencies. This was a contingent appropriation against the General Revenue Fund; it is not included in the foregoing total of appropriations. If General Revenue Funds are inadequate to meet needs of the Emergency Fund, money may be borrowed temporarily from other public fund sources. (Chap. 830)

I. TOTAL STATE SPENDING

In addition to the appropriations reported in Table 9, the disbursement of various dedicated special revenues and Federal grants during the 1965-67 biennium will raise the total state spending to over \$1,865,000,000.

This total excludes the sums required for debt redemption (to avoid duplication of disbursements) and for payment of revenue refunds (income, gasoline and aviation fuel taxes and motor vehicle registration fees).

Items	Biennium Totals
From Table 9:	
Direct and	
Open Appropriations	\$1,007,561,260
By State Tax Levy on	
Property	72,000,000 ¹
Federal Funds	527,696,065 ²
Dedicated Receipts	
General Revenue	76,631,418 ²
Other Funds	181,361,904 ²
Total	\$1,865,250,647

¹ Actual requirements payable in 1966, plus estimates payable in 1967.
² Based on Fund Statements contained in Budget Message and Summary for 1965-67 Biennium.

J. GRANTS-IN-AID AND SHARED TAXES

A large portion of what the State spends is funneled down to its various political subdivisions in the form of grants or in shared taxes.

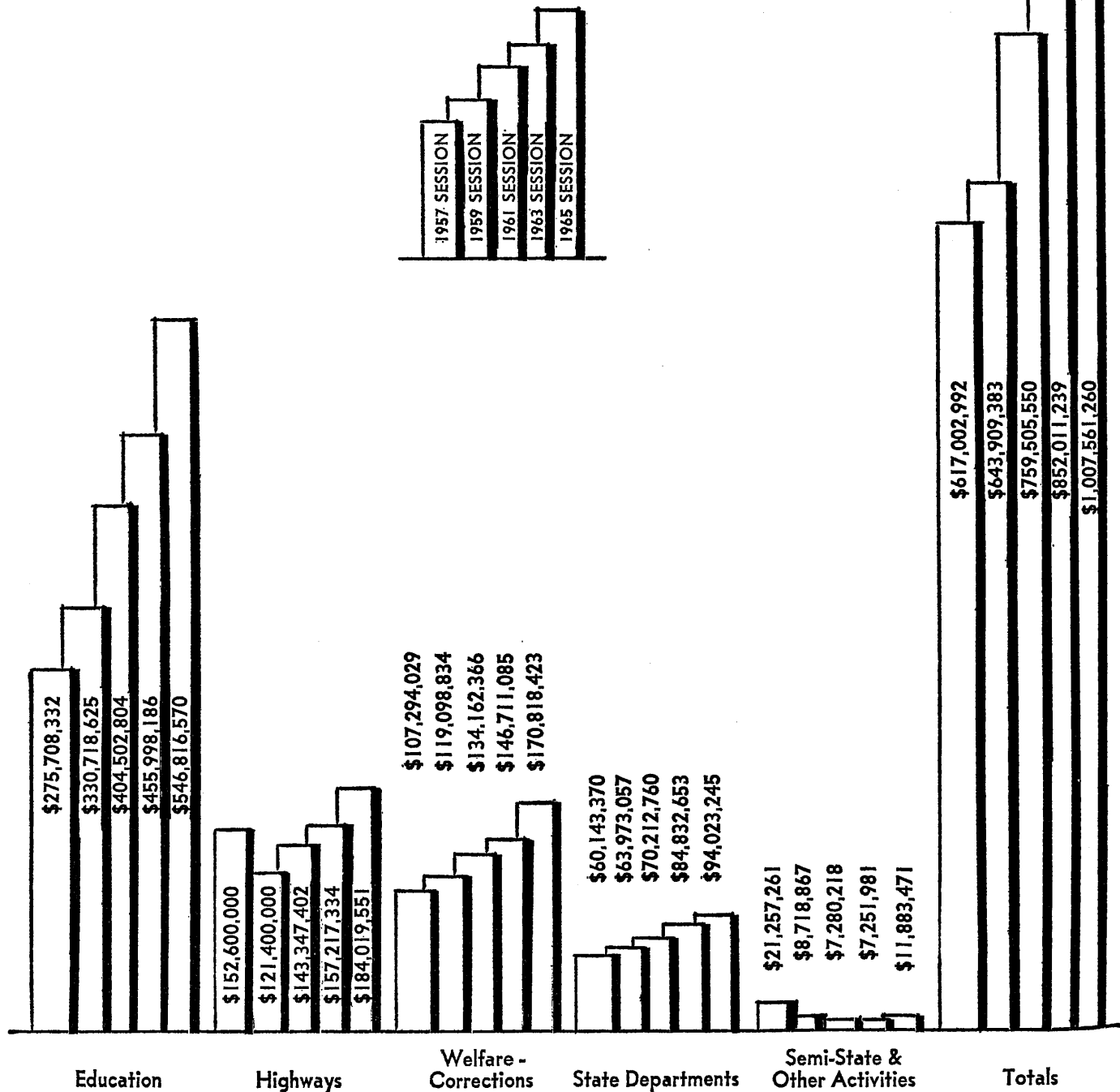
Of the \$1,007,561,260 in legislative appropriations (direct and open), an estimated \$473,047,027, or 46.9 percent, will be distributed to local units of government during the 1965-67 biennium.

With the addition of shared taxes (such as cigarette and liquor), miscellaneous special revenues (such as Disaster Relief Funds and earnings of the Consolidated Conservation Area Fund), and federal grants, the total of all grants-in-aid will amount to an estimated \$854,727,887 for the two-year period—or 45.8 percent of the nearly \$2 billion (\$1,865,250,647) in estimated total state spending.

A distribution of the grants, by major purpose and percentage, follows:

	Biennium Total	Percent
Education	\$495,979,020	58.0
Public Welfare	202,142,107	23.7
Highways	91,300,000	10.7
All Other	65,306,760	7.6
Total	\$854,727,887	100.0%

Chart No. 1
COMPARISON OF TOTAL APPROPRIATIONS - BY FUNCTION
 Enacted, and Open and Standing Authorities
 (Excluding Income Tax Refunds)
 For 1957-59, 1959-61, 1961-63, 1963-65, and 1965-67 Bienniums
 Endowment School Funds (open) included in comparison. Appropriations of 1957 and 1959 Sessions adjusted to provide comparability.
 For appropriation detail see Appendix Table A.



IV. APPROPRIATIONS COMPARED ACCORDING TO FUNCTION

All appropriations—direct, miscellaneous, and open and standing—have been grouped in this section and also in Appendix Table A in accordance with the functional titles of the five major appropriation bills:

State Departments
Semi-State Activities
Welfare-Corrections
Education
Highway

In addition, those appropriations which are general in character have been included in a category titled "Other Activities."

These groupings do not conform to the more detailed governmental accounting classifications and are not as definitive. However, they serve in a general way to keep related items together and to focus attention on the particular phases of government for which those tax dollars are being spent.

Table 10
APPROPRIATIONS AUTHORIZED
BY FUNCTION¹

	1963 Legislature		1965 Legislature		Percent Increase or (Decrease)
	Amount	Percent	Amount	Percent	
State Departments ²	\$ 84,832,653	9.96	\$ 94,023,245	9.33	10.83
Semi-State	2,669,760	.31	2,357,085	.23	(11.71)
Welfare-					
Corrections ..	146,711,085	17.22	170,818,423	16.95	16.43
Education	455,998,186	53.52	546,816,570	54.27	19.92
Highway (Direct					
Appropriations)	19,900,890	2.33	24,169,922	2.40	21.45
Miscellaneous .	4,582,221	.54	9,526,386	.95	107.90
Total.....	714,694,795	83.88	847,711,631	84.13	18.61
Estimated Highway Expenditures, excluding Federal Funds and Direct Appropriations ...	137,316,444 ³	16.12	159,849,629	15.87	16.41
Grand Total...	\$852,011,239	100.00	\$1,007,561,260	100.00	18.26

¹ Includes direct appropriations from all funds; and open-standing appropriations from the General Revenue, Income Tax School, Endowment School and Trunk Highway Funds only.

² Includes Natural Resources Bill.

³ Modified from estimate reported in Research Bulletin No. 44. (See Table 6 for details.)

Note: Income tax refunds excluded—estimated at \$57,200,000 in 1963-65, and \$71,000,000 in 1965-67.
Columns may not add due to dropping of cents.

Major non-fiscal legislative measures are identified, as nearly as possible, with the functions outlined, and are discussed under appropriate sub-sections.

A. GENERAL COMMENTS

A third new salary plan in as many legislative sessions, a substantial increase in the number of new personnel, a new insurance program for state employees in the classified service, an increase in the retirement base for state employees, and higher costs of supplies and expenses were among the major considerations confronting the 1965 Legislature in its appropriation deliberations. These factors are applicable to most of the functional groupings; they are discussed in general at this point, and in such detail as necessary under the respective individual functional sub-headings.

New Salary Plan

The Governor's Recommended Budget included provision for a new Salary Program "to provide salaries that will attract and retain talented and conscientious people." The proposed program would have adjusted the rates of pay for 907 classes of employees and would have established five additional salary ranges, with the cost for the 1965-67 biennium estimated as follows:

Five Omnibus Bills

—Excluding Federal Funds\$ 8,981,025
—Federal Fund Accounts 218,025

9,199,050

Non-Appropriation Accounts 5,147,981

Total\$14,347,031

The salary plan adopted by the 1965 Legislature provided for the reassignment of 920 classes of work within the existing 45 ranges. The Legislature did not concur in the requested five additional salary ranges.

No reallocations were proposed for three classes whose present classifications were deemed comparable to those of private industry or other governmental jurisdictions. Other classes were adjusted upward from one to six ranges as follows:

3 ClassesNo change
766 ClassesUp one range
108 ClassesUp two ranges
41 ClassesUp three ranges
1 ClassUp four ranges
1 ClassUp six ranges

In addition, comparable range changes were applied to classified employees of the University of Minnesota—operating under the University's own Civil Service Classification Plan.

Unclassified positions in various quasi-state activities, with duties comparable to those of classified positions under State Civil Service, were similarly adjusted.

In the absence of a position-by-position analysis of all salary appropriations enacted, it is virtually impossible to ascertain the exact cost of the new pay plan as approved by the 1965 Legislature. However, it can be assumed that the cost of the pay plan allowed by the Legislature would ap-

proximate that in the plan proposed by the Governor since the only differences involved a comparatively small portion of the total cost of the pay plan.

Each range change approximates a 4 percent increase in salary. Except for a few cases, immediate salary increases were limited to 8 percent.

Economic Salary Adjustments Disallowed

Each of the Omnibus Appropriation Bills carried the following language with respect to economic (cost of living) salary adjustments—

“None of the moneys appropriated by this act or by any other law shall be expended during the biennium beginning July 1, 1965, for economic salary adjustments notwithstanding the provisions of law relating thereto to the contrary.”

Merit and Longevity Increases Allowed

In addition to the new salary plan, the 1965 Legislature provided in the several appropriations for merit and longevity increases for each eligible position, effective in the second year of the biennium, but only to the extent that appropriations are available therefor.

Allotment of funds for such increases is limited to 75 percent of the money requirement in departments or agencies having from 51 to 100 employees, and in the state colleges, and to 50 percent in departments and agencies having more than 100 employees.

The estimated biennial cost of merit increases for both the existing complements and new positions recommended in the Governor's Budget is shown in the following Table. (Cost of the allowances for new positions provided by the 1965 Legislature should be only slightly less than that contained in the Governor's Proposed Budget.)

Function	Departmental Requests		Governor's Recommendations		Legislative Allowances	
	Number	Amount	Number	Amount	Number	Amount
State Departments	618.75	\$ 7,522,249	260.14	\$ 2,989,520	169.5	\$ 2,079,565
Semi-State Activities	14.83	134,333	5.	49,565	4.5	42,202
Education	2,279.33	30,597,506	1,639.11	19,570,586	1,625.45	19,255,473
Welfare-Corrections	1,743.42	12,898,118	868.83	4,989,237	579.33	3,417,441
Highways	39.	402,838	23.	189,422	10.	96,668
Total	4,695.33	\$51,555,044	2,796.08	\$27,788,330	2,388.78	\$24,891,349

REDUCTIONS IN EXISTING COMPLEMENTS

	Number	Amount
State Departments	6.	\$ 51,934

Table 11

MERIT INCREASES — 1965-67 BIENNIUM

	General Revenue	Income Tax	Other Funds	Total
State Departments	\$ 854,490	\$116,048	\$ 22,520 ¹	\$
			138,084 ²	
			35,224 ³	
			20,323 ⁴	1,186,689
Semi-State Activities	41,702			41,702
Education	1,521,157	60,700	35,248 ¹	1,617,105
Welfare-Corrections	1,547,692	231,360	35,177 ¹	1,814,229
Highway			168,972 ⁵	168,972
Total	\$3,965,041	\$408,108	\$455,548	\$4,828,697

¹ Federal, ² Game and Fish, ³ Highway User Tax, ⁴ All Other, and ⁵ Trunk Highway Fund.
Of the above total, \$248,552 was calculated for new positions recommended and \$92,945 to be financed from various Federal funds.

Salary Adjustments—Unclassified Positions

The statutory salaries of the constitutional officers were unchanged. Salaries of their assistants and other department heads and heads of institutions in the unclassified service of the executive branch remained unchanged except for the following specific positions:

	Old Annual Salary	New Annual Salary
Deputy Attorney General	\$13,500	\$15,000
Solicitor General	12,500	14,500
Assistant Attorney General (Amount fixed by Attorney General depending on experience)	7,000 to 13,000	7,000 to 14,500
State College Presidents	17,000	18,000 ¹
Executive Director of State College Board	16,000	18,000 ¹
Commandant of the Soldiers Home	9,500	12,000 ²

¹ To be set by State College Board at not to exceed this sum.
² Commandant no longer to be furnished quarters or commissary privileges.

APPROPRIATION SAVINGS EFFECTED

From Biennial Budget	
Requests	\$51,555,044
Enacted Allowances	24,891,349
Decrease from Requests	\$26,663,695
Reductions in Existing Complements	51,934
Total Reduction from Requests	\$26,611,761
From Governor's Recommended Budget	\$27,788,330
Enacted Allowances	24,891,349
Decrease from Recommendations	\$ 2,896,981
Reduction in Existing Complements	51,934
Total Reduction from Recommendations	\$ 2,845,047

B. STATE DEPARTMENTS

On a functional basis, direct and open appropriations for state department activities increased by \$9,190,592, or 10.83 percent, over similar appropriations enacted by the 1963 Legislature.

Table 13

STATE DEPARTMENTS COMPARISON OF APPROPRIATIONS 1963 AND 1965

	1963	1965	Increase	
	Legislature	Legislature	Amount	Percent
State Departments				
Appropriations	\$84,832,653	\$94,023,245	\$9,190,592	10.83

New Positions Added

A total of 618.75 full-time-equivalent new positions was requested by the various departments, at an estimated biennial cost of \$7,522,249.

The Governor's Budget recommended 260.14 full-time-equivalent positions at an estimated cost of \$2,989,520.

The 1965 Legislature allowed 169.5 new positions at a biennial cost of \$2,079,565, and deleted six existing positions at an estimated saving of \$51,934—making a net increase of 163.5 full-time-equivalent new positions at a net biennial cost of \$2,027,631.

	Number New Positions	Cost
Requested by Department	618.75	\$7,522,249
Recommended by Governor	260.14	2,989,520
Allowed by Legislature	169.5	2,079,565
Legislative Reductions	6.	51,934
Net Increase	163.5	\$2,027,631

State Department Appropriation Increases

The addition of new personnel, adoption of the new salary plan, expansion in state services, and the introduction of new activities account for the increased appropriations. The appropriations for new activities, and the principal increases in appropriations for existing services, are reported below:

New Activities

Statewide Planning Agency	\$ 25,000
Statewide Teletypewriter Network	170,000
Public Defender	130,000
Uniform Commercial Code	43,500
State Building Code	50,000
Housing Redevelopment	20,000
Life Insurance and Health Benefit Plan (Administration only)	75,000

Principal Increases

Legislature	\$ 42,000
Department of Taxation	687,081
Department of Administration	523,581
Secretary of State	203,157

Motor Vehicle Division	422,240
Adjutant General	389,694
Department of Business Development	261,494
Division of Waters	290,044
Division of Forestry	270,301
Division of Game and Fish	809,911
Division of State Parks	672,836
Board of Health	327,308

A detailed listing of State Departments appropriations is presented in Appendix Table A.

Statewide Planning Agency Created

A comprehensive Statewide Planning Agency in the executive branch of the state government was created, under supervision and control of the Governor. It will consist of the Governor as the state planning officer, a director of planning, and other officers, employees, and agents appointed pursuant to law. The new agency is charged with preparing "comprehensive, long range recommendations for the orderly and coordinated growth of the state including detailed recommendations for long range plans of operating state departments and agencies."

The act recommends the smallest possible permanent staff, and the use of consultants and existing facilities of state departments and agencies and of the University of Minnesota.

In the development of such long range planning, the State is directed to take into consideration its relationship to local units of government and the planning to be accomplished on such levels. An Advisory Committee, consisting of three members of the Senate appointed by the Committee on Committees, three members of the House appointed by the Speaker, and not more than 11 other members appointed by the Governor, is created to act solely in an advisory capacity to the state planning officer.

An appropriation of \$25,000 was provided for the biennium. (Chap. 685)

State Teletypewriter Communications Network Established

The Commissioner of Administration was authorized to establish a Teletypewriter Communications Network to interconnect the sheriffs' offices of the State, and to lease or purchase the necessary facilities and equipment.

Authority was given to connect the network with similar systems in adjacent states and Canada, and to permit the linking of cities, villages, or other public agencies with the network.

A State Teletypewriter Communications Advisory Committee, to advise the Commissioner on matters relating to the installation and operation of the teletypewriter communications system, was created. The Committee is to consist of nine members appointed by the Governor for two year terms, including: (a) three incumbent county sheriffs, (b) a member of the Bureau of Criminal Apprehension, (c) an incumbent county commissioner, (d) a member of the Minnesota Highway Patrol, (e) the Attorney General

or duly authorized representative, (f) the Commissioner of Corrections or his duly authorized representative, and (g) the State Director of Civil Defense.

Appropriations of \$85,000 per year were provided. (Chap. 903)

System of State and District Public Defenders Created

A statewide Public Defender System for indigent persons "charged with the committing of certain crimes or who have been sentenced therefor" was created. Both the State and District Public Defenders are to be selected by the State Judicial Council. Judges in each of the State's 10 Judicial Districts are given the option of whether to participate in the system.

An appropriation of \$130,000 was provided for the biennium. (Chap. 869)

Uniform Commercial Code Established

A Uniform Commercial Code was enacted, to become effective July 1, 1966. The underlying purposes and policies of the new Code are: (a) to simplify, clarify, and modernize the law governing commercial transactions; (b) to permit the continued expansion of commercial practices through custom, usage, and agreement of the parties; and (c) to make uniform the law among the various jurisdictions. Such a code is presently in effect in 29 states and the District of Columbia.

An appropriation of \$43,500 to implement the act was made to the Secretary of State. (Chap. 811)

State Building Code Promulgated

The Commissioner of Administration was authorized to promulgate a State Building Code to "govern the construction, reconstruction, alteration, and repair of state-owned buildings and other structures," and to appoint such advisory committees as he deems necessary. Members of such committees shall be representative of the construction design profession, building trades, construction contractors, the public, and governmental and other agencies or associations experienced in the field of building construction or regulation.

An appropriation of \$50,000 was provided for the biennium. (Chap. 623)

Housing and Redevelopment Responsibilities Shifted

All powers, duties, and responsibilities imposed upon the Commissioner of Administration in relation to housing and redevelopment were transferred to and imposed upon the Department of Business Development. (Chap. 704)

Insurance and Health Benefits for State Employees

Certain insurance, medical, and related benefits are to be provided by the State for "all regular employees in the classified service of the State Civil Service and paid on the

State payroll." Such benefits are to be contracted for by a newly-created State Employees Insurance Benefit Board.

The plan will provide, pay, or reimburse expenses for hospital services or for medical services and medical expenses prescribed by a doctor, and will provide for life insurance coverage on the lives of eligible employees.

The State Employee Insurance Benefit Board was authorized to start its work on July 1, 1965. Benefits to eligible state employees will be in effect on and after July 1, 1966. (Chap. 780)

Compensation of Legislators Increased

The compensation of State Senators and Representatives was increased from \$200 to \$400 per month, effective January 1, 1967. (Chap. 881)

(In addition, legislators are reimbursed for one round trip from home to the Capitol at a rate of 15¢ per mile, and for living expenses as determined by the Legislature. During the 1965 Session this amount was \$14 a day for Twin Cities members and \$21 a day for all others, for the 120-day session.)

Special Pension Program Provided for State Legislators

A special retirement program was enacted to provide a minimum \$100 monthly pension for retired legislators with at least 10 years of service who attain the age of 65. Such beneficiaries may receive \$4 per month for every year of service over 10 years, but in no event shall the total pension exceed \$200 per month. Provision was made for survivor benefits to their widows and dependent children.

Under present provisions legislators will contribute 7 percent of their total salary, to be deposited in the General Revenue Fund. Retirement allowances and survivor benefits will be paid from the same fund. This is a variation from retirement policies for other governmental employees for whom specific retirement funds have been created, funds invested and actuarial soundness made subject to audit. (Chap. 896)

Interim Commissions and Activated Standing Committees

The 1965 Legislature provided for six temporary interim commissions, for one new committee and the continuation of 13 statutory commissions or committees, and for activation of the various standing committees of the Legislature.

The temporary interim commissions and the sums appropriated are:

	For Biennium
Governmental Immunity Interim Commission	\$10,000
Highway Interim Commission	40,000
Interim Commission on Minnesota River Valley Development	15,000
Interim Commission on Public Retirement Systems	50,000
Governor's Committee on Employment of Handicapped Persons	30,000 ¹
Minnesota-Wisconsin Boundary Area Commission..	25,000

¹ Sum of \$15,000 each year.

New and continued statutory commissions and committees, and funds provided, are:

	For Biennium
Advisory Committee to State Planning Agency ¹ ..	\$ 25,000
Minnesota Outdoor Recreation and Resources Commission ²	100,000
Commission on Taxation and Production of Iron Ore and Other Minerals	10,000
State Claims Committee	15,000
Legislative Buildings Commission	45,000
Interstate Cooperation Commission and Council of State Governments	37,000
Great Lakes Commission	22,000
Uniform Laws Commission	4,700
Legislative Research Committee	158,000
Legislative Advisory Committee	2,000
Indian Affairs Commission	30,000
Mississippi River Parkway Commission	10,000
Iron Range Resources and Rehabilitation Commission	826,349 ³
Minnesota Voting Machine Commission	300 ³

¹ New committee.

² See Table 3 for detailed listing of activities.

³ Expenditure of dedicated receipts as recommended in Biennial Budget.

The sum of \$300,000 was provided for activation of the standing committees or subcommittees of both Houses of the Legislature (\$150,000 for each) in the interim between the 1965 and 1967 regular sessions of the Legislature. Activation of committees of the House of Representatives is under the supervision of the Committee on Rules. Activation of the committees of the Senate is under the jurisdiction of the Committee on Rules and Legislative Expense.

Committee on Ethics

The Senate provided \$500 and the House \$200 from legislative expense appropriations to their Committees on Ethics, to be available until convening of the next regular session of the Legislature.

State Ceremonial Building

The Legislature authorized the acceptance from a private donor of a State Ceremonial Building (Governor's Mansion). The law provides that such building shall be used for official ceremonial functions of the State and that living quarters may be incidentally provided in the building for the Governor. The benefits to the Governor are not to be construed as "an emolument of the office of the Governor under Article 4, Section 9 of the State Constitution." (Chap. 684)

To "rehabilitate, decorate, and furnish; and to maintain and operate the State Ceremonial Building," the 1965 Legislature appropriated \$100,000 for fiscal 1966 and \$30,000 for fiscal 1967. (Chap. 901)

Name of Board of Tax Appeals Changed

The name of the Board of Tax Appeals was changed to the Tax Court. Compensation for each member was increased from \$25 to \$45 per day, and the compensatory

limit of 150 days in any calendar year was retained. Payment of actual and necessary expenses was continued. (Chap. 698)

Dollar Limit on Emergency Expenditures by Executive Council Increased

The Executive Council was authorized to expend up to \$2,000,000 in any one fiscal year from the General Revenue Fund to meet emergencies. The previous limitation was \$150,000 per fiscal year. In the event of a deficiency in the General Revenue Fund by reason of such expenditures, the Treasurer is authorized to temporarily borrow from other public funds in addition to any other temporary borrowing authorized by law. (Chap. 830)

Investment of Moneys of State Airports Fund

Authorization was given the Commissioner of Aeronautics to have moneys in the State Airports Fund invested by the State Board of Investments, with interest and profits credited to the State Airports Fund instead of to the General Revenue Fund. (Chap. 167)

Regulation of Businesses Engaged in the Renting or Leasing of Motor Bicycles

New legislation requires operators of businesses engaged in renting or leasing of motor bicycles to be registered with the Secretary of State, to pay a \$25 yearly license fee for each place of business, and to provide liability insurance for persons using the vehicles. The license fees are to be credited to the General Revenue Fund. The new law makes it unlawful to rent, lease, or furnish a motor bicycle to a person not duly licensed to operate such a vehicle and to a person under the age of 18 years who can not furnish and leave with the licensee a statement showing consent of such minor's parent or guardian. (Chap. 258)

Turkey Advisory Board Created

A Turkey Advisory Board was created to assist the Commissioner of Agriculture in establishing a program for research and development to promote the production and marketing of turkeys. The Advisory Board is to consist of 15 turkey producers or growers. The fees necessary to finance the proposed activity are to be paid by producers or growers on a per turkey basis. (Chap. 387)

Importation of Scandinavian Grouse Authorized

The Commissioner of Conservation was authorized to introduce Scandinavian grouse in Itasca county and other suitable areas. The taking of such grouse was prohibited.

