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Financial and Administrative Review:

1967 Minnesota State Legislature

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MINNESOTA TAXPAYERS ASSOCIATION

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.
-

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This Research Bulletin has been prepared and published
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1967 Minnesota State Legislature

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NOVEMBER 1967

MINNESOTA TAXPAYERS ASSOCIATION
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I. HIGHLIGHTS OF THE 1967 LEGISLATIVE SESSIONS

THE OUTSTANDING ACTION of the 65th Minnesota state legislature was the enactment, over the Governor's veto, of the "Tax Reform and Relief Act of 1967."

Basic objective of the act is to restore Minnesota's opportunity for economic growth by easing the discouraging burden of property taxes. The new law wiped out the state mill levy on property, incorporated a 3 percent excise or limited sales and use tax into the tax structure and directed more than \$230,000,000 annually into direct relief from real estate, personal property and individual income taxes and into indirect relief from property taxes through substantial new financial aid to municipalities and school districts.

OTHER TAX LAW CHANGES increased corporate income and bank excise taxes, doubled the deed tax, added one cent to the gasoline tax, and imposed income and occupation taxes on the production of copper-nickel ores.

MAJOR SOURCES OF TAX REVENUE anticipated for the 1967-69 biennium, including the sums to be shared with local units of governments, are \$680,500,000 coming from individual and corporate income and bank excise taxes, \$320,000,000 from the new 3 percent sales tax, \$91,120,000 from gross earnings and insurance premium taxes, \$349,612,000 from gasoline taxes and vehicle license fees, \$119,090,000 from liquor, beer, cigarette and tobacco products taxes, \$34,800,000 from ore mining taxes, \$26,000,000 from inheritance and gift taxes, and \$23,500,000 from miscellaneous tax sources.

MAJOR SOURCES OF NON-TAX REVENUE anticipated for the 1967-69 biennium include \$676,119,000 in federal grants, \$226,592,000 from departmental receipts, \$68,645,000 from trust funds and invested cash earnings, \$104,000,000 from sale of bonds, and \$185,000,000 from all other non-tax sources.

TOTAL DISBURSEMENTS by the state government during the 1967-69 biennium were estimated at more than \$2,900,000,000 with upward of \$1,500,000,000 -- more than half of the total -- going to counties, towns, cities, villages, boroughs and school districts in the form of grants, shared taxes, and replacement of local property taxes eliminated or reduced under provisions of the Tax Reform and Relief Act.

EDUCATION, at all levels from elementary school through the University, will get the biggest single portion of all moneys available to the State in the 1967-69 biennium. Omnibus appropriations for education, including state aids for elementary and secondary public schools and operating expenses for the University, state colleges and junior colleges, totaled more than \$717,000,000, up 31.2 percent over 1965-67. In addition, about \$35,000,000 of sales tax revenues will go to local school districts to relieve local tax levies.

STATE HIGHWAYS, including the state's share of Interstate Highway costs, will get nearly \$289,000,000.

PUBLIC WELFARE AND CORRECTIONS will get the next biggest single portion -- more than \$209,000,000,

reflecting an increase of 22 percent over the 1965-67 biennium.

BORROWING of nearly \$164,000,000, through issuance of bonds, was authorized. Nearly \$64,000,000 of this is for buildings, principally for educational institutions, and \$100,000,000 for highways. Not more than \$20,000,000 of the highway bonds are to be issued in any one year. With the state mill levy eliminated, the building bonds will be financed out of general revenues. Highway bonds are financed out of highway-user taxes.

THE STATE PAYROLL will climb sharply in the 1967-69 biennium, with 2,600 newly authorized positions -- more than 2,300 of them in the fields of education, and welfare and corrections -- raising the total number of state employees to about 36,000. Salary costs of the new positions are estimated at nearly \$30,000,000. A new salary plan for classified employees involves pay increases totaling an estimated \$43,000,000.

FRINGE BENEFITS for state employees were expanded. An insurance and health benefits program now covers virtually all full-time employees under state and University civil service, academic personnel of state colleges and junior colleges, full-time elective or appointive officers, and military personnel on the state payroll.

THE TWIN CITIES METROPOLITAN AREA received substantial attention from the legislature. It created a 15-member Metropolitan Council to coordinate the planning and development of the seven-county area, and a nine-member Metropolitan Public Transit Commission to tackle area-wide mass transportation problems. The Public Transit Commission was empowered to levy a \$1 tax on all vehicles housed within the seven-county metropolitan area.

OTHER NEW OR REORGANIZED SERVICES AND ACTIVITIES authorized by the legislature included a Minnesota Pollution Control Agency, a Department of Public Service, a Public Service Commission, a Department of Human Rights, a Land Exchange Review Board, a Peace Officer Training Board, an Office of Local and Urban Affairs, a Commission on Alcoholic Problems, a River Basin Water and Related Land Resources Commission, and a Capitol Area Architectural and Planning Commission.

TWO CONSTITUTIONAL AMENDMENTS were approved for submittal to the voters at the 1968 general election. One would permit legislators to hold other public offices under certain conditions. The other relates to procedural time involved in getting to the governor bills passed by the legislature, and in the governor's signing or vetoing them.

THE 1967 (65th) LEGISLATURE was the first elected after reapportionment of legislative districts in 1966. It included a substantial number of young, new members, mostly from Twin Cities suburbs. Twenty-five of the 67 senators and 43 of the 135 House members were freshmen.

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 1

STATISTICS OF 1967 LEGISLATURE

	Regular Session	Extra Session
Bills introduced--House	2655	88
Bills introduced--Senate	2360	81
Bills enacted into law	909 ¹	60 ²
Bills vetoed by Governor	1	1
Bills pocket-vetoed by Governor	4	0
Constitutional Amendments to be submitted to popular vote	1	1
Legislative Periods		
Regular Session		
Constitutional limitation	120 days	
Convened	January 3, 1967	
Adjourned	May 22, 1967	
Session Days		
House	103	
Senate	102	
Extra Session		
Convened	May 23, 1967	
Adjourned	June 2, 1967	
Session Days		
House	8	
Senate	8	

1 Includes three unsigned measures, and excludes nine resolutions.

2 Includes H.F. 27 (Tax Relief and Reform Act) passed over Governor's veto.

Vetoed Bills

The measures vetoed by the Governor were:

H.F. 1292 -- Tax reform and relief financed by a 3 percent excise and use tax. (Regular Session)

H.F. 27 -- Tax Reform and Relief Act of 1967, financed by 3 percent excise and use tax. (Extra Session)

The four measures pocket-vetoed by the Governor were:

S.F. 81 -- Providing a time interval for the filling of vacancies in any office to which the Governor may make an appointment by and with advice and consent of the Senate.

S.F. 986 -- Increasing the per diem compensation of members of the Adult Corrections Commission.

S.F. 988 -- Increasing the per diem compensation of members of the Youth Conservation Commission.

H.F. 2381 -- Permitting the continued employment of the presently acting and incumbent Chief of the Airport Safety Division, Minneapolis-Saint Paul International Airport, notwithstanding provisions of a law requiring retirement at age 65.

The three measures which the Governor allowed to become law without his signature were:

H.F. 183 -- Requiring approval by the Carver County Board for land acquisition for park purposes. (Chap. 131)

H.F. 336 -- Relating to the definition of "person" for purposes of candling, grading, handling, and marketing of eggs. (Chap. 141).

S.F. 893 -- Permitting the city of St. Cloud to adopt ordinances by reference, in full or in part, to any ordinance of any city of the first class in Minnesota. (Chap. 154)

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 1967 Legislature amounted to \$1,030,731,363¹ -- an increase of \$231,572,648 or 28.98 percent over the \$799,158,715 provided by the 1965 Legislature. This was the first time that direct appropriations -- over which the legislature exercises fiscal control -- exceed the billion-dollar mark.

Chapter references of the various Omnibus Appropriation Bills are:

Chapter 48 (Ex. Sess.) -- State Departments
Chapter 741 -- Welfare Corrections
Chapter 868 -- Education
Chapter 886 -- Semi-State Activities
Chapter 887 -- Highways

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

¹ Includes appropriated Occupation Tax and Trust Fund revenues as they apply to the University -- estimated at \$5,126,992 in 1965-67 and \$6,261,554 in 1967-69.

Table 2

**COMPARISON OF OMNIBUS APPROPRIATIONS
1965 AND 1967
-- DEFICIENCIES INCLUDED --**

	1965 Legislature	1967 Legislature	Increase
Omnibus Appropriation Bills			
State Departments. . .	\$ 93,859,264 ¹	\$121,905,978	\$ 28,046,714
Semi-State Activities. .	2,422,085	3,307,158	885,073
Welfare-Corrections. .	170,399,423	208,330,292 ²	37,930,868
Education.	508,328,019 ³	665,199,245 ^{3, 4}	156,871,226
Total.	775,008,793	998,742,676	223,733,882
Highway Department Bill			
Direct Appropriations for:			
Administration, Safety, Plant and Equipment, and Contingent Fund. . . .	24,149,922	31,988,687	7,838,765
Grand Total. . . .	\$799,158,715	\$1,030,731,363	\$231,572,648

1 For comparability, includes Natural Resources Bill -- \$8,195,199 and State Airports Projects -- \$2,112,500.

2 Excludes "Repair and Replacement" appropriations totaling \$1,311,600 -- provided by 1967 Legislature in General Revenue Building Bill.

3 Includes Occupation Tax and Trust Fund revenues estimated at \$5,126,992 in 1965-67 and \$6,261,554 in 1967-69.

4 Excludes "Repair and Replacement" appropriations totaling \$230,000 -- provided by 1967 Legislature in General Revenue Building Bill.

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

Comparison of Omnibus Appropriations

New or expanded services provided by the 1967 Legislature, reflected in the increased appropriations reported above, are discussed in detail under the various functional sections of the report.

The shifting of certain liabilities from the state property tax levy plus the movement of other items between the Omnibus, Miscellaneous, and Open Appropriations must be recognized in making a true biennial comparison.

Major changes or adjustments are:

1. As indicated in Footnote 1 to Table 2, appropriations made by the 1965 Legislature in the Natural Resources Bill and for State Airports Projects have been added to the 1965 Omnibus State Departments Bill to make it conform to the corresponding bill enacted for the 1967-69 period.

2. The one-tenth mill levied for Soldier's Relief purposes against all non-homestead property, as a part of the total state tax levy, is discontinued. Such relief, previously administered by the Soldier's Home Board (in the Semi-State Activities Bill) is now provided by the Department of War Veterans Affairs (State Departments Bill) for which an additional sum (estimated at \$100,000 per year) is incorporated in the Veterans Relief Fund appropriation, financed out of the General Revenue Fund.

3. Repairs and Replacement items, which previously have been part of the Omnibus Education and Welfare-Corrections Bills, were placed in a Building Bill (Chap. 13 Ex. Sess.) by the 1967 Legislature. For comparison purposes, the 1967 Repair and Replacement allocations totaling \$1,311,600 for Welfare-Corrections institutions and \$230,000 for Junior Colleges and State Colleges should be added to the respective totals of the Welfare-Corrections and Education Bills, and the differential over 1965 appropriations increased accordingly.

B. NATURAL RESOURCES APPROPRIATIONS

The third segment of the Natural Resources and Recreation Act was incorporated in the State Departments Bill by the 1967 Legislature. The 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 1967 Legislature amount to \$9,136,653, of which \$685,000 is financed from the State Parks Development Account, \$95,000 from the General Revenue Fund, and the remaining \$8,356,653 from the continued one cent increase (eighth cent) in the cigarette tax rate. Appropriations by the 1967 Legislature are \$941,454 above the \$8,195,199 provided by the 1965 Legislature.

Table 3

NATURAL RESOURCES APPROPRIATIONS

To Minnesota Outdoor Recreation Resources Commission For administration	\$ 125,000
To Department of Taxation For collection of taxes	59,069
To Department of Economic Development Regional tourist promotion	50,000
To State Planning Agency Water resources planning	60,500
Economic impact of tourist development	50,000
	110,500
To Regents of the University of Minnesota Research in vegetation management in state parks and recreation area	\$ 30,960
Study of lakeshore development trends	87,400
Land acquisition, Cedar Creek	103,000
Land acquisition, Excelsior landscape arboretum	30,000
Prehistoric archaeology	38,000
Geologic mapping	140,000
Limnological research	50,000
Soil mapping	60,000
	539,360
To Minnesota Historical Society Fort Snelling restoration	\$ 260,000
Historic archaeology	50,000
Historic site markers	9,000
State monument program	2,000
Meighen store furnishings and fixtures	2,552
Lower Sioux agency improvements	60,000
Connors fur post reconstruction	16,000
Petroglyphs fencing	4,000
LeDuc house improvements	2,500

Lindbergh, Kathio, Kelley Homestead and Comstock House improvements	9,000
Hudson Bay Trading Post at Georgetown	3,000
	418,052
To Commissioner of Conservation	
Spawning land development	50,000
Acquisition, development and easement of trails for multiple uses	65,000
Tree planting	100,000
Forest roads	150,000
Hydrologic studies	150,000
Land exchange field work and plan	50,000
Duck depredation problem study	25,000
Red River study	35,000
Aerial photos	25,000
State parks capital improvements	1,670,000 ¹
Wildlife land development	150,000
	2,470,000
To Governor	
Fort Snelling 150th Anniversary Committee	5,000
To Commissioner of Administration	
Land acquisition for six historic sites	158,000
Spawning land acquisition	300,000
Wildlife land acquisition	475,000
Land acquisition, Minnesota Memorial Hardwood Forest	200,000
Topographic mapping	1,000,000
Land acquisition for 36 state parks	1,000,000
Grants to local units of government	
For repair, remodeling, and expansion of existing facilities	76,000
Grants-in-aid to local units of government	
For acquisition and development for recreational projects	1,900,000
Contingent fund	
For land acquisition and easements for state parks, natural areas, historic and archaeological sites, and hardwood forests	250,000
	5,359,000
Employees Compensation (Natural Resources share)	222
Unemployment Compensation (Natural Resources share)	450
Total Amount Allocated	\$9,136,653
Financing Provided	
From Natural Resources Account	\$8,356,653
From State Parks Development Account	685,000
From General Revenue Fund	95,000

¹ Of this sum \$685,000 is appropriated from State Parks Development Account, \$95,000 from General Revenue Fund and balance from Natural Resources Account

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, and current maintenance of state buildings.

Others are for non-recurring items such as the 1965 appropriation to the Executive Council for flood survey work. A large number of these individual appropriations are for purposes and activities which become a continuing part of the State's services with funds provided in one or another of the major appropriation bills in suc-

ceeding legislative sessions. For example, sheltered workshops, state building code, state planning agency, Minnesota-Wisconsin Boundary Area Commission, uniform commercial code, public defender, and the teletypewriter communication network were financed as "miscellaneous" appropriations in 1965, but became a part of omnibus bill appropriations in 1967.

Table 4

MISCELLANEOUS APPROPRIATIONS 1965 AND 1967 SESSIONS (Including deficiencies and appropriations made immediately available)

Recurring Items	1965 Legislature	1967 Legislature	Increase or (Decrease)
Miscellaneous claims	\$ 452,449	\$ 374,165	\$ (78,284)
Workmen's Compensation, supplement	350,000	-----	(350,000)
Interim Commissions	155,000	214,800	59,800
Re-assessment Revolving Fund	350,000	-----	(350,000)
State Buildings -- current maintenance	2,068,263	4,068,723	2,000,459
New Activities			
River Basin Water and Related Land Resources Commission	-----	95,000	95,000
Construct Interstate Highway rest area buildings and facilities	-----	480,000	480,000
Minnesota Safety Council	-----	80,000	80,000
Peace Officers Training Board	-----	50,000	50,000
Snowmobile registration	-----	150,000	150,000
Great Lakes Basin Commission	-----	50,000	50,000
Land Exchange Review Board	-----	70,000	70,000

To Major Appropriation Bills

Sheltered Workshops	15,000	-----	(15,000)
State Building Code	50,000	-----	(50,000)
Statewide Planning Agency	50,000 ¹	-----	(50,000)
Additional Aid -- School Districts with decreasing assessed valuations	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)
Education and Aid to Handicapped Children	860,000	-----	(860,000)
Supplemental appropriations	-----	925,462	925,462
State School Aid (deficiency)	-----	12,998,548	12,998,548

Non-Recurring Items

Executive Council, Flood Survey	50,000	-----	(50,000)
State Buildings Speech-Music Building -- Mankato (supplement)	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)
Doctoral Program Study	-----	25,000	25,000
Land acquisition in St. Louis County	-----	25,000	25,000
State Agency Revolving (PERA coverage under OASI)	-----	30,000	30,000
Property Tax Relief Fund (administration)	-----	700,000	700,000
All other	612,370	20,000	(592,370)
Total	\$7,903,584	\$20,356,699	\$12,453,115

1 Reported as \$25,000 in Research Bulletin No. 45.
Note: Columns may not add due to dropping of cents.

D. OPEN AND STANDING APPROPRIATIONS

General Revenue, Income Tax School, and Endowment School Funds

Excluding income tax refunds, 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 \$24,536,832 to \$47,490,174 -- a two-year increase of \$22,953,342 or 93.6 percent.

Two items account for most of the increase. Payment of principal and interest on bonds authorized by the 1967 Building Bill (Chap. 8 Ex. Sess.) will be financed from the General Revenue Fund rather than by a levy against all real and personal property as in the past. Extension of the state insurance program to an increased number of employees accounts for most of the balance of the increase.

Income tax refunds were estimated initially at \$67,000,000 for the 1965-67 biennial period. By reason of an increase in the individual income tax rates by the 1967 Legislature, the refund estimate was increased to \$71,000,000. Refunds for the 1967-69 period are estimated at \$100,000,000.

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 \$18,250,000 for the 1965-67 period to an estimated \$19,250,000 for 1967-69. With these earnings added, open and standing appropriations in these three funds are estimated to total \$66,740,174 -- up \$23,953,342, or 56.0 percent, over the \$42,786,832 authorized in the 1965 Session.

Table 5

COMPARISON OF OPEN AND STANDING APPROPRIATION ESTIMATES FOR 1965-67 AND 1967-69 BIENNIUMS

	1965 Legislature	1967 Legislature	Increase or (Decrease)
General Revenue Fund			
Aid to Fire Departments	\$ 2,110,000	\$ 2,360,000	\$ 250,000
Surcharge for Firemen's Relief	450,000	495,000	45,000

Revenue refunds	200,000	400,000	200,000
Highway Building acquisition	40,000	40,000	-----
Economic Opportunity Act Aid to certain school districts a/c airport	10,500	10,500	-----
Legislative retirements	-----	25,152	25,152
Pioneer Teachers' retirement	32,160	58,000	25,840
Oleomargarine research	250,000	250,000	-----
Elected State Officers retirement program (Chap. 700)	-----	15,600	15,600
State Athletic Commission	30,000	30,000	-----
State Employee insurance program	1,500,000	9,992,372	8,492,372
State Employee retirement Change in base	1,533,532	-----	(1,533,532)
Ceiling removed (Chap. 571)	-----	1,090,200	1,090,200
Supplemental retirement benefits			
PERA (Chap. 688)	-----	347,000	347,000
SERA (Chap. 714)	-----	428,000	428,000
TRA (Chap. 715)	-----	650,000	650,000
Building Bill (Chap. 8 Ex. Sess.)	-----	11,017,262	11,017,262
Consolidated Conservation temporary transfer	75,000	-----	(75,000)
All other	28,100	30,800	2,700
Total	\$ 6,259,292	\$28,000,812	\$21,741,520

<u>Income Tax School Fund¹</u>			
\$10 Per Pupil Census Aid	\$17,400,000	\$17,900,000	\$ 500,000
Attributable costs	436,400	607,000	170,600
State Employee insurance program	250,000	845,562	595,562
State Employee retirement Change in base	191,140	-----	(191,140)
Ceiling removed (Chap. 571)	-----	58,800	58,800
Increased School Aids -- Koochiching County (Chap. 726)	-----	75,000	75,000
School Aid a/c military lands (M.S. 190.31)	-----	3,000	3,000
Total	\$18,277,540	\$19,489,362	\$ 1,211,822
Total -- General Revenue and Income Tax School Funds	\$24,536,832	\$47,490,174	\$22,953,342

<u>Endowment School Fund</u>			
Portion of "Aid to Schools"			
Appropriation Calculation	\$18,250,000	\$19,250,000	\$ 1,000,000
Grand Total	\$42,786,832	\$66,740,174	\$23,953,342

1 Excludes Income tax refunds, estimated at \$71,000,000 for 1965-67 and \$100,000,000 for 1967-69.

State Employees Retirement Program Contributions Increased

Two factors made necessary an open appropriation of \$1,149,000 to supplement funds contained in each department appropriation for the state's share of retirement benefit costs. One factor was removal of the \$7,200 limitation on the portion of salary subject to assessment for the State Employees Retirement Association. The other factor was an increase in the contribution percentage rate for the Federal Old Age Survivors Insurance program. In both instances, the State is obligated to match the increased assessments against employees.