The sum of \$10,000 was provided for the 1965-67 period out of Game and Fish Funds. (Chap. 275)

C. SEMI-STATE ACTIVITIES

Semi-State activities, including such operations as the Historical Society, Minnesota Soldiers Home, and the Horticultural Society, comprise a relatively small fraction of the total appropriations authorized—about one-fourth of one percent for the 1965-67 fiscal period.

Table 14
SEMI-STATE ACTIVITIES
COMPARISON OF APPROPRIATIONS
1963 AND 1965

	1963	1965	(Decrease)	
	Legislature	Legislature	Amount	Percent
Semi-State Activities Appropriations	\$2,669,760	\$2,357,085	\$(312,675)	(11.71)

In comparing the total appropriations made by the 1963 and 1965 Legislatures, two changes are particularly noteworthy.

The 1965 Legislature provided for the payment of bounties for fox, wolf, and lynx or bobcat, in the amount of \$150,000 each year, and for the payment of bear bounties in the amount of \$500 each year. The Governor exercised his line-item veto power by striking both of these items.

The 1965-67 appropriations were further reduced by a modification in the formula for computing federal reimbursement for care of veterans in the Minnesota Soldiers Home. This increased the federal participation and reduced the State's appropriation liability, and actually increased the total sum available to the Home.

New Positions Added

A total of 14.83 full-time-equivalent new positions was requested by the various agencies, at an estimated biennial cost of \$134,333.

The Governor's Budget recommended 5 full-time positions at an estimated cost of \$49,565.

The 1965 Legislature allowed 4.5 full-time-equivalent new positions with biennial salaries totaling \$42,202.

	Number New Positions	Cost
Requested by Departments	14.83	\$134,333
Recommended by Governor	5.	49,565
Allowed by Legislature	4.5	42,202

Semi-State Appropriation Increases

Principal increases in Semi-State appropriations are reported below:

	1963 Session	1965 Session	Increase
Minnesota Historical Society	\$683,675	\$733,310	\$49,635
Minnesota-Wisconsin Boundary Commission		25,000	25,000
Special Aid to Cities	330,000	340,000	10,000
Interstate Cooperation Commission, Council of State Governments, and Uniform Laws Commission	37,100	41,700	4,600
Minnesota State Arts Council		10,000	10,000

A detailed listing of the appropriations contained in the Semi-State Activities Bill is presented in Appendix Table A.

Archeology, Historic Sites and Fort Snelling

The Natural Resources and Recreation Appropriation Bill (Chap. 810) appropriated \$457,204 to the Minnesota Historical Society for the following specific purposes:

- (a) For Historical Archeology\$ 21,500
- (b) For acquisition and development of
Historical Sites, including \$3,000 for
purchase of the Georgetown Fort Site 235,704
- (c) For restoration of Fort Snelling 200,000

Total\$457,204

This sum is additional to the normal operating budget appropriations made to the Society in the Semi-State Activities Bill.

Minnesota-Wisconsin Boundary Area Commission Created

A Minnesota-Wisconsin Boundary Area Commission was created to study and develop recommendations for the present and future protection, use and development of boundary lands, river valleys, and waters between the two contracting states. Each party state is to appoint five commissioners who serve without compensation, but are to be reimbursed by the states which they represent, for actual and necessary expenses incurred.

In the case of Minnesota, a Legislative Advisory Committee and a Technical Advisory Committee will assist the Minnesota-Wisconsin Boundary Area Commission in the performance of its duties. (Chap. 807)

Minnesota Soldiers Home

Compensation of members of the Board of Trustees of the Home was increased from \$15 to \$25 per day—plus allowance for actual expenses incurred in attending the board meetings. (Chap. 643)

Changes in the Handling of Money and Property of the State Agricultural Society

The board of managers of the State Agricultural Society was authorized to designate one or more National or State banks as official depositories for money of the Society. The Society was empowered to purchase, sell, lease, or otherwise engage in transactions as respects real property in its own name, subject to approval by the State Executive Council. (Chap. 411)

D. WELFARE - CORRECTIONS

Welfare and Corrections appropriations for the 1965-67 biennium were increased \$24,107,338, or 16.43 percent, over comparable enactments for the 1963-65 fiscal period. These appropriations continue to approximate the same percentage of total current appropriations authorized—17.22 percent in 1963-65 as compared to 16.95 percent for 1965-67.

Table 15
WELFARE AND CORRECTIONS
COMPARISON OF APPROPRIATIONS
1963 AND 1965

	1963	1965	Increase	
	Legislature	Legislature	Amount	Percent
Welfare-Corrections Appropriations....	\$146,711,085	\$170,818,423	\$24,107,338	16.43

Principal Welfare-Correction Appropriation Changes

Major appropriation increases or decreases are reported below:

Program	Increase or (Decrease) 1965 over 1963
Mental Health Out-Patient Clinics	\$ 680,000
Care, Relief and Support of Families with Dependent Children	5,600,000 ¹
Care, Relief and Support of Aged	(9,391,000) ¹
Medical Assistance to Aged	(3,388,000) ¹
Care, Relief and Support of Blind	(418,500) ¹
Care, Relief and Support of Disabled	1,760,000 ¹
Medical Assistance to Needy	22,049,000 ²
Mental Hospitals	2,539,097
Schools and Hospitals for the Retarded	3,648,120
Day Care Centers—Mentally Retarded	270,000
Minnesota Residential Treatment Center	951,117
Foster Group Care—Corrections	108,000 ³
Psychiatric Services—Corrections	44,000 ³
Parole Loan Account—Corrections	3,000 ³
State Training School for Boys	260,801
Penal Institutions for Adults	482,481

¹ Medical portion of these programs shifted to "Medical Assistance to Needy," effective January 1, 1966.

² New Appropriation.

³ New Account, but not a new activity.

A detailed listing of the Welfare-Corrections appropriations is presented in Appendix Table A.

Mental Health Out-Patient Clinics

State support for Community Mental Health Centers was increased by \$680,000 to \$2,580,000 for the 1965-67 biennium. Twenty-two such Centers, serving 80 of the 87 counties, now receive state support—including the newest (at Mankato) which recently received an "organizational grant." The Department of Public Welfare anticipates that it will be able to establish two or three more Centers this biennium, extending the service to at least 94 percent of the State, and to expend programs in some of the existing facilities. State support for these Health Centers is generally limited to 50 percent of the total expenditures, with a further limitation of 55¢ per unit of population in the area served. In distressed counties the State may pay up to 75 percent of total costs or up to 83¢ per unit of population. Previous per capita state aid limits were 50¢ generally and 75¢ in distressed counties. (Chap. 389)

New Positions Added

A total of 1,743.42 full-time-equivalent new positions were requested by the departments at an estimated biennial cost of \$12,898,118.

The Governor's Budget recommended 868.83 new positions at an estimated cost of \$4,989,237.

The Legislature allowed 579.33 full-time-equivalent new positions at an estimated cost of \$3,417,441.

A summary—by activity—of the new positions requested, recommended and allowed follows:

Table 16
NEW POSITIONS
WELFARE-CORRECTIONS
(Estimated Biennial Costs Indicated)

	Requested		Recommended		Allowed	
	Number	Amount	Number	Amount	Number	Amount
Welfare						
Administration	23.5	\$ 366,867	8.	\$ 107,578	2.	\$ 53,640
Mental Hospitals	401.	2,832,976	143.	852,829	31.	257,721
Mentally Retarded	833.25	4,564,438	578.	2,808,519	422.	2,081,177
Special Schools and Hospitals	56.5	481,924	13.	96,432	10.	75,127
Nursing Homes	63.	320,343	16.	123,736	16.	60,944
Corrections						
Administration	79.84	1,039,683	31.33	228,552	18.33	143,496
Juvenile	113.	1,215,040	39.	255,702	44.	328,676
Adult	89.33	1,065,433	14.	217,569	15.	179,480
Minnesota Residential Treatment Center	84.	1,011,414	26.5	298,320	21.	237,180
Total	1,743.42	\$12,898,118	868.83	\$4,989,237	579.33	\$3,417,441

Aid to Families with Dependent Children

State appropriations for the care, relief, and support of families with dependent children were increased by \$5,600,000—from \$15,000,000 in 1963-65 to \$20,600,000 for 1965-67.

Higher state costs are the result of higher maintenance costs and an increased caseload despite the anticipated transfer on January 1, 1966, of practically all of the recipients' medical requirements to the new program, "Medical Assistance to the Needy."

The AFDC caseload continues to rise more rapidly than the rate of increase in population. In June, 1957 the number of children receiving ADC was 18 out of each 1,000 under 18 years of age. The number reached 23 in June, 1962; 25 in June, 1963; 27 in June, 1964, and an estimated 29 in June, 1965. The Department of Public Welfare anticipates that the upward trend will continue, with the load reaching 33 by June, 1967. By that time, the family caseload is expected to reach 16,295 involving 49,300 children.

Average monthly grants are expected to increase at a rate of 7.3 percent per year during the coming biennium—largely due to revised budget standards adopted on January 1, 1966. The new standards will reflect higher food costs, allowances for which the Department states have not been increased since 1957. The Department anticipates that the over-all average increase will approximate \$1.50 per person per month during the coming biennium. The Department also estimates that the total average grant per family, including the medical needs to be paid for under the new program, will reach \$220 per month in fiscal 1967.

A breakdown of the gross program costs for the 1963-65 and 1965-67 fiscal periods, as prepared by the Department of Public Welfare, follows:

Table 17

AID TO FAMILIES WITH DEPENDENT CHILDREN

Grants in Aid	Estimates		Increase
	1963-65	1965-67	
Federal Share	\$22,307,000	\$30,697,000	\$ 8,390,000
County Share	15,888,000	20,917,000	5,029,000
State Share	15,894,000	20,917,000	5,023,000
Total Grants	\$54,089,000	\$72,531,000	\$18,442,000
State Appropriations			
—1st Year	\$ 7,390,000	\$10,000,000	\$ 2,610,000
—2nd Year	7,610,000	10,600,000	2,990,000
Total	\$15,000,000¹	\$20,600,000¹	\$ 5,600,000

¹ Net amount provided after adjustments for burials (additional expense) and recoveries (repayments).

Old Age Assistance

The net state appropriation covering the care, relief and support of the aged decreased \$9,391,000—from \$18,090,000 for 1963-65 to \$8,699,000 for 1965-67—largely due to the transfer, effective January 1, 1966, of the financing for virtually all of the medical needs of the Old Age Assistance recipients to the new program, "Medical Assistance to the Needy."

The Department of Public Welfare expects that the caseload will continue to diminish due to improved coverage and benefits under the Old Age Survivors Insurance (Social Security) program and private insurance programs. The average monthly caseload is estimated at 31,175 for fiscal 1966, and 30,575 for fiscal 1967. Medical cases are estimated at 17,500 each year—56.1 percent of the total caseload in 1966 and 57.2 percent in 1967.

The Department estimates that there will be a slight rise in average payments due to adoption of new budgetary standards effective January 1, 1966.

The ceiling of \$71 per month for maintenance needs was eliminated by action of the 1965 Legislature. (Chap. 582) Grants will continue to be made on the basis of need and may include foster care, homemaker service or boarding care in addition to maintenance. (There has been no ceiling on medical grants since July 1, 1945.)

A comparison of gross program costs for the 1963-65 and 1965-67 fiscal periods, as prepared by the Department of Public Welfare, follows:

Table 18
OLD AGE ASSISTANCE

Grants in Aid	Estimates		(Decrease)
	1963-65	1965-67	
Federal Share	\$51,294,000	\$35,420,000	\$(15,874,000)
County Share	21,550,000	6,532,250	(15,017,750)
State Share	18,731,000	9,175,000	(9,556,000)
Total Grants	\$91,575,000	\$51,127,250	\$(40,447,750)
State Appropriations			
—1st Year	11,990,000	5,184,000	(6,806,000)
—2nd Year	6,100,000	3,515,000	(2,585,000)
Total	\$18,090,000¹	\$ 8,699,000¹	\$(9,391,000)

¹ Net amount provided after adjustments for burials (additional expense) and recoveries (repayment from liens).

Aid to the Blind

State appropriations for the coming biennium covering the care, relief and support of the blind decreased \$418,500—from \$907,000 for the 1963-65 period to \$488,500 for the 1965-67 biennium. This decrease reflects the shift in the financing of medical costs on January 1, 1966, to the new program, "Medical Assistance to the Needy."

While some of the Aid to the Blind cases were transferred to the Medical Assistance to the Aged program, others remain dependent on the AB Program for their maintenance needs. Based upon immediate past experience, an increase averaging two cases per month is projected in the caseload, bringing the total to 1,085 in fiscal 1966 and 1,109 in fiscal 1967.

A slight increase is anticipated in the average maintenance grant under the new budgetary standards effective January 1, 1966. However, a reduction is expected in the total grant since medical needs will be met by the "Medical Assistance to the Needy" program.

A comparison of gross program costs for the 1963-65 and 1965-67 fiscal periods, as prepared by the Department of Public Welfare, follows:

Table 19
AID TO BLIND

Grants in Aid	Estimates		Increase or (Decrease)
	1963-65	1965-67	
Federal Share	\$1,210,400	\$1,284,000	\$ 73,600
County Share	905,800	490,500	(415,300)
State Share	905,800	490,500	(415,300)
Total Grants	\$3,022,000	\$2,265,000	\$(757,000)
State Appropriations			
—1st Year	\$ 438,000	\$ 312,500	\$(125,500)
—2nd Year	469,000	176,000	(293,000)
Total	\$ 907,000¹	\$ 488,500¹	\$(418,500)

¹ Net amount provided after adjustments for burials (additional expense) and recoveries.

Self-Support Plan in Aid to Blind

The Self-Support Plan in Aid to the Blind enacted by the 1963 Legislature was liberalized to permit the State, in determining need, to disregard for a period of 36 months (previously 12 months) certain unearned income such as social security or retirement benefits. This change conforms Minnesota provisions to those of the federal government.

The law continues the exemption of the first \$85 monthly earned income plus one-half of the excess above \$85.

Only a limited number of AB recipients have availed themselves of the self-support plan. It is the hope of the Department of Public Welfare that the extended period may induce or allow more persons to avail themselves of this program and thereby achieve full self-support. (Chap. 292)

Aid to the Disabled

State appropriations for the care, relief and support of the disabled increased \$1,760,000, or 275.4 percent, despite the fact that most of the major medical needs of the recipients will be met by the new program "Medical Assistance to the Needy," effective January 1, 1966. State funds were increased from \$639,000 for 1963-65 to \$2,399,000 for 1965-67.

Amendment and liberalization of various provisions in the AD program had a direct bearing on the projections of both the caseload and average monthly grants.

The previous maximum of \$70 per month was removed by the 1965 Legislature, thus making the determination of grants solely on the basis of need. (Chap. 478)

To qualify for aid a person must be found by medical authority to be totally and permanently disabled, but he no longer need be "unable to maintain himself without the assistance of some other person." The age limit of 65 years was removed. Eligibility continues to start at age 18. (Chap. 479)

The permissible equity in a recipient's home was increased from \$7,500 to \$10,000. (Chap. 477)

In projecting the caseload, the Department of Public Welfare initially contemplated an increase of approximately 32 per month during the coming biennium—30 requiring

maintenance grants plus the possibility of some medical needs, and two requiring medical grants only.

With the liberalization outlined above, the Department raised its estimate of increase to approximately 150 per month, projecting a caseload of 5,461 in fiscal 1966 and 7,239 in fiscal 1967—in contrast to the caseload of 3,671 for fiscal year 1965. The Department further anticipates that up to 500 cases having medical needs only—from both the present caseload and from the new cases anticipated—will be transferred to the "Medical Assistance to the Needy" program.

The Department originally estimated that the average monthly maintenance grant would be \$62.02 in fiscal 1966 and \$62.66 in fiscal 1967. With removal of the ceiling, these estimates were increased to \$100 in fiscal 1966 and \$102 in fiscal 1967.

A comparison of gross program costs for the 1963-65 and 1965-67 fiscal periods, as prepared by the Department of Public Welfare, follows:

Table 20
AID TO THE DISABLED

Grants in Aid	Estimates		Increase
	1963-65	1965-67	
Federal Share	\$3,483,800	\$ 6,986,000	\$3,502,200
County Share	691,100	2,398,000	1,706,900
State Share	691,100	2,402,000	1,710,900
Total Grants	\$4,866,000	\$11,786,000	\$6,920,000
Net State Appropriation			
—1st Year	\$ 311,000	\$ 1,271,500	\$ 960,500
—2nd Year	328,000	1,127,500	799,500
Total	\$ 639,000¹	\$ 2,399,000¹	\$1,760,000

¹ Net amount provided after adjustments for burials (additional expense) and recoveries (repayments).

Medical Assistance to the Aged

A state appropriation of \$4,262,000 for Medical Assistance to the Aged was provided in the Omnibus Welfare-Corrections Bill for continuation of the program from July 1 to December 31, 1965, after which, it was anticipated federal legislation with respect to the Medicare Program would become operative.

Medical Assistance to the Needy

New enabling legislation (Chapter 755) providing for participation in the federal Medicare Program creates a fund out of which *all* medical care costs will be paid to persons qualifying for any of the categorical aid programs, including Medical Assistance to the Aged. Under the new program federal participation in medical care costs will be increased. The Department of Public Welfare anticipates that the federal share will approximate 60 percent, with the State and counties sharing the balance. Federal funds for administrative purposes will be distributed to the State and counties in the same proportion as the aid expenditures.

A comparison of the projected gross program costs, covering both the Medical Assistance to the Aged and Medical Assistance to the Needy programs for the 1963-65 and

1965-67 periods, as prepared by the Department of Public Welfare, follows:

Table 21
MEDICAL ASSISTANCE TO THE AGED
and
MEDICAL ASSISTANCE TO THE NEEDY

	Estimates		Increase
	MAA 1963-65	MAA & MAN 1965-67	
Grants in Aid			
Federal Share	\$19,830,000	\$ 74,257,000	\$54,427,000
County Share	7,910,000	26,307,000	18,397,000
State Share	7,910,000	26,311,000	18,401,000
Total Grants	\$35,650,000	\$126,875,000	\$91,225,000
	Enacted		
	MAA 1963-65	MAA & MAN 1965-67	Increase
State Appropriations			
—1st Year			
(Aged) July-Dec. '65 ..		4,262,000	
(Needy) Jan.-June '66 ..		7,680,000	
—2nd Year			
(Aged)	7,650,000 ¹		
(Needy)		14,369,000	
Total	\$ 7,650,000	\$ 26,311,000	\$18,661,000

¹ Enacted appropriation \$260,000 less than departmental estimate.

Patients in Mental or TB Hospitals Eligible for Categorical Assistance

The prohibition in the present Categorical Aid laws against receipt of assistance while in a mental hospital or TB sanatorium was removed in anticipation of a change in the federal law permitting such payment. (Chap. 799)

Exemption of Earnings under Federal Economic Opportunity Act

Any person receiving categorical assistance or general relief who is also receiving payments under Title I or Title II of the Federal Economic Opportunity Act is entitled to have earnings of \$85 per month, plus one-half of the excess over \$85, exempt in determining his need. The law also provides that any grant made to any family under Title III of the Economic Opportunity Act shall not be regarded as income or resources of such family in determining the need of any member thereof under any of the public assistance programs. (Chap. 750)

Mental Hospitals

Appropriations covering operations of the State's seven mental hospitals¹ increased \$2,539,097, or 6.6 percent—from \$38,321,560 in the 1963-65 biennium to \$40,860,657 for the current two-year period.

Thirty-one new positions were provided at an estimated biennial cost of \$257,721. This increase is offset, in part, by the transfer of eight Laundry Worker positions from one of the Mental Hospitals to one of the institutions for the mentally retarded.

¹ Anoka, Fergus Falls, Hastings (including the children's unit), Moose Lake, Rochester, St. Peter (including the Security Hospital) and Willmar.

The average daily population in the mental hospitals was 6,945 for the fiscal year ended June 30, 1965. Budget requests were based on estimated populations of 6,630 for fiscal 1966 and 6,435 for fiscal 1967.

The number of mentally ill and inebriate patients in state hospitals reached a peak of 11,562 patients on September 30, 1954. Since then the patient load has dropped almost 40 percent.

"Patient turnover" has increased sharply. Between 1954 and 1965 admissions have increased 50 to 60 percent, while discharges are up 80 to 90 percent.

Schools and Hospitals for the Mentally Retarded

Appropriations covering operations of the State's five schools and hospitals for the mentally retarded increased by \$3,648,120, or 15.5 percent—from \$23,606,632 for the 1963-65 biennium to \$27,254,752 for the 1965-67 fiscal period. More than half of the appropriation increase was necessary to finance the addition of 422¹ new positions at an estimated biennial cost of \$2,081,177. These positions were allocated to the five institutions by the 1965 Legislature as follows:

Faribault State School and Hospital	200
Cambridge State School and Hospital	90
Owatonna State School	1
Brainerd State School and Hospital	131
Shakopee Home for Children	None

Generally, the additional personnel will provide a higher employee-patient staffing ratio. The Brainerd increase was required to staff an area in a new facility which was awaiting both equipment and personnel.

The average daily population in the schools and hospitals for the mentally retarded was 5,915 for the fiscal year ended June 30, 1965. Estimated populations, on which the budget requests were predicated, are 6,372 for both fiscal years 1966 and 1967.

Day Time Activity Centers for the Mentally Retarded

State support for Day Time Centers for the mentally retarded was increased from \$155,000 for the 1963-65 biennium to \$425,000 for 1965-67—an increase of \$270,000 or 174.2 percent.

At present there are 35 state-aided centers, and applications for eight more are on file. The increased appropriations are to provide for new centers and to strengthen existing facilities.

Present centers are licensed to serve 577 children:

Number of Centers	Age Group
2	Pre-school
8	Pre-school and school
8	Post-school
17	All three

¹ Does not include eight Laundry Worker positions transferred from one of the mental hospitals to one of the institutions for the mentally retarded.

Capacities of the present centers are:

<u>Number of Centers</u>	<u>Capacity</u>
6	Up to 9 children
19	10 - 19
5	20 - 29
3	30 - 39
2	40 - 69

Purposes of the centers, as expressed by the Department of Welfare, are:

1. To offer a developmental program for the individual child.
2. To facilitate adjustment in the family and community.
3. To offer counseling and case finding, with emphasis on discovery and management of remedial conditions.
4. To integrate agency services for the retarded so that the continuum of appropriate services is available at all stages in life.
5. To re-evaluate and to make long-range diagnostic studies of the individual.
6. To free parents from constant care of the retarded, so that they may allocate more time to other family needs.

Per capita costs, based on a 10-month year, were \$789 in 1964. The tentative allocation for the current fiscal year is \$646 per child. The reduction results from an increase in size of some of the centers. State support is limited, by law, to 50 percent of all operating costs.

Local Support Authorized for Activity Centers for the Mentally Retarded

Authority was given to cities, towns, villages, or counties to establish and operate daytime activity centers for the mentally retarded, and to levy special taxes in excess of any statutory or charter limitations. Such levy may not exceed one mill, except that in counties containing cities of the first class the levy is limited to 1/10th of a mill. (Chap. 480)

Use of Children's Building at Glen Lake for Project Program for Mentally Retarded

An appropriation of \$40,000 was made to the Commissioner of Administration for rehabilitating the children's building at Glen Lake Sanatorium and Oak Terrace Nursing Home. Upon completion, this building may be leased to school districts situated in the metropolitan area of Minneapolis and St. Paul for the establishment of a project program for research and demonstration into the feasibility of a mentally retarded day school. (Chap. 769)

The Department of Public Welfare indicates that such a project has been started for use by 36 school districts in the Twin Cities metropolitan area as a joint day school venture for the training of mentally retarded adolescents not amenable to improvement in the usual special programs

in local schools. It is estimated that 100 mentally retarded adolescents will be accommodated in the first year.

Feasibility of Demonstration Project to be Studied

Appropriate committees of the Senate and House were directed to study the feasibility of establishing a demonstration project for intensive treatment in training, habilitating and rehabilitating the severely retarded at the facility now located at Lake Owasso, and to report to the 1967 Legislature. (Chap. 886)

Facilities for Mentally Retarded or Mentally Ill

The Commissioner of Public Welfare was authorized to accept funds under the Federal Mental Retardation Facilities and Community Mental Health Centers Construction Act of 1963 (P.L. 88-164). Such funds are to be used to administer a statewide plan for the construction, equipment, maintenance, and operation of facilities for care, treatment, diagnosis, or rehabilitation of the mentally retarded or mentally ill. (Chap. 626)

Relatives' Responsibility Increased

Liability of responsible relatives of mentally retarded or epileptic patients in state institutions was increased from \$10 per month to 10 percent of the actual cost of care. (Chap. 886)

PKU Test Required

A new law requires that newly born infants be tested for phenylketonuria (PKU) and other inborn errors of metabolism causing mental retardation. Exception is made where parents object on religious grounds. (Chap. 205)

Special Schools and Hospitals

Appropriations covering operations of the State's three special schools and hospitals—the Braille and Sight Saving School, the School for the Deaf, and Gillette Hospital—increased \$333,942, or 6.1 percent, from \$5,430,632 in 1963-65 to \$5,764,574 for 1965-67.

Ten new positions were allowed for the School for the Deaf at a cost of \$75,127. No new positions were provided for the other two institutions.

Nursing Homes

Appropriations covering operations of the State's two nursing homes—Ah-Gwah-Ching Nursing Home and Glen Lake State Sanatorium and Oak Terrace Nursing Home—increased \$203,454, or 3 percent—from \$6,732,173 in 1963-65 to \$6,935,627 in 1965-67.

Sixteen new positions were allowed for the Ah-Gwah-Ching Nursing Home at a cost of \$60,944 for the biennium. No new positions were provided for the Glen Lake State Sanatorium and Oak Terrace Nursing Home.

Department of Corrections

Appropriations to the Department of Corrections, for operation of the State Prison, the Reformatory for Men, the Reformatory for Women, the Training School for Boys, the Home School for Girls and the four Youth Conservation Camps, increased \$1,424,314, or 9.1 percent—from \$15,670,894 for 1963-65 to \$17,095,207 for 1965-67. (A listing of the separate appropriations appears in Appendix Table A.)

Provision was made for 77.33 new positions, distributed as follows:

Administration	18.33
State Prison	3.
Reformatory for Men	7.
Reformatory for Women	5.
State Training School for Boys	22.
Home School for Girls	9.
Youth Conservation Camps	13.

The following listing shows average daily populations of the several institutions and camps operated by the Department of Corrections for the fiscal year 1965 and estimated for fiscal years 1966 and 1967.

	Actual	Budget Estimates	
	Fiscal 1965	Fiscal 1966	Fiscal 1967
State Prison	998	1,140	1,157
Reformatory for Men	790	922	926
Reformatory for Women	51	59	61
Training School for Boys	346	317	332
Home School for Girls	158	227	236
Youth Conservation Camps ...	192	220	220

Reimbursement for County Probation Services Increased

Provision was made for payment by the State, to counties of not more than 100,000 population, of 50 percent of all probation and parole service costs for wards of the Youth Conservation Commission. (Previously this reimbursement was limited to a maximum of 10¢ per resident of the county.) (Chap. 697)

Foster Group Care

A new appropriation of \$108,000 for the biennium was made for Foster Group Care—\$45,000 for fiscal 1966 and \$63,000 for fiscal 1967. (Chap. 886)

The Department of Corrections contemplates the placement of five children in each of five foster homes in the first year of the biennium, at an estimated cost of \$1,800 per

child, and an increase in 1967 to seven foster homes, with a total complement of 35.

Psychiatric Services

An initial appropriation of \$4,000 for psychiatric services, as a separate appropriation item, was made to supplement funds already available to the various institutions and camps for such purposes. (Chap. 886)

Parolee Loan Account Established

The Legislature appropriated \$3,000 to the Commissioner of Corrections to make emergency loans to persons on parole or probation for subsistence until they have found employment or made other arrangements for support of themselves and families through other public agencies. (Chap. 528)

Minnesota Residential Treatment Center

Appropriations covering operations of the Minnesota Residential Treatment Center increased \$951,117 or 32.8 percent—from \$2,897,741 in 1963-65 to \$3,848,858 for 1965-67.

This combined state facility has a reception and diagnostic center for juvenile delinquents and youthful offenders committed to the Department of Corrections, a residential treatment center for emotionally disturbed and psychotic children under jurisdiction of the Department of Public Welfare, and an Administrative Section serving both agencies.

Residential capacity of the facility is 312—64 children under the Department of Welfare and 248 youths and juveniles under the Department of Corrections.

Average daily population of the Center for fiscal year 1965 was 189, the estimate for fiscal year 1966 is 179 and for 1967 is 183.

Twenty-one new positions were allowed by the 1965 Legislature (4 for Administration and 17 for Corrections) at a biennial cost of \$237,180.

Total 1965-67 approved complements for the Center are:

Administration	68
Corrections	130
Welfare	75
Total	273

E. EDUCATION

Appropriations for education for 1965-67 increased \$90,818,384 to \$546,816,570. This was 19.92 percent more than comparable appropriations made by the 1963 Legislature.

Education appropriations amount to 54.27 percent of the total (\$1,007,561,260) of direct and open appropriations.

Table 22
EDUCATION
COMPARISON OF APPROPRIATIONS
1963 AND 1965

	1963 Legislature	1965 Legislature	Increase	
			Amount	Percent
Education Appropriations	\$455,998,186	\$546,816,570	\$90,818,384	19.92

New Positions

A total of 2,279.33 full-time-equivalent new positions were requested at an estimated biennial cost of \$30,597,506. The Governor's Budget recommended 1,639.11 positions at an estimated cost of \$19,570,586. The Legislature allowed 1,625.45 positions at a cost of \$19,255,473.

Education Appropriation Increases

The principal increases are:

	1963 Legislature	1965 Legislature	Increase
Aid to Schools	\$306,094,000	\$360,648,000	\$54,554,000
Aid to Handicapped Children .....	.....	860,000	860,000
\$10 Census Aid	16,900,000	17,400,000	500,000
Endowment Apportionment ..	17,250,000	18,250,000	1,000,000
State Junior College Board ..	4,038,365 ¹	7,359,634	3,321,269
State College Board	19,066,316	26,722,199	7,655,883
University of Minnesota	82,463,238	103,248,484	20,785,246
Valuation Lag, Iron Range School Districts ² .....	.....	1,500,000	1,500,000

¹ Designated as "Aid to Junior Colleges."
² New appropriation.

A detailed listing of the appropriations for education is reported in Appendix Table A.

DEPARTMENT OF EDUCATION

Direct appropriations to the Department of Education increased \$350,687, or 6.7 percent—from \$5,252,617 in the 1963 Session to \$5,603,304 in the 1965 Session. A comparison of the appropriations follows:

	1963 Legislature	1965 Legislature	Increase or (Decrease)
Salaries	\$1,702,467	\$1,884,565	\$182,098
Supplies and Expense	274,116	291,802	17,686
Organization and Management			
Study of the Department .....	.....	25,000	25,000
Vocational Training of			
Disabled Persons	1,699,034	1,801,437	102,403
Scholarships—Indian Students	40,000	50,000	10,000
Community Lunch Program	900,000	950,000	50,000
Aid to Public Libraries	375,000	400,000	25,000
Experimental Laboratory			
Program	195,000	195,000	.....
Manpower Development and			
Training ¹ .....	.....	5,500	5,500
Research	60,000	.. ² ..	(60,000)
Liaison Committee	7,000	.. ³ ..	(7,000)
Total	\$5,252,617	\$5,603,304	\$350,687

¹ New activity.
² Included in Salaries, and Supplies and Expense items above.
³ Replaced by Minnesota Liaison and Facilities Commission for Higher Education.

New Positions

The Department of Education requested 18 new positions at an estimated biennial cost of \$253,354. The Governor's Budget recommended 13 at a cost of \$176,316. The Legislature provided for 9 new positions at an estimated cost of \$146,402.

Organization and Management Study of the Department

\$25,000 was made available to the Department of Administration to contract for a study and evaluation of the

functions, responsibilities and organization of the Department of Education, with a report to be made to the Legislature and the Department of Education by December 1, 1966.

State Aids to Elementary and Secondary Schools

Appropriations for various state aids to schools total over \$401,000,000 for the current biennium.

The major item in this category was the \$360,648,000 provided in the "Aid to Schools" appropriation. This was the largest single appropriation enacted by the Legislature, and was up \$54,550,000, or 17.8 percent, from the 1963-65 level of \$306,094,000. The "Aid to Schools" appropriation included:

\$306,475,837 for "Foundation" aids, (Item 1, Table 23.)

\$400,000 for "County Equalization" aid. (Item 2, Table 23.)

\$1,400,000 for "Emergency" aid. (Item 3, Table 23.)

\$32,692,163 for "Transportation" aids. (Item 4, Table 23.)

\$10,580,000 for aid to "Special Classes for Handicapped Children." (Item 5, Table 23.)

\$9,100,000 for "Vocational" aid. (Item 6, Table 23.)

Other components of the school aid grand total were:

\$17,400,000 for "Census Aid" (\$10 multiplied by the number of school children between the ages of 6 through 16 in each district). (Item 7, Table 23.)

\$18,250,000 for "Endowment School Apportionment" (earnings of the permanent school trust fund distributed semi-annually on the basis of pupil units between the ages of 5 through 21 in average daily attendance during the previous school year). (Item 8, Table 23.)

✓ \$860,000 as supplemental appropriation to "Special Classes for Handicapped Children," to increase the State's share of salaries of professional personnel from \$3,600 to \$4,000 per employee per normal school year. (Item 9, Table 23.)

In its tentative allocation of the \$397,158,000 in school aids which are distributed statewide (Table 23), the Department of Education estimated there would be 898,000 pupil units in the 1965-66 school year and 914,000 pupil units in 1966-67.

Special aids to specific districts, totaling \$4,200,500 (see tabulation of "Special Educational Aids" following Table 23) increase the grand total to \$401,358,500.

Table 23
AID TO SCHOOL APPORTIONMENT
TENTATIVE ALLOCATION

ITEM	1965-66	1966-67
1. Foundation Program Aid—excludes Census Aid and Apportionment	\$149,912,720	\$156,563,117
2. County Equalization Aid	200,000	200,000
3. Emergency Aid	700,000	700,000
4. Transportation Aid	15,844,280	16,847,883
(a) Independent	\$13,978,510	\$14,978,516
(b) Isolated	26,172	
(c) Crippled	713,104	827,200
(d) Secondary	1,074,399	1,042,167
(e) Closed	52,095	
5. Special Classes for Handicapped Children	4,981,000	5,599,000
(a) Speech Correction	600,000	672,000
(b) Mentally Retarded		
Educable	2,100,000	2,310,000
Trainable	251,000	323,000
(c) Orthopedically Handicapped	340,000	376,000
(d) Hearing Impaired	200,000	236,000
(e) Visually Impaired	128,000	148,000
(f) Special Learning Disabilities	250,000	300,000
(g) Home and Hospital	452,000	484,000
(h) Other Essential Personnel	590,000	670,000
(i) Summer Programs	70,000	80,000
6. Vocational Aid	4,350,000	4,750,000
Total "Aid to Schools" Appropriation	\$175,988,000	\$184,660,000
7. Income Tax School Aid (\$10 Per Pupil)	8,650,000	8,750,000
8. Endowment School Apportionment	9,000,000	9,250,000
Total	\$193,638,000	\$202,660,000
9. Supplemental Appropriation— Handicapped Children (L '65, C 870)	404,000	456,000
GRAND TOTAL	\$194,042,000	\$203,116,000

Special Educational Aids

State funds in the aggregate amount of \$4,200,500 also are provided to certain school districts, under specific statutory authority, as follows:

	Biennial Total
Gross Learnings Aid (M.S. 124.28)	\$3,100,000
Exempt Land Special School Aid (M.S. 124.30)	750,000
To Certain School Districts (M.S. 360.133)	240,000
Common School Districts (M.S. 124.31)	100,000
Independent School Dist. No. 16 (M.S. 360.135)	10,500 ¹
Total	\$4,200,500

¹ General Revenue Fund obligation only. An additional \$9,750 annually provided from State Airports Fund.

Foundation Aid Formulas

The amount of "Foundation" aid payable to a school district is determined by application of one or the other of two aid distribution formulas to its average daily attendance (ADA) of "pupil units." (A kindergarten pupil on approved half-day sessions is counted as 1/2 unit, an elementary pupil as 1 unit, a pupil in grades 7 through 12 in secondary schools as 1 1/2 units.)

Both formulas take into account local effort in support of schools, expressed in terms of the mill rate levied against property. School mill rates so determined are not necessarily identical with the rates appearing on property owners' tax statements; they are arrived at by relating the dollar amount of the school levy to "current adjusted assessed valuations" as determined by a state Equalization Aid Review Committee. Purpose of this is to overcome variances in local assessment practices in arriving at an equitable distribution of aids.

Formula A provides \$321 for fiscal 1966 and \$324 for fiscal 1967 for each resident elementary, secondary, and area vocational-technical pupil unit in average daily attendance, with the total so arrived at reduced by the amount that would be produced by a tax levy of 19 mills on the current adjusted assessed valuation of the district as established by the Equalization Aid Review Committee. The \$10 census aid and the apportionment aid from the Endowment School Fund are included in the sums provided under *Formula A*. (A district which receives gross earnings aid or special aid because of a major airport within its boundaries must include the taxable value of the exempt property in its adjusted valuation.)

Formula B provides for the payment of \$97 for fiscal 1966 and \$98 for fiscal 1967 per pupil unit in average daily attendance for each resident elementary, secondary, and area vocational-technical school pupil plus the \$10 census aid. The \$97 and \$98 payments include the amount payable as apportionment from the Endowment School fund.

The Foundation Aid Program provides that the maximum aid shall equal the amount payable under whichever formula provides more money.

Foundation Aid (Based on Pupil Units in Average Daily Attendance)	1965	1966	1967
<i>Formula A</i>	\$315	\$321	\$324
Mill Rate	19	19	19
<i>Formula B</i>	\$ 95	\$ 97	\$ 98
	(Plus \$10 Census Aid)		

The Foundation Aid Program includes actual debt redemption costs in addition to maintenance costs in computing per pupil unit costs under *Formula A*. If a district's per pupil unit cost for debt redemption and maintenance is less than \$321 in 1966 (\$324 in 1967), the aid is reduced by deducting the difference between such figure and the district's per pupil unit cost multiplied by the number of pupil units in average daily attendance. Under this provision, the aid payable under *Formula B* could be reduced or, conceivably, eliminated completely.

If a school district does not levy 19 mills, the aid payable under either *Formula A* or *B* is reduced by the amount of the current adjusted assessed valuation, multiplied by the number of mills the local effort is less than the required 19 mills. *Formula B* aid, however, is not reduced below \$90.

Transportation Aid and Rates

Transportation Aid represents a very substantial—and ever growing—portion of the total State Aid appropriation. The State Department of Education estimates that Transportation Aid will total \$32,692,163 for the current biennium—up more than 11 percent from the \$28,856,552 calculated for 1963-65. (See Table 23 for a fiscal year breakdown.)

Limits of annual transportation reimbursement aid are:

Classification of Districts	Limits
Independent	\$60 per pupil, not to exceed 80 percent of total cost, including depreciation. (Rate unchanged.)
Districts providing transportation for crippled children	\$225 for transportation of crippled children and those mentally retarded. (Rate unchanged.)
Secondary	(See below.)

Transportation reimbursement for secondary schools was increased to \$60 per pupil per year not to exceed 80 percent of the total cost including actual depreciation (increased from \$48). The limit on county reimbursement to secondary school districts was reduced from 150 percent to 120 percent of the amount of state aid.

The payment for 1965 transportation, to be made in fiscal year 1966, will be in accordance with this revision.

Provisions for transportation aid allotments to isolated and closed schools were repealed by the 1965 Legislature. (Chap. 805). However, since the reimbursement is based on the prior year's transportation, payment will be made in fiscal year 1966 as indicated in Table 23.

Test of Private School Right to Public Bus Transportation Instituted

The Legislature authorized Stearns County Common School District No. 1923 to levy taxes to provide for bus transportation for pupils attending privately maintained schools. (More than 75 percent of the resident elementary and secondary school pupils in the district attend such schools.) The law was enacted to permit a court test of its constitutionality, and two legal actions challenging the enactment have been instituted. (Chap. 857)

Aids and Tuition Charges for Students Attending Model or Laboratory Schools

Payment to local school districts of state aids on behalf of resident pupils attending a model or laboratory school conducted by a state college or the University of Minnesota was authorized.

Aid to Public Libraries Increased

The appropriation for library service to rural areas of the State was increased from \$375,000 for 1963-65 to \$400,000 for 1965-67—up \$25,000.

The bulk of the appropriation is for financial assistance to libraries serving 20,000 or more persons (or fewer than 20,000 persons with the approval of the Commissioner of Education) and for the operation of which local funds are provided by a tax levy of at least one mill on the assessed valuation of the taxable property in the area served by the library.

Not to exceed 10 percent of the appropriation each year may be expended for administration and for providing direct library service.

Maximum Effort School Loan Law

The 1965 Legislature authorized issuance of an additional \$10,400,000 of state school loan bonds to provide funds to the School Loan Committee to make debt service loans, and capital loans for new construction. (Chap. 875) Previous authorizations total \$25,800,000.

The new legislation limits debt service loans to 1 percent of the district's net debt as defined by statute, *plus* the

amount of all previous state loans. The previous limit was 3 percent of net debt only.

Any school district applying for a loan (debt service or capital) under the provisions of Chapter 875 must make a debt service levy of not less than 5.5 mills (previously 4.1 mills) based on the correct "full and true value" of all taxable property in the district.

Under the amended legislation the net debt of any school district shall not exceed 10 percent of the correct full and true value of all taxable property in the district (previously 7½ percent).

Long-Term Sheltered Workshops

The sum of \$15,000 was appropriated to the State Board of Education to assist any local governmental unit or non-profit corporation in establishing or operating long-term sheltered workshop for the severely disabled. (Chap. 835)

STATE JUNIOR COLLEGES

The 1965 Legislature increased to 17 the number of authorized state junior colleges and took preliminary steps toward the establishment of more.

Junior colleges now are operating at Rochester, Austin, Worthington, Willmar, Brainerd, Fergus Falls, Thief River Falls, Ely, Virginia-Eveleth, Hibbing, in Itasca County, and in the Twin Cities metropolitan area. The latter, identified as a single institution, has two temporary campuses: Metropolitan Central in Minneapolis, and Metropolitan Centennial at Circle Pines. An authorized junior college at International Falls is not yet in operation.

Authority was given the State Junior College Board to select sites in the Twin Cities metropolitan area for the rest of the authorized but not yet established institutions.

The Board was directed to recommend to the 1967 Legislature sites for additional state colleges and to give particular attention to the Fairmont area, Redwood Falls-Sleepy Eye-Springfield area, the Pine City-Mora area, the Hastings-Wabasha area, the Owatonna-Albert Lea area and the Wadena-Park Rapids-Detroit Lakes area.

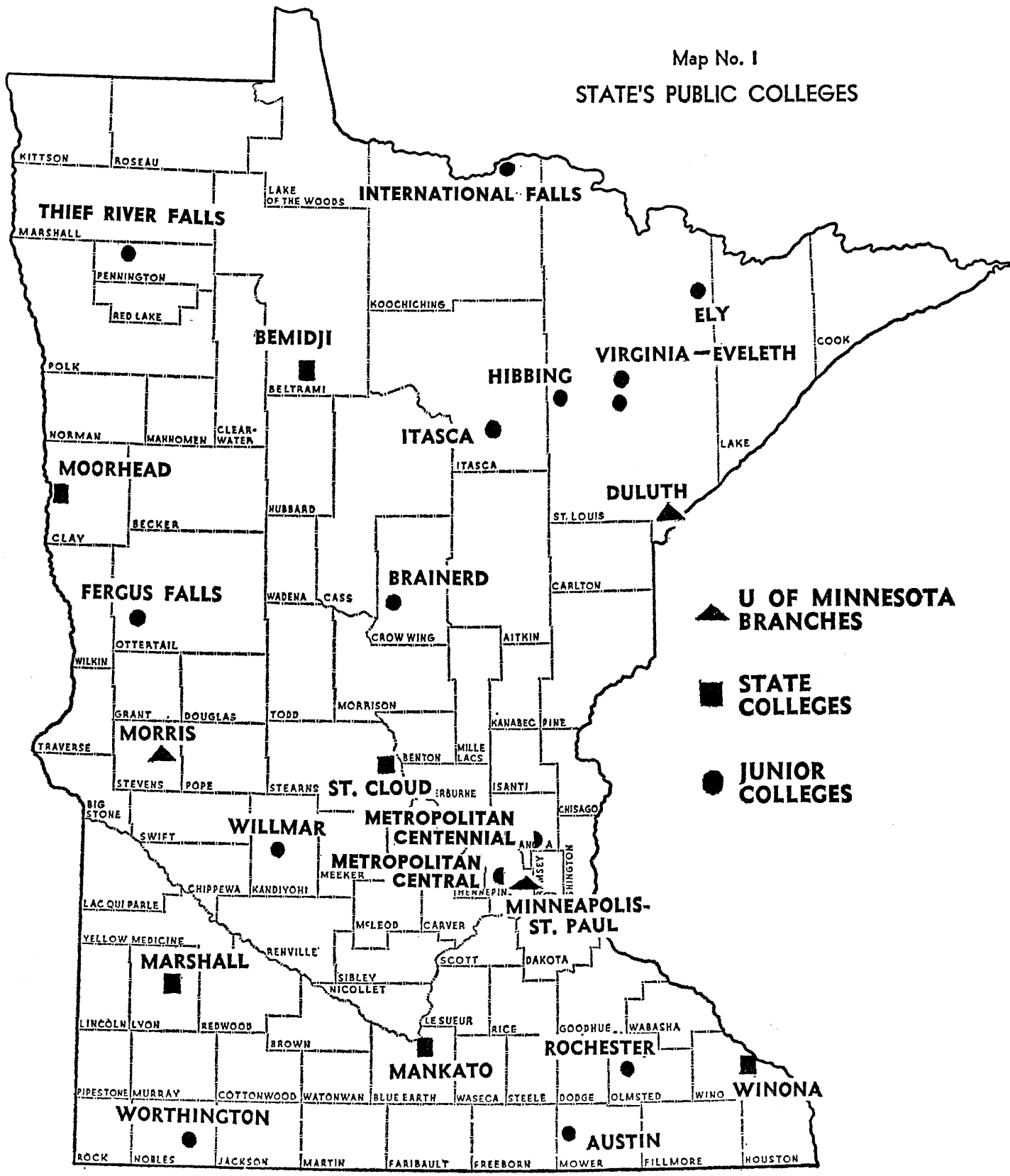
The 1965 Legislature appropriated \$7,359,634 for operation of junior colleges in the current biennium. In 1963, when 11 junior colleges were operated by various school districts throughout the State, the state appropriation was \$4,038,365. The increase was 82.2 percent.

Appropriations were based on estimated enrollments (computed on a full-time-equivalent basis using 45 credit hours per year) of 6,610 in 1965-66 and 9,825 in 1966-67.

Additional Revenue

In addition to the appropriated funds, state junior college receipts from student tuition and fees, federal payments and aids, contributions and reimbursements have been estimated at \$1,487,249 for 1965-66 and \$2,210,624 for 1966-67.

Map No. 1
STATE'S PUBLIC COLLEGES



New Positions

The State Junior College Board requested a staffing pattern requiring 316.16 new positions for the 1965-67 biennium at an estimated cost of \$3,337,597.

The Governor's Budget recommended the same number of new positions at a cost of \$3,266,168.

The appropriations provide for 325.15 new positions at an estimated cost of \$3,032,472.

A summary of the new positions requested, recommended, and allowed follows:

Table 24

ADDITIONAL STATE JUNIOR COLLEGE PERSONNEL REQUESTED, RECOMMENDED, AND ALLOWED

	Requested		Recommended		Allowed	
	No.	Amount	No.	Amount	No.	Amount
Academic	271.66	\$3,075,781	271.66	\$3,010,244	267.15	\$2,697,624
Civil Service	44.5	261,816	44.5	255,924	58.	334,848
Total	316.16	\$3,337,597	316.16	\$3,266,168	325.15	\$3,032,472

Academic Salaries

The matter of an academic salary schedule for State Junior Colleges was left to the discretion of the State Junior College Board.

Funds for salary adjustments were provided in the sum of 5 percent per year based on the steps and ranges of the salary schedule to be adopted by the Board.

A limit of \$18,000 was placed on the salary of the Executive Director of the Board.

Tuition Rates

Tuition rates for 1965-67 are the same as those enumerated in the appropriation bill for the State College Board.

The Board is authorized to increase the scheduled rates if deemed advisable.

National Defense Student Loan Program

State matching funds for the National Defense Student Loan Program were provided in the amount of \$33,050 for 1965-66 and \$49,125 for 1966-67—a biennial total of \$82,175. This is equivalent to one-ninth of the federal share. No state funds were provided for this purpose during the 1963-65 biennium.

The Program, also known as Title II of the National Defense Education Act of 1958, provides low-cost, long-term loans to college students. Federal grants are made to individual colleges upon application to the U.S. Office of Education.

STATE COLLEGES

Currently, there are five State Colleges, at Bemidji, Mankato, Moorhead, St. Cloud and Winona. A sixth college, Southwest State College at Marshall, is being activated. These colleges are under the educational management of the State College Board consisting of eight directors and the Commissioner of Education.

Total appropriations to the State College Board increased \$7,655,883—from \$19,066,316 in the 1963 Session to \$26,722,199¹ in 1965.

Full-time-equivalent enrollment in the State Colleges reached new record highs—16,151 in the 1964 school year and 19,868 in 1965. Appropriations were based on estimated enrollments² of 23,166 in 1965-66 and 26,091 in 1966-67 (actual enrollments were 23,471.5 in the second week of the 1965 fall quarter).

Additional Revenue

Receipts of the State Colleges, additional to the state appropriations, have been estimated at \$7,048,374 for 1965-66 and \$7,797,530 for 1966-67. These estimates of receipts include tuition and course fees, federal payments and aids, contributions and reimbursements.

New Positions

The State College Board requested an increase of 936.72 positions for the 1965-67 biennium at an estimated cost of \$12,200,522.

The Governor's Budget recommended 493.9 new positions at a cost of \$5,484,696.

The appropriations provide for 531.3 new positions at an estimated cost of \$6,026,599.

A minimal force of academic and civil service positions was included for Southwest State College to cover preliminary planning and some equipment.

A summary of the additional new positions requested, recommended, and allowed, follows:

Table 25

ADDITIONAL STATE COLLEGE PERSONNEL REQUESTED, RECOMMENDED AND ALLOWED

	Requested		Recommended		Allowed	
	No.	Amount	No.	Amount	No.	Amount
Academic	711.72	\$10,665,662	363.9	\$4,643,712	434.3	\$5,431,965
Civil Service	225.0	1,534,860	130.0	840,984	97.0	594,634
Total	936.72	\$12,200,522	493.9	\$5,484,696	531.3	\$6,026,599

Academic Salaries

The salary schedule for positions in the State Colleges, except for administrative personnel, has groupings established by State College Board rules and regulations.

¹ Excluded as usual are the dormitory fees, bookstore revenues, athletic department receipts and other college activity funds outside the scope of the Maintenance and Equipment account.

² Enrollment based on 45 (formerly 48) credit hours per year.