More State Employees to Receive Insurance and Health Benefits

Insurance, medical, and related benefits are to be provided by the State to virtually all unclassified regular employees¹ and civil service employees of the University of Minnesota. During the last two-year period only "all regular employees in the classified service of the State Civil Service" were covered. Insurance and health benefits are now provided to 36,000 state employees.

To meet the increased obligation, an open appropriation in the estimated sum of \$10,837,934 was provided by the 1967 Legislature -- \$9,992,372 from the General Revenue Fund and \$845,562 from the Income Tax School Fund. (Chap. 103 and Chap. 759)

Highway Department "Open" Appropriations

In addition to the open and standing appropriations listed in Table 5, 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 \$256,478,875. Comparable expenditures, on an actual basis, for the 1965-67 biennium were \$200,783,183. The calculated increase is \$55,695,692 or 27.74 percent. These appropriations are financed out of the Trunk Highway Fund.

¹ Includes all elective and appointed State officials.

Table 6

COMPARISON OF OPEN HIGHWAY APPROPRIATIONS -- ESTIMATES FOR 1965-67 AND 1967-69 BIENNIUMS

Item	For 1965-67 ¹	For 1967-69 ²	Increase
Construction and Maintenance operations	\$112,500,585	\$123,103,800	\$10,603,215
Bond sale expense	4,759	40,000	35,241
Interest on bonds ³	1,622,150	2,071,400	449,250
Patrol fine expense	29,460	50,000	20,540
Highway Safety Account	384,000	720,000	336,000
Services by other State Departments	782,672	867,000	84,328
Maintenance and services, Highway Building	806,317	920,000	113,683
Highway Construction (Including Maintenance betterments and Right-of-way)	260,530,589 ⁴	371,606,675	111,076,086
Total	\$376,660,532	\$499,378,875	\$122,718,343
Federal Funds in Program			
Regular Trunk Highway System	27,577,573	47,100,000	19,522,427
Interstate System	148,299,776	195,800,000	47,500,224
Net Total State Funds	\$200,783,183	\$256,478,875	\$55,695,692

¹ Actual expenditures.

² Estimates reflect one cent increase in gasoline tax rate (from six to seven cents) effective July 1, 1967, and the additional bonding authority (\$100,000,000) granted to the Department of Highways.

³ Payment of principal on bonds excluded. Actual for 1965-67, \$6,535,000; estimate for 1967-69, \$6,866,000.

⁴ Sum of \$2,800,015 in construction funds not placed under contract in fiscal 1967. Amount carried forward to 1967-69 biennium.

E. STATE BORROWING

State Building Bill

To provide the monies appropriated for the acquisition and betterment of public lands and buildings and other public improvements of a capital nature, the State Legislature authorized the issuance and sale of general obligation bonds maturing serially within 20 years from date of issuance.

In furtherance of its tax relief and reform program, the legislature provided for an appropriation annually to the Minnesota State Building Bond Account from the General Revenue Fund sufficient to pay all principal and interest due and to become due on said bonds within the then ensuing year and to and including July 1 in the second year. Heretofore, debt charges have been met by a tax levy against property.

To meet the building bond obligation during the 1967-69 biennium, an open appropriation in the estimated amount of \$11,017,262, financed out of the General Revenue Fund, was made. (See Table 5.)

Detail of the State Building Bills enacted in the 1965 and 1967 Sessions is reported in the functional section of this Research Bulletin. (See Table 24.)

Maximum Effort School Loan Fund

The 1967 Legislature authorized issuance of an additional \$2,800,000 of state school loan bonds to provide funds to the School Loan Committee to make debt service loans and capital loans to school districts for new construction. (Chap. 583) Previous authorizations total \$36,200,000.

Table 7

COMPARISON OF STATE BORROWING AUTHORIZED

	1965 Legislature	1967 Legislature	Increase or (Decrease)
State Building Bill			
New Borrowing Only	\$54,789,691	\$63,793,239 ¹	\$9,003,548
Maximum Effort School Loan Fund	10,400,000	2,800,000	(7,600,000)
Total	\$65,189,691	\$66,593,239	\$1,403,548

¹ Excludes supplemental appropriation of \$300,000 for Employment Security Building financed out of Employment Security Building Fund. (Chap. 8, Ex. Sess.)

F. SUMMARY OF APPROPRIATIONS

A summary comparison of the foregoing direct and open appropriations authorized in the 1965 and 1967 Legislative Sessions follows:

Table 8

SUMMARY OF APPROPRIATIONS

	1965 Legislature	1967 Legislature	Increase
Four Omnibus Appropriation Bills	\$ 775,008,793 ¹	\$ 998,742,676	\$223,733,882
Highway Department Bill Direct Approp. only	24,149,922	31,988,687	7,838,765
Miscellaneous Appropriations	7,903,584 ²	20,356,699	12,453,115
Open and Standing Appropriations	42,786,832	66,740,174 ³	23,953,342
Highway Department Open Appropriation	200,783,183 ⁴	256,478,875	55,695,692
Total	\$1,050,632,314	\$1,374,307,112	\$323,674,796

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

1 For comparability, includes Natural Resources Bill of \$8,195,199 and State Airports (Construction) appropriations of \$2,112,500.

2 Modified from sum reported in Research Bulletin No. 45, by addition of supplemental \$25,000 for State Planning Agency.

3 Includes estimated sum of \$11,017,262, financed out of the General Revenue Fund, to cover payment of principal and interest during 1967-69 fiscal period on new borrowing authorized by 1967 legislation.

4 Modified from estimate reported in Research Bulletin No. 45. (See Table 6 for details.)

G. TAX REFORM AND RELIEF ACT OF 1967

The Tax Reform and Relief Act of 1967 provides substantial tax relief. During the coming two-year period, the measure includes authority for the expenditure of open appropriations in the following sums as estimated by the 1967 Tax Conference Committee:

	Estimated Annual Appropriation (In millions)
Property Tax Relief —	
Reductions in Property Taxes on	
Homesteads	\$ 72.0
Reduction of State Levy on Property	51.0
Exemption of Items of Personal Property from	
Property Taxation	
—Farm Machinery and Livestock	18.7
—Business inventories or tools	
and equipment	40.0
Aids to Municipalities and School Districts ---	37.0
Tax Relief to Elderly Who Own or Rent Houses.	6.0
Cost of Administration of the Act.	1.5 ¹
Estimated Total — Fiscal 1968.	\$226.2
Tax Relief to Renters	
Applicable for rent paid for 1968	
and thereafter	6.0
Additional Cost of Administration in	
Fiscal 1969	1.0
Estimated Total — Fiscal 1969.	\$233.2
Estimated Biennial Total	\$459.4

1 Excludes an "immediately available" direct appropriation of \$700,000 out of General Revenue Fund for the purpose of preparing to administer and to administer the provisions of the Act. Sum included with Miscellaneous Appropriations previously reported.

Cost of Administering Program

In budgeting for the Tax Reform and Relief program, the Tax Conference Committee report estimated the cost of administration at 1½ percent per year of total collections — based on the experience of several sales tax states. It was the intent of the Committee that the law be adequately financed to provide for complete and effective administration in all areas of collection, auditing and enforcement.

Financing of Program

The financing of this program appears under the heading "VI. Tax Program and Laws," and also in Appendix C.

H. TOTAL STATE SPENDING

The total of authorized disbursements by the state government during the 1967-69 biennium is estimated at more than \$2,900,000,000, with more than half of that going for property tax relief and for aids and grants to municipalities and local school districts.

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).

Item	Biennium Total	
From Table 8		656.7
(Summary of Appropriations)	\$1,374,307,112	1,007.5
From Property Tax		72.0
Relief Fund	459,400,000	
Federal Funds	654,418,589	527.6
Dedicated Receipts		
General Revenue	106,091,704	76.6
Other Funds	317,378,686	181.3
Total	\$2,911,596,091	1,865.0

I. GRANTS-IN-AID AND SHARED TAXES

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

Of the \$1,374,307,112 in legislative appropriations (direct and open), an estimated \$707,813,385 or 51.5 percent, will be distributed to local units of government during the 1967-69 biennium.

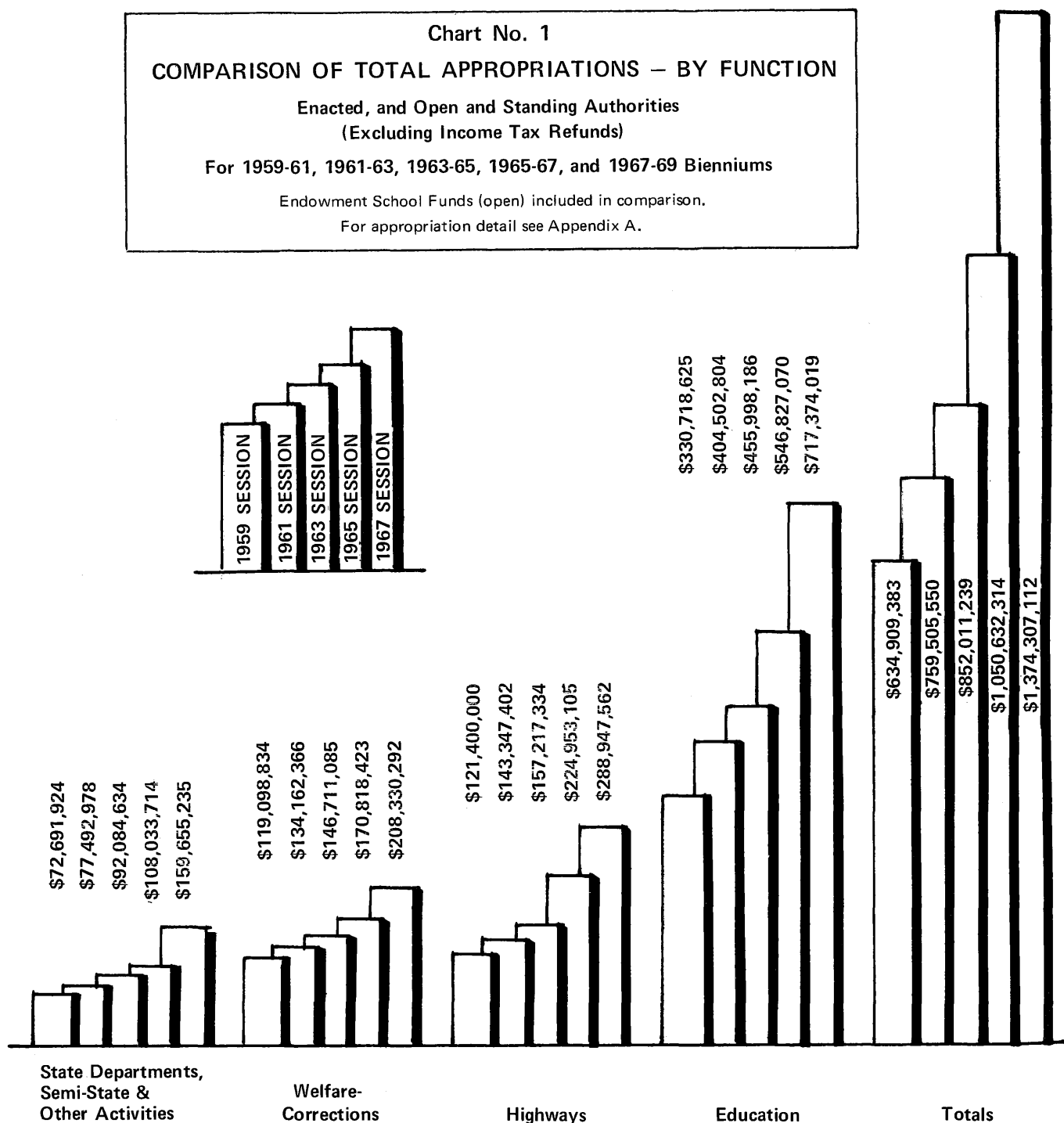
Virtually all of the Property Tax Relief monies will be used for tax relief and reform — to owners of homes, farms, businesses and industries; to the elderly and renters; and as additional tax relief through state aid to municipalities and school districts. (See "Tax Programs and Laws" for details.)

With the addition of shared taxes (such as cigarette and liquor), miscellaneous special revenues (such as the earnings of the Consolidated Conservation Area Fund), and federal grants, the total sum to be distributed to local units will amount to an estimated \$1,506,646,076 or 51.7 percent of the nearly \$3 billion (\$2,911,596,091) in estimated spending by the State.

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

	Biennium Total	Percent
Education	\$ 577,610,256	38.4
Public Welfare	277,083,822	18.4
Highways	133,386,361	8.8
Local Political Subdivisions	456,900,000	30.3
All Other	61,665,637	4.1
Total	\$1,506,646,076	100.0

Chart No. 1
COMPARISON OF TOTAL APPROPRIATIONS — BY FUNCTION
 Enacted, and Open and Standing Authorities
 (Excluding Income Tax Refunds)
 For 1959-61, 1961-63, 1963-65, 1965-67, and 1967-69 Bienniums
 Endowment School Funds (open) included in comparison.
 For appropriation detail see Appendix A.



IV. APPROPRIATIONS COMPARED ACCORDING TO FUNCTION

Direct, miscellaneous, and open and standing appropriations have been grouped in this section and also in Appendix A in accordance with the functional titles of the five major appropriation bills. In addition, those appropriations which are general in character have been included in a category titled "Appropriations for Purposes Not Otherwise Identified."

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 9

APPROPRIATIONS AUTHORIZED BY FUNCTION¹

	1965 Legislature		1967 Legislature		Percent Increase or (Decrease)
	Amount	Percent	Amount	Percent	
State Departments	\$ 96,160,744 ²	9.2	\$ 124,269,093	9.0	29.2
Semi-State Activities	2,357,085	0.2	3,185,658	0.2	35.2
Welfare-Corrections	170,818,423	16.3	208,330,292	15.2	22.0
Education	546,827,070	52.0	717,374,019	52.2	31.2
Highway (Direct Appropriations) . .	24,769,922	2.3	32,468,687	2.4	34.3
Other Activities	9,515,885	0.9	32,200,484	2.3	238.4
Total	849,849,131	80.9	1,117,828,237	81.3	31.5
Estimated Highway Expenditures, excluding Federal Funds and Direct Appropriations	200,783,183 ³	19.1	256,478,875	18.7	27.7
Grand Total	\$1,050,632,314	100.0	\$1,374,307,112	100.0	30.8

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 and State Airports (Construction) for comparative purposes.

3 Modified from estimate reported in Research Bulletin No. 45. (See Table 6 for details.)

Note: Income tax refunds excluded — estimated at \$71,000,000 in 1965-67, and \$100,000,000 for 1967-69.
Columns may not add due to dropping of cents.

A. GENERAL COMMENTS

A fourth new salary plan in as many legislative sessions, a substantial increase in the number of new positions, extension of the insurance and health program to more state employees, expansion of the retirement contribution base for state employees, and higher costs for supplies and expenses were among the many considerations confronting the 1967 Legislature in its appropriation deliberations.

New Salary Plan

"It is the public policy of the state of Minnesota that an efficient and well trained work force be maintained to carry out the work ordained by the Legislature . . . It is established as the policy of the state of Minnesota that employees be paid on the same level as their counterparts in other private and public employment. Continuing analysis of pay rates and supplementary pay practices shall be carried on, as well as analyses of jobs to determine comparability of job content."

With this expressed policy as background, the 1967 Legislature approved new schedules of rates of pay for all employees in the state classified service. The previous 45 range salary plan was replaced by two separate schedules (Schedules A and B), plus a provision for establishing pay rates for teachers in the residential schools in corrections and welfare institutions.

Schedule A consists of 15 ranges and covers the majority of positions in the classified service. Each range consists of 10 steps at 4 percent intervals. One of the objectives of the new salary plan is to provide for career development in compensation and to reduce the number of supervisory and review levels. The minimum salary provided is \$260 per month; the maximum salary is \$1,849 per month. These monthly rates equate to \$3,120 and \$22,188 on an annual basis.

Schedule B consists of 13 ranges, each with 4 steps at 8 percent intervals. It was designed by the Civil Service Department to cover trades classes and maintenance classes where a shorter pay range and

quicker progression to the job rate is customary. The minimum salary in Schedule B is \$260 per month; the maximum is \$878 per month. These monthly rates equate to \$3,120 and \$10,536 on an annual basis.

Effective July 1, 1967, overtime for positions below 8A (Schedule A) and 11B (Schedule B) is compensated in pay or time-off on the basis of time and one-half. Above grades 8A and 11B overtime worked is compensated at straight time in pay or time-off.

The Civil Service Board is authorized to approve rates for teachers in established school programs in the Department of Education and institutions under the jurisdiction of the Departments of Public Welfare and Corrections in a manner similar to the school districts in the State. These rates (1) shall be established to reflect academic preparation and years of teaching, and (2) shall consist of a minimum rate plus nine additional annual increases. (Chap. 193)

The new salary plan actually consolidated certain classes of work—resulting in a reduction from slightly over 1,000 different classes to approximately 770 classes under the new schedules.

Based on the approved civil service positions as of June 30, 1966, conversion to the new pay plan produced salary adjustments as follows:

	Increase
6,000 employees.	8%
4,400 "	12
1,500 "	16
6,100 "	20
409 "	24
277 "	28
17 "	32

The Civil Service Department estimates that new positions added in fiscal 1967 under the old pay plan divided about equally between the 8 percent and 12 percent increases when assigned to the new pay plan.

Classified employees of the University of Minnesota—operating under the University's own Civil Service Classification Plan—were adjusted to comparable ranges as provided in Schedules A and B. Unclassified positions in various semi-state activities, with duties comparable to those of classified positions under State Civil Service, were similarly adjusted.

The new salary bill (Chap. 193) repealed the provisions of law authorizing longevity pay and cost of living increases. Cost of living salary adjustments had not been granted during the 1965-67 biennium.

Number of Employees Increased

The Governor recommended 3,619 new positions in state service, 2,746 of these in activities financed by omnibus bill appropriations and 873 in non-appropriation accounts. This would have brought the total number of state employees to 35,418.

The legislature cut the Governor's request by 147 positions in the omnibus-bill-financed activities.

Salary and wage costs of the 2,600 new employees authorized in omnibus bill appropriations were put at \$29,871,042 for the biennium.

Table 10

NEW POSITIONS ALLOWED BY OMNIBUS APPROPRIATION BILLS NUMBER AND ESTIMATED BIENNIAL COST

Function	Number	Biennial Cost
State Departments		
Department of Taxation	43	\$ 447,552
Department of Administration	23	295,689
Banking Division	11	108,070
Insurance Division	13	165,113
Forestry Division	28	236,184
Bureau of Criminal Apprehension	12	131,761
All Other	80	1,184,490
Total State Departments	210	2,568,858
Welfare-Corrections		
Welfare--Administration	22	296,778
Mental Hospitals	99	804,657
Hospitals for Mentally Retarded	405	2,321,577
Special Hospitals	22	223,582
Corrections--Administration	17	211,927
Adult Corrections	16	169,728
Youth Corrections	19	233,579
Minnesota Residential Treatment Center	18	209,895
Total Welfare-Corrections	619	4,471,723
Semi-State Activities	18	288,479
Education		
Department of Education	18	237,784
Vocational Training	55	470,247
State Junior College Board		
Civil Service	69	578,532
Academic	346	5,322,133
State Colleges		
Civil Service	158	1,195,259
Academic	450	6,731,924
University ¹		
Civil Service	302	2,312,343
Academic	288	4,788,445
Total Education	1,687	21,636,667
Highway	66	905,315
Total -- Number and Amount	2,600	\$29,871,042

1 Maintenance and Improvement Account only.

Note: The totals do not include personnel required to staff new Sales and Use Tax Division of Department of Taxation.

Cost of New Pay Plan

In the absence of a position-by-position analysis of all salary appropriations (direct and open) made by the 1967 Legislature, it is impossible to ascertain the exact cost of the approved new pay plan. However, it can be assumed that the cost of the plan allowed by the Legislature would approximate the cost of the plan as recommended by the Governor since the only difference occurs in the number of new positions allowed.

The cost of the new plan, and number of positions involved, as recommended in the Governor's Budget, was as follows:

Cost of New Pay Plan As Based on Governor's Budget Recommendations

Number Positions	Omnibus Bills	Non-Approp. Accounts	Total
Present Rosters	24,257	7,542	31,799
Recommended New	2,746	873	3,619
Total	27,003	8,415	35,418
Estimated Cost			
Present Rosters	\$32,767,976	\$8,658,813	\$41,426,789
Recommended New	1,183,723	686,669	1,870,392
Total	\$33,951,699	\$9,345,482	\$43,297,181

Combined Added Cost of New Pay Plan and New Positions

The combined increase in salary and wage costs resulting from the new pay plan and increased number of employees is expected to exceed \$70 million for the biennium.