Salary ranges for the usual nine-month academic year were set by the Legislature:

Group	Minimum	Maximum
I.....	\$3,000	\$14,000
II.....	7,000	12,500
III.....	6,000	10,750
IV.....	5,000	9,500
V.....	4,500	7,000

Limits of \$18,000 were set for the College Presidents and the Executive Director of the State College Board and \$15,500 for all other 12-month positions. Provision also was made for merit increases.

Tuition Rates

Tuition rates for 1965-67 were increased by the 1965 Legislature. The new rates and those being replaced are as follows:

On Campus	Per Credit Hour	
	1963-65	1965-67
Regular School Year—Resident	\$4.25	\$ 5.00
Regular School Year and Summer Session—Nonresident	6.50	8.00
Summer Session—Resident	5.50	6.50
Regular School Year and Summer Session—Graduate Resident	6.00	7.00
Regular School Year and Summer Session—Graduate Nonresident	8.50	10.00
Off Campus		
All Students—Resident or Nonresident	8.00	10.00

The quarterly \$10 student activity fee and \$5 student union fee, and the \$6 placement service registration fee were continued.

The State College Board is still authorized to exceed the scheduled rates, if deemed advisable.

National Defense Student Loan Program

State matching funds (10 percent) for the National Defense Student Loan Program were increased from \$273,890¹ for 1963-65 to \$381,656 for 1965-67.

In fiscal year 1965 the five State Colleges made 2,946 loans totaling \$1,611,776. The loans, averaging \$547.11, ranged from \$35 to \$1,650.

From the start of the program in 1959 to June 30, 1965, there have been 7,005 such loans totaling \$5,835,374. Averaging \$833.03, they ranged from \$35 to \$3,975.

Reciprocity Contracts

The State College Board was authorized to enter into reciprocal contracts with private colleges in Minnesota or contiguous states, and with public colleges or universities in contiguous states, in order to make the most provident use of such institutions. Such contracts may not exceed 2,000 credit hours in the aggregate for all the State Colleges in any one academic year. (Chap. 242)

¹Includes 1965 Deficiency Appropriation of \$10,890.83.

UNIVERSITY OF MINNESOTA

Gross appropriations to the Board of Regents for operations of the University increased \$20,935,246, or 25.4 percent—from \$82,463,238 for 1963-65 to \$103,398,484 for 1965-67.

	1963 Legislature	1965 Legislature	Increase or (Decrease)
State Funds	\$76,450,540	\$ 98,271,492	\$21,820,952
Occupation Tax and Trust Fund Earnings	6,012,698	5,126,992	(885,706)
Total	\$82,463,238	\$103,398,484	\$20,935,246

A comparative breakdown of the gross University appropriations by the 1963 and 1965 Legislatures follows:

Appropriations	1963 Legislature	1965 Legislature	Increase or (Decrease)
Maintenance and Improvements	\$63,502,050	\$ 81,300,000	\$17,797,950
Morris Collegiate Program ..	964,135	1,240,000	275,865
Liaison Committee	7,000	.....¹	(7,000)
Agricultural and Technical Institute — Crookston .....	.....	210,000	210,000
National Defense Student Loan Program .....	.....	243,776	243,776
General Hospital	9,318,656	9,706,748	388,092
Psychopathic Hospital	1,528,906	1,686,148	157,242
Child Psychiatric	593,874	646,761	52,887
Multiple Sclerosis	133,865	226,940	93,075
Rehabilitation Center	1,112,269	1,670,000	557,731
Special Appropriations	5,302,483	6,318,111	1,015,628
	82,463,238	103,248,484	20,785,246
Feasibility Study of Inter-Campus Television ...	.....	150,000	150,000
Total	\$82,463,238	\$103,398,484	\$20,935,246

¹ Responsibility now delegated to Minnesota Liaison and Facilities Commission for Higher Education, created by 1965 Legislature.

SALARIES Academic

The University requested cumulative academic salary increases of 8 percent each year of the 1965-67 biennium to cover "salary improvements and promotions." The estimated cost for all accounts except the Special Appropriation Accounts¹ was \$6,832,590 for the biennium.

The Governor's Budget Recommendations provided for 7 percent the first year and 6 percent the second year, on a cumulative basis, at an estimated cost of \$5,561,829.

The Legislature allowed for cumulative increases of 6 percent each year—at a biennial cost of \$4,805,282.

CIVIL SERVICE

Merit increases for eligible² civil service employees were requested on an estimated basis of 4 percent per year—at a cost of \$2,144,959 for all but the Special Appropriation accounts¹.

¹Included as a part of "formula" increase. For partial listing of Special Appropriation Accounts, see Page 31.

²Excludes those positions at the maximum.

The Governor's Budget Recommendations reduced this request to \$1,275,667.

Following a general policy applied to all salary appropriations, the Legislature provided for no merit or longevity increases during the first year of the biennium, and appropriated \$198,965 for the second year.

Funds also were provided to finance salary adjustments for classified positions affected by the New Salary Plan which became effective July 1, 1965. For comparable positions, the University's Civil Service Classification Plan is identical to that of the State Civil Service.

New Academic Positions¹

Exclusive of Special Appropriations projects, the University requested an increase of 612.7 academic positions at an estimated cost of \$11,498,358.

The Governor's Budget recommended 444.8 positions at a cost of \$7,607,596.

How much the Legislature appropriated for new academic positions, and how many new positions it contemplated, if any, are not set forth in the appropriation measure. Independent analysis of the over-all budget appropriation indicates that approximately \$7,300,000 was provided for about 440 new positions.

New Civil Service Positions¹

Exclusive of the Special Appropriations projects, 395.75 additional classified positions were requested at a cost of \$3,307,675.

The Governor's Budget recommended 371.25 at a cost of \$3,035,810.

The appropriation measure does not indicate how much the Legislature provided for new civil service positions or how many new positions were contemplated, if any. Independent analysis of the annual budget appropriation indicates that approximately \$2,750,000 was provided for about 320 new positions.

Tuition Rates Increased

No increase in either tuition rates or incidental fees for resident students was contemplated in the University's Budget Request. However, in an attempt to "level off" nonresident tuition rates for comparable courses, the University had anticipated an increase in tuition rates for nonresident students—but no increase in the incidental fee.

After a re-appraisal of its fiscal requirements in the light of the enacted Omnibus Education Appropriation Bill, the Board of Regents approved an increase in the fee schedule for resident students in most colleges—\$13 per quarter plus a \$7 per quarter increase in incidental fees. Incidental fees for nonresident students were also increased by \$7 per quarter, in addition to the increase in tuition as proposed in the Governor's Biennial Budget.

These adjustments will increase the resident tuition in the colleges of agriculture, forestry, education, and liberal arts, for example, from \$85 to \$98 per quarter, plus an incidental fee of \$27 per quarter. Nonresident tuition rates

¹ Full-time-equivalent.

for these same colleges will be \$280 per quarter—up \$40—plus the \$27 per quarter incidental fee.

Tuition for the technical and professional colleges will also be higher. For example, tuition and incidental fees for resident students in the colleges of dentistry, medical science, and hospital administration will be raised from \$175 to \$195 per quarter; for nonresident students, \$407 per quarter—up \$57.

University Enrollments

Collegiate enrollments are estimated for and determined at the end of the second week of the fall quarter, generally the high point of the academic year. A comparison of estimated and actual enrollments follows:

Year	University Estimate	Actual	Increase or (Decrease) from Estimate
1949-50	25,000	25,084	84
1950-51	25,100	22,080	(3,020)
1951-52	17,000	18,682	1,682
1952-53	17,000	18,806	1,806
1953-54	18,800	19,074	274
1954-55	18,800	20,399	1,599
1955-56	21,250	23,393	2,143
1956-57	21,250	25,907	4,657
1957-58	27,450	25,825	(1,625)
1958-59	29,000	26,568	(2,432)
1959-60	28,150	26,538	(1,612)
1960-61	30,050	28,277	(1,773)
1961-62	28,610	30,846	2,236
1962-63	29,344	33,616	4,272
1963-64	33,400	34,372	972
1964-65	36,400	38,403	2,003
1965-66	41,200	42,178	978
1966-67	43,700		

Special Appropriations

Special appropriations for various experiments, investigations and special research projects increased \$1,015,628—from \$5,302,483 in 1963-65 to \$6,318,111 for 1965-67.

Principal appropriation increases in this category are:

Item	1963-65	1965-67	Increase
Industrial Relations			
Education Program	\$ 90,000	\$ 97,426	\$ 7,426
Psychiatric Research	87,000	214,500	127,500
General Research	250,000	260,000	10,000
Special Education Training and Research Program	92,299	102,973	10,674
Agricultural Research —			
Rosemount	242,545	305,000	62,455
General Agricultural Research	1,270,000	1,620,000 ¹	350,000
Soybean Research	106,000	155,000	49,000
General Agricultural Extension	1,630,800	2,000,000	369,200

¹ Includes "Legume and Grass Seed Research", appropriated for separately in 1963-65 biennium.

Agricultural and Technical Institute—Crookston

A study conducted in the fall of 1963 recommended the phasing out of the secondary school program at Crookston (since public schools have expanded their programs in vocational-agriculture) and consideration of the establishment there of a college-level technical institute.

Appropriations to the Board of Regents included an

initial item of \$210,000 to further the conversion of the School of Agriculture at Crookston into such a college-level technical institute. Major emphasis is to be put on two-year technical programs in (1) Agricultural science technology; (2) Farm operations; (3) Agri-business management; (4) Accounting; (5) Marketing and merchandising; (6) Small business management; (7) Secretarial.

Estimates now contemplate 125 students in 1966-67, 250 in 1967-68, 320 in 1968-69, and 400 each year thereafter.

National Defense Student Loan Program

Provision was made for State matching funds (10 percent) for the National Defense Student Loan Program, in the amount of \$243,776.

Feasibility Study of Inter-Campus Television

A biennial appropriation of \$150,000 was made to the University for a study to determine how television can be most effectively and efficiently used in meeting educational needs—particularly on an inter-institutional basis. A report is to be made to the 1967 Legislature.

Police Academy

Development of a Police Academy by the University

was authorized, with an initial appropriation of \$39,000 to be supplemented, if possible, by federal funds. (Chap. 809)

Liaison and Facilities Commission for Higher Education Created

A new 18 member Minnesota Liaison and Facilities Commission was created as the successor to the Liaison Committee (created by legislative resolution in 1959 to coordinate and plan for the future of higher education in Minnesota) and the State Higher Education Facilities Commission (created by executive order July 1, 1965).

The Commission was directed to—

- (a) Continuously study and analyze all phases and aspects of higher education, both public and private, and develop necessary plans and programs to meet present and future needs of the people of the State in respect thereto; and
- (b) Continuously engage in long-range planning of the needs of higher education and, if necessary, cooperatively engage in such planning with neighboring states and agencies of the federal government.

In addition, the Commission was designated as the state agency to apply for, receive, accept, and disburse federal funds made available by the Higher Education Facilities Act of 1963.

The Commission was given an appropriation of \$120,000 for the biennium. (Chap. 809)

F. HIGHWAYS

Total appropriations for the Department of Highways increased by \$26,802,217 or 17.05 percent—from \$157,217,334 for 1963-65 to \$184,019,551 for 1965-67.

Anticipated expenditures for highway purposes comprise 18.26 percent of the total (\$1,007,561,260) of direct and open appropriations for the 1965-67 period.

Table 26
HIGHWAYS
COMPARISON OF APPROPRIATIONS
1963 AND 1965

	1963		1965		Increase	
	Legislature	Legislature	Amount	Percent	Amount	Percent
Highways						
Direct ¹	\$ 19,900,890	\$ 24,169,922 ²	\$ 4,269,032	21.45		
Open (Est.)	137,316,444 ³	159,849,629	22,533,185	16.41		
Total	\$157,217,334	\$184,019,551	\$26,802,217	17.05		

¹ Excludes appropriation transfers to Motor Vehicle Division (State Departments) and for Legislative Interim Commissions (State Departments).

² Includes \$20,000 for Driver Improvement Clinic.

³ Revised by Department of Highways from figure appearing in Research Bulletin No. 44, by reason of carrying forward funds not placed under contract during the 1963-65 period.

Appropriation Control

The three divisions of the Highway Department whose operations are covered by direct appropriations (Administration, Safety, and Plant and Equipment) were granted \$24,149,922 for 1965-67—up \$4,249,032 from 1963-65. (The Construction and Maintenance Divisions are financed by open appropriation authority.)

A breakdown of the appropriations by divisions follows:

Highway Department	1963	1965	Increase
	Legislature	Legislature	
Administration	\$ 4,229,511	\$ 4,286,868	\$ 57,357
Safety	10,932,655	11,956,155	1,023,500
Plant and Equipment	4,538,724	7,706,899	3,168,175
Contingent Fund	200,000	200,000	.....
Total	\$19,900,890	\$24,149,922	\$4,249,032

New Positions

For the Administrative, Safety and Plant and Equipment Divisions, the Department requested 39 new positions, at an estimated cost of \$402,838.

The Governor's Budget Recommendations allowed for 23, at a cost of \$189,422.

The 1965 Legislature provided for 10 new positions at a biennial cost of \$96,668—all assigned to the Safety Division.

State Highway Patrol Salaries

Beginning monthly salaries, effective July 1, 1965, of various positions in the Highway Patrol were established by the 1965 Legislature in Chapter 863 as follows:

<u>Classification</u>	<u>Amount</u>
Highway Safety Director	\$1,079
Chief Supervisor	959
Chief Assistant Supervisor	853
Deputy Assistant Supervisor	758
Assistant Supervisor	700
Sergeants	622
Patrol Officers	455

While on duty, each employee in above classes receives an additional \$3 per day subsistence allowance, or reimbursement of actual expenses in lieu of the \$3 payment when on special assignment or on duty away from assigned headquarters.

Automatic Salary Increases for Patrol

No change was made in the statutory provision for 4 percent cumulative salary increases for patrol officers on completion of their first, second, third, fourth, fifth, sixth, and twelfth years of employment.

County and Municipal Turnback Accounts Established

The 1965 Legislature directed that five percent of the net highway user tax distribution fund be set aside and apportioned as follows:

1. 70 percent to the trunk highway fund;
2. 21 percent to a separate account in the county state-aid highway fund to be known as the county turnback account;
3. 9 percent to a separate account in the municipal state-aid street fund to be known as the municipal turnback account.

This new legislation also directs the Commissioner of Highways to allocate federal aid secondary funds in the following manner:

1. 35 percent for expenditures on the state federal aid secondary system;
2. 65 percent for expenditure on the county federal aid secondary system.
(Chap. 672)

Driver Improvement Clinics

Establishment of publicly or privately operated Driver Improvement Clinics, under supervision of the Commissioner of Highways, was authorized.

Such Clinics may impose a reasonable fee and conduct a maximum of nine hours instruction per course. The courts may order traffic violators to attend and satisfactorily complete such a course, either in lieu of a fine or in addition thereto. Likewise, the Commissioner of Highways may require that persons whose licenses have been suspended or

revoked must attend such a course before the licenses can be reinstated.

An appropriation of \$20,000 was provided. (Chap. 711)

NON-APPROPRIATION LEGISLATION AFFECTING HIGHWAYS

New Minimum Driving Age

Effective January 1, 1967, the age at which a driver's license may be issued was raised from 16 to 18 except for those between the ages of 16 and 18 who have successfully completed a driver's education and training course. Public schools offering such courses may charge an enrollment fee which does not exceed their actual cost. Courses are open "to persons between the ages of 15 and 18 residing in the school district or attending school therein." (Chap. 795)

Studded Auto Tires

The use of metal studded automobile tires from October 15 to April 15 was authorized on a trial basis for two years beginning in 1965. (Chap. 168)

Right Turns on Red to Be Permitted

A new law provides that right turns will be permitted on a red or stop signal, after stopping, if an official sign has been erected permitting such movement. The motorist must yield right of way to pedestrians and other traffic lawfully proceeding through the intersection. (Chap. 31)

New Left Turn Law

A new law, following the language of the Uniform Vehicle Code, requires that persons intending to turn to the left within an intersection or into an alley, private road, or driveway shall yield the right of way to any vehicle approaching from the opposite direction which is within the intersection or so close thereto as to constitute an immediate hazard. (Chap. 423)

Screening of Junk Yards

Effective January 1, 1969, automobile and machinery junk yards adjacent to trunk highways must be screened by trees, shrubs or other foliage at least eight feet high at maturity. (Chap. 674)

Highway Billboard Regulation

The Legislature created a "Scenic Area Board" empowered to limit and regulate billboard and other advertising along federal interstate and state trunk highways, beginning July 1, 1966. The Board consists of the Commissioners of Highways, Business Development, and Conservation, and the Director of the Minnesota Historical Society.

Chapter 828 gives the Board authority to designate as "scenic areas" property "which shall extend at least 660 feet beyond the edge of the right of way" of interstate highways and to limit advertising devices within such areas to those approved by the Commissioner of Highways.

Chapter 862 gives the Board similar authority along state trunk highways but omits the "at least 660 feet" provision and excludes property within the boundaries of cities, villages and boroughs, or which is zoned for commercial or industrial purposes.

G. OTHER ACTIVITIES

Appropriations for all activities or purposes not otherwise identified by function in this report increased from \$4,582,221 for 1963-65 to \$9,526,386 for 1965-67. The increase was \$4,944,165 or 107.9 percent.

The principal appropriation changes or new items allowed are:

Items	1963-65	1965-67	Increase
Building Bills (Portions not financed by borrowing) ¹	\$1,059,560	\$2,318,263	\$1,258,703
Aid to Fire Departments	1,902,000	2,110,000	208,000
Employees' Life Insurance and Health Benefits ² .....	.....	1,750,000	1,750,000
Change in Retirement Base for State Employees ³ .....	.....	1,724,672	1,724,672

¹ See below.
² See pages 9 and 16.
³ See page 9.

H. STATE BUILDING PROGRAM

The 1965 Legislature enacted two building bills totaling \$57,222,234. Of this total, \$54,789,691 was authorized new borrowing and \$250,000 was appropriated from the Surplus Property Revolving Fund (Chap. 882); \$2,013,263 was appropriated from the General Revenue Fund, \$55,000 from the Building Outlay Account, and \$114,280 re-appropriated from previously authorized borrowing (Chap. 829).

The new borrowing is to be financed by the issuance of 20-year serial general obligation bonds. The State Auditor is directed to levy on all taxable property in the State, an amount sufficient to pay the principal and interest on the bonds.

Building projects provided are identified by major function and financing in Table 27:

Table 27
STATE BUILDING BILLS — 1963 AND 1965 SESSIONS

	1963 SESSION				1965 SESSION			
	New Borrowing		Reapprop. Balances	Grand Total	New Borrowing	Reapprop. Balances	Other Funds ²	Grand Total
	Re-enacted ¹	1963 Legislature						
Mental Hospitals	\$ 4,810,240	\$ 3,589,675	\$ 668,335	\$ 9,068,250	\$ 3,041,500	\$ 114,280	\$ 327,600	\$ 3,483,380
Mentally Retarded	4,808,925	2,970,000	98,500	7,877,425	1,480,000	.....	172,800	1,652,800
Special Schools and Hospitals	307,000	24,800	39,300	371,100	700,000	.....	41,500	741,500
Ah-Gwah-Ching Nursing Home ...	274,000	53,600	24,450	352,050	15,500	.....	39,900	55,400
Glen Lake State Sanatorium .....	.....	.....	.....	.....	105,000	.....	15,000	120,000
Adult Corrections	863,368	540,410	111,500	1,515,278	2,546,200	.....	148,100	2,694,300
Youth Corrections	443,500	575,000	66,200	1,084,700	40,000	.....	142,631	182,631
Minnesota Soldiers Home	817,000	130,000	12,000	959,000	60,000	.....	85,000	145,000
Junior Colleges .....	.....	.....	.....	.....	4,183,985	.....	.....	4,183,985
State Colleges	7,251,500	12,208,000	320,500	19,780,000	13,797,250	.....	684,400	14,481,650
University of Minnesota	7,500,900	12,204,700	5,000	19,710,600	15,058,984	.....	.....	15,058,984
Health Department .....	.....	.....	.....	.....	3,826,000	.....	.....	3,826,000
State Parks ³	479,000	.....	.....	479,000	.....	.....	.....	.....
Capitol Group	189,450	289,250	42,000	520,700	3,428,600	.....	661,332	4,089,932
Land Acquisition								
—for State Colleges, Department of Health (1963) and Capitol area (1965)	1,350,000	1,000,000	.....	2,350,000	1,520,000	.....	.....	1,520,000
—for University .....	.....	274,000	.....	274,000	761,672	.....	.....	761,672
To Commissioner of Administration								
—for Administration	66,500	80,000	.....	146,500	100,000	.....	.....	100,000
—for Contingencies	200,000	.....	.....	200,000	100,000	.....	.....	100,000
—for Higher Education Facilities Contingency Account .....	.....	.....	.....	.....	4,000,000	.....	.....	4,000,000
To State Auditor								
—for Bond Expense .....	.....	51,000	.....	51,000	25,000	.....	.....	25,000
To Adjutant General .....	.....	.....	59,100	59,100	.....	.....	.....	.....
Total	\$29,361,383	\$33,990,435	\$ 1,446,885	\$64,798,703	\$54,789,691	\$ 114,280	\$ 2,318,263	\$57,222,234

¹ Passed initially in 1961 Session, re-enacted in 1965 pursuant to passage of Constitutional Amendment No. 2 in 1962 General Election.
² All General Revenue Funds except \$55,000 to State College Board from Building Outlay Account and \$250,000 to Capitol Group from Surplus Property Revolving Fund.
³ State Park appropriations included in Natural Resources Bill and financed by either Natural Resources Funds or by State Parks Development Account—both current funds.

PRINCIPAL PROJECTS IN 1965 BUILDING BILLS

Mental Hospitals

Anoka State Hospital

Complete rehabilitation and equip cottage Number 6	\$ 229,000
Construct an addition, remodel and equip cottage Number 10 as a medical-surgical facility	500,000
Alter, rehabilitate and equip cottage Number 1 as a patient rehabilitation center	100,000

Hastings State Hospital

Construct and equip one wing and center section of patient ward building; construct tunnel; utility betterments	1,800,000
---	-----------

Mentally Retarded

Faribault State School and Hospital

Construct and equip a replacement dormitory building for male patients	\$1,200,000
Install vacuum pumps, replace floors with terraza, revamp ventilating systems and other structural changes	128,000

Special Schools and Hospitals

Minnesota School for the Deaf

Construct and equip boys' dormitory and raze Barron Hall	\$ 700,000
--	------------

Adult Corrections

State Reformatory for Men

Construct and equip new service building	\$1,490,000
Construct and equip new heating plant outside reformatory walls including piping	600,000

State Junior Colleges

Construct and equip seven State Junior Colleges:		
	State's Share	
	60% of	
<u>Location</u>	Total Cost	
Northwest Metropolitan Area	\$1,290,000	
Rochester	1,080,000	
Virginia-Eveleth	600,000	
Hibbing	601,985	
Fergus Falls	300,000	
Itasca	150,000	
Brainerd	162,000	

State Colleges

Bemidji

Complete and equip physical education building, including fieldhouse	\$ 970,000
--	------------

Mankato

Construct and equip classroom building, phase I, and library building, phase II	1,500,000
Streets, sidewalks, parking lots, lighting and landscape, on Highland Campus	100,000
Expand heating plant and utility systems	125,000

Moorhead

Construct and equip classroom building at a cost of not more than \$1,044,000; state's share	700,000
--	---------

Install new boiler and piping and heating plant	120,000
Construct and equip maintenance building	150,000
Equip fine arts building and purchase a computer from the University of North Dakota	133,000

St. Cloud

Construct and equip library building, phase I, at a cost of not more than \$1,200,000; state's share..	800,000
Construct and equip classroom building	825,000
Expand heating plant and utilities	250,000

Southwestern State College

Construct and equip library and instructional aids center, science and technology center, lecture center, fine arts center, and physical activities building, including utilities construction and site work at a cost of not more than \$5,000,000; state's share	4,276,250
--	-----------

Winona

Construct and equip music-speech classroom building	736,000
Rehabilitate and equip Somsen Hall	82,000
Expand heating plant and utility system	30,000

Dormitory and Food Service

State's share 25 percent of costs of dormitory and food service facilities at all state colleges. Balance from revenues	3,000,000
---	-----------

University of Minnesota

Minneapolis Campus—West Bank

Construct and equip laboratory and classroom building south of chemistry building, phase I...	\$2,440,000
Construct and equip classroom building south of highway on west bank at a cost of not more than \$1,983,000; state's share	1,322,000
Planning funds for plans and specifications for a classroom building north of highway on west bank	66,000
Construct and equip library building on west bank, phase II through phase IV, at a cost of not more than \$5,942,000; state's share	2,575,334
Purchase and convert building adjacent to west bank	360,000
Land acquisition for housing on west bank area..	189,672
Land acquisition, undesignated parcels west bank area	150,000
Total.....	\$7,103,006

Main Campus

Rehabilitate and equip existing structures; heating tunnels; sanitary sewer system; electrical distribution system (phase I); land acquisition....	\$2,230,000
--	-------------

St. Paul Campus

Construct and equip entomology, fisheries and wildlife facilities building at a cost of not more than \$2,536,250; state's share	\$1,536,250
Construct and equip animal science research laboratory facility, phase I	85,000
Construct and equip a veterinary medicine building at a cost of not more than \$1,500,000; state's share	900,000
Planning funds for construction of a horticulture science facility; sanitary sewer and water main extensions; tunnel expansion and piping; land acquisition	351,000
Total.....	\$2,872,250

Duluth

Construct and equip life science building at a total cost of not more than \$1,280,000; state's share	\$ 854,000
Construct and equip a study hall	160,000
Construct and equip student housing for 202 students; state's 25 percent share (balance from revenues)	215,000
Improve and develop space in the education building; natural gas heating facilities; elevator; utility tunnels and passageways	217,500
Total.....	\$1,446,500

Morris

Construct and equip library building, phase I, at a total cost of not more than \$525,000; state's share	\$ 350,000
Equip science and classroom building, second and third units, at a total cost of not more than \$1,250,000; state's share	830,000
Rehabilitate food service; equipment, Senior Hall, and humanities and education building; heating tunnel and piping to Junior Hall; sanitary sewer from gymnasium to Senior Hall; water mains...	300,000
Total.....	\$1,480,000

Improvements at various Schools of Agriculture and Experiment Stations\$ 688,900

Contingency Account for Higher Education Facilities

Of the \$54,789,691 in new borrowing authorized for the State Building Program, \$4,000,000 was appropriated to the Commissioner of Administration "for a higher education facilities contingency account." The Commissioner is authorized to use the money in the account to supplement appropriations to Junior Colleges, State Colleges, and the University of Minnesota "when funds from other sources are inadequate to complete the projects within the total cost authorized."