Merit Increases Allowed

In addition to the new salary plan, the 1967 Legislature provided in the several appropriations for merit increases for each eligible position, for each year of the biennium, but subject to the same allotment limitations that prevailed during the 1965-67 biennium.

Allotment of funds for merit increases is limited to 75 percent of the maximum possible requirement for that purpose in departments or agencies having from 51 to 100 employees and in the state colleges, and to 50 percent in departments and agencies having 101 or more employees.

Salary Adjustments -- Unclassified Positions

The statutory salary of virtually every constitutional officer, department head and his assistants, and head of an institution was increased by the 1967 Legislature. A listing of such approved salaries is presented in Appendix E.

B. STATE DEPARTMENTS

On a functional basis, direct and open appropriations for state department activities increased by \$28,108,348, or 29.2 percent, over similar appropriations enacted by the 1965 Legislature.

Table 11

STATE DEPARTMENTS COMPARISON OF APPROPRIATIONS 1965 AND 1967 SESSIONS

	1965 Legislature	1967 Legislature	Increase Amount	Percent
State Departments Appropriations	\$96,160,744	\$124,269,093	\$28,108,348	29.2

New Positions Added

The Governor's Budget recommended 296 full-time equivalent new positions at an estimated biennial cost of \$4,009,532. The 1967 Legislature allowed 209.5 new positions at a biennial cost of \$2,568,858.

State Department Appropriation Increases

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

New Activities

River Basin Water and Related Land Resources Commission	\$ 95,000
Great Lakes Basin Commission	50,000
Property Tax Replacement Fund	700,000
Minnesota Peace Officers Training Board	50,000
Registration of snowmobiles	150,000
Land Exchange Review Board	70,000
Commission on Alcoholic Problems	65,000
Cigarette Enforcement Fair Trade Law	42,000
Study of Governmental Reorganization	50,000

Principal Increases or Expansions

Legislature	\$ 2,099,152
Water Pollution and Air Pollution Commission	549,420 ¹
Statewide Planning Agency	500,000
Public Examiner	220,422
Department of Taxation	2,784,273
Attorney General	319,671
Bureau of Criminal Apprehension	421,788
District Courts	609,740
State Public Defender	105,380
Supreme Court	150,832
Department of Administration	1,515,549
State Ceremonial House	60,484
Computer Services	500,000
Motor Vehicle Division	659,624
Department of Civil Service	249,481
Adjutant General	212,985
Division of Banking	376,482
Division of Insurance	347,472
Department of Public Service (Railroad and Warehouse Commission)	2,783,274
Department of Economic Development (Business Development)	1,038,696
Department of Agriculture	572,899
Department of Conservation Administration	552,739
Division of Forestry	1,865,345
Division of Lands and Minerals	241,124
Division of Game and Fish	2,478,594
Division of State Parks	1,317,629
Natural Resources Commission	966,782
Department of Human Rights	191,882 ²

¹ Including Contingent Fund of \$350,000.

² Increase over previous appropriations to Governor's Human Rights Commission and State Commission Against Discrimination.

Public Service Commission Created

The name of the present Railroad and Warehouse Commission was changed to the Department of Public Service. Now headed by three elective commissioners, the Department eventually will be directed by three commissioners appointed by the Governor.

The new Department of Public Service will consist of two branches, the Public Service Commission and the Administrative Division, the former being involved in promulgation of rules and regulations, and the latter concerned primarily with enforcement of such rules. (Chap. 864)

Department of Conservation Reorganized

Effective January 1, 1968, the Department of Conservation is to be reorganized in order to centralize the operating authority of the department in the Commissioner and his Deputy.

The Division of Lands and Minerals is to be eliminated by placing minerals in a new Division of Waters, Soils, and Minerals and lands in a new Division of Lands and Forestry. The other divisions -- the Division of Game and Fish, and Division of State Parks and Recreation -- are continued.

Operation of the Game Warden Service is to be under the direct control and supervision of the Commissioner who may create a separate division or bureau for such activity. All game wardens are to be called Conservation Officers. (Chap. 905)

Regulation of Snowmobiles

Registration of snowmobiles by the Commissioner of Conservation was ordered with the registration fee set at \$8 for three years. The Commissioner was charged with developing rules and regulations governing their use, and was given an appropriation of \$150,000 for enforcement and to develop recreational facilities for snowmobile users. (Chap. 876)

New State Parks Created

In addition to providing additional land to several existing state parks, waysides and recreational reserves, the 1967 Legislature authorized the Commissioner of Administration to acquire land for the creation of the Split Rock Lighthouse State Park in Lake County and the Hayes Lake State Park in Roseau County. (Chap. 787)

Name of Department of Business Development Changed

The name of the Department of Business Development was changed to Department of Economic Development.

The new department is to encompass the following functions:

- (1) Research and statistics,
- (2) Publicity and promotion,
- (3) Promotion of the higher use of agricultural and forest lands,
- (4) Business, economic and industrial development services, and

- (5) Promotion of tourism.

An advisory committee of 21 members is to be appointed by the Governor, two from each congressional district and five from the state at large.

To promote tourism and economic development, the Commissioner of Economic Development is authorized to engage in programs and projects jointly with a private person, firm, corporation or association -- not including acquisition of land or buildings. (Chap. 299)

Minnesota Municipal Industrial Development Act

To promote industrial development, the Legislature authorized municipalities or their redevelopment agencies to issue revenue bonds to acquire or construct facilities for lease to private industries. Such projects are subject to prior approval by the Commissioner of Economic Development. (Chap. 297)

Department of Human Rights Created

A new Department of Human Rights incorporates the functions previously performed by the State Commission Against Discrimination, the Governor's Human Rights Commission, and the Commission on the Status of Women.

The law provides for a commissioner of human rights, appointed by the Governor with the advice and consent of the Senate, to serve at the pleasure of the Governor for a four-year term coinciding with that of the Governor. The deputy commissioner is to be appointed by the Commissioner and serve at his pleasure.

A State Board of Human Rights to serve as an appeal board and in an advisory capacity to the commissioner also was created consisting of 15 members (at least three of whom shall be lawyers) appointed by the Governor.

A division of women's affairs is to be established within the department, as well as an advisory committee on women's affairs, consisting of 15 persons to be appointed by the commissioner. In addition to these 15, there are to be five ex official non-voting members -- one senator, one representative, the commissioner of education, the commissioner of public welfare, and the executive secretary of the state board of health. (The Indian Affairs Commission originally was proposed as a part of the new department. At its own request, the Commission was permitted to continue as an independent agency -- for which it received a separate appropriation of \$45,000 for the 1967-69 biennium.) (Chap. 897)

Department of Labor and Industry Created

A new Department of Labor and Industry, headed by one commissioner was created to assume all the powers, duties and functions of the Industrial Commission. Within the new Department a Division of Workmen's Compensation has authority over that share of the Department's activity under supervision of a Workmen's Compensation Commission. (Chap. 1, Ex. Sess.)

Office of Surveyor General Abolished

The office of the Surveyor General was abolished and all powers and duties transferred to the Commissioner of Conservation. (Chap. 568)

Land Exchange Review Board Created

A Land Exchange Review Board was created consisting of seven members, to be selected by the Minnesota Land Exchange Commission with the advice and consent of the Senate.

The Board is charged with considering overlapping activities of federal, state, county and private interests and methods of coordinating these activities to attain the highest, best and most beneficial use of the lands and public waters.

Board is to review all proposals for land exchanges, and make specific recommendations on all state land exchanges for final approval or disapproval by the Land Exchange Commission. (Chap. 909)

Office of Local and Urban Affairs Created

An office of Local and Urban Affairs was created within the State Planning Agency.

The new office is to undertake studies to obtain information and data on urban and rural needs, assistance programs, and activities, and to provide technical assistance and advice on the solution of such problems. It is directed to provide the Governor and legislature pertinent information relating to federal grants in aid to local governmental units and an analysis thereof, and to inform local governmental units about federal programs of social or economic aid or assistance for which they are eligible, together with criteria, standards, and conditions upon which such aid is based. (Chap. 898)

Meat Industry Division Created

A meat industry division was added to the Department of Agriculture to enforce and administer laws relating to meat, fish and dressed poultry, (except those laws administered by the Division of Poultry Industries).

An advisory Minnesota Meat Improvement Board, consisting of not more than 10 members appointed by the Governor, also was created. (Chap. 36, Ex. Sess.)

Peace Officer Training Board Established

A Minnesota Peace Officer Training Board was created in the office of the Attorney General consisting of 15 representatives of various state law enforcement agencies.

The purpose of Board is to make recommendations regarding training schools and courses, minimum standards of recruitment, grading systems and other related matters. (Chap. 870)

Minnesota Pollution Control Agency Created

Problems of air and water pollution were assigned

to a new state commission titled the Minnesota Pollution Control Agency.

In addition to replacing and assuming the functions and duties of the existing Water Pollution Control Commission, the Agency is to examine into questions of air pollution and solid waste disposal and to report its findings to the Governor and 1969 Legislature. It is directed to set standards of air quality, including maximum allowable standards of emission of air contaminants from motor vehicles.

The new agency will consist of seven members appointed by the Governor, with the advice and consent of the Senate, for four-year terms. (Chap. 882)

Name of State Soil Conservation Committee Changed

The name of the State Soil Conservation Committee was changed to "State Soil and Water Conservation Commission." (Chap. 16)

State Airports

For the past several years revenues available to the Department of Aeronautics from aviation fuel tax, the flight property tax, and aircraft license fees have been sufficient to cover the cost of debt redemption for various airport improvement projects, thus obviating the need for a general property tax levy.

The Legislature again appropriated monies for such improvement projects and incorporated them in the Omnibus State Departments Bill, to be financed out of the State Airports Account.

A listing of the projects follows:

Aeronautics safety and education	\$ 25,000
Airport construction and improvements	1,675,000
Secondary airports system	468,500
State landing strips	445,000
Navigational aids	375,000
Stripping airport runways	63,500
Hangar construction revolving	175,000
Promotional materials	7,500
Total	\$3,234,500

Fluoridation of Water

By January 1, 1970, all municipal water supplies are to be fluoridated in accord with rules and regulations of the State Board of Health. (Chap. 603)

State Teletypewriter Network Transferred

All powers and duties relating to the State Teletypewriter Communication Network were transferred from the Commissioner of Administration to the Superintendent of the Bureau of Criminal Apprehension, effective May 10, 1967. (Chap. 334)

Political Activity of Civil Service Employees

The Civil Service Act was amended to permit public officers or employees in the classified service to be delegates to political conventions. (Chap. 39, Ex. Sess.)

Veterans' Preference Law Modified

The Veterans' Preference Act was amended to extend veterans preference to persons serving on active duty in the armed forces since "Pearl Harbor," December 7, 1941.

Under another amendment, relating to State Civil Service promotional examinations, disabled veterans continue to receive 10 points preference added to their examination score, but instead of going to the top of the list they are placed on the list according to their augmented score. (Chap. 4, Ex. Sess.)

Metropolitan Council

A Metropolitan Council was created to coordinate the planning and development of the metropolitan area comprising the seven counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. The new council takes over all the functions, powers, duties, and personnel of the Metropolitan Planning Commission, which was abolished. It is to be governed by a 15 member board appointed by the Governor, with the advice and consent of the Senate -- one member appointed by the Governor to act as chairman, the other fourteen members from council districts made up of legislative and representative districts. Upon the recommendation of the chairman, the council may appoint an executive director to serve at the chairman's pleasure as the principal operating administrator for the Metropolitan Council.

The council is directed to report to the legislature, prior to January 15 of each odd-numbered year, all its financial activities, explanation of any comprehensive plan adopted in whole or in part for the area, summaries of any studies and recommendations, a listing of all applications for federal aid by local governmental units within the area, and recommendations of the council for legislative action.

Specific duties of the council include:

Preparation of a comprehensive development guide for the metropolitan area.

Review of all long-term comprehensive plans of each independent commission, board or agency within the area if such a plan will have an area-wide effect, a multi-community effect, or have a substantial effect on metropolitan development. (The council can suspend the implementation of any plan so submitted except one submitted by the Minneapolis-St. Paul sanitary district. Any unresolved disagreement between the council and a submitting agency is to be referred to the next session of the legislature.)

Review all applications of governmental units, independent commissions, boards, or agencies within the area for a loan or grant from the federal government. Comments and recommendations made by the council shall become a part of the application, to be included therewith when submitted to the federal government.

Study of feasibility of programs relating but not limited to water supply, refuse disposal, surface water drainage, communication, transportation, and other subjects of concern to people of the area.

Appointment from its membership a member to serve with the metropolitan airports commission, a member to serve with the mosquito control commission, and a member to serve on the Minneapolis-St. Paul sanitary district.

Appointment of a member to serve on any metropolitan area board or commission authorized by law. Each member of the council so appointed on each of such commissions shall serve without a vote.

In addition, the council may cooperate with other state departments and agencies and the University to develop a center for data collection and storage on such subjects as population, land use, and governmental finances. The council also may coordinate civil defense and community shelter planning within the area; and may participate as a party to any proceedings before the Minnesota Municipal Commission involving a change in boundary of a governmental unit, and to conduct studies of the feasibility of annexing, enlarging, or consolidating governmental units within the metropolitan area.

A continuous program of research and study is to be carried on in the fields of air and water pollution control, acquisition of major parks and open spaces, acquisition of solid waste disposal and storm water drainage facilities, tax structure and assessment practices, and consolidation of common services. All studies shall include recommendations as to the governmental organization, governmental subdivision, or governmental district best suited to discharge the powers recommended.

The council has authority to levy taxes not to exceed one-half mill in the metropolitan area. (Chap. 896)

Metropolitan Public Transit Commission Created

Problems of mass transportation in the Twin Cities and their fast-growing suburban areas were assigned to a newly created Twin Cities Area Metropolitan Transit Commission. Hennepin, Ramsey, Anoka, Washington, Dakota, Scott and Carver counties were designated the Twin Cities Metropolitan Public Transit Area and given status as a public corporation and a political subdivision of the State.

The Commission is composed of nine members whose selection is governed by a complicated formula to insure area representation.

The Commission is authorized to acquire property and to employ an executive director and other necessary staff.

It is charged with responsibility of developing, in conjunction with the newly created Metropolitan Council, a plan for a complete, integrated mass transit system for the area, for submission to the legislature at its next regular session for approval. The Commis-

sion also is charged with responsibility of making recommendations and suggestions for the improvement of existing public transit systems.

Commission is to be financed by a \$1 a year wheelage tax on motor vehicles housed within the area, to be collected along with the state motor vehicle registry tax. The act provides that if the provisions for the wheelage tax are held invalid by court, the commission is authorized to levy annually a direct tax on all taxable property in the transit area in an amount approximating the returns of a wheelage tax. (Chap. 892)

Interim Commissions and Activated Standing Committees

The 1967 Legislature provided for six temporary interim commissions, the transfer of one interim commission to a permanent status, eight additional new commissions, two special legislative committees, continuation of 15 statutory commissions or committees, and activation of various standing committees of the legislature.

The temporary interim commissions and the sums appropriated are:

	For Biennium
Highway Interim Commission	\$ 25,000
Administrative Rules, Regulations, Procedures and Practices	5,000 ¹
Elementary and Secondary Education	75,000
Home Remedies Study	----- ¹
Economic Study of the Lake of the Woods and Rainy Lake Area	7,500 ^{1,2}
Medical School (another)	20,000 ¹

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

	For Biennium
Advisory Committee to State Planning Agency	\$ 3
Minnesota Resources Commission	125,000
Commission on Taxation and Production of Iron Ore and Other Minerals	25,000
State Claims Committee	12,000
Legislative Buildings Commission	48,000
Interstate Cooperation Commission and Council of State Governments	40,800
Great Lakes Commission	32,000
Uniform Laws Commission	6,700
Legislative Research Committee	149,000
Legislative Advisory Committee	3,200
Indian Affairs Commission	45,000
Mississippi River Parkway Commission	10,000

Iron Range Resources and Rehabilitation Commission	1,232,945 ¹
Minnesota-Wisconsin Boundary Area Commission	27,500
Legislative Retirement Study Commission (Made a Permanent Commission)	50,000
Commission on Alcohol Problems	65,000 ¹
Advisable Reorganization of State Government (Made to Governor)	50,000 ¹
Governor's Commission on Employment of Handicapped	30,000
Education Commission of the State	21,500 ¹
Professional Teaching Practices Commission	10,000 ¹
Great Lakes Basin Commission	50,000 ¹
River Basin Water and Related Land Resources Commission	95,000 ¹
Metropolitan Transit Commission	----- ^{1, 5}
Capitol Area Architectural and Planning Commission (For administrative and planning expense)	125,000 ¹
House Committee on Ethics	----- ^{1, 5}
Senate Committee on Ethics	----- ^{1, 5}
House Lobby Registration Committee	-----

- 1 New activities
- 2 An appropriation of \$40,000 for the biennium also was made to the University of Minnesota for this economic study.
- 3 Included in appropriation for State Planning Agency.
- 4 Expenditure of dedicated receipts as recommended in Biennial Budget.
- 5 Granted taxing powers; no amount for administration specified.
- 6 Financed out of legislative appropriations.

Activation of standing committees is under the supervision of the Committee on Rules in the House, and under jurisdiction of the Committee on Rules and Legislative Expense in the Senate.

Permanent Commission to Study Public Retirement Benefits Created

A permanent Legislative Retirement Study Commission, consisting of five Senators and five Representatives, was created to make a continuing study and investigation of retirement benefit plans applicable to public non-federal government employees. An appropriation of \$25,000 per year was provided out of the General Revenue Fund. (Chap. 549)

Attorney General Opinions to Legislative Committees

The Attorney General is directed to give a written opinion upon any question of law submitted to him by a permanent or interim committee or commission of the legislature. (Chap. 43)

C. SEMI-STATE ACTIVITIES

Semi-State activities, including such operations as the Historical Society, Minnesota Veterans Home, and the Horticultural Society, comprise a relatively small fraction of the total appropriations authorized -- about two-tenths of one percent for the 1967-69 biennium.

Table 12

SEMI-STATE ACTIVITIES COMPARISON OF APPROPRIATIONS 1965 AND 1967 SESSIONS

	1965 Legislature	1967 Legislature	Increase	
			Amount	Percent
Semi-State Activities				
Appropriations	\$2,357,085	\$3,185,658	\$828,573	35.2%

In comparing the total appropriations made by the 1965 and 1967 Legislatures, the following adjustments should be considered:

1. The 1/10th mill state tax levy for soldiers relief purposes as administered by the Soldiers Home Board was eliminated by the 1967 Legislature. In its place, approximately \$100,000 annually was added to the Veterans Relief Fund appropriations made to the Department of Veterans Affairs out of the General Revenue Fund in the Omnibus State Departments Bill.

2. Of the eleven new positions allowed at the Minnesota Veterans Home, five were transfers from the Minnesota Veterans Home Board and previously had been financed out of the 1/10th mill state levy.

Semi-State Appropriation Changes

New activities and principal increases in Semi-State Appropriations are reported below:

	1965 Legislature	1967 Legislature	Increase
Minnesota Historical Society . .	\$733,310	\$1,117,178	\$383,868
Minnesota State Arts Council . .	10,000	170,000	160,000
Minnesota Veterans Home	525,382	685,964	160,582
Minnesota Academy of Science . .	5,000	25,000	20,000
Special Aid to Cities	340,000	390,000	50,000
National Governor's Council . .	----	15,000	15,000 ¹

1 New Activity.

Minnesota Veterans Home

The name of the Minnesota Soldiers Home was changed to Minnesota Veterans Home. (Chap. 148)

Historic Archeology and Site Markings, and Fort Snelling Restoration

The Natural Resources Acceleration appropriations (Chap. 48, Ex. Sess.) includes \$418,052 to the Minnesota Historical Society for the following specific purposes:

(a) Fort Snelling restoration	\$260,000
(b) Historic archaeology	50,000
(c) Historic site markers	9,000
(d) State monument program	2,000
(e) Meighen store furnishings and fixtures	2,552
(f) Lower Sioux agency improvements	60,000
(g) Connors fur post reconstruction	16,000
(h) Petroglyphs fencing	4,000
(i) LeDuc house improvements	2,500
(j) Lindbergh, Kathio, Kelley Homestead and Comstock House improvements	9,000
(k) Hudson Bay Trading Post at Georgetown	3,000
Total	\$418,052

State Arts Council

State funds to the Minnesota State Arts Council were substantially increased -- from \$10,000 in 1965-67 to \$170,000 for 1967-69.

An appropriation rider requires that "Every publication, program or other graphic material prepared by the Minnesota State Arts Council, or prepared for use by any other organization in connection with an activity funded in whole or part by the Council shall bear the legend:

"This activity made possible, in part, by a grant provided by the Minnesota State Legislature and the Congress of the United States."