ADDITIONAL STATE BORROWING AUTHORIZED

Other borrowing authorized by the Legislature, some of it to be financed on a self-supporting basis but all of it backed by the taxing power of the State should that become necessary, totaled \$16,912,500.

Maximum Effort School Loan Fund

Borrowing of an additional \$10,400,000 for the Maximum Effort School Aid Fund was authorized by Chapter 875. For period of 10 years, state levy is to cover payment of interest only. This addition is to supplement previous authorizations totaling \$25,800,000.

New Employment Security Building

Borrowing of \$3,000,000 was authorized for a new building in St. Paul for the Department of Employment Security. This is to supplement \$500,000 anticipated from sale of the present building. It is contemplated that rents to be received from the federal government for office space in the new building will make it unnecessary to levy taxes in support of the bond issue. (Chap. 532)

State Airports

Chapter 606 authorized sale of \$2,112,500 in aeronautics bonds for various airport improvement purposes:

Item	Not more than
Key System Airports	\$1,250,000
Secondary Airport System	305,000
State Landing Strip System	255,000
Navigational Aids and Airborne Test Equipment	160,000
Purchase of Aircraft	28,000
Promotional Material (In cooperation with Department of Business Development)	8,000
Updating Flight Instructors and Mechanics ..	31,500
Hangar Construction Revolving Fund	75,000

Revenues from the aviation fuel tax, the flight property tax, and aircraft license fees are expected to be sufficient for the retirement of the bonds. In the event they are not sufficient, the State Auditor can levy taxes in support of the bond issue. (Chap. 606)

Purchase of Baudette Bridge at Rainy River

Issuance of \$1,400,000 in 20-year general obligation trunk highway bonds was authorized for purchase, from the village of Baudette, of the bridge across the Rainy River. The legislation orders that tolls are to be collected for use of the bridge to liquidate the capital costs "in a reasonable length of time." (Chap. 892)

V. RETIREMENT FUNDS

A number of changes in the laws affecting the following retirement funds were enacted in 1965:

- State Employees Retirement Fund
- Public Employees Retirement Fund
- Teachers Retirement Fund
- Highway Patrolmen's Retirement Fund
- State Police Officers' Retirement Fund

Chapters 305 and 359, applicable to all of the funds, prescribe a uniform method of investment accounting to be employed by the funds, establish a uniform method of finan-

cial reporting for the funds, and prescribe certain standards for actuarial survey and evaluation of the funds.

Changes affecting the individual funds are:

State Employees Retirement Fund

The State Employees Retirement Association is composed, generally, of employees or officers in both the classified and unclassified service of the State.

Chapter 113 broadens the investment authority of the State Investment Board for investment of retirement funds of the State Employees Retirement Association.

Chapter 861 raises the ceiling on the salary upon which deductions are based from \$4,800 to \$7,200 in a calendar year, effective July 1, 1965.

Teachers Retirement Fund

Membership in the Teachers Retirement Association consists principally of persons who have served or are serving as teachers, supervisors, principals, superintendents or librarians in the public schools located outside the cities of the first class, or in any charitable or state institution supported, in whole or in part, by public funds. Membership also is extended to like employees of the State Junior Colleges and State Colleges. Employees of the University are specifically excluded.

Chapter 821, among other changes, amends the law:

To provide that the state tax levy shall be against homestead as well as non-homestead property outside cities of the first class (which have their own teachers retirement funds).

To raise the salary limit on which deductions are made for Teachers Retirement from \$4,800 to \$7,200 per year. Deduction rates remain at 3 percent in the Coordinated System (Teachers Retirement Association and Federal Social Security Act) and 6 percent in the basic system.

To permit buy-back until July 1, 1967 on salary in excess of \$4,800 to \$7,200 for the period from July 1, 1957 to July 1, 1965.

To provide that payment into the Teachers Retirement Fund after July 1, 1965 for a leave of absence may not exceed \$432 per year in the basic system and \$216 per year in the coordinated system.

To provide that a death settlement shall include interest to date of death.

Public Employees Retirement Fund

Membership of this retirement association consists largely of elected and appointed officers and employees of governmental subdivisions. Also eligible are members of the legislature, the secretary of the Senate and chief clerk of the House, and any person appointed as a court reporter.

Provision was made for increased contributions to the Public Employees Retirement Fund by members and their employing units of government. Since July 1, 1965, the contribution rate of 6 percent is applied to the first \$6,000 of annual salary, rather than the previous \$4,800. Employ-

ing governmental units make a matching contribution plus an additional 2½ percent for the purpose of amortizing a deficit in the fund.

For those public employees who are in the Coordinated Plan (Public Employees Retirement Association and Federal Social Security Act) the employee and employer contributions to the State Retirement Association will continue at 3 percent respectively, but on \$6,000. The additional employer contribution to amortize the fund deficit continues at 2 percent through 1965 and is reduced to 1½ percent in 1966 and thereafter. (Chap. 714)

Chapter 715 provides for the restoration of the buy-back privilege which had expired as of July 1, 1961.

State Police Officers' Retirement Fund

The State Police Officers' Association is composed of state game wardens and laboratory and investigation agents of the State Bureau of Criminal Apprehension.

Under Chapter 890 the employee contribution continues at 3 percent of the salary of every member, not to exceed \$7,200 per year (previously \$4,800). Employer contributions are at 9 percent. To amortize a deficit in the fund, an additional employer contribution of 3½ percent (previously 2 percent) was provided.

New provision was made for monthly benefit payments to the surviving dependent spouse and dependent children upon the death of a member before retirement or upon the death of a retired member receiving disability benefits at the time of his death.

Highway Patrolmen's Retirement Fund

Membership of this retirement association consists solely of highway patrolmen.

Under Chapter 889 each member in active service is required to pay 7.4 percent (previously 7 percent) of his monthly salary up to \$500 (previously \$400). The State basic contribution was increased from 10.5 to 11.2 percent. An additional State contribution of 9 percent was provided to amortize an actuarial deficit.

Retirement Allowance for Legislators

The 1965 Legislature also provided for retirement allowances to retiring members of the Legislature, as well as survivor benefits for their widows and dependent children. (Chap. 896) (See Page 16)

VI. COMPARISON OF TAX LEVIES FOR STATE PURPOSES

The state tax levy of \$35,434,820.07, payable in 1966, is the highest in the State's history. The levy payable in 1967 is expected to equal or exceed this figure.

Except in Minneapolis, St. Paul and Duluth, the state tax rate payable in 1966 on non-homestead property climbed to a record 18.42 mills, and the rate on homestead property more than doubled, to an all-time high of 18.32 mills. In the three cities of the first class the tax rate rose to 9.93 mills on non-homestead and 9.83 mills on homestead property. The .10 mill tax for Soldiers Relief is the single remaining levy applied only to non-homestead property.

It is estimated that the 1966 levy will provide \$19,783,574.50 for state debt charges and \$15,651,245.57 for teachers pension. The debt charge item, for interest on and retirement of state bonds, is up nearly \$1,800,000 from 1965, and the teachers pension requirements are up more than \$3,900,000.

The 1965 Legislature amended the Teachers Retirement Fund laws to apply the supporting state mill rate against homestead as well as non-homestead property. (The first \$1,000 of taxable value of residential real estate occupied by the owner is classified as "homestead" property and has heretofore been exempt from the teachers pension portion of the state tax levy. The 1965 change, combined with the increased levy, will add a minimum of \$12.28 to the state levy portion of property taxes payable in 1966 by owners of homes with a taxable value of \$1,000 or more. This will not apply in Minneapolis, St. Paul and Duluth, which maintain their own teachers pension plans and are not subject to the state mill levy for that purpose.)

A comparison of the Certified Tax Levies for State Purposes, paid in 1964 and 1965 and payable in 1966, follows:

Description	Total Mill Rate	On Property Outside First Class Cities		On Property In First Class Cities	
		Non-Homestead	Homestead	Non-Homestead	Homestead
<u>Paid in 1964</u>					
Soldiers Relief .....	.10	.10		.10	
Teachers Retirement	8.82	8.82		.17	
State Building	7.51	7.51	7.51	7.51	7.51
Rural Credit Deficiency .....	.71	.71	.71	.71	.71
Total	17.14	17.14	8.22	8.49	8.22
<u>Paid in 1965</u>					
Soldiers Relief .....	.10	.10		.10	
Teachers Retirement	9.20	9.20		.19	
State Building	6.16	6.16	6.16	6.16	6.16
Rural Credit Deficiency .....	.68	.68	.68	.68	.68
Total	16.14	16.14	6.84	7.13	6.84
<u>Payable in 1966</u>					
Soldiers Relief .....	.10	.10		.10	
Teachers Retirement	8.73	8.73	8.73	.24	.24
State Building	9.59	9.59	9.59	9.59	9.59
Total	18.42	18.42	18.32	9.93	9.83

The yield to the state is estimated at approximately \$2,300,000 for each mill levied statewide on all real and personal property subject to tax.

VII. THE TAX PROGRAM AND LAWS

The opportunity for sound tax reform again was lost when the 1965 Legislature adjourned without taking action on any of four different bills that had been introduced. All of the bills provided for property tax reform financed by a replacement sales tax; two provided also for sharing of sales tax revenues with cities, villages and towns.

None of the tax reform bills was passed out of the House Tax Committee. After the House had passed a bill financing 1965-67 increased budget needs, principally by means of an individual income tax increase, the Governor said publicly that he would veto any sales tax measure. No action was had on the tax reform bills following the Governor's statement.

The Legislature authorized \$847.5 million of spending for the biennium for education, welfare, state departments and other general state purposes (See Table 9). Estimates furnished by the Departments of Taxation and Administration indicate that receipts from existing normal taxes¹ and re-enacted temporary taxes and surtaxes² would produce slightly over \$685.5 million—including some \$60 million representing "economic growth."

To meet the \$170,739,816 increase in his proposed \$1,022,751,054 budget, the Governor relied principally for new revenue on an \$89,100,000 increase in individual income taxes; he also asked for a 3 percent excise tax on new cars and trucks to provide \$32,000,000, a corporation income tax increase to produce \$10,100,000 and a one-time \$17,000,000 "windfall" through speed-up of corporation income tax payments, plus increased revenues from existing taxes.

Revenues from various fees, licenses and other non-tax sources were estimated to yield \$78.5 million during the 1965-67 biennium.

The Legislature provided for a speed-up of corporation income tax payments to produce an estimated one-time windfall of \$21 million, and increased income tax rates (while at the same time increasing the personal credits and not reimposing the surtaxes) to produce an estimated \$31 million—for a total of \$52 million.

The balance of about \$31½ million is expected to come from inter-fund transfers, from adjustments in opening balances, and from unspent appropriations.

The 1965 Legislature also authorized the transfer of an estimated \$99,234,502 from the Income Tax School Fund to the General Revenue Fund to finance General Revenue Fund expenditures. The transfer is to consist of an amount sufficient to meet the appropriations made to the State College Board (\$26,422,200), plus 13.1 percent of all individual,

¹ Existing normal taxes include the individual and corporate income taxes, the bank excise tax, the iron ore occupation and royalty taxes, the taconite and semi-taconite taxes, the cigarette and tobacco products tax, the liquor and beer taxes, the inheritance and gift taxes, the insurance gross premiums tax, the gross earnings taxes, the oleomargarine tax, and the deed tax.

² Temporary taxes and surtaxes include the 1.8 percent additional corporate income tax, the 1.9 percent additional bank excise tax, the 2.25 percent additional iron ore occupation tax, the 2.25 percent additional iron ore royalty tax, the 10 percent surtax on the corporate income tax, the 10 percent surtax on the bank excise tax, and the 15 percent surtax on the liquor tax.

fiduciary and corporate tax receipts, exclusive of the bank excise tax.

A complete financial analysis of the tax program as enacted will be found in Appendix Table B.

The following is a synopsis of the tax laws enacted by the 1965 Legislature, grouped by type of tax:

Income Taxes

Income tax rates on individuals, estates and trusts were increased ½ of 1 percent on the first three brackets of taxable income, and 1½ percent on the remaining brackets. The new rates are:

Taxable Income	Rate
First \$500	1.5% (formerly 1%)
Second \$500	2% (" 1½%)
Second \$1,000	3% (" 2½%)
Third \$1,000	5% (" 3½%)
Fourth \$1,000	6% (" 4½%)
Fifth \$1,000	7% (" 5½%)
Sixth and Seventh \$1,000	8% (" 6½%)
Eighth and Ninth \$1,000	9% (" 7½%)
Over \$9,000 but not over \$12,500..	10% (" 8½%)
Over \$12,500 but not over \$20,000.	11% (" 9½%)
Remainder	12% (" 10½%)

Personal credits against the tax were increased to \$19 (formerly \$10) for unmarried individuals or estates of decedents, to \$38 (formerly \$30) for married individuals or heads of households, to \$19 (formerly \$15) for dependents, to \$20 (formerly \$10) for unmarried individuals 65 years of age or older, to \$20 (formerly \$10) for unmarried blind individuals, to \$20 (formerly \$15) for each spouse for married individuals 65 years of age or older, and to \$25 (formerly \$15) for each spouse for married blind individuals. The increases in rates and personal credits were made applicable to taxable years beginning after December 31, 1964 and prior to January 1, 1968. The temporary 10 percent and 5 percent surtaxes were not reimposed. (Chap. 884.)

The temporary 1.8 percent additional income tax and the 10 percent surtax imposed on corporations other than banks were reimposed for another two years. (Chap. 884.)

A new provision requires corporations whose income tax can reasonably be expected to exceed \$1,000, to make declarations of estimated tax for the taxable year and to pay the amount of the estimated tax in four equal installments, with the first installment to be made at the time of filing the declaration and the other three installments to be made at succeeding three month intervals. (This effects the speed-up of corporation income tax payments referred to in the sixth paragraph of the summary statement above.) Applicable with respect to taxable years beginning after December 31, 1964. (Chap. 884.)

The Minnesota Income Tax Act was amended (Sec. 290.05) to exempt from state income taxation corporations, individuals, estates and trusts engaged in the business of mining or producing *other ores* the mining or production of which is subject to the occupation tax. (Before the amendment, the exemption was limited to corporations, individuals,

estates and trusts engaged in the business of mining or producing *iron ore* the mining or production of which is subject to the occupation tax.) (Chap. 596)

The Act was amended (Sec. 290.07) to provide the same tax treatment to corporate income taxpayers as is afforded to individual income taxpayers (by virtue of the concept of federal adjusted gross income), with respect to the reporting of income received under revolving credit plans. (Chap. 488)

The Act was amended (Sec. 290.07, Subd. 7) to provide the same tax treatment to corporate income taxpayers as is afforded to individual income taxpayers (by virtue of the concept of federal adjusted gross income), with respect to the taxable year in which a deduction may be taken where the taxpayer contests an asserted liability but makes a payment to provide for its satisfaction and the contest continues after the payment. Applicable to taxable years commencing after December 31, 1964. (Chap. 489)

A new section (290.0781) was added to the Act to adopt by reference the provisions of the Internal Revenue Code with respect to the tax treatment of employees' stock options and purchase plans. The old provision of the Act (Sec. 290.078) relating to the tax treatment of such options and purchase plans was repealed. Applicable to taxable years beginning after December 31, 1964. (Chap. 677)

A new section (290.079) was added to the Act to conform its provisions to those of the Internal Revenue Code, with respect to the treatment of interest paid (in the case of the buyer) and interest received (in the case of the seller) where property is sold on the installment basis and no interest is specified or, if specified, is substantially below the going interest rate. Applicable to taxable years beginning after December 31, 1964. (Chap. 645)

The Act was amended (Sec. 290.09, Subd. 3) to allow as a deduction interest payments made for the purchase of educational services under a contract which provides for payments of the purchase price in installments and in which carrying charges are separately stated but the interest charge cannot be ascertained. Applicable to taxable years beginning after December 31, 1964. (Chap. 365) (Conforms Minnesota law to the Internal Revenue Code.)

The Act was amended (Sec. 290.09, Subd. 5) to provide that losses attributable to a disaster which occurs during the period following the close of the taxable year and on or before the time prescribed for filing the income tax return for that year, if the loss occurred in an area subsequently determined by the President to warrant assistance by the Federal Government, may, at the election of the taxpayer, be deducted from gross income for the taxable year immediately preceding the taxable year in which the disaster occurred. Such election is to be made only if a similar election has been made under the provisions of the Internal Revenue Code for federal income tax purposes. An election relating to a disaster loss occurring during the first three and one half months of 1965 must be made no later than December 31, 1965. Applicable to taxable years beginning after December 31, 1963. (Chap. 802)

The Act was amended (Sec. 290.09) to provide a new investment credit provision. The amendment provides that with respect to taxable years beginning after December 31,

1963, taxpayers who are eligible for investment credit under Section 38 of the Internal Revenue Code shall be granted an additional deduction equal to such credit, in the year in which the federal credit is first allowed. If, however, a taxpayer disposes of property described in Section 38 of the Internal Revenue Code under such circumstances that under the provisions of Section 47 of the Code there is an increase in the taxpayer's federal tax liability, the amount of such increase shall be an addition to the taxpayer's Minnesota income in the year in which the property is disposed of. The amendment repealed the old provision (Sec. 290.09, Subd. 23) for additional depreciation, but provided that the basis of any property placed in service before January 1, 1964, which base was reduced in accordance with the repealed provision, shall, as of the first day of the taxpayer's first taxable year which begins after December 31, 1963, be increased by an amount equal to the reduction permitted under the repealed provision. (Chap. 341)

The Act was amended (Sec. 290.095) to provide the same tax treatment to corporate income taxpayers as is afforded to individual income taxpayers, with respect to utilization of expropriation losses in computing net operating loss, and with respect to the option of electing to have the net operating loss attributable to expropriation carried forward to each of the ten taxable years following the loss. (Chap. 402)

The Act was amended (Sec. 290.136, Subd. 9) to conform its provisions to those of the Internal Revenue Code, with respect to tax free exchanges of stock in corporate reorganizations. (Chap. 404)

The Act was amended (Sec. 290.16) to provide the same tax treatment to corporate income taxpayers as is afforded to individual income taxpayers (by virtue of the concept of federal adjusted gross income), with respect to the taxation of gain realized on the sale of depreciable personal or real property. Effective with respect to taxable years commencing after December 31, 1964. (Chap. 487)

The Act was amended (Sec. 290.21, Subd. 3) to change the total credit allowable against taxable net income for contributions or gifts made by individuals within the taxable year, from 20 percent of the taxpayer's taxable net income to 30 percent of his Minnesota gross income. The aggregate of contributions to the State of Minnesota or any of its political subdivisions for public purposes, to community chests, organizations, trusts, funds, etc. organized for religious, charitable, scientific, literary or similar purposes, and to the United States for public purposes, cannot exceed 10 percent of the taxpayer's Minnesota gross income, and the total credit for other contributions cannot exceed 20 percent of such gross income. Applicable to taxable years beginning after December 31, 1964. (Chap. 367)

The Act was amended (Sec. 290.37, Subd. 1) to provide that for the purpose of determining which individuals, executors or administrators, trustees, and guardians are required to file returns, "gross income" shall mean gross income as defined in Section 61 of the Internal Revenue Code, modified and adjusted in accordance with the provisions of the Minnesota Income Tax Act which exclude certain types of income, such as interest on government bonds, income received from property or business activities located and operated entirely outside the State, and the first \$3,000 of military pay. (Chap. 403)

The Act was amended (Sec. 290.41, Subd. 2) to require the filing of information returns where payments are made in excess of \$600 (formerly \$500) on account of rents, \$10 (formerly \$250) on account of interest, \$10 (formerly \$100) on account of dividends, and \$10 (formerly \$250) on account of earnings distributed to its members by savings, building and loan associations. (Chap. 244)

The Act was amended (Sec. 290.46) to provide that in cases where there has been an overpayment of a self-assessed liability as shown on the return filed by the taxpayer, the Commissioner of Taxation may refund such overpayment, and no demand therefor, written findings, notice by mail, or certificate for refundment shall be necessary. (Chap. 255)

The Act was amended (Sec. 290.48, Subd. 2, and Sec. 290.92, Subd. 6) to provide that *rights* to property (as well as real and personal property) of a delinquent income taxpayer or employer shall be subject to levy and sale, in proceedings to collect delinquent income taxes and income taxes withheld but not paid over by an employer. (Chap. 464)

The Act was amended (Sec. 290.50, Subd. 1) to provide that where the only basis for a refund is the carryback of a net operating loss, interest on the refund shall be computed from the end of the taxable year in which the net operating loss occurs to the date the refund is paid (instead of from the date of payment or collection of the tax). (Chap. 390)

The Act was amended (Sec. 290.53, Subd. 2) to provide that in case of failure to make and file a return, not due to wilful neglect, the applicable percentage penalties shall be applied against the amount of the tax required to be shown on the return, reduced by the amount of any part of the tax paid on or before the date prescribed for payment of the tax and by the amount of any credit against the tax which may be claimed upon the return, and that the amount of such tax together with the amount of penalty added shall bear interest at the rate of 4 percent per annum from the time the tax should have been paid until paid. Applicable to taxable years beginning after December 31, 1964. (Chap. 397) (Conforms Minnesota law to the Internal Revenue Code.)

A new section (290.70) was added to the Act to provide that any taxpayer who finds that his income tax return as originally filed is in error, may correct such error by filing an amended return. The amended return must be filed on a return form for the same year as the return that is being corrected, and the words "Amended Return" must be placed at the top of page 1 of the return. If the taxpayer is entitled to a credit or refund due to the correction, the amended return will serve as a claim for refund. (Chap. 191)

The Act was amended (Sec. 290.91) to authorize the Commissioner of Taxation, in his discretion, to destroy correspondence and documents contained in the files of the Income Tax Division which do not relate specifically to any income tax return. (Chap. 398)

The Act was amended (Sec. 290.94) to authorize the Commissioner of Taxation to extend the time within which individual income taxpayers may qualify for the 75 percent forgiveness credit against the 1961 tax, in case of sickness, absence, or disability, or if in his judgment good cause exists. (Chap. 215)

Chapter 394 amended the Act (Sec. 290.971, Subd. 1) to provide that a corporation shall not be considered a member of an affiliated group (and thus disqualified from being permitted to elect to be taxed as a small business corporation) at any time during any taxable year by reason of ownership of stock in another corporation if such other corporation (1) has not begun business at any time on or after the date of its incorporation and before the close of such taxable year, and (2) does not have taxable income for the period included within such taxable year. It also amended the Act (Sec. 290.972, Subd. 3) to provide that the Commissioner of Taxation may upon application, in case of sickness, absence or other disability, or for good cause, extend the time for making an election to be taxed as a small business corporation for not more than 12 months following the close of the taxable year for which the election is sought.