The Council is required to submit a written report to the House Appropriation and Senate Finance Committees on July 1, 1968 identifying the specific purposes for which the appropriation was expended during the first fiscal year, including an itemization of the programs and projects supported and the source of the funds that each received. The report must also contain a detailed proposal for expenditures in the second fiscal year.

State Historical Society a State Department

For the purpose of applying workmen's compensation benefits to its employees, the Minnesota Historical Society was designated as a state department by the 1967 Legislature. (Chap. 8)

D. WELFARE - CORRECTIONS

Welfare and Corrections appropriations for the 1967-69 biennium were increased \$37,511,868, or 22.0 percent, over comparable appropriations for the 1965-67 fiscal period. These appropriations approximate 15.2 percent of the total current appropriations aggregating \$1,374,307,112 (See Table 9).

Under provisions of existing federal law the federal share, under the matching formula, dropped from 60.46 percent in the 1965-67 biennium to 58.4 percent for the current biennium. This change forced an increase in the state's share from 19.77 percent to 20.8 percent. The county share, also, was upped from 19.77 percent to 20.8 percent. The change added nearly \$1,000,000 to the state's share of welfare costs and a similar amount to the share paid by counties.

Table 13

WELFARE AND CORRECTIONS COMPARISON OF APPROPRIATIONS 1965 AND 1967 SESSIONS

	1965 Legislature	1967 Legislature	Increase Amount	Percent
Welfare-Corrections Appropriations . . .	\$170,818,423	\$208,330,292	\$37,511,868	22.0

Principal Welfare-Corrections Appropriations Changes

New activities and major appropriation increases or decreases are reported below:

Program or Activity	Increase or (Decrease) 1967 over 1965
Department of Public Welfare	
Administration	\$ 660,266
Community Mental Health Centers	690,000
Care, Relief, and Support of Families with Dependent Children	(4,200,000)
County Sanatoria Care	(90,000)
Care, Relief and Support of Aged	1,101,000
Care, Relief and Support of Blind	(154,500)
Care, Relief and Support of Disabled	876,000
Equalization Welfare Costs	775,000
Medical Assistance to Needy (previously, Aged)	11,389,000
Mental Hospitals	7,801,316
Hospitals for Mentally Retarded	9,437,772
DayTime Activity Centers for the Mentally Retarded	475,000
Pilot Demonstration Project	
Day-Night Area Center	25,000 ¹
Braille and Sight Saving School	313,290
School for the Deaf	336,058
Gillette State Hospital	557,199
Ah-Gwah-Ching Nursing Home	661,169
Glen Lake Sanatorium and Oak Terrace Nursing Home	598,588
Department of Corrections	
Administration	855,038
Personnel Training	45,000
Vocational Training	20,000
County Probation	148,246
Probation Services — County	
Reimbursement	216,000
Foster Group Care	112,800
Psychiatric Services at Correctional Institutions	40,000 ¹
Work Release Program	100,000 ¹
Vocational-Technical Tuition	20,000 ¹
YCC Work Camps	332,612
Training School for Boys	849,812
Minnesota Home School	530,436
Penal Institutions for Adults	2,026,124
Minnesota Residential Treatment Center	1,210,635

¹ New Activity.

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

Department of Public Welfare

Appropriations for the administration of the Department of Public Welfare increased \$660,266, or 32.7 percent — from \$2,018,698 for 1965-67 to \$2,678,964 for 1967-69. (A listing of the separate appropriations appears in Appendix A.)

Aid to Families with Dependent Children

State appropriations for the care, relief, and support of families with dependent children were decreased by \$4,200,000 — from \$20,600,000 in 1965-67 to \$16,400,000 for 1967-69.

However, the reduction in both the state and county share of the program, during the coming biennium, will be more than offset by increases in the federal share. The higher costs of the total program are the result of higher maintenance costs, adjustments in the state standards and an increasing caseload.

The AFDC caseload continues to rise more rapidly than the rate of increase in population. In June, 1963, the number of AFDC children (maintenance care only) was 24 out of each 1,000 under 18 years of age. This rate

increased to 27 in June, 1964, 29 in June, 1965 and 30 in June, 1966. The Department of Public Welfare anticipates that the upward trend will continue, with the load reaching 37 by June, 1969. By that time, the family caseload is expected to reach 19,000, involving 55,100 children.

It is anticipated that the increase in payments for this program will be directly related to increased caseload. Medical expenditures are no longer a factor in the size of the average grant per family, since these expenditures are now met under the Medical Assistance Program. The projection of the average maintenance grant per month provides for a 20 cent increase per family throughout the biennium, to provide for higher rental costs and special needs not covered by standards.

A breakdown of the gross program costs for the 1965-67 and 1967-69 fiscal periods, as prepared by the Department of Public Welfare, follows:

Table 14

AID TO FAMILIES WITH DEPENDENT CHILDREN

Grants in Aid	Estimates		Increase or (Decrease)
	1965-67	1967-69	
Federal Share	\$30,697,000	\$48,797,700	\$18,100,700
County Share	20,917,000	17,380,000	(3,537,000)
State Share	20,917,000	17,380,000	(3,537,000)
Total Grants	\$72,531,000	\$83,557,700	\$11,026,700
State Appropriations			
— 1st Year	\$10,000,000	\$ 8,000,000	\$(2,000,000)
— 2nd Year	10,600,000	8,400,000	(2,200,000)
Total	\$20,600,000 ¹	\$16,400,000 ¹	\$(4,200,000)

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

Exemption of Earnings under AFDC Program

The welfare law was amended to provide, for the first time, for partial exemption of family earnings in determining the amount of ADC assistance.

One amendment requires county agencies to disregard (1) the "casual and inconsequential" earnings of a child under 14, and (2) the first \$20 of monthly earnings and half of the next \$60 of children from 14 to 18. Where there are several such children the combined exemption is limited to a monthly maximum of \$150. (Chap. 653)

Another change excludes the first \$85 earned per month by an ADC recipient employed on any program under Title I of the Elementary and Secondary Education Act of 1965, with a 24-month limit on such exclusion. (Chap. 741)

Aid Extended to Children up to 19 Years of Age if in School

The law permitting a child to remain on AFDC until his 18th birthday was amended to provide that he may retain eligibility until he is 19 years of age so long as

he is regularly attending school. (This includes high school, college or vocational training.) (Chap. 879)

Old Age Assistance

State appropriations covering the care, relief and support of the aged increased \$1,101,000-- from \$8,699,000 for 1965-67 to \$9,800,000 for 1967-69.

The department budget request anticipates that the OAA caseload will decline at the rate of more than 100 a month this biennium due primarily to the transfers of "medical only" cases to the Medical Assistance program. OAA recipients totaled 26,370 as of June 30, 1967.

A comparison of gross program costs for the 1965-67 and 1967-69 fiscal periods, as prepared by the Department of Public Welfare, follows:

Table 15

OLD AGE ASSISTANCE

Grants in Aid	Estimates		Increase or (Decrease)
	1965-67	1967-69	
Federal Share	\$35,420,000	\$21,274,500	\$(14,145,400)
County Share	6,532,250	5,051,000	(1,481,250)
State Share	9,175,000	10,103,500	928,500
Total Grants	\$51,127,250	\$36,429,000	\$(14,698,250)
State Appropriation			
-- 1st Year	\$ 5,184,000	\$ 5,100,000	\$ (84,000)
-- 2nd Year	3,515,000	4,700,000	1,185,000
Total	\$ 8,699,000 ¹	\$ 9,800,000 ¹	\$ 1,101,000

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

Prepaid Funerals

To correct an inadvertent omission, the exemption from the property limitation of prepaid funerals not to exceed \$500 per person was restored. (Chap. 126)

Aid to the Blind

State appropriations for the care, relief and support of the blind decreased \$154,500-- from \$488,500 for the 1965-67 period to \$334,000 for the 1967-69 biennium, reflecting the shift of medical costs to the "Medical Assistance" program.

According to estimates of the Department of Public Welfare, Aid to the Blind caseload is expected to remain at about the present level of 900 for the next two years.

A comparison of gross program costs for the 1965-67 and 1967-69 fiscal periods, as prepared by the Department of Public Welfare, follows:

Table 16

AID TO BLIND

Grants in Aid	Estimates		Increase or (Decrease)
	1965-67	1967-69	
Federal Share	\$1,284,000	\$ 970,900	\$(313,100)
County Share	490,500	345,800	(144,700)
State Share	490,500	345,800	(144,700)
Total Grants	\$2,265,000	\$1,662,500	\$(602,500)
State Appropriation			
-- 1st Year	\$ 312,500	\$ 166,000	\$(146,500)
-- 2nd Year	176,000	168,000	(8,000)
Total	\$ 488,500 ¹	\$ 334,000 ¹	\$(154,500)

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

Liberalization of Aid to the Blind Program

The law governing Aid to the Blind was amended to provide that the first \$90 (was \$85) of earned monthly income plus one-half of earnings in excess of \$90 be excluded in determining need of the applicant. The amount of personal property which an applicant or recipient may have and still be eligible for assistance was increased to \$2,000 (previously \$500) for a single person and \$4,000 (previously \$750) for a married couple. (Chap. 849)

Aid to the Disabled

State appropriations for the care, relief and support of the disabled increased \$876,000-- from \$2,399,000 for the 1965-67 period to \$3,275,000 for the 1967-69 biennium.

With the transfer of "medical only" recipients to the Medical Assistance program in January 1966, only maintenance grants now are met out of the appropriation.

The Department of Public Welfare estimates that the number of recipients will increase from 7,300 on June 30, 1967 to 10,400 by June 30, 1969.

A comparison of gross program costs for the 1965-67 and 1967-69 fiscal periods, as prepared by the Department of Public Welfare, follows:

Table 17

AID TO THE DISABLED

Grants in Aid	Estimates		Increase or (Decrease)
	1965-67	1967-69	
Federal Share	\$ 6,986,000	\$ 9,939,200	\$2,953,200
County Share	2,398,000	3,540,000	1,142,000
State Share	2,402,000	3,540,000	1,138,000
Total Grants	\$11,786,000	\$17,019,200	\$5,233,200
State Appropriation			
-- 1st Year	\$ 1,271,500	\$ 1,575,000	\$ 303,500
-- 2nd Year	1,127,500	1,700,000	572,500
Total	\$ 2,399,000 ¹	\$ 3,275,000 ¹	\$ 876,000

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

Prepaid Funerals Permitted

A new provision in the law authorizes the county agency to disregard prepaid funeral expenses up to \$500 per person in determining eligibility for aid. (Chap. 184)

Exemption of Earnings in Aid to Disabled

A new provision in the law authorizes the county agency to exclude up to \$50 per month of net earned income in determining eligibility of an individual for Aid to the Disabled.

Also excluded for a period of not more than six months, must be any other income and resources of an individual who has an approved plan for achieving self-support, when such income is necessary to self-support while such recipient is undergoing vocational rehabilitation. (Chap. 440)

Medical Assistance to the Needy

State appropriations for Medical Assistance increased \$11,389,200, or 43.3 percent -- from \$26,311,000 for 1965-67 to \$37,700,200 for 1967-69.

The program provides for the medical needs of: (1) those receiving assistance under one of the federally aided programs (OAA, AB, AD, or AFDC); (2) those who are medically needy only, and otherwise eligible for one of these four programs; and (3) children under 21 in low income families.

The number of persons aided in June 1967 was 66,341. The monthly average caseload, for the coming biennium, as estimated by the Department of Public Welfare, is 94,157 in fiscal 1968 and 104,273 in fiscal 1969.

A comparison of gross program costs, covering both the Medical Assistance to the Aged and Medical Assistance to the Needy in the 1965-67 fiscal period, and the Medical Assistance to the Needy for the 1967-69 biennium, follows:

Table 18

MEDICAL ASSISTANCE TO THE NEEDY

Grants in Aid	Estimates		Increase or (Decrease)
	1965-67	1967-69	
Federal Share	\$ 74,257,000	\$116,314,300	\$42,057,300
County Share	26,307,000	41,427,000	15,120,000
State Share	26,311,000	41,427,000	15,116,000
Total Grants	\$126,875,000	\$199,168,300	\$72,293,300
State Appropriation			
-- 1st Year	\$ 4,262,000	\$ 17,500,200	\$13,238,200
-- 2nd Year	22,049,000	20,200,000	(1,849,000)
Total	\$ 26,311,000	\$ 37,700,200	\$11,389,200

Certain Payments under MDTA Excluded

A rider in the Omnibus Welfare-Corrections Appropriation Bill provides that if any person on categorical assistance or on general relief is employed under the Manpower Development Training Act, the following amounts of income are to be excluded in determining need:

1. \$20 per week training incentive allowance.
2. Such sums as are paid to defray training expenses. (Chap. 741)

Stipends for State and County Public Assistance Workers

The sum of \$10,000 for fiscal year 1968 and \$15,000 for fiscal year 1969 was provided in the Omnibus Welfare-Corrections Appropriation Bill to pay stipends for the training of public assistance workers. The \$25,000 will be matched with \$75,000 in federal funds.

Mental Hospitals

Appropriations for the State's seven mental hospitals¹ increased \$7,801,316, or 19.1 percent -- from \$40,860,657 in the 1965-67 biennium to \$48,661,973 for the current two-year period.

The average daily population in the mental hospitals was 5,583 for the fiscal year ended June 30, 1967. Appropriation allowances for the coming biennium were based on estimated populations of 5,400 in fiscal 1968 and 5,260 in fiscal 1969.

The number of mentally ill and inebriate patients in state hospitals has decreased steadily since a peak of 11,562 on September 30, 1954. The total on June 30, 1967 was 5,098, of which 287 were inebriates. Mentally ill patients numbered 4,811 -- the lowest total since 1910.

Laws Relating to Commitment of Mentally Ill Revised

Existing statutes relating to the admission of patients into mental hospitals for diagnosis or treatment were completely revised, effective January 1, 1968. New procedures were established for the informal, voluntary and involuntary admission of persons. (Chap. 638)

Facility for the Treatment of Tuberculous Patients

The law was amended to provide that tuberculous patients, including those confined as public health menaces, may be placed in any institution under the jurisdiction of the Commissioner of Public Welfare. (The practical effect of this change is to permit the transfer of all TB patients at Anoka to the State Sanatorium at Glen Lake.) (Chap. 34)

Charge for Outpatient or Day-Care Patients

A new law permits a charge to be made for outpatient or day-care patients at state mental hospitals at a rate not to exceed 50 percent of the average per capita cost for resident patients. (Previously, only patients who were full-time residents of the hospital could be charged for cost of care.) (Chap. 386)

¹ Anoka, Fergus Falls, Hastings (including the Children's Unit), Moose Lake (including Inebriate Section), Rochester, St. Peter, and Willmar (including Inebriate Section).

Adolescent Units Provided at Mental Hospitals

Adolescent units were specifically approved at Anoka, Fergus Falls, and Rochester State Hospitals. (Chap. 741)

Community Mental Health Centers

State support for Community Mental Health Centers was increased by \$690,000 -- from \$2,580,000 in 1965-67 to \$3,270,000 in 1967-69. Twenty-two¹ such centers, and three private foundation clinics² receive state support. These centers offer out-patient psychiatric services and conduct a wide variety of community health activities.

Currently 83 of the State's 87 counties are participating in such mental health programs and services.

State support for the Mental Health Centers is generally limited to 50 percent of the total expenditures. The previous 55 cent per capita limitation on state aid was eliminated by the 1967 Legislature. In distressed counties the State may pay up to 75 percent of total costs. The special levy which may be made locally to support the Mental Health Center was increased from one mill to two mills. (Chap. 888)

State Hospitals for the Mentally Retarded

Appropriations for the State's five hospitals for the mentally retarded increased by \$9,437,772, or 34.6 percent -- from \$27,254,752 for 1965-67 to \$36,692,524 for 1967-69. A substantial portion of the increase was necessary to finance the added cost of the new salary plan and 404 additional positions. The new positions allocated and the biennial costs are:

	Number	Biennial Amount
Faribault State Hospital	157	\$ 924,337
Cambridge (Including the Lake Owasso Annex)	107	561,612
Brainerd State Hospital	139	806,028
Owatonna State School	2	29,600
Shakopee Home for Children	None	----
Total	405	\$2,321,577

The average daily population in the hospitals for the mentally retarded was 5,619 for the fiscal year ended June 30, 1967. The estimated average daily population for fiscal 1968 and fiscal 1969 is 5,950.

The number of mentally retarded in actual residence on June 30, 1967 was 5,328 -- down 150 from a year ago and 484 less than five years ago.

1 In addition, the Anoka Human Resources Office, serving Anoka County, opened in June, 1967. It is not yet functioning as a mental health center.

2 Hamm Memorial Psychiatric Clinic, Washburn Memorial Clinic, and Wilder Child Guidance Clinic.

Names of Institutions for Retarded Changed

The institutions at Faribault, Cambridge and Brainerd will now be designated as State Hospitals rather than as State Schools and Hospitals. (Chap. 6)

Function of Owatonna State School Expanded

Children may now be admitted to the Owatonna State School for social training and therapeutic and rehabilitative services as well as for academic education and vocational training. (Chap. 321)

Transfer of Mentally Retarded or Nursing Home Patients Authorized

A legislative rider in the Omnibus Welfare-Corrections Appropriations Bill paved the way for using existing facilities at state mental hospitals to relieve overcrowding at hospitals for the mentally retarded. Subject to adoption of a suitable plan, authority was given for transfer of up to 100 patients from Faribault State Hospital to Hastings State Hospital, and up to 450 to St. Peter State Hospital.

The Bill also authorized the Commissioner of Public Welfare, upon the approval of the Governor with the advice of the legislative advisory committee, to designate portions of hospitals for the mentally ill as special care units for the mentally retarded or as nursing homes for persons over the age of 65.

Pilot Demonstration Project -- Day-Night Care for Mentally Retarded

An appropriation of \$25,000 was made for the purpose of demonstrating the feasibility of providing privately operated temporary care for mentally retarded persons on a day-night care basis. Chisholm will be the test site.

The appropriation was conditioned on the availability of at least \$115,000 from other than state funds to construct and operate such a facility. (Chap. 741)

Minnesota Hospitalization and Commitment Act

The legislature established a comprehensive plan of procedure for the commitment, hospitalization, release, discharge and after-care of inebriate, mentally ill or mentally deficient persons.

A Review Board of three or more persons is to be established by the Commissioner of Public Welfare, with one member qualified in the diagnosis of mental illness or mental deficiency and one a lawyer, to review the admission and retention of patients at state mental hospitals. (Chap. 638)

Daytime Activity Centers for the Mentally Retarded

State support for Daytime Activity Centers for the mentally retarded was more than doubled, going from \$425,000 in 1965-67 to \$900,000 in 1967-69.

In fiscal 1967, 60 state grants were made covering support of 64 centers (some local organizations operate more than one center), representing an increase of 25 day care centers over the previous year.

These centers offer educational and vocational activities for retarded children and adults who do not qualify for special classes in public schools. The currently licensed centers are capable of providing programs for 1,185 children and adults—most of whom would be in either the pre-school or post-school age groups.

State support is limited, by law, to 50 percent of all operating costs. State aid is further limited to 25 cents per unit of population in those counties served.

The limitation on local tax levies in support of such centers was set at not more than one-half mill for cities, towns and villages and one mill in counties, with these exceptions: Hennepin and Ramsey counties may levy not more than two-tenths of a mill, and the combined levy of these counties and any city, village or township within them may not exceed three-tenths of a mill; in St. Louis county the county levy may not exceed three-tenths of a mill. (Chap. 878)

Special Schools and Hospitals

Appropriations for the State's three special schools and hospitals—the Braille and Sight Saving School, the School for the Deaf, and Gillette Hospital—increased \$1,206,547, or 20.9 percent, from \$5,764,574 for 1965-67 to \$6,971,121 for 1967-69.

Eleven new positions were allowed for the Braille and Sight Saving School (including three for the Regional Library) and nine for the School for the Deaf, at a biennial cost of \$204,653. No new positions were provided for Gillette Hospital.

The budgeted populations for each year of the 1967-69 biennium are:

Braille and Sight Saving	100 Students
School for the Deaf	300 "
Gillette Hospital	110 Patients

Gillette State Hospital now Available to all Crippled Children

The Legislature made the facilities of Gillette State Hospital for crippled children available to any child in need of its services. Heretofore only indigent children were admissible. The one-year Minnesota residence requirement was eliminated.

Gillette State Hospital is also directed to seek reimbursement for actual cost of care and treatment from parents according to their ability to pay, from insurance policies, and from other sources, including any federally financed medical aids for which the child is eligible. (Chap. 639)

Nursing Homes

Appropriations for Ah-Gwah-Ching Nursing Home, and Glen Lake State Sanatorium and Oak Terrace Nursing Home, increased \$1,259,757, or 18.2 percent—from \$6,935,627 in 1965-67 to \$8,195,384 in 1967-69.

The average daily resident populations of these institutions for the month of June, 1967 were:

Ah-Gwah-Ching	436
Glen Lake State Sanatorium and Oak Terrace Nursing Home	350

Budgeted populations for each year of the 1967-69 biennium are:

Ah-Gwah-Ching	475
Glen Lake State Sanatorium and Oak Terrace Nursing Home	370

Minnesota Commission on Alcohol Problems Established

The legislature authorized the Governor to appoint a Commission on Alcohol Problems, to consist of seven members and a Director. An appropriation of \$65,000 was made to this activity (See listing of "New Activities" under "State Departments").

The function of the Commission is to conduct and foster research relating to the cause and prevention of alcoholism, the treatment and rehabilitation of alcoholics; to coordinate activities and programs of the various state departments as they relate to alcohol problems; to disseminate information about alcohol problems to public and private agencies and the courts; to inform and educate the general public on alcoholism; and to encourage the specialized training and employment of counselors on alcoholism in each Mental Health Center in Minnesota. (Chap. 893)

Department of Corrections

Appropriations for the Department of Corrections, including those for operation of the State Prison, the Reformatory for Men, the Minnesota Correctional Institution for Women, the Training School for Boys, the Minnesota Home School and the four Youth Conservation Camps, increased \$5,314,068, or 31.1 percent—from \$17,095,207 for 1965-67 to \$22,409,275¹ for 1967-69. (A listing of the separate appropriations appears in Appendix A.)

Legislative provision was made for 52 new positions costing \$615,234 for the 1967-69 biennium.

Average daily populations of the several institutions and camps operated by the Department of Corrections covering fiscal year 1967, and the projected populations provided by the 1967 Legislature, are shown below.

¹ Excludes appropriations to Minnesota Residential Treatment Center. See separate reference to this facility.

	Actual Fiscal 1967	Budget Estimates Fiscal 1968	Fiscal 1969
State Prison	907	1,025	1,050
Reformatory for Men	737	830	850
Correctional Institution for Women	43	55	55
Training School for Boys	363	325 ¹	250
Minnesota Home School	171	180	180
Youth Conservation Camps			
Rochester	46	60	60
Thistledeew	51	60	60
St. Croix	49	60	60
Willow River	52	60	60

¹ By appropriation "rider" to be reduced to not more than 250 boys by January 1, 1968.

Minnesota Correctional Institution for Women

The name of the State Reformatory for Women (at Shakopee) was changed to "Minnesota Correctional Institution for Women." The amendment also authorized the appointment of a male superintendent. (Chap. 398)

Prisoner Compensation

Compensation payable to inmates in adult institutions was increased from a minimum of 15¢ to 20¢ per day, and the maximum from 80¢ to \$1.00 per day. (Chap. 424)

Transfer of Felony Convicts Authorized

Transfer to federal prisons of persons convicted in Minnesota courts on felony charges, when necessary to their own safety or the well-being of Minnesota prisons, was authorized in an amendment to existing laws. (Chap. 399)

Disposition of Detainers Made Mandatory

New laws make mandatory the disposition of detainers based on untried indictments, informations or complaints filed in Minnesota against inmates of correctional institutions under control of the Commissioner of Corrections (Chap. 294) and authorize interstate compacts to the same end. (Chap. 94)

Jurisdiction over "Repeat" Offenders Transferred

The law was amended to authorize the Youth Conservation Commission to transfer to the Adult Corrections Commission jurisdiction over wards 21 through 24 years old who are convicted of felonies while on probation or parole. (Chap. 717)

Minnesota Home School

The name of the Home School for Girls was changed to "Minnesota Home School," and admission by the Youth Conservation Commission extended to "selected" boys committed to the YCC as delinquents. (Chap. 574)

Work Release Program for Prisoners

A new law authorizes the Adult Corrections Commission and the Youth Corrections Commission, on recommendation of the Commissioner of Corrections, to conditionally release selected inmates to outside jobs or work training opportunities in anticipation of parole. (In the first two years the program will be largely experimental and it is presumed the number of inmates involved will be quite limited.) (Chap. 418)

Foster Group Care for Youthful Offenders

The appropriations for Foster Group Care for youthful offenders were more than doubled -- from \$108,000 in 1965-67 to \$220,800 in 1967-69.

At present there are seven foster homes with a total average population of 35 children. The increased appropriations will permit the placement of five children in each of three additional foster homes in each year of the biennium. In fiscal year 1969 there should be 13 homes in operation, caring for an average of 65 children. (Chap. 741)

Minnesota Residential Treatment Center

Appropriations for the Minnesota Residential Treatment Center were increased \$1,210,635, or 31.5 percent -- from \$3,848,858 in 1965-67 to \$5,059,493 for 1967-69. Of this, the Commissioner of Welfare was allotted \$1,323,184 and the Commissioner of Corrections \$3,736,309.

The combined state facility still has a reception and diagnostic center for juvenile delinquents and youthful offenders committed to the Department of Corrections, and a residential treatment center for emotionally disturbed and psychotic children under jurisdiction of the Department of Public Welfare.

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 1967 was 234 -- 183 children under the Department of Welfare, and 51 youths and juveniles under the Department of Corrections.

For the 1967-69 biennium the budgeted annual populations are 64 children and 210 youths and juveniles.

Eighteen new positions were allowed at a biennial cost of \$209,895.

Total 1967-69 approved complements for the Center are:

Welfare	65
Corrections	226
Total	291

E. EDUCATION

Appropriations for education exclusive of money appropriated in the 1967 Extra Session as property tax replacement aid to local school districts increased \$170,546,949, or 31.2 percent over comparable appropriations for 1965-67.

Table 19
EDUCATION
COMPARISON OF APPROPRIATIONS
1965 AND 1967 SESSIONS

	1965 Legislature	1967 Legislature	Increase Amount	Percent
Education Appropriations	\$546,827,070	\$717,374,019	\$170,546,949	31.2

Major Increases and New Items

New items of appropriation and the principal increases in continuing items are:

	1965 Legislature	1967 Legislature	Increase
Department of Education	\$ 5,618,304	\$ 7,476,120	\$ 1,857,816
Aid to Schools	360,648,000	468,731,165	108,083,165
Additional Aid a/c			
Valuation Lag	1,500,000	1,750,000	250,000
\$10 Census Aid	17,400,000	17,900,000	500,000
Endowment Apportionment	18,250,000	19,250,000	1,000,000
State Junior College Board	7,359,634	14,941,336	7,581,702
State College Board . . .	26,304,653	40,310,000	13,905,347
Southwest State College	25,000	3,625,478	3,600,478
General Research	-----	25,000	25,000 ¹
Economic Opportunity Act	-----	644,701	644,701
Doctoral Program Study . .	-----	25,000	25,000 ¹
University of Minnesota .	103,248,484	134,999,445	31,750,961
Inter-Institutional			
Educational Television	-----	350,000	350,000 ¹
State Scholarships	-----	250,000	250,000 ¹
Minnesota Higher Education			
Coordinating			
Commission	120,000	345,000	225,000
The Education Commission			
of the States	-----	21,500	21,500 ¹
Supplemental Retirement--			
Junior Colleges and			
State Colleges faculties	385,000	847,300	462,300
To certain teacher retire-			
ment fund annuitants			
(Chap. 715)	-----	650,000	650,000 ¹

¹ New activities.

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

DEPARTMENT OF EDUCATION

Direct appropriations to the Department of Education increased \$1,857,816, or 33 percent -- from \$5,618,304 in 1965-67 to \$7,476,120 for 1967-69. A comparison of the appropriations follows:

	1965 Legislature	1967 Legislature	Increase or (Decrease)
Salaries	\$1,884,565	\$2,599,960	\$ 715,395
Supplies and Expense . . .	291,802	329,000	37,198
Manpower Development and			
Training	5,500	----- ¹	(5,500)
Vocational Training of			
Disabled Persons	1,801,437	2,412,160	610,723

Long-Term Sheltered			
Workshops	15,000	60,000	45,000
Scholarships for Indian			
Students	50,000	75,000	25,000
Community Lunch Program .	950,000	1,000,000	50,000
Aid to Public Libraries . .	400,000	875,000	475,000
Experimental Laboratory			
Program	195,000	125,000	(70,000)
Organization and Management			
Study of Department of			
Education	25,000	-----	(25,000)
Total	\$5,618,304	\$7,476,120	\$1,857,816

¹ Included in sums appropriated for Salaries, and Supplies and Expense.

State Aids to Elementary and Secondary Schools

Appropriations for various state aids to public schools total over \$498,816,117 for the current biennium.

The major item in this category was the \$455,732,617¹ provided in the "Aid to Schools" appropriation. This is still the largest single appropriation enacted by the Legislature, and was up \$95,084,617, or 26.4 percent, from the 1965-67 level of \$360,648,000. The "Aid to Schools" appropriation included:

\$382,804,617 for "Foundation" aids. (Item 1, Table 20)
\$400,000 for "County Equalization" aid. (Item 2, Table 20)
\$1,400,000 for "Emergency" aid. (Item 3, Table 20)
\$36,900,000 for "Transportation" aids. (Item 4, Table 20)
\$16,000,000 for aid to "Special Classes for Handicapped Children." (Item 5, Table 20)
\$18,228,000 for "Vocational" aid. (Item 6, Table 20)

Other components of the school aid grand total were:

\$17,900,000 for "Census Aid" (\$10 multiplied by the number of school children between the ages of 6 through 16 in each district). (Item 7, Table 20)

\$19,250,000 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 20)

In a tentative allocation of the \$492,882,617 in school aids which are distributed statewide (Table 20), the Department of Education estimated there would be 960,000 pupil units in the 1967-68 school year and 980,000 pupil units in 1968-69.

¹ Excludes School Aid deficiency in amount of \$12,998,548, from Income Tax School Fund covering fiscal years 1964 and 1965. (Chap. 132)

Table 20

AID TO SCHOOL APPORTIONMENT TENTATIVE ALLOCATION

ITEM	1967-68	1968-69
1. Foundation Program Aid--excludes Census Aid and Apportionment	\$184,217,865	\$198,586,752
2. County Equalization Aid	200,000	200,000
3. Emergency Aid	700,000	700,000
4. Transportation Aid	17,900,000	19,000,000
(a) Independent	5,930,000	\$16,960,000
(b) Crippled	960,000	985,000
(c) Secondary	1,010,000	1,055,000
5. Special Classes for Handicapped Children	7,500,000	8,500,000
(a) Speech Correction	1,000,000	1,100,000
(b) Mentally Retarded		
Educable	2,765,000	2,925,000
Trainable	530,000	800,000
(c) Orthopedically Handicapped	400,000	425,000
(d) Hearing Impaired	310,000	340,000
(e) Visually Impaired	115,000	125,000
(f) Speech Learning Disabilities	680,000	800,000
(g) Home and Hospital	550,000	600,000
(h) Other Essential Personnel	900,000	985,000
(i) Summer Programs	250,000	400,000
6. Vocational Aid	8,328,000	9,900,000
Total "Aid to Schools"		
Appropriation	218,845,865	236,886,752
7. Income Tax School Aid (\$10 Per Pupil)	8,900,000	9,000,000
8. Endowment School Apportionment	9,500,000	9,750,000
Grand Total	\$237,245,865	\$255,636,752

Special Education Aids

Special aids to specific districts, totaling \$5,933,500 (see following tabulation of "Special Education Aids") increase the grand total to \$498,816,117.

Special Education Aids

Gross Earnings Aid (M.S. 124.28)	\$3,080,000
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 District No. 16 (M.S. 360.135)	10,500 ¹
Independent School District No. 16 (Military Lands)	3,000
Additional State Aid to Certain School Districts	
a/c Decreasing Valuation -- Laws 1965, Chapter 719, as amended	1,750,000
Total	\$5,933,500

¹ General Revenue Fund "open" appropriation only. An additional \$9,750 annually (\$19,500 per biennium) provided out of the State Airports Account.

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 ½ unit, an elementary pupil as 1 unit, a pupil in grades 7 through 12 in secondary schools as 1½ 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 \$345 for fiscal 1968 and \$355 for fiscal 1969 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 or unorganized territory as established by the Equalization Aid Review Committee. The resultant net amount includes both the \$10 census aid per child and the apportionment aid payable from the Endowment School Fund. (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 \$124 for fiscal 1968 and \$127 for fiscal 1969 per pupil unit in average daily attendance for each resident elementary, secondary, and area vocational-technical school pupil. The \$124 and \$127 payments include both the \$10 census aid per child and the apportionment aid payable 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)	1967	1968	1969
Formula A	\$324	\$345	\$355
Mill Rate	19	19	19
Formula B	\$ 98 ¹	\$124 ²	\$127 ²

¹ Plus \$10 Census Aid

² Includes \$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 \$345 in 1968 (\$355 in 1969), 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 could be reduced, but not less than the sum payable as apportionment aid.

If a school district does not levy 19 mills, the aid payable under either Formula A or B may be further 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. The aid can not be reduced below the sum due as apportionment aid.

For the second year and thereafter the aids to school districts which have received special payments in lieu of taxes on account of copper or nickel, taconite, or other mineral properties are to be reduced by 15 percent of the sums received from these sources during the preceding school year. (Chap. 769)

Transportation Aid and Rates

Transportation Aid represents a substantial -- and continually growing -- portion of the total State Aid appropriation. The State Department of Education estimates that Transportation Aid will total \$36,900,000 for the current biennium -- up nearly 13 percent from the \$32,692,163 estimated for the 1965-67 fiscal period. (See Table 20 for a fiscal year breakdown.)

Limits of annual reimbursement aid continue unchanged.

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

In the case of secondary school districts, the county adds 20 percent of the amount of state aid, or \$12, making the total payment to the district \$72.

Terminal Date Set For Consolidation

The legislature ordered completion of the long-range school district consolidation program by July 1, 1970 requiring that (except for Fort Snelling) districts or areas not then a part of a school district maintaining classified elementary and secondary schools with grades one through twelve be dissolved and attached to organized districts. (Chap. 833)

State Board of Education Enlarged

The State Board of Education was enlarged from seven to nine members, with at least one from each congressional district. Not less than three members shall previously have served as an elected member of a local school board. The term of office was changed from seven to six years. (Chap. 17, Ex. Sess.)

School Age Entry Requirements Changed

After September 1, 1971, kindergarten pupils must be at least five years of age, and first grade pupils must be at least six years of age on September 1 of the calendar year in which the school year commences, or have completed kindergarten.

School boards may provide for the admission of selected pupils at an earlier age. School Districts may establish head start, pre-kindergarten, or nursery school classes for children below kindergarten age. (Chap. 173)

Compulsory School Attendance Period Increased

Compulsory school attendance is now advanced from completion of ninth grade or the 16th birthday to the completion of the 10th grade or the 16th birthday. Students in regular attendance at the University of Minnesota Agricultural Schools at Crookston and Waseca may be excused between April 1 and October 1 in any year. (Chap. 82)

Immunization Against Measles of Initially Enrolled Pupils

Immunization against measles is to be provided at public expense for all new public or private school enrollees, under a new state law effective July 1, 1967. Children already immunized or for whom objection has been registered on medical or religious grounds, are exempt. (Chap. 858)

Educational Aids for Handicapped Children

The maximum state aid payable to any school district and unorganized territory for each full-time professional person engaged in its educational program for handicapped children was increased from \$4,000 to \$4,400 per normal school year. (Chap. 853)

Instruction for Under-Age Handicapped Children

Every district and unorganized territory may provide special instruction and services for handicapped children who have not attained school age, under an amendment to the statutes. (Chap. 872)

Tuition-Free Vocational Training to Veterans

Provision was made for tuition-free vocational training of veterans over 21 who were in the armed forces between their 18th and 21st birthdays. Veteran must apply within two years of discharge, or before the 29th birthday, whichever is earlier. (Chap. 77)

Long-Term Sheltered Workshops

An appropriation of \$60,000 was made to meet the State's share of operating costs of long-term sheltered

workshops for severely handicapped persons -- up from \$15,000 in the 1965-67 biennium. Two new such workshops are to be established in locations designated by the State Board of Education, increasing the total to four. State funds pay up to 50 percent of operating costs, with the balance coming from federal funds and a special gift grant.

Maximum Effort School Aid Law

The 1967 Legislature authorized issuance of an additional \$2,800,000 of state loan bonds to provide funds to the School Loan Committee to make debt service loans and capital loans to school districts for new construction. (Chap. 583)

Interstate Compact for Education

Authority was granted the State to enter into an "Interstate Compact for Education." (Purpose of the compact is to establish and maintain close cooperation and understanding among executive, legislative, professional educational and lay leadership on a nationwide basis at the state and local levels and to facilitate the improvement of state and local educational systems.) (Chap. 394)

Professional Teaching Practices Commission Established

A Professional Teaching Practices Commission was established of 12 members appointed by the Governor to develop a code of ethics covering standards of professional teaching practices, including areas of ethical conduct and professional performance. (Chap. 25, Ex. Sess.)

Teachers' Council Permitted

The legislature directed local school boards to recognize the right of teachers to organize teacher organizations and their participation "in discussions leading to the formulation and implementation of public education policies affecting the conditions of their employment and the practice of their profession." The law establishes guidelines for school board-teacher group relationships, including the establishment of grievance and negotiating committees, and procedures similar to those employed in other employee-employer relationships. The law includes a "right to work" provision under which the right of a teacher to not join an organization is recognized. (Chap. 633)

Aid to Public Libraries Increased

State support of public library services was more than doubled -- increasing from \$400,000 in 1965-67 to \$875,000 for 1967-69.

Minnesota has established five multi-county libraries, three single county libraries and improved public library service in eleven other counties.

STATE JUNIOR COLLEGES

Of the 18 state junior colleges now authorized, 16 are in operation at Rochester, Austin, Worthington, Willmar, Brainerd, Fergus Falls, Thief River Falls, International Falls, Ely, Virginia, Hibbing, Grand Rapids, Coon Rapids, White Bear Lake, Minneapolis and Osseo.

The Southwest Metropolitan Junior College at Bloomington is scheduled for opening in the autumn of 1968 and the Southeast Metropolitan Junior College at Inver Grove Heights in the autumn of 1969.

The State Junior College Board was directed to recommend to the 1969 Legislature a permanent site for the junior college in Minneapolis. The Board was authorized to lease for two years the privately owned facilities of Northwestern College in Minneapolis with the option to either buy the property or renew the lease while seeking a permanent location elsewhere.

The Minnesota Liaison and Facilities Commission for Higher Education and the State Junior College Board were directed, in a provision of the Omnibus Education Bill (Chap. 868, Sec. 29) to cooperate in reviewing potential locations of future state junior colleges and to report to the 1969 Legislature. The Fairmont area was tentatively designated as a future state junior college site, subject to evaluation by the Commission.

Appropriations to the State Junior College Board increased \$7,581,702 or 103.0 percent -- from \$7,359,634 in 1965-67 to \$14,941,336¹ in 1967-69.

Appropriations were based on estimated enrollments (computed on a full-time equivalent basis using 45 credit hours per year) of 11,330 in 1967-68 and 13,650 in 1968-69. On the same basis, enrollment was 6,610 in fiscal 1966 and 9,825 in fiscal 1967.

The ratio between "Transfer" programs (those for which credits are transferable to a State College or the University) and "Technical" programs (vocational or technical courses) is 85 percent to 15 percent in fiscal 1968 and 80 percent to 20 percent in fiscal 1969.