Bank Excise Tax

The temporary 1.9 percent additional bank excise tax and 10 percent surtax on the bank excise tax were reimposed for another two years. (Chap. 884)

Iron Ore Occupation and Royalty Taxes

The temporary 2.25 percent additional iron ore occupation tax and the 2.25 percent additional iron ore royalty tax were reimposed for another two years. (Chap. 884)

The occupation tax law was amended (M.S., Sec. 298.03) to include as allowable costs in ascertaining the valuation of iron or other ores for the purpose of determining the amount of occupation tax to be paid in the case of *semi-taconite* operations, the taxes on taconite and concentrates imposed by M.S., Secs. 298.24 and 298.35 and specific taxes paid for school and other governmental purposes; and to include as an allowable cost in ascertaining the valuation of iron or other ores for the purpose of determining the amount of occupation tax to be paid in the case of *taconite* and *iron sulphide* operations, the tax on concentrates imposed by M.S., Sec. 298.35. (Chap. 184)

Tax on Semi-Taconite

The law imposing a tax on semi-taconite (M.S., Secs. 298.34 to 298.39) was amended (Sec. 298.39) to provide that on or before October 10 of each calendar year each producer of semi-taconite subject to taxation under M.S., Sec. 298.35 shall file an estimate of the amount of tax payable for such calendar year with the Commissioner of Taxation, with the county auditor of each county in which the producer operates, and with the chief clerical officer of each school district, city or village entitled to participate in the distribution of the tax. Such estimate shall list the taxing districts entitled to participate in the distribution of the tax, and the amount of estimated tax which would be distributable to each district in the next ensuing calendar year on the basis of the last percentage distribution certified by the Commissioner of Taxation. The producer shall then pay the amount of tax shown by the estimate. If it develops that this amount is in excess of the amount actually due, the producer shall be given credit for the excess amount against taxes due in subsequent years. (Chap. 641)

Tax on Agglomerating Facilities and Agglomerate Reserves

A new tax was imposed (M.S., Secs. 298.391-298.396) upon agglomerating facilities and upon the production of agglomerates and other merchantable iron ore products therein and upon the agglomerates and other products so produced. The tax is equal to 5 cents per gross ton of the agglomerates and other merchantable iron ore products produced in the facility during the calendar year, plus one-tenth of one cent per gross ton for each 1 percent that the iron content of such products exceeds 55 percent when dried at 212 degrees fahrenheit. The tax is in addition to the occupation and royalty taxes, but in lieu of all other taxes. The tax is to be collected and paid in the same manner and at the same time as the occupation tax. The proceeds of the tax are to be distributed to the taxing districts in which the agglomerating facility is located: 22 percent to the city, village or town; 50 percent to the school district; 22 percent to the county; and 6 percent to the State. (Chap. 893)

Liquor Tax

The temporary 15 percent surtax on the liquor tax was reimposed for another two years. (Chap. 884)

Cigarette and Tobacco Products Taxes

The cigarette tax law was amended (M.S., Sec. 297.02, Subd. 1) to impose the tax upon "having cigarettes in possession in this state with intent to sell" (as well as upon the sale of cigarettes in the state and upon distributors thereof). The amendment also deleted the provision that the cigarette tax shall conclusively be presumed to be a direct tax on the retail consumer. (Chap. 136)

The cigarette tax law was amended (Sec. 297.02) to subject the State and its agencies, instrumentalities and governmental subdivisions to the tax if such units are engaged in the purchase and sale of cigarettes. (Chap. 141)

The cigarette tax law was amended (Sec. 297.02) to except institutions under the control and management of the Commissioner of Corrections from being subject to the tax. (Chap. 831)

The cigarette tax law was amended (Sec. 297.11, Subd. 5) to provide that common carriers transporting cigarettes into the State shall file with the Commissioner of Taxation reports of all such shipments other than those delivered to public warehouses of first destination in the State. The reports are required to be filed monthly on or before the 10th day of each month with respect to deliveries made in the preceding month. The common carriers must permit examination by the Commissioner of Taxation of their records relating to such shipments. Violation of either requirement constitutes a misdemeanor. Effective July 1, 1965. (Chap. 456)

The cigarette use tax law was amended (Sec. 297.22, Subd. 1) to increase the use tax rate to 8 cents per pack (making it the same as the cigarette tax rate). (Chap. 134)

The tobacco products tax law was amended (Sec. 297.32, Subd. 1) to impose the tax upon distributors of such products (as well as upon the products). The amendment also deleted the provision that the tobacco products tax shall

conclusively be presumed to be a direct tax on the retail consumer. (Chap. 136)

The tobacco products tax law was amended (Sec. 297.32) to subject the State and its agencies, instrumentalities and governmental subdivisions to the tax if such units are engaged in the purchase and sale of tobacco products. (Chap. 141)

The tobacco products tax law was amended (Sec. 297.32) to except institutions under the control and management of the Commissioner of Corrections from being subject to the tax. (Chap. 831)

The tobacco products tax law was amended (Sec. 297.34) to provide that transportation of tobacco products into the State by means other than common carrier must be reported to the Commissioner of Taxation within 30 days. Exceptions: (1) transportation of not more than 50 cigars, 10 ounces of snuff or snuff powder, and one pound of smoking or chewing tobacco; and (2) transportation by a licensed distributor with a place of business outside the State of tobacco products sold by him to a retailer in the State. The amendment also provides that common carriers transporting tobacco products into the State shall file with the Commissioner of Taxation reports of all such shipments other than those delivered to public warehouses of first destination in the State. The reports are required to be filed monthly on or before the 10th day of each month with respect to deliveries made in the preceding month. The common carriers must permit examination by the Commissioner of Taxation of their records relating to such shipments. Violation of either requirement constitutes a misdemeanor. Effective July 1, 1965. (Chap. 455)

The tobacco products tax law was amended (Sec. 297.36) to permit refund of the tax, or credit, to be made to a distributor, where tobacco products are shipped or transported by him to *consumers* or *subjobbers* (in addition to retailers) outside the State. (Chap. 135)

Inheritance, Estate and Gift Taxes

The inheritance tax law was amended (M.S., Sec. 291.01, Subd. 3) to conform to the provisions of the federal estate and gift tax law applicable to powers of appointment, by excluding from Minnesota inheritance tax unexercised powers of appointment created before October 21, 1942. (Chap. 89)

The inheritance tax law was amended (Sec. 291.01, Subd. 4) to provide that where a homestead is held in the names of the decedent and his spouse as joint tenants, an affidavit may be delivered to the Register of Deeds or Registrar of Titles, in lieu of an affidavit of survivorship certified by the Commissioner of Taxation. The affidavit, in duplicate, shall declare that (1) the surviving joint tenant was the spouse of the decedent at date of death, (2) the property described as the homestead was owned and occupied by the decedent as his principal dwelling place at date of death, (3) the quantity of land included is not in excess of the maximum amount allowed for purposes of homestead exemption by M.S., Sec. 510.02, and (4) the gross market value of such property at date of death was not in excess of \$30,000. A certified copy of the death certificate must be attached to the affidavit. The duplicate copy of the affidavit (which need not bear a copy of the death certificate) shall

be forwarded by the Register of Deeds or Registrar of Titles to the Commissioner of Taxation. Effective in all cases where death occurs on or after July 1, 1965. (Chap. 555)

The inheritance tax law was amended (Sec. 291.05) to provide that where the amount of family maintenance allowed by the probate court is less than \$5,000, there shall be allowed to the widow, or to the minor or dependent children if decedent left no widow, an additional exemption equal to the difference between \$5,000 and the amount of family maintenance allowed by the probate court. If no maintenance is allowed, or if there are no probate proceedings, the additional exemption shall be \$5,000. Effective in all cases where death occurs on or after July 1, 1965. (Chap. 105)

The inheritance tax law was amended (Sec. 291.07) to provide that in determining the tax in non-probate proceedings, essentially the same deductions shall be allowed as in estates which have been submitted to the jurisdiction of the probate court (before the amendment, the only deductions allowable in non-probate estates were funeral expenses, expenses of last illness, and federal estate taxes). The amendment also sets up a formula for determining the portion of the federal estate tax allowable as a deduction where there are assets not subject to the Minnesota inheritance tax. Effective in all cases where death occurs on or after July 1, 1965. (Chap. 249)

The inheritance tax law was amended (Sec. 291.18) to provide that interest on a refund of overpaid inheritance tax shall run from the date of payment or from the date beginning 18 months after the death of the decedent, whichever date occurs later. Effective immediately. (Chap. 182)

A new section (291.111) was added to the inheritance tax law to provide that transfers of any interest in real or personal property and all rights and powers relating to the same which have been duly disclaimed, shall be subject to inheritance tax only if, and to the same extent and in the same manner as, the same would have been subject to tax if said interests, rights or powers had been originally created in favor of and transferred to the same persons and in the same shares in which they are effectively distributed or otherwise disposed of, after giving full effect to such disclaimers. (Chap. 552)

The estate tax law was amended (Sec. 291.40) to make the beneficiaries of the estate liable for the tax and to set forth the method of determining the liability of the respective beneficiaries for the tax. Effective in all cases where death occurs on or after July 1, 1965. (Chap. 90)

The gift tax law was amended (Sec. 292.01) to conform to the provisions of the federal estate and gift tax law applicable to powers of appointment, by excluding from Minnesota gift tax unexercised powers of appointment created before October 21, 1942. (Chap. 88)

A new section (292.031) was added to the gift tax law to provide that a disclaimer of interest in real or personal property or of rights or powers relating to the same, shall not be deemed to constitute a gift by the person so disclaiming for purposes of the gift tax, even though such disclaimer may result in the transfer of some interest in the property in which the same existed to another person, the vesting of such interest or property in such other person, or the enlarge-

ment of an interest or property right already possessed by such other person. (Chap. 552)

Insurance Gross Premiums Tax

New legislation (M.S., Secs. 73.201-73.205) was enacted to provide procedures for audit of returns of fire insurance companies subject to gross premiums tax, for assessment and collection of the tax, and for payment of refunds. (Chap. 499)

Gross Earnings Taxes

The gross earnings tax law was amended (M.S., Sec. 294.11) to permit the Commissioner of Taxation to authorize the destruction of detached papers subordinate to statements of gross earnings without examination, if in his opinion the gross earnings may be adequately verified without reference thereto. (Chap. 137)

The rate of tax on gross earnings of *express* companies was reduced to 5 percent (formerly 9 percent). (Chap. 675)

Gross Receipts Tax on Closed Circuit Telecasts of Boxing Matches

The law relating to the Minnesota Athletic Commission was amended (M.S., Sec. 341.05) to impose a 5 percent tax on the gross receipts from the sale of tickets of admission or moneys received from subscription for the showing or exhibiting of closed circuit telecasts of live, current or spontaneous boxing or sparring matches, exhibitions or performances. (Chap. 832)

Tax on Instruments of Conveyance (Deed Tax)

The law imposing a tax on instruments of conveyance was amended (M.S., Sec. 287.27) to permit the Commissioner of Taxation to authorize county treasurers to utilize tax meter machines (instead of selling documentary stamps) in connection with payment of the tax. (Chap. 454)

Excise Taxes on Gasoline and Special Fuels

The law governing the taxation of gasoline and gasoline substitutes and the inspection of petroleum products was amended (M.S., Sec. 296.01, Subd. 2) to exclude farm tractor fuel from the definition of "petroleum products." The amendment also removed all other references in the law to farm tractor fuel, by repealing Secs. 296.01, Subd. 5; 296.05, Subd. 3; 296.46; 296.47; 296.48; and 296.49. Effective July 1, 1965. (Chap. 101)

The law was amended (Sec. 296.02) to impose an excise tax, at the same rate per gallon as the gasoline excise tax (6 cents), on all *marine* gasoline received, sold, stored or withdrawn from storage in the State. (Chap. 122)

The law was amended (Sec. 296.12, Subds. 1 and 2) to change the date of expiration of special fuel dealers' and bulk purchasers' licenses to November 30 (from January 31). (Chap. 103)

The law was amended (M.S., Sec. 296.23) to provide that the statutory prohibition against blending of gasoline on which the tax has been paid, does not preclude the addition of fuel oil to gasoline for the purpose of generating power for the propulsion of farm tractors. The amendment

also repealed the safety requirement provisions (Sec. 296.22, Subds. 1, 2, 3, 4, 5, 8, 11 and 12) relating to containers, tank wagons, pump lines, pipes, etc. (these provisions are largely duplicated in the laws governing the state fire marshal's office). Effective July 1, 1965. (Chap. 100)

The law was amended (Sec. 296.25, Subd. 1) to provide that prosecutions for violations of its provisions may be brought in the county in which the defendant resides or in Ramsey County, and that the county attorney of any county within which such action is commenced, shall on request of the Commissioner of Taxation prosecute the violation. (Chap. 656)

The law requiring approval by the Attorney General of orders of the Commissioner of Taxation (M.S., Sec. 270.10, Subd. 1) was amended to provide that such approval shall not be required with respect to original orders for refundment of *special fuel taxes* (as well as gasoline taxes). (Chap. 102)

Motor Vehicle Registration Tax

The motor vehicle registration tax law was amended (M.S., Secs. 168.011 and 168.013) to exclude motor scooters and station wagons from the definition of "Passenger automobile"; to add a definition of "Station wagon"; and to provide that the motor vehicle registration tax on a station wagon shall be the same as for a passenger automobile unless the owner elects to register the station wagon as a truck, in which case the tax shall be the higher of the tax imposed for passenger automobiles or the tax imposed for trucks on the basis of gross weight. Effective November 15, 1965 for the year 1966 and subsequent years. (Chap. 108)

The law was amended (Sec. 168.012, Subd. 8) to exempt from the Minnesota motor vehicle registration tax house trailers (other than mobile homes) which have been registered in another state, for the first 60 days of residence of the owner in this State. The amendment also provides that if the 60-day period expires after the 15th day of any month, the remainder of that month shall be deemed to be within the 60-day period. Effective January 1, 1966. (Chap. 176)

The law was amended (Sec. 168.013, Subd. 1) to rewrite the schedule of motor vehicle registration tax rates applicable to motorcycles, motor scooters and motorized bicycles. As amended, the law provides for a \$3 tax on motorcycles, motor scooters, and motorized bicycles with two wheels, and for a \$5 tax on motorcycles, motor scooters, and motorized bicycles with sidecar or three wheels. The law also was amended (Sec. 168.013, Subd. 2) to provide that there shall be no proration of tax on a monthly basis for a vehicle having an annual tax of \$5 or less, until after July 1, when such tax shall be reduced one-half. Effective November 15, 1965 for the year 1966 and subsequent years. (Chap. 202)

The law was amended (Sec. 168.013, Subd. 6) to permit a dealer in motor vehicles, to whom dealer's plates have been issued, coming into possession of a motor vehicle to be held solely for sale or demonstration or both, to withhold the motor vehicle registration tax becoming due for the following year if the vehicle is received before the current registration expires and the transfer is filed with the Regis-

trar of Motor Vehicles on or before such expiration date. The amendment provides that when thereafter the vehicle is otherwise used or is sold, leased or rented to another person, firm, corporation or association, the whole tax for the year shall become payable immediately with all arrears. (Chap. 147)

The law was amended (Sec. 168.10, Subd. 1) to enlarge the classification of motor vehicles entitled to be taxed and registered as collectors' items (subject to a \$6 motor vehicle registration tax) to include motor vehicles manufactured prior to 1936 (previously 1930). (Chap. 107)

The law was amended (Sec. 168.12, Subd. 1) to change the length of the periods for which number plates shall be issued. As amended, the law provides that (1) number plates for mobile homes, for drive-away in transit vehicles, to manufacturers and dealers, and for intercity busses, shall be issued for a one year period; (2) number plates for passenger automobiles shall be issued for a three year period; and (3) number plates for any other vehicle shall be issued for a two year period. (Chap. 149)

The law was amended (Sec. 168.16) to add to the list of those entitled to a pro rata refund of the unused portion of the tax paid upon a motor vehicle, owners of vehicles sold to the federal government, the State, or political subdivision thereof. (Chap. 148)

The law was amended (Sec. 168.27, Subd. 5) to increase the fee for dealer's number plates to \$10 (formerly \$5) per pair. Effective January 1, 1966. (Chap. 681)

Lieu Tax on Aircraft (1% of Value)

The Aircraft Registration and Taxation Act was amended (M.S., Secs. 360.511; 360.531, Subds. 1, 4, 7, 8 and 9; 360.54; 360.55; 360.58; 360.59, Subds. 1 and 6; 360.60, Subd. 1; 360.61; 360.62; and 360.653) to change the taxable year from calendar year to fiscal year starting July 1 and ending June 30. Effective January 1, 1966. (Chap. 161)

The Act was amended (Secs. 360.55 and 360.653) to reinstate certain provisions relating to exemptions from the in lieu tax on aircraft, which provisions inadvertently had been eliminated by the earlier 1965 amendments contained in Chapter 161 above. (Chap. 429)

Ad Valorem Property Taxes

The statute providing for the reassessment of omitted or undervalued property (M.S., Sec. 270.16) was amended to provide that city or village councils or county boards (as well as the courts or the Legislature) may initiate a reassessment by complaining to the Commissioner of Taxation that property in an assessment district or county has been omitted from the tax list or assessment roll, or has been undervalued or overvalued. (Chap. 185)

Chapter 743 amended Sec. 270.18, Subd. 1, to increase the amount in the permanent reassessment revolving fund (from which the Commissioner of Taxation may make payments of salaries and expenses of special assessors and deputies appointed to make reassessments of property, to be reimbursed later by counties liable for the costs of reassessments) to \$500,000 (previously the amount was \$150,000).

Chapter 642 amended Sec. 270.19 to provide that when any taxpayer or property owner has applied for a reduction of assessed valuation of any real or personal property in an amount exceeding \$30,000, the Commissioner of Taxation must give written notice to the municipality wherein the property is located and give the municipality reasonable opportunity to be heard *before granting such reduction*. (Previously, the Commissioner had to notify the municipality when the taxpayer applied for a reduction in an amount exceeding \$15,000, whether the reduction was granted or not.)

Chapter 622 amended Sec. 272.01, Subd. 3 to add to the list of exempt property not subject to ad valorem property taxation though leased to a private individual, excess real property acquired by the Commissioner of Highways as part of an entire tract and leased pending sale.

Chapter 514 amended Sec. 272.02 to add to the list of property exempt from ad valorem taxation, farm machinery manufactured prior to 1930 which is used only for display purposes as a collector's item.

New legislation was enacted (Sec. 272.67) to authorize any city, village or borough (except those in Hennepin and Ramsey Counties) by ordinance to divide its area into an urban service district and a rural service district, for the purpose of all municipal property taxes except those levied for payment of bonds and judgments and interest thereon. The ordinance shall determine the approximate ratio which in the judgment of the governing body exists between the benefits resulting from tax supported municipal service to parcels of land situated in the rural service district and to parcels of land of like full and true value situated in the urban service district. The amount of taxes levied each year by the city, village or borough, after subtracting those levied for payment of bonds and judgments and interest (which shall continue to be spread upon all taxable property within the municipal boundaries) shall be allocated by the county auditor to the respective districts in amounts proportionate to the current benefit ratio times the current ratio between the full and true values of all taxable property within the urban service district and all taxable property within the rural service district. Applicable to taxes levied in 1966 and payable in 1967, and thereafter. (Chap. 712)

Chapter 624 amended Sec. 273.01 to change the *real property* assessment date to January 2 (from May 1) of the even numbered year, and made other conforming changes in dates (Secs. 273.03; 273.04; 273.08; 270.38, Subd. 3; 272.20; and 273.02, Subd. 2). Chapter 624 also amended Secs. 273.03 and 273.04 to increase the per diem compensation and mileage allowance for assessors and board of review members attending county seat instructional meetings to \$10 (previously \$6) per day plus 7½ (previously 5) cents per mile, and to increase the mileage allowance to assessors for making their returns of assessment to 7½ (previously 7) cents per mile. Effective December 1, 1965.

Chapter 254 amended Sec. 273.071 to provide that in the event of a vacancy in the office of county assessor or county supervisor of assessments, the deputy (or chief deputy, if more than one) shall perform the functions of the office. If there is no deputy, the county auditor shall designate a person to perform the duties of the office until an appointment is made by the county board. The county

board must make the appointment within 30 days, unless that period is extended by written approval of the Commissioner of Taxation. Chapter 254 also amended Sec. 273.05, Subd. 1 to provide that the terms of office of all town and village assessors shall expire on December 31, 1966, and that thereafter all succeeding terms shall be for a period of two years. Chapter 254 also added a new section (273.051) to provide that notwithstanding any charter provision to the contrary, all city assessors shall be appointed, but that the term of elected city assessors shall not expire until a vacancy occurs in the office or upon completion of the present term for which such assessor is elected. Thereafter the term of such assessors shall be for the period provided in the charter or as otherwise provided by statute.

Chapter 259 amended Sec. 273.13, Subd. 2 to provide that stockpiled iron ore which contains phosphorous in excess of .180 percent or is classified in the trade as manganiferous ore, may be assessed as if it were unmined ore for five taxable years after being mined, *irrespective of whether it requires concentration or has been concentrated*.

Chapter 545 amended the law (Laws 1963, Chap. 39) providing that taxes on real property shall be designated by the year in which they become payable, to include taxes on personal (as well as real) property and to provide that the designation shall not be deemed to change the date or period to which such property taxes relate. (Chapter 545 recites that the 1963 law has been misconstrued and has created problems pertaining to deduction of real and personal property taxes for income tax purposes and administrative problems pertaining thereto which did not exist prior to its enactment, and that it is in the public interest that it be amended.) Retroactive to February 28, 1963.

Chapter 287 amended Sec. 276.04 to provide that payment of taxes may be made to the county treasurer as provided by law after receipt by the treasurer of the tax lists, and the treasurer shall accept such payments.

Chapter 788 amended Sec. 277.01 to provide that when the amount of the personal property tax exceeds \$10, only the first half shall become delinquent if not paid prior to March 1, and the 8 percent penalty shall attach only to the unpaid first half. The second half of a tax in excess of \$10 shall become delinquent if not paid prior to July 1, and thereupon the 8 percent penalty shall attach on such unpaid second half.

Chapter 186 amended Sec. 367.05, Subd. 1 to authorize the *town board* to determine the amount of the per diem compensation of the town assessor (except in towns where special laws set the compensation), but not to exceed \$15 per day for the first two years of service and not to exceed \$20 per day in each year of service thereafter; and to authorize the town board to reimburse the town assessor for expenses, and mileage at the rate of 7½ cents per mile, in attending meetings and instructional courses in addition to those already specified in the law. The 90 day limitation on the number of days of service in any one year for which the town assessor can be compensated, was eliminated, as was the \$15 per diem maximum limitation above which the town electors were prohibited from increasing the compensation of the town assessor. The amendment also increased the maximum compensation of town assessors paid on an

annual basis, as fixed by the town electors, to \$1,500 (previously \$1,000) in towns with assessed valuations of more than \$200,000 and less than \$1,000,000, and to \$1,000 (previously \$800) in towns with assessed valuations of less than \$200,000, and removed the \$1,500 maximum in towns with assessed valuations of \$1,000,000 or more. Chapter 186 also amended Sec. 412.131 to increase the minimum per diem compensation of *village* assessors to \$20 (now \$6), to remove the 90 day limitation on the number of days of service in any one year for which the village assessor can be compensated, and to increase the mileage allowance to 7½ (previously 5) cents per mile.

Chapter 792 amended Sec. 458.197 to provide that nothing contained in the Port Authority Act shall be construed as exempting lands leased from the port authority to a tenant or lessee who is a private person, association or corporation, from liability for payment of taxes levied against such leased property whenever such lease expressly provides that the tenant or lessee shall be liable for taxes levied against such property during the term of the lease.

Miscellaneous

Chapter 891 amended M.S., Sec. 124.21 to provide that the sales ratio studies, or records accumulated in prepara-

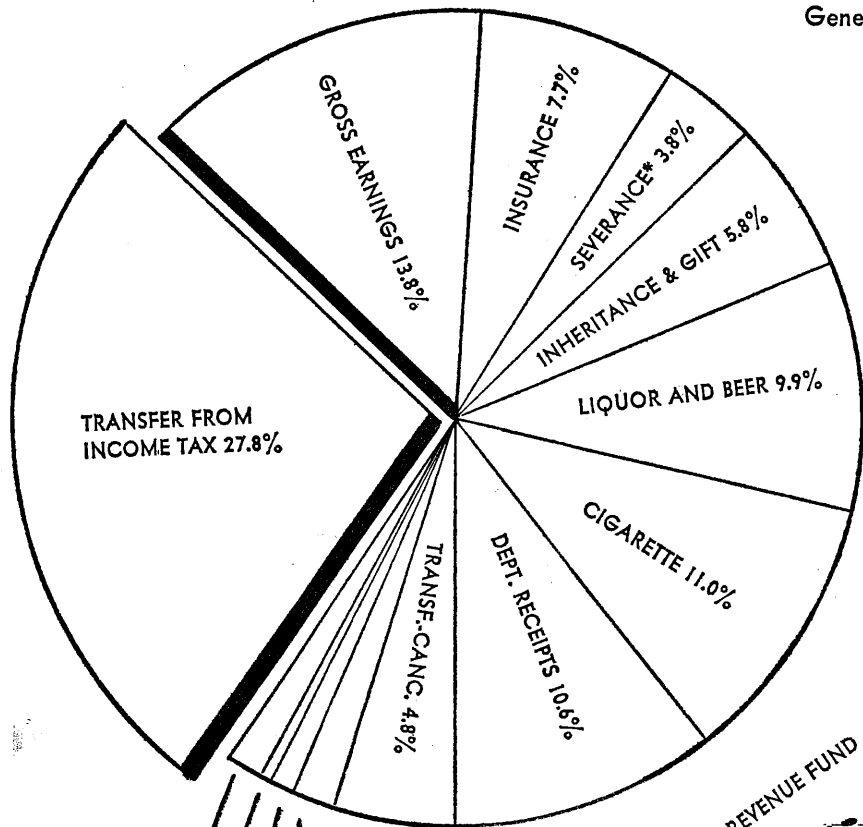
tion therefor, prepared by the Commissioner of Taxation for the Equalization Aid Review Committee for use in determining school aids, shall not be admissible in evidence in any proceeding except actions for review of the determination of the school aids.

Chapter 357 amended Sec. 270.07 to authorize the Commissioner of Taxation to determine minimum standards for the determination of additional tax for which an order shall be issued (based upon administrative costs of processing), minimum standards of collection (based upon collection costs as compared to the amount of tax involved), and the minimum amount of refunds for which an order shall be issued and refund made, where no claim therefor has been filed (based upon administrative costs of processing). The amendment also authorizes the Commissioner to cancel any amounts below the minimum standards.

Chapter 506 amended Sec. 270.07 to provide that if the Commissioner of Taxation receives a remittance erroneously made payable to him, and has knowledge that the proper payee is a state or local official, he may endorse such remittance to the proper state or local official.

Chapter 698 changed the name of the Board of Tax Appeals to the Tax Court, and amended M.S., Sec. 271.01, Subd. 4 to increase the compensation of its members to \$45 per day (formerly \$25).