Additional Revenue

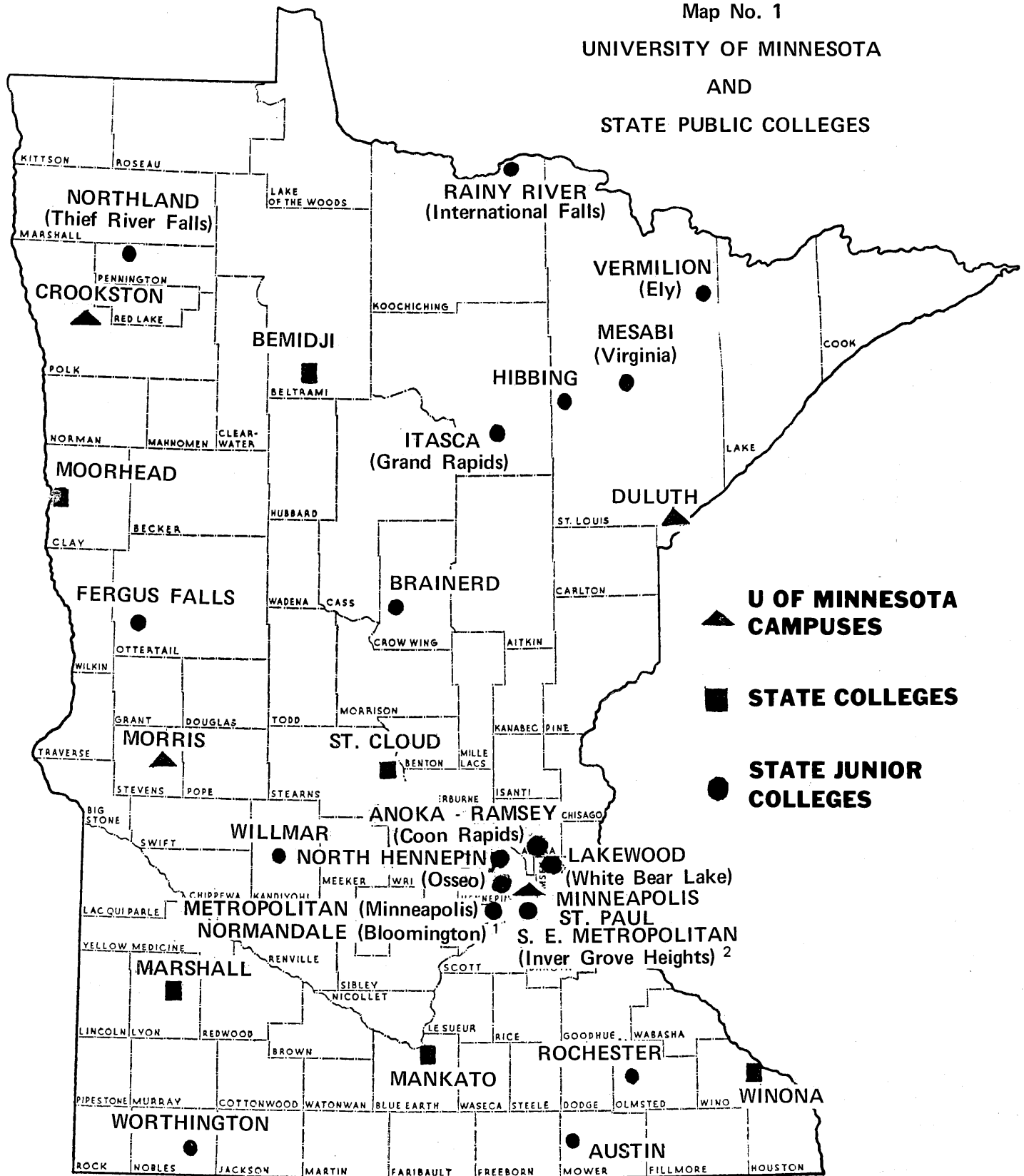
State junior college receipts from student tuition and fees, federal payments and aids, contributions and reimbursements, have been estimated at \$2,598,807 for 1967-68 and \$3,130,956 for 1968-69. These moneys are additional to the state appropriations.

New Positions

The State Junior College Board requested staffing patterns requiring 564 new academic and civil service positions for the 1967-69 biennium at an estimated cost of \$7,525,151.

¹ Excludes supplemental retirement item totaling \$190,000 for 1967-69 biennium since comparable figures for 1965-67 are unavailable.

Map No. 1
UNIVERSITY OF MINNESOTA
AND
STATE PUBLIC COLLEGES



1. To open Fall 1968.
2. To open Fall 1969 or Fall 1970.

The legislative appropriations provide for 414 new positions at an estimated biennial cost of \$5,900,665.

A summary of the new positions requested and allowed follows:

Table 21

ADDITIONAL STATE JUNIOR COLLEGE PERSONNEL REQUESTED AND ALLOWED

	Requested		Allowed	
	No.	Amount	No.	Amount
Academic ¹	485	\$6,707,675	345	\$5,322,133
Civil Service	79	817,476	69	578,532
Total	564	\$7,525,151	414	\$5,900,665

¹ Includes Librarians and College Counselors.

Academic Staffing Ratio

The Legislature adopted a faculty-student ratio of 1 to 20 for State Junior Colleges.

Academic Salaries

The State Junior College Board was directed to establish a salary schedule for academic personnel, with a starting salary of \$8,000 per year for new academic positions.

The appropriation for academic salaries includes an amount calculated at 10 percent for fiscal 1968 and 6 percent for fiscal 1969 for salary adjustments, to be expended in accordance with the salary schedule adopted by the Board.

The salary of the Executive Director is not to exceed that set by the State College Board for the Chancellor of the State College system.

Tuition Rates

Tuition rates for 1967-69 were not changed and are the same as those for State College students (See Page 33 of the Bulletin).

National Defense Student Loan Program

State matching funds for the National Defense Student Loan Program were provided in the amount of \$18,450 for 1967-68 and \$20,050 for 1968-69 -- a biennial total of \$38,500. The program provides low-cost, long-term loans to college students. The State puts up 10 percent, the federal government 90 percent of the loan funds.

STATE COLLEGES

Six State Colleges -- at Bemidji, Mankato, Moorhead, St. Cloud, Winona, and the Southwest State College at Marshall are under the management of the State College Board.

Total appropriations to the State College Board increased \$17,814,946, or 66.7 percent -- from \$26,722,199 in the 1965 Session to \$44,537,145¹ in the 1967 Session.

Appropriations were based on estimated enrollments (computed on a full-time equivalent basis using 45 credit hours per school year) of 28,263 in 1967-68 and 31,406 in 1968-69. The actual full-time equivalent enrollment in the Fall Quarter 1966 was 26,320 (Southwest State College was not then in operation).

Additional Revenues

Receipts of the six State Colleges, in addition to the state appropriations, have been estimated at \$8,631,160² for 1967-68 and \$9,451,300² for 1968-69. 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 1,722 academic and civil service positions for the 1967-69 biennium at an estimated cost of \$25,532,560.

The appropriations provide for 608 new positions at an estimated cost of \$7,927,183.

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

Table 22

ADDITIONAL STATE COLLEGE PERSONNEL REQUESTED AND ALLOWED

	Requested		Allowed	
	No.	Amount	No.	Amount
Academic	1,163	\$21,087,555	450	\$6,731,924
Civil Service	558	4,445,005	158	1,195,259
Total	1,722	\$25,532,560	608	\$7,927,183

Note: Number columns may not add due to dropping of fractions.

Academic Staffing Ratios

The legislature adopted a faculty-student ratio for undergraduate students of 1 to 19½ in fiscal 1968 and 1 to 19 in fiscal 1969. The ratio for graduate students is 1 to 15 for both fiscal years.

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.

The minimum nine-month salaries for each of the groupings are:

Group	Minimum
I	\$11,000
II	9,500
III	8,000
IV	6,500
V	5,000

¹ Excludes Supplemental Retirement item (direct appropriation) of \$635,000, and Economic Opportunity item (open appropriation) of \$644,701 since comparable figures for 1965-67 period are unavailable.

² 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.

The appropriation for academic salaries includes an amount calculated at 10 percent for fiscal 1968 and 8 percent for fiscal 1969 for salary increases. "Not more than 75 percent of the moneys available for salary increases shall be given as across-the-board increases." (Chap. 868, Sec. 3)

The sum of \$165,000 the first year and \$175,000 the second year is available for salaries for the six state college presidents and the chancellor.

Tuition Rates

Tuition rates for 1967-69 remain at the 1965-67 level, as follows:

On Campus	Per Credit Hour 1967-69
Regular School Year -- Resident	\$ 5.00
Regular School Year and Summer Session -- Nonresident.	8.00
Summer Session -- Resident	6.50
Regular School Year and Summer Session -- Graduate Resident	7.00
Regular School Year and Summer Session -- Graduate Nonresident.	10.00
Off Campus	
All Students -- Resident or Nonresident . . .	10.00

The State College Board is still authorized to increase the tuition rates, if deemed advisable.

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

Out-of-State Travel by Faculty

The appropriations include, for the first time, provision for out-of-state travel by faculty members -- \$31,040 in fiscal 1968 and \$43,300 in fiscal 1969.

Recruitment of Faculty

The sum of \$10,000 each year was included, for the first time, for recruitment of faculty.

National Defense Student Loan Program

State matching funds (10 percent) for the National Defense Student Loan Program were increased from \$392,546 for 1965-67 to \$551,667 for 1967-69.

General Research

A new appropriation -- \$25,000 for General Research -- was made to the State College Board. None of the funds can be obligated until a specific research project has been approved by the Board and matching funds (private or federal) have been received. The law requires that a written report of the results and status of the research project be submitted to the House Appropriations Committee and Senate Finance Committee by December 1, 1968.

State Colleges to Plan for Granting Doctoral Degrees

An appropriation of \$25,000 was made to the State College Board for a study preparatory to establishment of a course of studies leading to award of doctoral degrees. Findings of the study are to be reported to the 1969 Legislature. After July 1, 1969 the Board is authorized to institute such a curriculum. (Chap. 668)

UNIVERSITY OF MINNESOTA

Gross appropriations to the Board of Regents for operations of the University increased \$31,600,961, or 30.6 percent:

	1965 Legislature	1967 Legislature	Increase or (Decrease)
State Funds	\$ 98,271,492	\$128,737,891	\$30,466,399
Occupation Tax and Trust Fund Earnings	5,126,992	6,261,554	1,134,562
Total	\$103,398,484	\$134,999,445	\$31,600,961

An itemized comparison of these appropriations by the 1965 and 1967 Legislatures follows:

	1965 Legislature	1967 Legislature	Increase or (Decrease)
Maintenance and Improvements	\$ 81,300,000)	\$110,893,545	\$28,353,545
Morris Collegiate Program.	1,240,000)		
University of Minnesota Technical Institute-- Crookston	210,000	955,000	745,000
National Defense Student Loan Program.	243,776	435,000	191,224
University General Hospital	9,706,748	8,585,400	(1,121,348)
Psychopathic Department Child Psychiatric Department	1,686,148	2,040,600	354,452
Multiple Sclerosis	646,761	779,800	133,039
Rehabilitation Center	226,940	278,300	51,360
Special Appropriations.	1,670,000	2,009,700	339,700
	6,318,111	9,022,100	2,703,989
	103,248,484	134,999,445	31,750,961
Feasibility Study of Inter-Campus Television	150,000	----- 1	(150,000)
Total	\$103,398,484	\$134,999,445	\$31,600,961

1 \$350,000 for Inter-Institutional Educational Television made to Minnesota Liaison and Facilities Commission for Higher Education.

Additional Revenue

In addition to the appropriated funds, receipts from both General and Special income credited to the Maintenance and Improvements Account are estimated at \$27,005,006 in fiscal 1968 and at \$28,456,446 in fiscal 1969.

For the Technical Institute at Crookston the additional revenues from tuition, as estimated by the University, are \$96,130 for fiscal 1968 and \$109,956 for fiscal 1969.

Salary Increases

The University requested cumulative academic salary increases of 11.5 percent each year of the 1967-69 biennium to cover "salary improvements and promotions," at an estimated cost covering the academic staff financed by the Maintenance and Improvements Account¹ of \$12,512,842 for the biennium.

The Legislature allowed for cumulative increases of 9 percent each year—at a biennial cost of \$9,541,503.

Salary Increases for Civil Service Employees

Merit increases for eligible civil service employees plus an adjustment in salaries consistent with the State Pay Plan were requested at a biennial cost of \$6,556,009 for those employed under the Maintenance and Improvements Account.

The Legislature provided the additional funds necessary to cover certain modifications in the state pay plan, plus merit increase allowances, for a biennial total of \$6,209,684.

New Academic Positions

For the Maintenance and Improvements Account¹ the University initially requested an increase of 510 academic positions at an estimated biennial cost of \$9,678,127 to cover anticipated increased enrollments and for staffing of new facilities. The request was subsequently reduced consistent with reductions in estimated enrollments.

The Legislature, allowing for a slightly reduced staffing ratio, provided 288 new positions at a biennial cost of \$4,788,445.

Academic Staffing Ratios

The University requested faculty-student ratios according to three distinct student groups:

Undergraduate and	
Non-professional	1 to 19
Technical and Professional	1 to 12.7
Medicine, Dentistry, Veterinary	
Medicine, and Graduate School	1 to 6.3

The over-all ratio requested was computed at 1 to 12.9 in fiscal 1968, and 1 to 12.8 in fiscal 1969.

The Legislature provided sufficient funds to permit an over-all ratio of 1 to 13.2 for each year.

New Civil Service Positions²

For the Maintenance and Improvements Account, the University initially requested 432 additional clas-

sified employees at an estimated biennial cost of \$3,308,877 to cover staffing needs related to increasing enrollments and for additional new facilities. The request was subsequently reduced consistent with reductions in estimated enrollments.

The legislature provided for 302.7 additional positions over the two-year period at a cost of \$2,312,343.

Tuition Rates Unchanged

No increase in tuition rates for either resident or nonresident students was asked by the University, and none was considered by the legislature.

Resident tuition in the colleges of agriculture, forestry, education, and liberal arts remains at \$98 per quarter, and nonresident tuition at \$280 per quarter.

Resident tuition will be \$168, and nonresident \$380, in the colleges of dentistry, medical science, and hospital administration.

Incidental fees were raised \$3.50 per quarter to \$30.50 for both resident and nonresident students to cover an increase in Health Service costs.

University Enrollments

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 for the last several years follows:

Year	University Estimate	Actual	Increase or (Decrease) from Estimates
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	28,403	2,003
1965-66	41,200	42,178	978
1966-67	43,700	42,912	(788)
1967-68	46,315 ¹	46,088	(227)
1968-69	48,740 ¹		

¹ Revised downward by University during 1967 Legislative Session from 47,250 (Fiscal 1968) and 49,980 (Fiscal 1969).

Special Appropriations

Special appropriations for various experiments, investigations and special research projects increased \$2,703,989—from \$6,318,111 in 1965-67 to \$9,022,100 for 1967-69.

Nearly half—\$1,346,000—of the total increase in special appropriations is accounted for by expansion and intensification of General Agricultural Extension activities.

Principal appropriation increases and new activities include:

Item	1965-67	1967-69	Increase
Bureau of Business Research (formerly Business and Economic Research)	\$ 70,000	\$ 84,900	\$ 14,900
Industrial Relations Education Program	97,426	155,000	57,574
Medical and Cancer Research . . .	220,000	280,000	60,000

¹ Excluding all Hospital and Special Appropriation Accounts, and the Technical Institute at Crookston.

² Full-time equivalent.

Special Education Training and Research Program	102,973	190,000	87,027
Veterinary Diagnostic Laboratory (formerly Livestock Sanitary Laboratory)	181,567	272,500	90,933
Livestock Sanitary Board	44,000	113,000	69,000
General Agricultural Research ...	1,620,000	2,190,000	570,000
Soybean Research	155,000	240,000	85,000
General Agricultural Extension...	2,000,000	3,346,000	1,346,000
Forest Research Center - Cloquet		100,000	100,000
Coordinated Extension and Continuing Education Programs - Pilot Project		120,000	120,000
Study of Training for Careers in Fire Prevention and Fire Protection		10,000	10,000
Control of Hypercholesterolemia		25,000	25,000

Newly Established Special Appropriations

Of the four new special appropriations provided by the 1967 Legislature, only one—the Forest Research Center at Cloquet—was specifically requested by the University.

The University proposed that the center serve as a base for undertaking a major effort to study, report, and disseminate information on the effect mechanized harvesting procedures have for the principal forest types of northern Minnesota.

MINNESOTA HIGHER EDUCATION COORDINATING COMMISSION

The name of the Liaison and Facilities Commission for Higher Education was changed to the Minnesota Higher Education Coordinating Commission. (Chap. 615)

The Commission is charged with administration of the Inter-Institutional Educational Television program and two new activities: a state scholarship program and a student loan program, and is given authority to enter into agreements with other states for reciprocal use of educational facilities. Total appropriation to the Commission increased from \$120,000 for 1965-67 to \$945,000 for 1967-69.

Inter-Institutional Educational Television Program

An Inter-institutional educational television appropriation of \$350,000 provides for further experimen-

tation and pilot programs. Two experimental regional television program centers and seven experimental classroom television production units are to be located at state-supported institutions of higher education as determined by the Commission.

State Scholarship Program

An appropriation of \$250,000 was provided to finance a program of student scholarships for higher education in fiscal 1969.

The program is "designed to encourage such able and worthy students to continue their education in the eligible institutions of their own choosing and to provide financial assistance for those who would not otherwise be able to do so."

Financial stipends will range from a maximum of \$800 to a minimum of \$200, but not to exceed basic educational costs. (Chap. 871)

State Loan Program for Vocational and Higher Education

A state program of student loans for vocational and higher education was instituted by the 1967 Legislature.

The Commission is authorized "to make or to guarantee loans in amounts not to exceed \$1,500 in any academic year or its equivalent to residents of this State who are attending or accepted for enrollment at eligible institutions, both public and private."

No state funds are to be made available for student loans. Loan funds must originate from non-state sources. (Chap. 894)

Interstate Agreements Covering Use of Facilities

The Commission was authorized to enter into interstate agreements, including remission of nonresident tuition for designated categories of students at state institutions of higher education, with appropriate agencies and institutions in other states, to facilitate utilization of public higher education institutions in this State and other states.

Validity of such agreements was made contingent on their approval by the junior college board, the state college board or the board of regents of the University of Minnesota, whichever is required. (Chap. 866)

F. HIGHWAYS

Total appropriations for the Department of Highways increased by \$63,994,457, or 28.4 percent — from \$224,953,105 for 1965-67 to \$288,947,562 for 1967-69.

Table 23

HIGHWAYS COMPARISON OF APPROPRIATIONS 1965 AND 1967 SESSIONS

	1965 Legislature	1967 Legislature	Increase Amount	Percent
Highways				
Direct ¹	\$ 24,169,922 ²	\$ 32,468,687 ³	\$ 8,298,765	34.3
Open (Est.)	200,783,183 ⁴	256,478,875	55,695,692	27.7
Total	\$224,953,105	\$288,947,562	\$63,994,457	28.4

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 Includes \$480,000 for construction of Interstate Highway Rest Area Buildings and Facilities.

⁴ Revised by Department of Highways from figure appearing in Research Bulletin No. 45.

Appropriation Control

The three divisions of the Highway Department whose operations are covered by direct appropriations (Administration, Safety, and Plant and Equipment) were granted \$31,988,687 for 1967-69 — up \$7,838,765 from 1965-67. (The Construction and Maintenance Divisions are financed by open appropriation authority.)

A breakdown of the appropriations follows:

	1965 Legislature	1967 Legislature	Increase
Highway Department			
Administration	\$ 4,286,868	\$ 5,714,205	\$ 1,427,337
Safety	11,956,155	15,397,897	3,441,742
Plant and Equipment	7,706,899	10,576,585	2,869,686
Contingent Fund	200,000	300,000	100,000
Total	\$24,149,922	\$31,988,687	\$7,838,765

State Highway Patrol Salaries

Effective July 1, 1967, beginning monthly salaries for ranking officers of the Highway patrol, and scheduled salary levels in succeeding years, are as follows:

Classification	7-1-67 or base rate	7-1-69 or after 2-years	7-1-70 or after 3-years	7-1-71 or after 4-years	7-1-72 or after 5-years
Chief Supervisor	\$1,112	\$1,134	\$1,157	\$1,180	\$1,204
Chief Assistant Supervisor	989	1,009	1,029	1,050	1,071
Deputy Assistant Supervisor	879	897	915	933	952
Assistant Supervisor	812	828	845	862	879
Sergeants	722	736	751	766	781

The starting salary for a patrol officer was set at \$506 per month with provision for 4 percent cumulative salary increases on completion of their first, second, third, fourth, fifth, sixth (new), seventh, and twelfth years of employment.

The salary of the Highway Safety Director was set at \$1,079 per month.

While on duty, highway patrol employees receive \$3 per day subsistence allowance, and reimbursement for actual expenses in excess of the \$3 subsistence payment when on special assignment or on duty away from assigned headquarters. (Chap. 419)

Additional Patrol Officers Provided

Thirty additional patrol officers each year were authorized, raising the total complement of patrol personnel to 408 in fiscal 1968 and 438 in fiscal 1969.

Highway Bonds Authorized

Chapter 873 authorizes issuance by the State Auditor, at the request of the Commissioner of Highways, of an additional \$100 million in 20-year serial highway bonds. Not more than \$20 million of the money is to be spent in any one fiscal year. The bonds are financed out of highway revenues.

Rest Areas and Tourist Information Centers

Chapter 167 authorizes the Commissioner of Highways to prepare plans and specifications for the construction of buildings and facilities for rest areas and tourist information centers.

Highway Air Space and Subsurface Leases Authorized

Chapter 214 authorizes the Commissioner of Highways, with the written approval of the Governor, to lease the use of the air space above and subsurface area below the surface of the right of way of any trunk highway, at a fair rental rate, for not more than 99 years, with proceeds to be credited to the trunk highway fund.

Highway Safety Program

The Governor was made responsible for the administration of the State Highway Safety Program. He is authorized to contract and cooperate with state and federal agencies, political subdivisions and public and private organizations in order to effectuate the purposes of the National Highway Safety Act of 1966 to the end that available federal moneys and other benefits for such purposes may be obtained.

The Governor may designate an appropriate agency of the State through which the safety program may be administered.

Local units of government are authorized to administer local highway safety programs which have been approved by the Governor as part of the State Highway Safety Program and to receive such funds as may be available for such purposes. (Chap. 443)

Spot Checks of Motor Vehicles

Chapter 887 directs acceleration by the Highway Department of the "spot check" motor vehicle inspection program, to comply with provisions of the Federal Highway Safety Act. Funds for this activity are included in the Department's appropriation for Highway Safety. A new provision in the law provides that use of the highways and streets by a motorist constitutes consent to the "spot" inspection.

Regulation of Motorcycles, Motor Scooters and Motor Bikes

A new law requires that persons operating motor-

cycles, motor scooters and motor bikes wear protective headgear commencing May 1, 1968; and have valid drivers' licenses endorsed for two-wheeled vehicle operation commencing September 30, 1968. (Chap. 875)

Truck-Trailer Length Limit Raised

The limit on over-all length of truck and trailer combinations using public highways was increased from 50 to 55 feet. (Chap. 215)

G. APPROPRIATIONS FOR PURPOSES NOT OTHERWISE IDENTIFIED

Appropriations for purposes not otherwise identified by function in this report increased from \$9,515,885 in 1965-67 to \$32,200,484 in 1967-69.

New items and principal appropriation changes are:

Item	1965 Legislature	1967 Legislature	Increase
Building Bills	\$2,318,263	\$ 4,068,723	\$ 1,750,460
Building Bond Payments	----	11,017,262 ¹	11,017,262
State Employees Insurance Program	1,750,000	10,837,934	9,087,934
State Employees Retirement Program (Ceiling removed)	----	1,149,000 ¹	1,149,000
Supplemental Retirement Benefits -- SERA	----	428,000 ¹	428,000
-- PERA	----	347,000 ¹	347,000

¹ New item.

Building Bond Payments

To eliminate the State levy on property for the payment of interest and principal on building bonds, the legislature directed that debt charges due through July 1, 1969 be paid from the General Revenue Fund. (Chap. 8, Ex. Sess.)

State Employee Insurance Program

The state employee insurance and health benefits program, started by the 1965 Legislature, was expanded

to cover virtually all full-time employees under the state and University civil service plans; academic personnel of the state junior colleges, state colleges, and the University; full-time unclassified elective or appointed officers; and military personnel on a state payroll.

Part-time and seasonal employees are eligible for coverage at their own expense. (Chap. 759)

State Employees Retirement Program

Chapter 571 changed the salary base for contributions to the State Employees Retirement Association, by the employees and by the State, from \$7,200 to full salary.

Supplemental Retirements Benefits

Supplemental retirement payments were provided for certain groups of annuitants who formerly were state employees or public employees.

The supplemental benefits to these annuitants are not to be considered as permanent increases, but subject to possible withdrawal or reduction by the legislature. (Chapters 688 and 714)

H. STATE BUILDING PROGRAM

The 1967 Legislature enacted two building bills totaling \$68,822,177. Of this total \$63,793,239 was authorized new borrowing, \$4,068,723 was appropriated from the General Revenue Fund, and \$960,215 was reappropriated from previous authorizations. The new borrowing and \$300,000 in reappropriated balances were included in the Building Bond Bill (Chap. 8, Ex. Sess.), and the remainder in the Building Alterations and Repair Bill (Chap. 13, Ex. Sess.).

To provide financing for the new borrowing appropriations, the State Auditor was empowered to sell 20-year general obligation bonds. While a levy against all taxable property in the State was authorized, a provision was made for appropriations from the General Revenue Fund sufficient to pay all building bond principal and interest charges through July 1, 1969 -- thus eliminating the necessity of a state levy on property for this purpose.

Building projects provided are identified by major function and financing in Table 24.

TABLE 24

STATE BUILDING BILLS — 1965 SESSION AND 1967 EXTRA SESSION

	1965 SESSION				1967 EXTRA SESSION			
	New Borrowing	Reapprop. Balances	Other ¹ Funds	Grand Total	New Borrowing	Reapprop. Balances	General Revenue	Grand Total
Mental Hospitals	\$ 3,041,500	\$ 114,280	\$ 327,600	\$ 3,483,380	\$ 1,504,316	\$ 580,715	\$ 682,604 ²	\$ 2,767,635
Mentally Retarded	1,480,000	.....	172,800	1,652,800	784,700	.....	538,300 ²	1,323,000
Special Schools and Hospitals	700,000	.....	41,500	741,500	17,000	.....	198,365 ²	215,365
Ah-Gwah-Ching Nursing Home.....	15,500	.....	39,900	55,400	.....	37,000	31,400 ²	68,400
Glen Lake State Sanatorium and Oak Terrace Nursing Home	105,000	.....	15,000	120,000	90,000	17,500	49,900 ²	157,400
Adult Corrections	2,546,200	.....	148,100	2,694,300	2,042,400	.....	552,910 ²	2,595,310
Youth Corrections	40,000	.....	142,631	182,631	1,300,500	.....	295,680 ²	1,596,180
Minnesota Veterans Home	60,000	.....	85,000	145,000	.....	25,000	190,000	215,000
Junior Colleges	4,183,985	.....	.....	4,183,985	8,839,500	.....	70,000 ²	8,909,500
State Colleges	13,797,250	.....	684,400	14,481,650	15,813,087	.....	713,000 ²	16,526,087
University of Minnesota	15,058,984	.....	.....	15,058,984	21,860,346	.....	.....	21,860,346
Health Department.....	3,826,000	.....	.....	3,826,000	.....	.....	.....	.....
Capitol Group	3,428,600	.....	661,332	4,089,932	2,048,640	300,000	565,264	2,913,904
Land Acquisition — for Capitol Area (1965 only) and State Colleges	1,520,000	.....	.....	1,520,000	1,480,000	.....	.....	1,480,000
— for University	761,672	.....	.....	761,672	879,000	.....	.....	879,000
To Commissioner of Administration — for Administration	100,000	.....	.....	100,000	175,000	.....	.....	175,000
— for Contingencies	100,000	.....	.....	100,000	200,000	.....	.....	200,000
— for Preliminary Plans .....	.....	.....	.....	.....	200,000	.....	.....	200,000
— for Higher Education Facilities Contingency Account	4,000,000	.....	.....	4,000,000	6,500,000	.....	.....	6,500,000
— for Armory and Municipal Building at Morris (State's share).....	.....	.....	.....	.....	33,750	.....	.....	33,750
To State Auditor — for Bond Expense	25,000	.....	.....	25,000	25,000	.....	.....	25,000
To Minnesota Historical Society.....	.....	.....	.....	.....	.....	.....	23,800	23,800
To Department of Civil Defense .....	.....	.....	.....	.....	.....	.....	12,500	12,500
To Capitol Area Architectural and Planning Commission .....	.....	.....	.....	.....	.....	.....	145,000	145,000
TOTAL.....	\$54,789,691	\$ 114,280	\$ 2,318,263	\$57,222,234	\$63,793,239	\$ 960,215	\$ 4,068,723	\$68,822,177

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

¹ 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.

² Includes "Repairs and Replacements" Item previously reported in Omnibus Education and Welfare-Corrections Bills. Amounts provided for 1967-69 period total \$1,541,600 as follows: Mental Hospitals—\$550,670; Mentally Retarded—\$351,800; Special Schools and Hospitals—\$73,600; Ah-Gwah-Ching—\$31,400; Glen Lake—\$49,900; Adult Corrections—\$178,050; Youth Corrections—\$76,180; Junior Colleges \$70,000 and State Colleges \$160,000.

PRINCIPAL PROJECTS IN 1967 BUILDING BILLS

Mental Hospitals

Fergus Falls State Hospital

Ward rehabilitation including equipment; construct one silo and silage unloader \$ 195,000

Install steam, water, and sewer lines 50,000

Hastings State Hospital

Construct sewage disposal facilities; rehabilitate electrical system; rehabilitate main building 102,200

Moose Lake State Hospital

Remodel and equip kitchen areas, (cottages 1,2,3, 4,8, and 10), install auditorium floor; extend water main; construct central garbage disposal unit and relocate waste line 116,500

State's share of cost of construction of a sewerage treatment facility which will serve the needs of the state hospital and the village of Moose Lake 22,116

Rochester State Hospital

Install standby power generator; reroof Medical II Ward Building; install piping system for medical gases in administration-clinical building; install conductive floor tile in surgery; structural, plumbing and electrical changes in various areas 122,500

St. Peter State Hospital

Construct kitchen-bakery addition to service building; reroof geriatric men's building; install emergency generators; construct tunnel to and remodel room 14-A 714,000

Willmar State Hospital

Rehabilitate and equip four cottages 182,000

Mentally Retarded

Cambridge State Hospital

Rehabilitate and equip two cottages; rehabilitate electrical distribution system 600,000

Faribault State Hospital

Construct dining facilities; rehabilitate power plant building; reroof Pawnee, Fern and Rose cottages 158,100

Install sprinkler system in Springdale and Dakota cottages 26,600

Special Schools and Hospitals

Minnesota Braille and Sight Saving School

Install sprinkler system, Dow Hall attic 17,000

Nursing Homes

Glen Lake Sanatorium and Oak Terrace Nursing Home

Remodel and equip dishwashing room, tray assembly room, and physical therapy department 55,000

Remodel and equip laundry storage, sorting, and distributing center 35,000

Adult Corrections

State Reformatory for Men

Construct and equip new dining hall 499,200

Construct and equip new control warehouse 204,900

Construct new security corridor and control center 176,000

Convert third floor of school building into classrooms; install new lighting system for yard areas and perimeter wall; rehabilitate lighting system; install hot water plumbing to cells in Cell Houses A, C, and E 414,300

Minnesota State Prison

Construct and equip inmate activities building 590,000

Rehabilitate and retube boiler No. 4 40,000

Replace two elevators; install hot water piping to Cell Halls A, B, and D 118,000

Youth Corrections

Minnesota Home School

Construct central food service and storage building 195,000

Construct and furnish one cottage or two separate units 240,000

St. Croix Youth Forestry Camp

Activities building 165,000

Thistledeew Youth Forestry Camp

Construct and equip kitchen, dining hall, central receiving and storage areas 100,000

Construct five staff residences 73,500

Minnesota Residential Treatment Center

Activities building 527,000

State Junior Colleges

To construct and equip certain junior college buildings 8,502,000

Location	State Funds plus Estimated Federal Grants
Anoka-Ramsey	\$ 835,000
Brainerd	417,000
Fergus Falls	472,000
Hibbing	522,000
Itasca	357,000
Mesabi	587,000
North Hennepin	2,150,000
Lakewood	2,150,000
Northland	600,000
Rochester	1,170,000
Southeast Metropolitan	1,500,000
Southwest Metropolitan	832,000
Willmar	900,000
Worthington	450,000

For planning and for development of federal grant applications for Junior college facility development in addition to above 337,500

State Colleges

To construct and equip certain state college buildings 11,813,087

Location	State Funds plus Estimated Federal Grants
Bemidji	\$1,825,000
Mankato	863,000
Moorhead	3,265,000
St. Cloud	3,160,125
Southwest	6,006,000
Winona	1,175,000

For land acquisition including improvements and preparation of sites for construction at the following sites - Bemidji, Mankato, Moorhead, St. Cloud, and Winona State Colleges 1,480,000

Dormitory and Food Service

State's share 25 percent of the cost of dormitory and food service facilities at all state colleges with 75 percent to be provided by the state college board revenue fund 4,000,000

University of Minnesota

Minneapolis Campus - West Bank

To complete library building 102,000

Construct and equip auditorium classroom building north of highway at a cost of not more than \$2,875,000 with state funds of 1,961,334

To complete land acquisition 300,000
2,363,334

Minneapolis (Main Campus)

Planning funds for classroom and laboratory building for the performing arts, radio and television 232,320

To complete art instruction facilities, Naegele Building 225,000

Develop and light outdoor physical education teaching areas 236,000

Construct and equip Vincent-Murphy addition at a cost of not more than \$2,400,000 with state funds of 1,546,135

To complete space science building 480,000

Construct and equip laboratory-classroom building, Phase II, at a cost of not more than \$3,740,000 with state funds of 1,380,681

Remodel State Board of Health Building at a cost of not more than \$950,000 with state funds of 650,000

Install two primary electric feeders 350,000

Planning funds for health sciences facility 500,000

Land acquisition for physical facilities for health sciences 650,000
6,250,136

St. Paul Campus

Construct and equip horticultural science facility at a cost of not more than \$3,172,000 with state funds of 2,922,000

Planning funds for classroom-office building for agricultural economics and rural sociology 148,000

Planning funds to develop plans and specifications for a biological sciences facility 400,000

Remodel Coffey Hall 1,500,000

Install new boilers and auxiliaries 730,000

To complete entomology building 356,942

Programmatic planning funds for animal science facility and veterinary medicine building to include study to eliminate unnecessary duplication 171,000

Construct crop service field building 259,000

Construct addition to veterinary diagnostic and research laboratory at a cost of not more than \$720,000 with state funds of 395,000
6,881,942

Duluth Campus

Planning funds for administration building 65,000

Construct and equip classroom building at a total cost of not more than \$990,000 with state funds of 660,000

Construct and equip lecture hall at a total cost of not more than \$260,000 with state funds of 173,334

Construct theater 500,000

Convert biology space to chemistry laboratories ... 230,000

Develop studio space and facilities for closed circuit television 110,000

Construct heating plant addition, including boiler ... 540,000

State's share 25 percent of the cost to construct and equip a service center and food service for residence halls, Phase I 220,000

State's share 25 percent of the cost to construct and equip student housing for 404 students 550,000

Land acquisition, Priority I 75,000
3,123,334

Morris Campus

Construct and equip physical education building at a total cost of not more than \$1,500,000 with state funds of 1,000,000

Construct central heating tunnel and piping 84,900

Install electrical distribution system, Phase I ... 229,500

To complete science complex and north entrance road including drainage, curbing and lighting 109,000

Construct heating plant, Phase I 520,000

South area heating tunnel and piping 147,200

State's share of 25 percent of the cost to construct and equip a residence hall of 250 units 300,000
2,390,600

Additions and improvements at various schools of Agriculture and Experiment Stations 1,730,000

Capitol Group

Construct and equip office portion of veterans service building 926,640

Remodel Capitol and vacated areas of state office building; climate control, Capitol 900,000

Replace entire west wing roof, repair areas damaged by water, ventilate Senate skylight 142,000

Replace east elevator, Capitol 80,000

Capitol Area Architectural and Planning Commission Created

An unsalaried seven-member Capitol Area Architectural and Planning Commission was created, with the Governor as chairman and the State Planning Director as executive secretary, to replace the former State Veterans' Service Building Commission. Members of the Legislative Building Commission are to act as an advisory group.

Public buildings, streets, parking lots, or monuments, or other construction on public lands within the area must conform to the comprehensive use plan within the Capitol area.

Administrative and planning expenses of the Commission are to be shared equally by the State and the city of St. Paul.

Appropriations to the Commission for the 1967-69 biennium are as follows:

For competition premium purposes	\$ 20,000
For administrative and planning expenses	\$125,000

(Chap. 13, Ex. Sess.)

Long-Range Planning and Community Relations by Institutions of Higher Education

The legislature charged the University, state colleges and state junior colleges with assuming certain responsibilities for long-range planning and community relations in respect of future expansion and growth. The institutions were directed to develop policies and

programs dealing with student housing, parking, student transportation, building sites, and their effect on zoning, population density and character of surrounding established neighborhoods, and to report to the 1969 and succeeding legislatures. (Chap. 8, Sec. 18, Ex. Sess.)

ADDITIONAL STATE BORROWING AUTHORIZED

New Employment Security Building

Chapter 8, Section 23, Extra Session, authorized issuance of \$300,000 in Employment Security Building Fund Bonds, to supplement funds already available for construction of a new Employment Security building. The 1965 Legislature had authorized \$3,000,000 of such borrowing to supplement \$500,000 from the sale of the department's old building. The resultant debt charges are being paid from money received from the federal government as equivalent space rental.

Contingency Account for Higher Education Facilities

As in the 1965 session, the 1967 Legislature again provided for a contingency account for higher education facilities, appropriating \$6,500,000 to the Commissioner of Administration. In his discretion the Commissioner may use the money to supplement appropriations to junior colleges, state colleges, and the University when the federal aid share is less than had been anticipated, or when construction and costs exceed the specifically authorized appropriation. (Chap. 8, Sec. 17, Ex. Sess.)

V. RETIREMENT FUNDS

A number of changes in the laws affecting the various state retirement funds were enacted by the 1967 Legislature.

Minnesota State Retirement System

The State Employees Retirement Association was re-named "the Minnesota State Retirement System." Membership is composed, generally, of employees or officers in the classified and unclassified service of the State. The annual amount a retired member can earn in State employment and still collect his annuity was increased from \$1,200 to \$2,000 (Chap. 57, Ex. Sess.)

Chapter 571, Laws 1967, removed the former \$7,200 ceiling on the salary on which contributions to the retirement fund by employees and by the State are based, paving the way for higher pensions.

A new section was added to the civil service law by Chapter 193, providing that any officer or employee in the classified service of the state civil service must retire from his employment by the State upon reaching the age of 70. This provision takes effect January 2, 1968.

Retirement Allowances for Legislators

Chapter 877 extended the time in which legislators may apply and pay for past service to become eligible for legislative pensions. The law now provides that a member of the legislature on July 1, 1965, or a member on July 1, 1967, may make payment within six months after July 1, 1967. A legislator who qualifies as a member subsequent to July 1, 1967, may make such payment within six months of qualification.

A legislator eligible for a retirement allowance at age 65 may elect to receive his retirement allowance after reaching the age of 60, but in such case the allowance shall be discounted at the rate of one-half of one percent per month for each month below the age of 65.

This law also extends benefits to the surviving spouse and dependent children upon the death of a legislator with at least ten years of service, whether or not he is serving in that capacity at the time of his death.

Retirement Allowances for Certain Elective Officers

Chapter 700 provided for retirement allowances to elective constitutional officers of the State in the executive branch (governor, lieutenant governor, attorney general, secretary of state, state auditor, state treasurer, railroad and warehouse commissioners) upon attaining the age of 65, whether in office or not, after ten years of service (not necessarily continuous). The allowance is to be computed on the basis of a percentage of salary at time of retirement—50 percent after ten years of service, with an additional 1 percent for each additional year over ten, but not to exceed 75 percent. Benefits (one-half of the retirement allowance) are also provided for surviving widows of such officers. Retirement allowances and benefits, which are exempt from state income taxation, are to be paid from the general revenue fund.

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 32, Extra Session Laws, provided that the monies required for the State's contributions to the Teachers Retirement Fund are to come from the Property Tax Relief Fund created in the new Tax Reform and Relief Act of 1967, rather than from a state levy on property.

Chapter 834, Laws 1967, removed the former \$7,200 ceiling on the salary on which contributions to the retirement by employees and by the State are based.

Chapter 654 and 715 provided supplemental pensions or annuities for members who retired prior to 1965.

Highway Patrolmen's Retirement Fund

Membership of this retirement association consists solely of highway patrolmen.

Chapter 244 reduced the employee contribution rate from 7.4 percent to 7 percent of monthly salary up to \$500. (The State's basic contribution remains at 11.2 percent, with an additional contribution of 9 percent to amortize an actuarial deficit.)

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.

Chapter 739 removed the former \$7,200 ceiling on the salary on which contributions to the retirement fund by employees and by the State are based and increased

by 3 percentage points—to 6½ percent—a supplemental contribution by the State to overcome an actuarial deficit, raising the total state rate to 15½ percent.

Public Employees Retirement Fund

Membership of this retirement association consists largely of elected and appointed officers and employees of governmental subdivisions.

Chapter 687 removed the ceiling on the salary on which contributions to the retirement fund are based (\$6,000 through June 30, 1967). Members of the fund may exercise an option to pay contributions retroactive to July 1, 1957 on total salary received in excess of any previous limitation (\$4,800 through June 30, 1965 and \$6,000 through June 30, 1967). However, any member who may retire before January 1, 1968 may make such payment if, at that time, he certifies in writing his intent to retire.

Chapter 711 increased from \$1,200 to \$2,000 the amount which a PERA annuitant may earn without suspension of annuity.

Chapter 687 gave present PERA members opportunity to decide individually whether to remain in the PERA basic fund or become members of the PERA-OASDI coordinated fund. Following execution of an agreement between the state agency and the Secretary of Health, Education and Welfare, those PERA members who choose Social Security coverage will be transferred to the PERA-OASDI coordinated fund, and all new employees thereafter will automatically become members of the coordinated fund.

Legislative Retirement Commission

Chapter 549 created a permanent Legislative Retirement Commission composed of five senators and five representatives to make a continuing study of retirement benefit plans applicable to non-federal public employees. An annual appropriation of \$25,000 from the general revenue fund was provided.

Minnesota Supplemental Retirement Fund

Chapter 795 established a Minnesota Supplemental Retirement Fund to be administered by the State Board of Investment. This fund has two investment accounts—an income share account and a growth share account. Public retirement funds which are authorized to participate in this fund may purchase shares in either or both accounts.