Chart No. 2
ESTIMATED RECEIPTS - 1965-67 BIENNIUM
 General Revenue and Income Tax School Funds
 (Excluding Opening Balances)



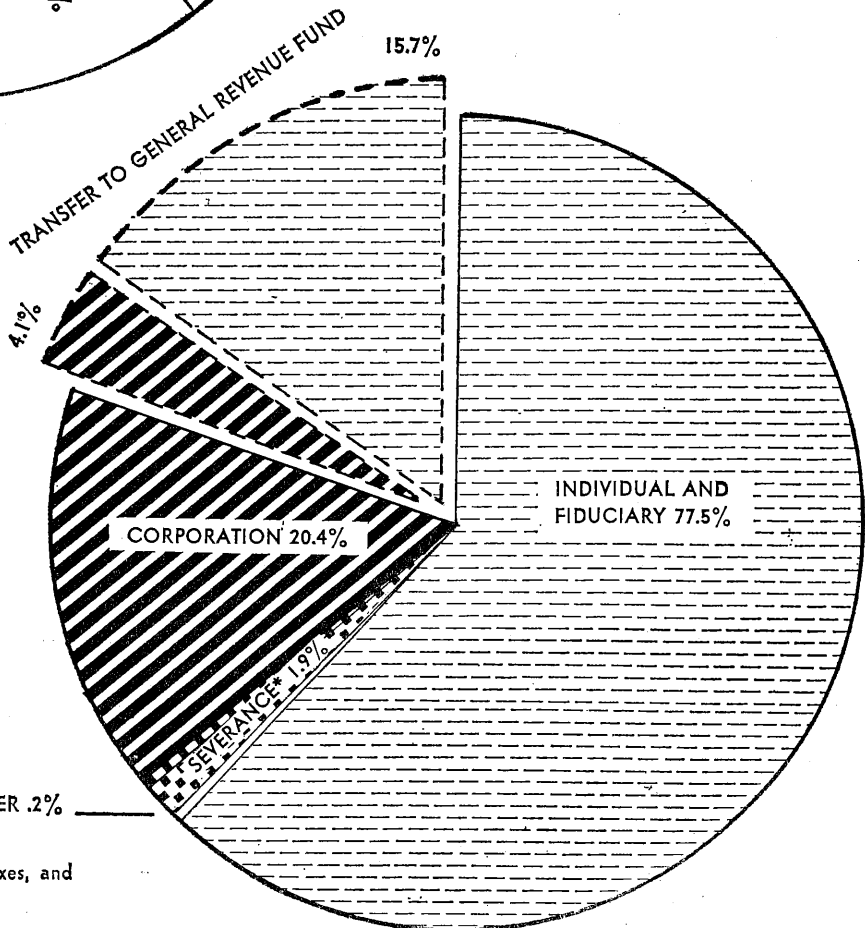
GENERAL REVENUE FUND

Excludes Estimated Iron Ore and Taconite Taxes for —

University\$2,386,000
 Iron Range Resources\$1,032,000

\$356,990,988

ALL OTHER 1.4%
 TOBACCO PROD. .5%
 YELLOW OLEO 1.3%
 MEDICARE 1.6%



INCOME TAX SCHOOL FUND
 (Excluding Refunds)

Total\$500,674,000
 Less Transfer to
 Gen'l Rev. 99,234,502
 Net Total\$401,439,498

\$401,439,498

*Iron Ore and Taconite Occupation and Royalty Taxes, and Taconite and Semi-Taconite Taxes. Occupation Taxes only in Income Tax School Fund.

VIII. CONSTITUTIONAL AMENDMENT

Constitutional Amendment Proposed

Under Chapter 689 an amendment to Article IV, Section 9, of the State Constitution, to permit legislators to hold certain public offices and to permit legislators to resign, will be submitted to the voters at the 1966 General Election.

The proposed amendment reads: "No senator or representative shall during the time which he serves, hold any office under the authority of the United States or the state of Minnesota, except that of postmaster. No senator or

representative shall be disqualified for election to any elective office, but any senator or representative who is elected to any elective office under the authority of the state or of the United States, who shall qualify for the office to which elected, shall automatically terminate his term of office as senator or representative and create a vacancy therein.

"A senator or representative may resign his office before the expiration of the term to which he was elected by submitting his written resignation to the governor."

IX. LEGISLATIVE MISCELLANY

Primary Election Date Changed

The primary election date preceding a General Election was changed to the first Tuesday after the second Monday (previously second Tuesday) in September. (Chap. 3)

Eligibility of New Residents to Vote in Presidential Elections

The right to vote for presidential electors was extended to United States citizens who have resided in Minnesota for less than six months. (Chap. 128)

Over-all Plans for Watershed Districts

Managers of watershed districts were directed to adopt over-all plans for any or all of the purposes for which such districts may be established, and to transmit such plans to the governing bodies of all municipalities involved and to the various county officials. (Chap. 652)

Water Conservation

The Commissioner of Conservation was authorized to examine any airconditioning or industrial cooling installation utilizing surface or underground waters. Reports of the volume of water used for such purposes must be filed annually on January 15. No well with a casing six inches or more in diameter may be abandoned or rendered inaccessible without notifying the Commissioner. (Chap. 797)

The Walleye—Official State Fish

The Walleye was designated as the official fish of Minnesota. (Chap. 576)

Short-Term Nonresident Fishing License Added

Nonresident short-term individual fishing licenses to take fish by angling for two consecutive days were authorized—the license fee to be \$3 and the act to take effect January 1, 1966. (Chap. 522)

Taking of Deer by Hunting Parties

Hunting laws were changed to permit any one member of a licensed group of hunters to kill the number of deer to which the party is entitled. (Chap. 124)

The Great River Road

Counties bordering the Great River Road were authorized to provide financial assistance to the Mississippi River Parkway Commission for construction, development, and promotion of the road. (Chap. 237)

The Minnesota Historic Sites Act of 1965

The Legislature set forth the policy of the State with respect to the preservation of historic sites, structures, and antiquities of state and national significance. The act lists the registry of the numerous markers and monuments, and historic, archeological and geographic sites according to land ownership. (Chap. 779)

Death by Wrongful Act Limits Increased

The recovery limits when death is caused by a wrongful act were increased from \$25,000 to \$35,000. (Chap 837)

Sanitary Standards for Users of Bulk Tanks and Milk Houses

Minimum sanitary standards to be enforced by the Department of Agriculture were prescribed for producers using milk houses or bulk tanks for the collection and storage of milk for manufacturing purposes. (Chap. 530)

Registration of Marks and Brands for Animals

Provision was made for registering marks and brands for animals with the State Livestock Sanitary Board, and for the publishing by the Board of a State Brand Book containing a facsimile of each and every mark or brand registered. (Chap. 291)

Minnesota Soldiers Home

Residents of the Minnesota Soldiers Home are to be identified as "residents," not as inmates. (Chap. 643)

Discriminatory Practices

Three bills were passed dealing with the question of discrimination in public accommodations and in employment. Chapter 584 provided that the employment of one person in place of another, standing by itself, shall not be evidence of an unfair discriminatory practice. Chapter 585 declared it to be an unfair discriminatory practice for any person to engage in any act forbidden by Minnesota Statutes 1961, Section 327.09, which reads: "No person shall be excluded, on account of race, color, national origin, or religion from full and equal enjoyment of any accommodation, advantage, or privilege furnished by public conveyances, theaters, or other public places of amusement, or by hotels, barber shops, saloons, restaurants, or other places of refreshments, entertainment, or accommodations." Chapter 586 amended the procedures for inquiry into a complaint of an unfair discriminatory practice, repealed that section of the law relating to a board of review, and made provision for review by the State Commission Against Discrimination.

Discrimination In Outdoor Advertising

New legislation makes it unlawful for any person engaged in the business of outdoor advertising to directly or indirectly discriminate on the basis of race, color, creed, or political affiliation in the furnishing of advertising service or space. (Chap. 531)

Metropolitan Planning Commission— Mill Rate Increased

The Twin Cities Metropolitan Planning Commission was authorized to increase its mill rate levy from 13/100 to 20/100 of a mill on taxable property in the metropolitan area for the years 1965 and 1966. (Chap. 501)

Hennepin County Legislative Research Committee Created

Chapter 849 created a Hennepin County Legislative Research Committee, consisting of the senators and representatives from the county, to "investigate and study, accumulate, compile, analyze, and report on information concerning policies, plans, programs, and procedures relating to or affecting the fiscal and legislative needs of the county and any governmental or political subdivision within the county, including any school district, and any metropolitan or district authority having jurisdiction in any area of the county. . . ."

Additional Ramsey County Judge

Chapter 737 authorized an additional district judge in Ramsey County, increasing the number to ten.

Local Option Elections for Sale of Liquor in Villages

Chapter 581 authorized local option elections on the sale of liquor in villages. (This legislation became law without the Governor's signature.)

County Boards May Appoint Coroners

Counties were authorized, at their option, to fill the office of Coroner by appointment rather than by election. The coroner shall be a person who has, in the course of his education or professional training, successfully completed specific academic courses. (Chap. 761)

Group Insurance for Employees of Governmental Subdivisions

Cities, counties and other political subdivisions were authorized, at their option, to provide group life, health and accident insurance and medical and surgical benefits or hospitalization insurance for officers and employees and, except in Minneapolis, for retired officers and employees. If required, the taxes levied to pay the costs of such insurance are outside any existing levy limitations. (Chap. 296)

APPENDIX TABLE A

Comparison of the Appropriations Authorized by the 1963 and 1965 Legislatures Excludes Borrowing and State Mill Levy on Property

State Departments	1963 Legislature	1965 Legislature	Increase or (Decrease)
Legislature	\$ 3,064,000	\$ 3,106,000	\$ 42,000
General Contingent Fund	325,000	325,000	.....
Legislative Interim Committees	205,000	165,000	(40,000)
"Project 70" Reports to Legislators	2,121	.....	(2,121)
Governor	341,783	371,986	30,203
Statewide Planning Agency .....	.....	25,000	25,000
Civil Defense	231,199	241,717	10,518
Lieutenant Governor	12,300	12,350	50
State Auditor	780,405	813,298	32,893
Contributory Share to Public Employees' Retirement Fund	76,286	43,840	(32,446)
Civil Air Patrol	20,000	20,000	.....
State Treasurer (Including Liquor Stamps and Labels)	424,211	433,605	9,394
Public Examiner	523,346	551,006	27,660
Department of Taxation	8,957,765	9,644,846	687,081
Reassessment Revolving Fund	150,000	350,000	200,000
State Tax Court (Board of Tax Appeals)	66,377	59,380	(6,997)
Attorney General	707,258	699,871	(7,387)
Great Lakes Diversion Protest .....	.....	17,000	17,000
Bureau of Criminal Apprehension	615,227	691,084	75,857
District Courts	2,498,997	2,630,260	131,263
State Public Defender .....	.....	130,000	130,000
Special Retirement Accounts (Attorney General, Clerk of Supreme Court, District Judges, Widows of Judges)	340,276	428,000	87,724
Supreme Court	801,243	835,375	34,132
Revisor of Statutes	224,191	261,090	36,899
Department of Administration	5,092,820	5,616,401	523,581
State Teletypewriter Communications Network .....	.....	170,000	170,000
State Building Code .....	.....	50,000	50,000
Life Insurance and Health Benefit Plan .....	.....	75,000	75,000
Executive Council and Board of Investment	127,206	192,102	64,896
Secretary of State	294,449	497,606	203,157
Mobile Home Administration	30,000	47,411	17,411
Motor Vehicle Division	4,804,475	5,226,715	422,240
Uniform Commercial Code .....	.....	43,500	43,500
Department of Civil Service	730,865	770,205	39,340
State Archives Commission	129,154	149,809	20,655
Minnesota Municipal Commission	50,376	50,305	(71)
Adjutant General	2,369,719	2,758,413	388,694
National Guard, Mexican Border Memorial .....	.....	1,000	1,000
Division of Banking	926,802	1,088,863	162,061
Division of Insurance	577,794	686,467	108,673
Fire Marshal	291,797	340,308	48,511
Division of Securities	155,382	197,119	41,737
Railroad and Warehouse Commission	7,151,968	7,408,603	256,635
Labor and Industry	2,091,295	2,282,014	190,719
Liquor Control Commission	528,054	540,709	12,655
Labor Conciliator	202,516	223,257	20,741
Department of Business Development	1,159,291	1,420,785	261,494
"Over 60" Bands .....	.....	2,750	2,750
Housing Redevelopment .....	.....	20,000	20,000
Compensation Insurance Board	52,169	46,135	(6,034)
Department of Aeronautics	435,213	545,230	110,017
Department of Agriculture	2,924,321	2,998,963	74,642
Department of Conservation	1,381,375	1,593,600	212,225
Administration	501,533	791,577	290,044
Division of Waters	4,496,410	4,766,711	270,301
Division of Forestry	969,159	1,038,778	69,619
Lands and Minerals Division	9,240,315	10,050,226	809,911
Game and Fish Division	684,000	684,000	.....
Acquisition of Wetlands	2,006,540	2,679,376	672,836
Division of State Parks	6,988,609 ¹	8,169,199 ¹	1,180,590

¹ Funds provided for purpose of tax collection assigned to Department of Taxation in amounts of \$55,000 in 1963 Session and \$51,000 in 1965 Session.

APPENDIX TABLE A — Continued

	1963 Legislature	1965 Legislature	Increase or (Decrease)
Surveyor General	\$ 166,093	\$ 198,468	\$ 32,375
State Mapping Advisory Board	50,000	.....	(50,000)
State Soil Conservation Commission	556,497	595,857	39,360
Minnesota Water Resources Board	41,103	40,017	(1,086)
Board of Health	3,015,188	3,342,496	327,308
Livestock Sanitary Board	1,615,009	1,810,121	195,112
Registration of Livestock Brands and Marks .....	.....	8,000	8,000
Governor's Human Rights Commission	49,124	36,022	(13,102)
State Commission Against Discrimination	103,861	160,690	56,829
War Veterans Affairs	1,909,215	1,939,059	29,844
State Law Library	168,482	184,465	15,983
State Athletic Commission	8,000	38,700	30,700
Interest on Revenue Fund Deficiency	130,000	50,000	(80,000)
Employees Compensation	56,308	111,135	54,827
Unemployment Compensation	203,179	429,368	226,189
	<u>\$ 84,832,653</u>	<u>\$ 94,023,245</u>	<u>\$ 9,190,592</u>
Semi-State Activities			
Interstate Cooperation Commission, Council of State Governments, and Uniform Laws Commission	\$ 37,100	\$ 41,700	\$ 4,600
Sheriffs' Expenses	68,000	64,000	(4,000)
Societies and Associations for Development and Conservation of Natural Resources ..	468,850	464,200	(4,650)
Minnesota Historical Society	683,675	733,310	49,635
Minnesota State Arts Council .....	.....	10,000	10,000
Bounties	280,200	.....	(280,200)
Great Lakes Commission	22,000	22,000	.....
Wisconsin-Minnesota Boundary Commission .....	.....	25,000	25,000
Soldiers Home	654,271	525,382	(128,889)
Miscellaneous Veterans Associations	32,400	34,000	1,600
Sibley House	10,264	10,400	136
Minnesota Academy of Science	5,000	5,000	.....
Special Aid to Cities	330,000	340,000	10,000
Special Aid to Counties	75,000	75,000	.....
Special Aid to Towns	3,000	3,000	.....
Employees Compensation .....	.....	1,086	1,086
Unemployment Compensation .....	.....	3,007	3,007
	<u>\$ 2,669,760</u>	<u>\$ 2,357,085</u>	<u>\$ (312,675)</u>
Welfare and Corrections			
Department of Public Welfare—Administration	\$ 2,180,315	\$ 2,018,698	\$ (161,617)
Administrative Expense on Aging	75,000	80,000	5,000
Mental Health Research and Training Program	630,000	600,000	(30,000)
Mental Health Out-Patient Clinics	1,900,000	2,580,000	680,000
Contingent Fund—Institutions	250,000	250,000	.....
Contingent Fund for Food—Institutions	75,000	75,000	.....
Working Capital Fund for Hospital Care	25,000	25,000	.....
Aid Programs			
Support for Children under Guardianship	1,518,720	1,370,000	(148,720)
Care, Relief and Support of Families with Dependent Children	15,000,000	20,600,000	5,600,000
County Sanatoria Care	195,000	90,000	(105,000)
State Grants to Local TB Programs	60,000	.....	(60,000)
Care, Relief and Support of Aged	18,090,000	8,699,000	(9,391,000)
Medical Assistance to Aged	7,650,000	4,262,000	(3,388,000)
Care, Relief and Support of Blind	907,000	488,500	(418,500)
Vocational Rehabilitation of Blind	120,000	180,000	60,000
Care, Relief and Support of Disabled	639,000	2,399,000	1,760,000
Equalization Welfare Costs	2,400,000	1,825,000	(575,000)
Minnesota Public Relief	1,000,000	.....	(1,000,000)
Distribution of Surplus Commodities, Relief Purposes .....	.....	150,000	150,000
Medical Assistance to Needy .....	.....	22,049,000	22,049,000
Mental Hospitals	38,321,560	40,860,657	2,539,097
Schools and Hospitals for the Retarded	23,606,632	27,254,752	3,648,120
Day Care Centers—Mentally Retarded	155,000	425,000	270,000
Braille and Sight Saving School	763,500	791,444	27,944
School for the Deaf	1,496,050	1,667,979	171,929
Gillette State Hospital	3,171,082	3,305,151	134,069
Ah-Gwah-Ching Nursing Home	2,925,562	3,120,765	195,203

APPENDIX TABLE A — Continued

	1963 Legislature	1965 Legislature	Increase or (Decrease)
Glen Lake State Sanatorium and Oak Terrace Nursing Home	\$ 3,806,611	\$ 3,814,862	\$ 8,251
Minnesota Residential Treatment Center	2,897,741	3,848,858	951,117
Department of Corrections			
Administration	2,041,388	2,278,778	237,390
Salary Adjustment for Correctional Staff	128,000	.....	(128,000)
Research	27,500	40,000	12,500
Personnel Training	35,000	30,000	(5,000)
Working Capital Fund for Hospital Care	25,000	45,000	20,000
Vocational Training	25,000	30,000	5,000
County Probation—Salaries, Supplies and Expense	380,095	413,603	33,508
Probation Service—County Reimbursement	411,000	484,000	73,000
Foster Group Care .....	.....	108,000	108,000
Psychiatric Services .....	.....	44,000	44,000
Parolee Loan Account .....	.....	3,000	3,000
YCC Work Camps	1,023,515	1,215,804	192,289
State Training School for Boys	1,941,984	2,202,785	260,801
Home School for Girls	1,352,909	1,438,253	85,345
Penal Institutions for Adults	8,279,503	8,761,984	482,481
Area Redevelopment Revolving Fund	750,000	.....	(750,000)
Employees Compensation	341,436	527,658	186,222
Unemployment Compensation	7,548	162,119	154,571
All Other	82,433	202,773	120,340
	\$146,711,085	\$170,818,423	\$ 24,107,338
Education			
Department of Education (salaries, supplies and expense, revision and printing of curriculum, and research)	\$ 2,036,583	\$ 2,176,367	\$ 139,784
Experimental Laboratory Program	195,000	195,000	.....
Vocational Training of Disabled	1,699,034	1,801,437	102,403
Sheltered Workshops .....	.....	15,000	15,000
Community School Lunch Program	900,000	950,000	50,000
Rural Libraries	375,000	400,000	25,000
Manpower Development and Training .....	.....	5,500	5,500
Organization and Management Study of Department of Education .....	.....	25,000	25,000
Aid to Schools	306,094,000	360,648,000	54,554,000
Aid to Handicapped Children .....	.....	860,000	860,000
\$10 Per Child Census Aid	16,900,000	17,400,000	500,000
Endowment School Fund Apportionment	17,250,000	18,250,000	1,000,000
Additional Educational Aids			
To Counties a/c Non-Tax Areas	96,000	96,000	.....
To School Districts a/c Gross Earnings	2,993,903	3,100,000	106,097
To School Districts a/c Exempt Land	803,746	750,000	(53,746)
To School Districts a/c Airports	240,000	250,500	10,500
To Common School Districts	100,000	100,000	.....
To School District a/c Valuation Lag .....	.....	1,500,000	1,500,000
Aid to Junior Colleges	4,038,365	.....	(4,038,365)
Contingent Fund to Junior Colleges	100,000	.....	(100,000)
State Junior College Board .....	.....	7,359,634	7,359,634
State College Board	19,034,125	26,711,309	7,677,184
National Defense Student Loans	32,191	10,890	(21,301)
Supplementary Retirement a/c—State and Junior Colleges .....	.....	385,000	385,000
University of Minnesota	82,463,238	103,248,484	20,785,246
Feasibility Study of Inter-Campus TV .....	.....	150,000	150,000
Scholarships (Nurses, Indians)	240,000	250,000	10,000
Liaison Committee for Higher Education	7,000 ¹	.....	(7,000)
Liaison and Facilities Commission for Higher Education .....	.....	120,000	120,000
Equalization Aid Review Committee .....	.....	10,000	10,000
Pioneer Teachers Retirement .....	.....	32,160	32,160
Interest on Certificates	400,000	.....	(400,000)
Unemployment Compensation .....	.....	7,623	7,623
Employees Compensation .....	.....	8,664	8,664
	\$455,998,186	\$546,816,570	\$ 90,818,384
Highway Department			
Administration, Safety, Plant and Equipment, and Contingent Fund (Direct Appropriations)	\$ 19,900,890	\$ 24,149,922	\$ 4,249,032
Construction, Maintenance and Other "Open" Appropriation Activities	137,316,444	159,849,629	22,533,185
Driver Improvement Clinic .....	.....	20,000	20,000
	\$157,217,334	\$184,019,551	\$ 26,802,217

¹ In addition, both the State College Board and the University of Minnesota were granted similar appropriations of \$7,000 each.

APPENDIX TABLE A — Continued

Other Activities	1963 Legislature	1965 Legislature	Increase or (Decrease)
Claims Against the State	\$ 408,407	\$ 414,525	\$ 6,118
Building Bills	1,059,560	2,318,263	1,258,703
Aid to Fire Departments	1,902,000	2,110,000	208,000
Surcharge, Firemen's Relief	495,000	450,000	(45,000)
Restoration of Regimental Battle Flags	15,000	30,000	15,000
Veterans' Bonus	30,918	.....	(30,918)
Recount Costs, Governor's Race	150,000	.....	(150,000)
Election Expense, Certain Municipalities .....	.....	5,000	5,000
World's Fair Exhibit	150,000	.....	(150,000)
Printing Rules and Regulations, State Agencies	26,000	.....	(26,000)
Employees' Insurance .....	.....	1,750,000	1,750,000
Change in Retirement Base .....	.....	1,724,672	1,724,672
Actuary Expense—Retirement Studies .....	.....	15,425	15,425
Engineering Study, Village of Hawley .....	.....	5,000	5,000
All Other	345,335	703,500	358,165
	<u>\$ 4,582,221</u>	<u>\$ 9,526,386</u>	<u>\$ 4,944,165</u>
GRAND TOTAL	<u>\$852,011,239</u>	<u>\$1,007,561,260</u>	<u>\$155,550,021</u>

ALLOCATION OF APPROPRIATIONS—BY FUNDS

Fund	1963 Legislature	1965 Legislature	Increase or (Decrease)
General Revenue Fund	\$293,220,962	\$358,635,029	\$ 65,414,067
Income Tax School Fund	353,209,163	413,802,961	60,593,798
Game and Fish Fund	10,452,338	11,501,230	1,048,892
Highway User Tax Distribution	4,386,481	5,258,928	872,447
Trunk Highway	157,536,684	184,164,177	26,627,493
Natural Resources	6,183,609	7,858,704	1,675,095
Endowment School Fund	17,250,000	18,250,000	1,000,000
Building Outlay	1,059,560	620,000	(439,560)
State Parks Development Account	852,200	405,686	(446,514)
State Parks Maintenance and Operation Account .....	.....	10,430	10,430
State Parks Working Capital Account .....	.....	31,711	31,711
Unclaimed Court Deposits .....	.....	4,000	4,000
Wildlife Acquisition	684,000	684,000	.....
State Airports	435,513	545,580	110,067
Iron Range Resources and Rehabilitation	412,984	170,000	(242,984)
Consolidated Conservation Areas	136,398	140,094	3,696
Soldiers Home Board Relief	100,000	90,000	(10,000)
Lac qui Parle—Big Stone Lake	65,727	.....	(65,727)
Rural Credits	10,659	5,344	(5,315)
Surplus Property Revolving Fund .....	.....	250,000	250,000
Livestock Weighing .....	.....	6,390	6,390
All Other	2,260	.....	(2,260)
	<u>\$845,998,538</u>	<u>\$1,002,434,268</u>	<u>\$156,435,727</u>
Portion of the University's Maintenance and Improvements appropriation to be financed from the 10 percent of the iron ore occupation tax and the earnings of the University's constitutional trust funds	6,012,698	5,126,992	(885,706)
TOTAL	<u>\$852,011,239</u>	<u>\$1,007,561,260</u>	<u>\$155,550,021</u>

NOTE: Columns may not add due to dropping "cents" column.

APPENDIX TABLE B

**ESTIMATED RECEIPTS FOR 1965-67 BIENNIUM (STATE PORTION ONLY)
FOR FINANCING OF
GENERAL REVENUE AND INCOME TAX SCHOOL FUND APPROPRIATIONS**

<u>Code</u>	<u>Rate</u>	<u>General Revenue Fund</u>	<u>Income Tax School Fund</u>	<u>University</u>	<u>Iron Range Resources and Rehabilitation</u>	<u>Total</u>
Estimated Balances (July 1, 1965)						
		\$ 5,323,122	\$ 3,863,990	\$	\$ 525,045	\$ 9,712,157
		1,350,000	3,000,000	.....	.....	4,350,000*
		<u>6,673,122</u>	<u>6,863,990</u>	<u>.....</u>	<u>525,045</u>	<u>14,062,157</u>
Present Permanent and Temporary Taxes and Receipts						
		126,000	.....	.....	.....	126,000
		49,392,800	.....	.....	.....	49,392,800
		27,400,000	.....	.....	.....	27,400,000
	2%	9,288,000	8,256,000	2,064,000	1,032,000	20,640,000
(1)	14.25%	2,500,000	.....	.....	.....	2,500,000
(2)	14.25%	805,000	1,288,000	322,000	.....	2,415,000
(3)	12%	850,000	.....	.....	.....	850,000
(4)	12%	134,400	.....	.....	.....	134,400
(5)		3,600	.....	.....	.....	3,600
(6)		20,550,000	.....	.....	.....	20,550,000
(7)		35,545,025	.....	.....	.....	35,545,025
(8)		39,259,700	.....	.....	.....	39,259,700
(9)	8¢ pk.	1,920,000	.....	.....	.....	1,920,000
(10)	10%	2,440,000	.....	.....	.....	2,440,000
(11)		2,542,700	.....	.....	.....	2,542,700
(12)	3.04%	4,600,000	.....	.....	.....	4,600,000
(13)	10¢ lb.	6,225,780	.....	.....	.....	6,225,780
(14)		13,939,550	.....	.....	.....	13,939,550
(15)		4,853,374	.....	.....	.....	4,853,374
(16)		5,700,000	.....	.....	.....	5,700,000
(16)		.....	357,000,000	.....	.....	357,000,000
(16)	10.23%	.....	81,000,000	.....	.....	81,000,000
		12,784,032	130,000	.....	.....	12,914,032
		<u>240,859,961</u>	<u>447,674,000</u>	<u>2,386,000</u>	<u>1,032,000</u>	<u>691,951,961</u>
Transfers From Other Funds						
		3,000,000	.....	.....	.....	3,000,000
(17)		1,446,500	.....	.....	.....	1,446,500
(18)		574,137	.....	.....	.....	574,137
(19)		725,000	.....	.....	.....	725,000
(20)		1,000,000	.....	.....	.....	1,000,000
		4,177,888	.....	.....	.....	4,177,888
		<u>10,923,525</u>	<u>.....</u>	<u>.....</u>	<u>.....</u>	<u>10,923,525</u>
1965 SESSION CHANGES (Estimated) Tax Adjustments						
(21)		.....	21,000,000	.....	.....	21,000,000**
(22)		.....	31,000,000	.....	.....	31,000,000
(23)		(27,000)	.....	.....	.....	(27,000)
		<u>(27,000)</u>	<u>52,000,000</u>	<u>.....</u>	<u>.....</u>	<u>51,973,000</u>
Legislative Transfers						
		99,234,502	(99,234,502)	.....	.....	.....
		<u>6,000,000</u>	<u>1,000,000</u>	<u>.....</u>	<u>.....</u>	<u>7,000,000***</u>
Total Receipts, Transfers and Cancellations						
		356,990,988	401,439,498	2,386,000	1,032,000	761,848,486
Total Resources (Including Opening Balances)						
		<u>\$363,664,110</u>	<u>\$408,303,488</u>	<u>\$2,386,000</u>	<u>\$1,557,045</u>	<u>\$775,910,643</u>

CODE FOR APPENDIX TABLE B

CODE DISPOSITION OF TAX

- * Tax Conference Adjustments in 1965 Estimated Receipts—Income Taxes \$3,000,000, Inheritance and Gift Taxes \$1,000,000, and Iron Ore Occupation Tax \$500,000.
- ** Subsequently revised by Commissioner of Taxation to \$20,500,000.
- *** Biennial Budget Estimates—\$3,000,000 General Revenue and \$500,000 Income Tax School Fund—increased by Tax Conference Committee.
- (1) Distributed 45% G.R., 40% I.T., 10% Univ. and 5% I.R.R.
- (2) 100% General Revenue Fund.
- (3) Permanent Taconite Occupation Tax distributed 40% I.T., 10% Univ., 25% G.R. and 25% Local. No temporary additional tax.
- (4) 100% General Revenue Fund.
- (5) Taconite Tax distributed 50% School District, 22% County, 22% Municipality and 6% State.
- (6) Semi-Taconite Tax distributed same as Taconite Tax.
- (7) Distributed 80% State, 20% Counties of Resident Inheritance; Nonresident Inheritance and Gift 100% General Revenue.
- (8) Distributed 70% State, 30% Local on *basic* liquor tax only—entire 15% Liquor Surtax to General Revenue. Beer tax also 100% General Revenue.
- (9) One-eighth of .08 tax credited to Natural Resources Fund; balance distributed 75% State, 25% Local.
- (10) 100% General Revenue.
- (11) 100% General Revenue.
- (12) Total tax rate 12.54%—distributed portion 9.5%; credited to State General Revenue Fund 3.04%.
- (13) Based on estimate of 46 million pounds for two-year period.
- (14) Fees set to cover appropriation liability *plus* 3% administrative expense.
- (15) Reimbursement by counties to cover costs of care for indigent patients.
- (16) Estimated Computations of the Department of Taxation. (See No. 23 also.)

	Fiscal 1966	Fiscal 1967	Biennium Total
Individual and Fiduciary (Gross)	\$207,000,000	\$217,000,000	\$424,000,000
Corporate	41,000,000	40,000,000	81,000,000
	248,000,000	257,000,000	505,000,000
Less Refunds	33,000,000	34,000,000	67,000,000
Net Totals	\$215,000,000	\$223,000,000	\$438,000,000

- (17) Reimbursement for services (utility and others) furnished to *other* than General Revenue-financed activities.
- (18) Service Fee covering title transfer for ownership of motor vehicles.
- (19) Reimbursement for costs incurred in both the collecting and refunding of gasoline taxes.
- (20) Anticipated fiscal year-end excess over \$50,000 in State Parks Working Capital Fund to be credited to General Revenue Fund.
- (21) Estimated "speed-up" in payments (one-time gain).
- (22) Rates changed and surtax eliminated. (See Appendix Table C.)
Personal credits also increased to \$19 and \$38. (See text on page 39.)
- (23) See text on page 43.

Abbreviations

- G.R.—General Revenue Fund
- I.T.—Income Tax School Fund
- I.R.R.—Iron Range Resources and Rehabilitation Fund

APPENDIX TABLE C

COMPARATIVE ANALYSIS OF SELECTED TAX RATES FOR 1963-65 AND 1965-67 BIENNIUMS (PERMANENT AND TEMPORARY)

Tax	1963-65 Biennium		1965-67 Biennium	
	Permanent	Temporary	Permanent	Temporary
Gross Earnings Taxes (In lieu of all ad valorem taxes upon all taxable property within the State)				
Railroad Companies	5%		Rate Unchanged	
Telephone Companies				
—From service to rural subscribers	4%		Rate Unchanged	
—From exchange business of all cities of the fourth class and boroughs and villages having a population of 10,000 or less	4%		Rate Unchanged	
—From all other business	7%		Rate Unchanged	
—For companies whose gross earnings are \$1,000 or less	30¢ per telephone connected to the system		Tax Unchanged	
Telegraph Companies	6%		Rate Unchanged	
Sleeping Car Companies	6%		Rate Unchanged	
Express Companies	9%		5%	
Freight Line Companies	7%		Rate Unchanged	
Taconite Railroads	5%		Rate Unchanged	
Iron Ore Occupation Tax	12%	2.25%	Rate Unchanged	Re-enacted
Iron Ore Royalty Tax	12%	2.25%	Rate Unchanged	Re-enacted
Taconite Occupation Tax	12%		Rate Unchanged	
Taconite Royalty Tax	12%		Rate Unchanged	
Taconite Tax (in lieu of Property Tax)	5¢ per ton of finished product having a content of 55% dry iron, plus 1/10 of 1¢ for each 1% the dry product exceeds 55%			
Semi-Taconite Tax	On taconite processed within state of Minnesota, base tax is 5¢ per ton, escalated the same as the Taconite Tax. If processed outside the State, base rate is 10¢ per ton, escalated the same as the Taconite Tax		Rate Unchanged	
Liquor Tax	20¢ to \$2.50 per gallon	15% Surtax	Rate Unchanged	Re-enacted
Beer Tax (3.2%)	\$1.60 bbl.		Rate Unchanged	
(Strong)	\$3.20 bbl.		Rate Unchanged	
Cigarette Tax	8¢ per pack		Rate Unchanged	
Tobacco Products Tax	10% of wholesale price		Rate Unchanged	
Real Estate Transfer Tax	\$1.10 on first \$1,000 plus 55¢ for each additional \$500		Rate Unchanged	
Bank Excise Tax	9.5%	1.9% plus Surtax of 10% of 11.4%	Rate Unchanged	Re-enacted
Oleomargarine Tax (White)	None		Unchanged	
(Yellow)	10¢ lb.	15% Surtax	Rate Unchanged	
Individual Income Tax	0 to \$ 500—1%		1.5%	Not Re-enacted
	500 to 1,000—1½%		2%	
	1,000 to 2,000—2½%		3%	
	2,000 to 3,000—3½%		5%	
	3,000 to 4,000—4½%		6%	
	4,000 to 5,000—5½%		7%	
	5,000 to 7,000—6½%		8%	
	7,000 to 9,000—7½%		9%	
	9,000 to 12,500—8½%		10%	
	12,500 to 20,000—9½%		11%	
	Over \$20,000 —10½%		12%	
Corporate Income Tax	7.5%	1.8% plus Surtax of 10% of 9.3%	Rate Unchanged	Re-enacted
Gasoline Tax	6¢ gal.		Rate Unchanged	

INDEX

	Page	Page
A		
Agricultural Technical Institute, Crookston	30, 31	
Aid		
Census Aid, \$10 per Pupil	9, 25, 26	
Community School Lunch Program	25, 26	
Fire Departments	9, 34	
Foundation	25, 26	
Long-term Sheltered Workshops	8, 27	
Maximum Effort School Aid	11, 27, 36	
Medical Assistance to the Aged	21	
Medical Assistance to the Needy	20, 21, 22	
Model Laboratory Schools	27	
Rural Library	27	
School Aid Formula	26	
Special Education Aids	26	
Surcharge, Firemen's Relief	9	
To Blind	20, 21	
To Cities	18	
To Disabled	21	
To Families of Dependent Children	19, 20	
To Local Governments	5	
To Schools	5, 25, 26	
To School Districts a/c Airports	9	
To School Districts with Decreasing Assessed Valuations	9	
Transportation School Aid	25, 26, 27	
Aircraft, Lieu Tax on	44	
Airports, State	17, 36	
Appropriations		
Advisory Committee to State Planning Agency	17	
Building Bill	11, 34, 35, 36	
By Funds	53	
Deficiency	7	
Department of Education	25	
Direct and Open	5	
Education	7, 24	
Executive Council	11, 17	
Employees' Insurance and Health Benefits	34	
From Borrowed Money	11	
Functional Distribution	13, 50	
Highways	10, 32	
Junior Colleges	8, 27, 35	
Miscellaneous	8	
National Defense Student Loan Program	29, 30, 32	
Omnibus Appropriation Bills	7	
Natural Resources Bill	7, 8	
Open and Standing	9	
Retirement Base for State Employees	34	
Rural Library Aid	27	
School Aid	25	
Semi-State Activities	7, 18	
State Airports	36	
State Building	11, 34	
State Colleges	29, 35	
State Departments	7, 15	
Summary of	11	
Total	5	
University	35	
Welfare-Corrections	7, 19	
Archeology, Historic Sites, Fort Snelling	17	
Assessors		
Compensation, Term, Vacancies	45	
Athletic Commission	9, 43	
Attributable Costs	9	
B		
Bank Excise Tax, Temporary Tax and Surtax Reimposed	41	
Baudette Bridge, Purchase	36	
Billboards	5	
Board of Tax Appeals (changed to Tax Court)	46	
Borrowing		
Adult Corrections	35	
Contingency Account for Higher Education Facilities	36	
Employment Security Building	36	
Long-term	5, 10	
Maximum Effort School Loan Fund	11, 36	
Mental Hospitals	35	
Mentally Retarded	35	
State Airports	11, 36	
State Colleges	35	
State Junior Colleges	35	
Special Schools and Hospitals	35	
State Buildings	11, 34	
University of Minnesota	35	
Bounties	6, 18	
Brands, Animal	48	
C		
Children		
Education of Handicapped	8	
Phenylketonuria Tests	23	
Cigarette and Tobacco Taxes	7	
Common Carriers	42	
Credit for Distributors	42	
Imposed on Distributor, Not Consumer	42	
Rate of Tax	42	
State or Subdivisions, Subject to Tax	42	
Claims	8	
Commercial Code	5, 16	
Consolidated Conservation, Temporary Transfer	9	
Constitutional Amendment	5, 6, 48	
Coroners, County Boards May Appoint	49	
Corrections		
Appropriations	24	
County Probation Services	24	
Foster Group Care	19, 24	
Parolee Loan Account	19, 24	
Personnel, Additional	24	
Population	24	
Psychiatric Services	19, 24	
Courts		
Public Defender Act	5, 16	
Ramsey County, Additional Judge	49	
Retirement and Compensation Allowances for Certain Judges and Widows of Judges	9	
Salary Adjustments, District and Supreme Court Judges	9	
D		
Dairy Research	8	
Daytime Activity Centers, Mentally Retarded	8, 19, 22, 23	
Death by Wrongful Act	48	
Dedicated Receipts	5, 11	
Deed Tax, Instruments of Conveyance	43	
Deer, Taking of	48	
Deficiency Interest	9	
Discrimination		
Discriminatory Practices	49	
Outdoor Advertising	49	
Distressed Area Work Projects and Relief	9	
Driver Improvement Clinics	33	
E		
Economic Growth	5	
Economic Salary Adjustments Disallowed	14	
Education		
Aids	5, 9, 11, 25, 26, 27, 36	
Appropriations	7, 8, 24, 25, 27, 29, 35	
Department of Education	25	
Junior Colleges	8, 27, 29, 35	
State College Board	39	
State Colleges	29, 30	
University of Minnesota	30, 31, 32	
Elections		
Primary, date	48	
Presidential, Voting by New Residents	48	
Employee Insurance	9	
Employment Security Building	36	
Endowment School Fund Earnings	9	
Excise Tax on Cars and Trucks	39	

INDEX (cont'd)

	Page		Page
Executive Council, Emergency Expenditure Limit	17	Deductions	
Executive Council, Flood Survey	8	Disaster Losses	40
Express Companies, Tax Rate Reduced	43	Forgiveness	41
F		Personal Credits	39
Federal Economic Opportunity Act	22	Destruction of Papers by Tax Commissioner	41
Federal Grants	5, 11	Information Returns	41
Fiscal Note Legislation	6	Interest, Deferred Payment	40
Fishing License, Nonresident, Short-term	48	Investment Credit Provisions	40
Foster Group Care	19	Loss, Carry Back, Refunds	41
Foundation Aid	25, 26	Returns, Failure to File	41
G		Refunds, Overpayments	41
Gasoline Excise Tax		Transfer to General Revenue from Income Tax School Fund	39
Blending of Gasoline	43	Withholding Tax Administration	8
Farm Tractor Fuel	43	Inheritance, Estate and Gift Taxes	
Marine Use Gasoline	43	Apportionment of Liability	43
Refundment Orders, Special Fuel Tax	44	Deductions	43
Special Fuel Dealers' Licenses	43	Disclaimers to Interest in Property	43
Violation, County in which action shall be brought	44	Exemptions	43
General Revenue Fund, Transfer to from Income Tax		Powers of Appointment	42
School Fund	39	Property Jointly Owned	43
Gift Taxes	42, 43	Refunds, Interest on	43
Glen Lake Sanatorium	23	Insurance Gross Premiums Tax	43
Governor		Intoxicating Liquor, Surtax Reimposed	42
Additional Personnel Recommended	14, 15, 18, 19	Interim Commissions	8, 16
25, 29, 30, 31, 32		Interstate Cooperative Commission, Council of State	
Bills Vetoed by	5, 6, 7, 18	Governments, and Uniform Laws Commission	18
Proposed New Revenue	39	Insurance	
State Ceremonial Building (Governor's Mansion)	17	Group, for Employees of Governmental Subdivisions	49
Grants-in-Aid and Shared Taxes	5, 11	Iron Ore, Classification	45
Great River Road	48	J	
Gross Earnings Taxes		Junior Colleges	
Destruction of papers by Tax Commissioner	43	Appropriations	8, 27, 35
Express Companies, Rate Reduced	43	Enrollments	27
Gross Receipts Tax, TV Broadcasts, Boxing Matches	43	National Defense Student Loan Programs	29
Grouse, Scandinavian, Importation	17	Personnel, Additional	29
H		Revenue, Additional	27
Hennepin County Legislative Research Committee Created	49	Salaries	29
Higher Education Facilities, Contingency Account	36	Sites	27
Highway Billboard Regulation	5	Tuition Rates	29
Highway Department		Junkyards, Regulation	33
Appropriations	10, 32	L	
County and Municipal Turnback Account Established	33	Legislature	
Driver Improvement Clinic	33	Activation of Standing Committees	16, 17
Personnel	32	Additional Personnel Allowed	14, 15, 18, 19,
Screening of Junk Yards	33	25, 29, 30, 31, 32	
Highway Regulations		Committee on Ethics	17
Left Turn at Intersection	33	Compensation and Salaries	5, 16
New Minimum Driver Age	33	Interim Commissions	16, 37
Right Turn at Red Light	33	Legislative Period	6
Tires, Metal Studs Permitted	33	Members	5
Housing and Redevelopment	15, 16	Reapportionment	5
Historical Society	18, 48	Resolutions	6
Historic Sites	17	Retirement	16, 37
I		Liaison and Facilities Commission for Higher Education	32
Income Tax		Libraries, Aid to Rural	27
Amended Returns	41	Life Insurance and Health Benefits, State Employees	15
Collection	41	Local Option Elections, Sale of Liquor in Villages	49
Corporation		Long-term Sheltered Workshops	32
Contested Payments	40	M	
Declaration of Estimated Tax	39	Maximum Effort School Loan Fund	11, 27, 36
Depreciation Basis for Gain	40	Medical Assistance to the Aged	19, 21
Employees Stock Options and Purchase Plans	40	Medical Assistance to the Disabled	19
Exemption, Mining and Producing Ores Other than Iron		Medical Assistance to the Needy	19, 20, 21, 22
Increase	39	Mental Health Out-Patient Clinics	19
Installment Obligation Defined	39	Mental Hospitals	19, 22
Property Expropriated by Foreign Governments	40	Mentally Retarded	
Revolving Credit Plan	40	Daytime Activity Centers	8, 19, 22, 23
Small Business	41	Demonstration Project Study	23
Temporary Tax and Surtax Reimposed	40	Relatives' Responsibility Increased	23
Speed-up of Payments	5, 39	Schools and Hospitals	19

INDEX (cont'd)

	Page		Page
Metropolitan Planning Commission			
Mill Rate Increase	49		
Minnesota Residential Treatment Center	19, 24		
Minnesota Soldiers Home	49		
Minnesota State Arts Council	18		
Minnesota-Wisconsin Boundary Area Commission	8, 18		
Motor Bicycles	17		
Motor Vehicle Registration Tax			
Collectors' Items	44		
Dealers' Delayed Payment	44		
Dealer's Number Plate, Fee Increased	44		
House Trailers	44		
License Plates, Period	44		
Rate of Tax, Motor Scooters and Bicycles	44		
Refunds	44		
Station Wagons	44		
N			
National Defense Student Loan Program	29, 30, 32		
Natural Resources	7, 8, 18		
New Activities Provided by 1965 Legislature	15		
Nursing Homes	23		
O			
Occupation and Royalty Tax			
Agglomerating Facilities	42		
Rates	41		
Semi-Taconite Ore Deposits	41		
Semi-Taconite Tax	41		
Old Age Assistance	20		
Oleomargarine, Tax Enforcement	8, 9		
P			
Personnel			
Additional	5, 14, 15, 18, 19, 22, 23		
Corrections	23		
Education	25		
Highways	32		
Junior Colleges	29		
Mental Hospitals	22		
New Salary Plan for	13		
Nursing Homes	23		
Reduction in	14		
Semi-State	18		
Schools and Hospitals for Mentally Retarded	22		
State Colleges	29		
State Departments	15		
University of Minnesota	31		
Welfare-Corrections	19, 24		
Pioneer Teachers Retirement	9		
PKU Test Required	23		
Police Academy	32		
Port Authority, Leased Land, Taxation	46		
Price Tag Legislation	6		
Property Tax			
Assessment Date, January	45		
Assessment of Omitted Property	44		
Exemption, Farm Machinery, Collectors' Items	45		
Exemption, Certain State-Owned Property	45		
For State Debt Charges	38		
Homestead	5, 38		
Mill Levy	5, 10, 38		
Non-Homestead	38		
Reassessment Revolving Fund	8, 44		
Reduction in Value, Notice to Municipality	45		
Soldiers Relief	10, 38		
Taxing Districts, Urban and Rural	45		
Teachers Retirement	38		
Year Payable	45		
Public Defender	5, 8, 15, 16		
Pupil-Unit Defined	26		
R			
Reapportionment			5
Reassessment Revolving Fund			8, 44
Receipts, Estimated			54
Recount Cost, Governor's Race			9
Resolution			6
Retirement			
Change in Base, State Employees			9
Highway Patrolmen's			37
Public Employees			37
Retirement Allowance, Legislators			37
State Employees			9, 36
State Police Officers			37
Teachers			5, 10
Revenue Refunds			9
Revenues from Non-Tax Sources			39
Rural Credit Deficiency			10, 33
S			
Salaries			
Assistant Attorney General			14
Commandant of Soldiers Home			14
Deputy Attorney General			14
District Court Judges			9
Economic Salary Adjustments Disallowed			14
Executive Director of State College Board			14
Highway Patrol			33
Junior Colleges			29
Merit Increases			14
New Salary Plan			5, 13
Solicitor General			14
State College President			14
State Colleges			29
Supreme Court Judges			9
University of Minnesota			13, 30
Sanitary Standards, Bulk Tanks and Milk Houses			48
Sales Ratio Studies, Not Admissible in Evidence			46
Sales Tax, Proposed Legislation			5, 39
Scandinavian Grouse, Importation			17
Sheltered Workshops			8
Soldiers Home			10, 18
Soldiers Relief			10
Soudan State Park			9
Southwestern State College			8
State Agricultural Society			18
State Airports			17, 36
State Building			8, 10, 38
State Building Code			8, 15
State Ceremonial Building			17
State College Board, Appropriation by Transfer from			
Income Tax School Fund			39
State Colleges			
Appropriations			29
Enrollment			29
National Defense Student Loan Program			30
New Program Added			29
Personnel, Additional			29
Reciprocity Contracts			30
Revenues, Additional			29
Salaries			29
Southwest State College			29
Tuition Rates			30
State Departments			7, 15
State Employees			
Insurance Program			5, 9, 16
Retirement Program			9
State Parks, Acquisition, Development, Improvement			8
State Parks Development Fund			7
State Planning Agency			5, 15
State Spending			5, 11, 39
State Teletypewriter Network			5, 15
Statewide Planning Agency			8
Supreme Court Decision, Governor's Right to Veto			5

INDEX (cont'd)

	Page		Page
T			
Taxation		Occupation and Royalty	
Bank Excise Tax, Temporary Tax and Surtax Reimposed ..	41	Agglomerating Facilities	42
Cigarette and Tobacco Taxes	7	Rates	41
Credit for Distributors	42	Semi-Taconite Ore Deposits	41
Imposed on Distributor, Not Consumer	42	Semi-Taconite Tax	41
Rate of Tax	42	Property Tax	
State or Subdivisions, Subject to Tax	42	Assessment Date, January	45
Transportation of	42	Assessment of Omitted Property	44
Deed Tax, Instruments of Conveyance	43	Exemption, Farm Machinery, Collectors' Items	45
Disposition of Taxes	55	Exemption, Certain State-Owned Property	45
Erroneous Remittances	46	For State Debt Charges	38
Estimated Receipts	54	Homestead	5, 38
Excise Tax on Cars and Trucks	39	Mill Levy	5, 10, 38
Gasoline Excise Tax		Non-Homestead	38
Blending of Gasoline	43	Reassessment Revolving Fund	8, 44
Farm Tractor Fuel	43	Reduction in Value, Notice to Municipality	45
Marine Use Gasoline	43	Soldiers Relief	10, 38
Refundment Orders, Special Fuel Taxes	44	Taxing Districts, Urban and Rural	45
Special Fuel Dealers' Licenses	43	Teachers Retirement	38
Violation, County in Which Action Should be Brought	44	Year Payable	45
Gross Earnings Taxes		Rates	56
Destruction of Papers by Commissioner	43	Sales Tax, Proposed Legislation	5, 39
Express Companies, Rate Reduced	43	Shared Taxes	5
Gross Receipts Tax, TV Broadcasts, Boxing Matches	43	Tax Reform	39
Income Tax		Tax Appeals Board Titled Tax Court	17
Amended Returns	41	Teletypewriter Communications Network	8
Collection	41	Turkey Advisory Board	17
Corporation		U	
Contested Payments	40	Uniform Commercial Code	5, 16
Declaration of Estimated Tax	39	University of Minnesota	
Depreciation Basis for Gain	40	Agricultural Technical Institute, Crookston	31
Employees Stock Options and Purchase Plans	40	Appropriations	30
Exemption, Mining and Producing Ores Other than		Appropriations, Special	31
Iron	39	Enrollment	31
Increase	39	Feasibility Study of Inter-Campus TV	32
Installment Obligation Defined	39	National Defense Student Loan Program	32
Property Expropriated by Foreign Governments	40	Personnel, Additional	31
Revolving Credit Plan	40	Police Academy	32
Small Business	41	V	
Temporary Tax and Surtax Reimposed	40	Vetoed Bills	5, 6, 7, 18
Speed-up of Payments	5, 39	W	
Deductions		Wall-eye, Official Fish	48
Disaster Losses	40	Water Conservation	48
Forgiveness	41	Watershed Districts	48
Personal Credits	39	Welfare	
Destruction of Papers by Tax Commissioner	41	Aid to Blind	20, 21
Information Returns	41	Aid to Families With Dependent Children	19
Interest, Deferred Payment	40	Aid to Disabled	19, 21
Investment Credit Provisions	40	Care, Relief and Support of Aged	19
Loss, Carry Back, Refunds	41	Day Care Centers, Mentally Retarded	19, 22
Returns, Failure to File	41	Federal Economic Opportunity Act	22
Refunds, Overpayments	41	Medical Assistance to Aged	19, 21
Transfer to General Revenue from Income Tax		Medical Assistance to Needy	19
School Fund	39	Mental Hospitals	19, 22
Withholding Tax Administration	8	Minnesota Residential Treatment Center	19
Inheritance, Estate and Gift Taxes		Nursing Homes	23
Apportionment of Liability	43	Personnel, Additional	22
Deductions	43	Schools and Hospitals for Retarded	19, 22
Disclaimers to Interest in Property	43	Demonstration Project	23
Exemptions	43	Relatives' Responsibility	23
Powers of Appointment	42	Special Schools and Hospitals	23
Property Jointly Owned	43	Workmen's Compensation, Supplement	8
Refunds, Interest on	43		
Insurance Gross Premiums Tax	43		
Intoxicating Liquor, Surtax Reimposed	42		
Minimum Standards, Commissioner May Determine	46		