Supplemental Retirement Fund for Certain State College and Junior College Personnel

Chapter 808 implemented a supplementary retirement plan established in 1965 (M.S. 136.80) for certain college personnel in the unclassified service and administrative officers, presidents, and deans.

An appropriation of \$22,300 from the general revenue fund was made to the teachers retirement fund for administration.

VI. THE TAX PROGRAM AND LAWS

Major accomplishment of the legislature in the tax field was the enactment in special session and over the Governor's veto of the Tax Reform and Relief Act of 1967.

This Act provides for direct tax relief to the owners of homes, farms, businesses, industries, the elderly, and renters; for indirect property tax relief by means of state aid to municipalities and school districts; and for repeal of the "head tax" on minimum-income taxpayers. It creates a Property Tax Relief Fund through which will be channeled more than \$230,000,000 annually for tax relief purposes.

Revenue for these purposes will come from five sources. The sources, and estimated annual productivity: (1) a 3 percent excise tax on retail sales, \$160,000,000; (2) an increase to 8½ percent (from 7½ percent) in the basic rate of the corporation income tax, and to 10½ percent (from 9½ percent) in the bank excise tax, \$7,500,000; (3) doubling of the documentary stamp tax on real estate transactions, to \$2.20 for the first \$1,000 or less of value plus \$1.10 for each \$500 or less, \$2,000,000; (4) half of the gross earnings taxes now paid by railroad and telephone companies, \$14,000,000; (5) transfer of surplus state revenues from other sources, \$50,000,000.

Purposes to which this money is dedicated, and estimated annual requirements, are:

- (1) Elimination of the state mill levy on real and personal property – currently 7.32 mills for debt charges and 9.92 mills for state teachers retirement fund (with equivalent payments to local teachers retirement funds in cities of the first class), \$51,000,000.
- (2) Tax relief to home owners. The Fund will replace 35 percent of the local (county, city, village, borough, town, school district) taxes, except those levied for debt charges, against property occupied as a homestead. Rural homes may include up to 80 acres of land. Maximum relief to a home-owner, \$250. \$72,000,000.
- (3) Personal property tax relief. No tax on farm machinery and livestock, LP gas containers. No tax on inventories of manufacturers, wholesalers, retailers, contractors, unless, alternatively, they elect exemption of tools and machinery used in construction or in manufacture, processing, production, sale or distribution of marketable products. No tax on furnishings of lodging places subject to excise taxation. \$58,700,000.
- (4) Tax relief to elderly. Persons aged 65 or over who own or rent homes can claim income tax credit or cash refund of up to \$300. Relief geared to household income, ranging from 75 percent of real estate tax or equivalent rent (one-fifth of actual rent) if less than \$500 income down to 10 percent if income between \$3,000 and \$3,499. Old-age assistance recipients ineligible. Amount of relief reducible by amount received under home-owner relief provision. \$6,000,000.
- (5) Tax relief to renters. Persons who rent or lease living quarters in private commercial unit may claim income tax credit or cash refund of 3¼ percent of rent (excluding heat, light, utilities) paid, up to \$45. Occupants of public housing and persons receiving public funds for rent payment ineligible. \$6,000,000.
- (6) Aid to local government. One-fourth of proceeds of the 3 percent excise tax, but not less than \$37,000,000, will go to local government as state aid. Total amount available for this purpose each year will be divided by state's population to arrive at "per capita distributive share." In Minneapolis, St. Paul and Duluth two-thirds of their per capita aid total (per capita distributive share multiplied by city's population) will go to city government, one-third to city school district. Half of remaining aid funds will go to other cities, villages, boroughs, towns and counties on per capita basis; half to other school districts on school census basis but not less than \$20 for each resident child aged 6 through 16.
- (7) Elimination of minimum income tax (1 percent, up to \$10, on first \$1,000 of gross income) on low-income individuals, estates and trusts required to file income tax returns. \$2,000,000.

The 3 percent excise tax became effective August 1, 1967 on retail sales of tangible personal property, excluding groceries, clothing and wearing apparel (other than jewelry and fur articles), drugs and medicines, gasoline, materials used in agricultural and industrial production, items purchased for resale, isolated or occasional sales, sales to units of government and sales to strictly charitable, religious or educational organizations. Taxable items include restaurant meals and drinks, admissions to theaters and games, lodging (hotel, motel, tourist camp, etc.) for less than 30 days, utility services such as electricity, gas, water, steam, telephone.

A more detailed synopsis of the above provisions, and of other important provisions of the Act, may be found in Appendix B.

The following is a synopsis of the tax laws enacted by the 1967 Legislature, grouped by type of tax:

Bank Excise Tax

The basic bank excise tax rate was increased 1 percent (from 9½ to 10½ percent) for two years. The increase was made applicable to taxable years beginning after December 31, 1966 and prior to January 1, 1970. (Chap. 32, Art. XII, Ex. Sess.)

The temporary 1.9 percent additional bank excise tax and the 10 percent surtax on the bank excise tax were reimposed for another two years. They were made applicable to taxable years which begin prior to January 1, 1970. (Art. XIV)

Cigarette Tax

The cigarette tax law was amended (M.S., Sec. 297.13, Subd. 2) to provide that each county shall apportion the amount of cigarette tax apportionment received by it, to the various towns of the county not having village powers, in proportion to their populations, excluding villages located within a town (which already have received distribution). The amendment provides further that the county shall retain for its own use any portion attributable to the population of unorganized territory within the county. Effective as of January 1, 1968. (Chap. 598)

Copper-Nickel Ores

A comprehensive new law subjects companies engaged in the business of mining copper-nickel ores to the state income tax (by excluding them from the present exemption of mining companies). It allows a credit against the state income tax for the occupation tax paid on the mining or production of copper-nickel ores. It provides for depletion and exploration and development expense allowances under the state income tax in accordance with the provisions of the Internal Revenue Code. It subjects companies engaged in copper-nickel mining in Minnesota and elsewhere to the same allocation of income formula as manufacturing corporations.

The Act also imposes an occupation tax of 1 percent of the value of all copper-nickel ores mined or produced. This tax is in lieu of the regular occupation tax on the business of mining or producing iron ore or other ores. It provides for deductions (similar to those for iron ore) in computing the value of copper-nickel ores for the purpose of the tax. It provides for a credit against the tax for processing ores into semi-refined or refined products in the State, and for research and development expense on Minnesota ores. The proceeds of the tax are to be distributed 50 percent to the general revenue fund, 40 percent for the support of elementary and secondary schools, and 10 percent for the general support of the University.

As in case of taconite, the Act imposes a production tax upon the production of copper-nickel concentrates. The base tax is $2\frac{1}{2}$ cents per gross ton of ore entering the concentrating mill, with specified increases where the average copper-nickel content per gross ton of ore exceeds one percent. The rate of tax is to be increased in proportion to the increase in the wholesale price index for all commodities. This production tax is in addition to the 1 percent occupation tax and the royalty and income taxes, but in lieu of all other taxes. The proceeds of the tax are to be distributed in the same manner as the taconite tax (except for a special provision relating to distribution of the school and municipal portion of the proceeds in four townships in Lake County).

The Act also imposes a royalty tax of 1 percent on royalties received in connection with copper-nickel mining. This tax is in lieu of the regular royalty tax.

In accordance with the provisions of the Taconite Amendment as it relates to copper and nickel, the Act provides that the combined occupation, royalty and income taxes with respect to the mining, production or beneficiation of copper-nickel ore shall not exceed the amount of such taxes which would be payable under laws in effect as of the effective date of the Act, unless and

to the extent that income, excise and franchise taxes on manufacturing corporations are increased. It provides that this limitation does not apply to the production tax. (Chap. 671)

Deed Tax

The law imposing a tax on instruments of conveyance (deed tax) was amended (M.S., Sec. 287.21) to increase the rate to \$2.20 (from \$1.10) for the first \$1,000 or less of consideration, plus \$1.10 (from 55 cents) for each \$500 or fractional part thereof in excess of \$1,000. The amendment also provides that the proceeds of the entire tax shall be credited to the property tax relief fund created by the Tax Reform and Relief Act of 1967. Effective on January 1, 1968. (Chap. 32, Art. XI, Ex. Sess.)

Excise or Sales Tax

A detailed synopsis of the new excise or sales tax (Chap. 32, Art. XIII, Ex. Sess.) appears in Appendix B.

Gasoline Tax

Chapter 874 amends the law imposing an excise tax on gasoline (M.S., Sec. 296.02, Subd. 1) to increase the rate to 7 cents (from 6 cents) per gallon. It also amends Sec. 162.09, Subd. 4, to provide that in determining whether any city, village or borough has a population of 5,000 or more, to qualify it to be included within the municipal state-aid street system, if an entire area not heretofore incorporated as either a city, village or borough, is incorporated as such during the interval between federal censuses, its population shall be determined by its incorporation census.

Chapter 903 repeals M.S., Sec. 296.21, Subd. 3, which required common and contract carriers of petroleum products to file monthly reports with the Commissioner of Taxation.

See also Motor Fuel Road Tax on Motor Carriers.

Gross Earnings Taxes

The gross earnings tax law was amended (M.S., Secs. 294.01, 294.02, 294.03, 294.05, 294.06, 295.34 and 295.35) to require telephone companies to file their gross earnings tax reports and remittances of tax by April 15 (instead of February 1) of each year. Applicable to all gross earnings received after December 31, 1966. (Chap. 821)

Gross Receipts Tax

The law imposing a 5 percent gross receipts tax on admissions to boxing and sparring exhibitions, and on the lease or sale of radio, motion picture and television rights therein (M.S., Sec. 341.05) was amended to exempt amateur exhibitions. (Chap. 451)

Income Taxes

The temporary, two-year increases in income tax rates on individuals, estates and trusts ($\frac{1}{2}$ of 1 percent on the first three brackets of taxable income, and $1\frac{1}{2}$ percent on the remaining brackets) were continued for an-

other two years. The increases were made applicable to taxable years beginning after December 31, 1966 and prior to January 1, 1970. (Chap. 32, Art. XIV, Ex. Sess.)

The temporary, two-year increases in personal credits (\$9 for unmarried individuals and estates of decedents, \$8 for married individuals or heads of household, \$4 for dependents, \$10 for unmarried individuals 65 years of age or older, \$10 for unmarried blind individuals, \$5 for each spouse for married individuals 65 years of age or older, and \$10 for each spouse for married blind individuals) also were continued for another two years. They were made applicable to taxable years beginning after December 31, 1966 and prior to January 1, 1970. (Chap. 32, Art. XIV, Ex. Sess.)

The minimum income tax (1 percent on the first \$1,000 of gross income up to \$10) imposed upon individuals, estates and trusts required to file returns, was repealed, effective for taxable years commencing after December 31, 1966. (Chap. 32, Art. II, Ex. Sess.)

The basic income tax rate upon corporations other than banks was increased 1 percent (from 7½ to 8½ percent) for two years. The increase was made applicable to taxable years beginning after December 31, 1966 and prior to January 1, 1970. (Chap. 32, Art. XII, Ex. Sess.)

The temporary 1.8 percent additional income tax, and the 10 percent surtax, imposed upon corporations other than banks were reimposed for another two years. They were made applicable to taxable years which begin prior to January 1, 1970. (Chap. 32, Art. XIV, Ex. Sess.)

Section 290.081 of the Minnesota Income Tax Act (M.S., Chap. 290) was amended to allow a nonresident an exclusion from gross income taxable by Minnesota of compensation received for the performance of personal or professional services within Minnesota, or a credit against the Minnesota tax for the tax paid to the state of residence, if the other state allows a similar exclusion or credit. The amendment also provides that the credit against the Minnesota income tax presently extended to a Minnesota resident taxpayer for the proportion of the income tax of another state paid by him upon income derived from the performance of personal or professional services within that state shall not be allowed if such other state allows him a credit against that state's income tax substantially similar to the Minnesota credit. An amendment to Sec. 290.92, Subd. 4a, provides that the employer of an employee domiciled in a state with which Minnesota has reciprocity is not required to withhold from the wages earned by such employee in Minnesota. Amendments applicable to taxable years beginning after December 31, 1967. (Chap. 42)

The Act was amended (Sec. 290.65, Subd. 1) to provide that the next \$2,000 (after the first \$3,000) received by an individual as compensation for personal services in the armed forces of the United States or the United Nations wholly performed outside of the state of Minnesota shall be excluded from gross income in computing the Minnesota income tax. Effective for taxable years after December 31, 1966. (Chap. 76)

The Act was amended (Sec. 290.42) to provide that state income tax returns of cooperative associations shall be filed on or before the 15th day of the ninth month

following the close of the taxable year. Applicable to taxable years commencing after December 31, 1966. (Chap. 113)

The Act was amended (Sec. 290.91) to authorize the Commissioner of Taxation to make microfilm copies of income tax returns, orders or correspondence, and then immediately destroy the original documents from which such copies have been made. (Prior to the amendment, the original documents had to be retained for five years before destruction.) The amendment also authorizes the Commissioner to employ a commercial photographer to develop the microfilm, notwithstanding the secrecy provision of the Act. (Chap. 120)

The Act was amended (Sec. 290.03) to provide that in the event of the revocation or termination of the election of a proprietorship or partnership owning an unincorporated business enterprise to be taxed as a corporation for state income tax purposes, the tax consequences of such revocation or termination shall be determined in accordance with the provisions of Section 1361 of the Internal Revenue Code. (Chap. 577)

The Act was amended (Sec. 290.01, Subd. 20) to provide that shareholders in a small business corporation which has elected to be taxed under the Internal Revenue Code but has not made an election under the state income tax law shall deduct from federal adjusted gross income the amount of any imputed income from such corporation, and shall add to the federal adjusted gross income the amount of any loss claimed as a result of such stock ownership and the amount of any distributions in cash or property made by such corporation to its shareholders during the taxable year. The amendment also provides that if such corporation is liquidated or the individual shareholder disposes of his stock and there is no capital loss reflected in federal adjusted gross income because of the fact that corporate losses have exhausted the shareholders basis for federal purposes, the shareholders nevertheless shall be entitled to a capital loss commensurate to their Minnesota basis for the stock. It also provides that where the election under the Internal Revenue Code antedates the election under the state income tax law and at the close of the taxable year preceding the election under state law the corporation has a reserve of undistributed taxable income previously taxed to the shareholders under the provisions of the Internal Revenue Code, if such reserve is distributed to the shareholders such distribution shall be taxable for Minnesota purposes. (Chap. 579)

The Act was amended (Sec. 290.39) to provide that every income tax return shall specifically set forth the credits against the tax (in addition to the items of gross income, deductions, and credits against net income). (Chap. 582)

The Act was amended (Sec. 290.92, Subd. 15) to provide that the criminal penalty of a gross misdemeanor applies to an employer required to withhold the state income tax on wages who wilfully fails to file a quarterly return or pay over the amount withheld to the Commissioner of Taxation. (Prior to the amendment, the penalty did not apply unless the employer wilfully failed to do both.) (Chap. 587)

The Act was amended (Sec. 290.095) to clarify the provisions relating to the special period of limitation for filing a claim for refund based on a net operating loss deduction. (This clears up an uncertainty as to whether the provision applies to individual as well as corporate taxpayers.) (Chap. 597)

The Act was amended (Sec. 290.09, Subd. 5) to provide that any loss not compensated for by insurance or otherwise attributable to storm or other natural causes or fire may, at the election of the taxpayer, be claimed as a deduction in the taxable year in which the loss is sustained or in the preceding taxable year. (Chap. 899)

The Act was amended (Sec. 290.08, Subd. 5) to eliminate the formula whereby wage payments received while an employee is absent from work because of injury or sickness are excluded from gross income for state income tax purposes. Applicable to taxable years beginning after December 31, 1966. (Chap. 900)

The Act was amended (Sec. 290.08, Subd. 1, and Sec. 290.09, Subd. 1) to delete the words "the amount of." (As amended, these subdivisions provide that any item — instead of the amount of any item — which is excluded or deducted from gross income under Sec. 290.01, Subd. 20, shall not be excluded again under Sec. 290.08, Subd. 1 or deducted again under Sec. 290.09, Subd. 1.) (This is a clarifying amendment to conform these provisions more precisely to the interpretation which the Department of Taxation has placed upon them.) Applicable to taxable years beginning after December 31, 1966. (Chap. 901)

The Act was amended (Sec. 290.92) to provide that whenever any person who is required to deduct, withhold, pay over, or deposit state income taxes fails to do so, and is notified of any such failure, he shall thereafter deduct, withhold and collect such taxes and shall (not later than the end of the second banking day after any amount of such taxes is deducted, withheld or collected) deposit such taxes in separate account in a bank, savings bank or savings and loan association and keep the amount of such taxes in such account until payment over to the State. The Commissioner of Taxation may cancel such notification when satisfied that all requirements of law and regulations with respect to such taxes have been and will henceforth be complied with. Penalties are provided for failure to comply. Effective upon passage. (Chap. 902)

Inheritance Tax

The inheritance tax law was amended (M.S., Sec. 291.07) to enumerate the deductions allowable in determining inheritance tax where an estate has not been submitted to the jurisdiction of the probate court — (1) funeral expenses, (2) unpaid expenses of last illness, (3) federal estate taxes, (4) widow's selection of personal property, (5) other taxes, and (6) reasonable fees for legal or fiduciary services. The amendment also gives a formula for determining the amount of federal estate taxes allowable as a deduction. Effective and applicable in all cases where death occurs on or after July 1, 1965. (Chap. 555)

Chapter 605 amends the law exempting certain moneys and credits from garnishment, attachment and execution (M.S., Sec. 550.40) to provide that moneys deposited in a corporation organized as a teachers retirement fund association under M.S., Secs. 354.17 to 354.23,

and all moneys, rights and interests or annuities due or to become due from any such association, shall not be subject to state inheritance tax. Effective for teachers or persons who become deceased on or after effective date of Act.

The inheritance tax law was amended (Sec. 291.01, Subd. 4, and Sec. 291.14) to provide a method of notifying the Inheritance and Gift Tax Division with respect to the death of a surviving joint tenant or the death of a transferor of property, where such transfer possibly could be subject to inheritance tax. The amendment also provides methods of extinguishing the lien for inheritance taxes with respect to joint tenancy property and transfers made during decedent's lifetime. (Chap. 850)

Iron Ore Occupation and Royalty Taxes

The temporary 2.25 percent additional iron ore occupation tax was imposed for another two years. It was made applicable to all ores (except taconite, semi-taconite and iron sulphides) mined and produced prior to January 1, 1970. (Chap. 32, Art. XIV, Ex. Sess.)

The temporary 2.25 percent additional iron ore royalty tax was reimposed for another two years — to expire on December 31, 1969. (Chap. 32, Art. XIV, Ex. Sess.)

Liquor Tax

The temporary 15 percent surtax on the liquor tax was reimposed for another two years — to expire June 30, 1969. (Chap. 32, Art. XIV, Ex. Sess.)

Mortgage Registry Tax

Chapter 340 amends the mortgage registry tax law (M.S., Secs. 287.01 - 287.12) to provide for the manner of taxing a supplemental mortgage securing a portion or all of the same indebtedness as the previous mortgage, whether or not additional security is included.

Motor Fuel Road Tax on Motor Carriers

Chapter 802 imposes a road tax on motor carriers, calculated on the amount of motor fuel consumed in their operations on Minnesota highways. The tax is at the same rate as the tax applicable to the purchase of the same motor fuel within the state. The amount of motor fuel consumed on Minnesota highways is determined by dividing the miles traveled within Minnesota by the average miles per gallon. The average miles per gallon is determined by dividing the miles traveled within and without Minnesota by the total motor fuel consumed within and without Minnesota. The Act provides for the licensing of and reporting by motor carriers subject to the tax. Effective July 1, 1967. (This new tax replaces the inadequate and incomplete use tax which all truckers — except those from states with which Minnesota has reciprocity — were required to pay on motor fuel consumed in Minnesota.)

Motor Vehicle Registration Tax

The motor vehicle registration tax law was amended (M.S., Sec. 168.012, Subd. 9) to provide that house trailers not used on the highway during any calendar year shall be taxed as mobile homes (which are taxed as per-

sonal property) if occupied as human dwelling places, and as motor vehicles subject to the motor vehicle registration tax if not occupied as human dwelling places. Effective January 1, 1968. (Chap. 117)

New legislation was enacted to exempt from the motor vehicle registration tax motor vehicles owned by nonresident military personnel which are licensed in other states. The new law also exempts (for 30 days after the vehicle has arrived in the state) motor vehicles owned by military personnel which are licensed by the armed forces of the United States in a foreign country. And it repeals the old law covering the operation of motor vehicles by soldiers and sailors. (Chap. 515)

New legislation governing the regulation of snowmobiles provides for their registration with the Commissioner of Conservation, and fixes the registration fee for each snowmobile at \$8 for three years. The registration fees go into the general revenue fund. (Chap. 876)

Property Taxes

No attempt has been made to include, under this heading, the provisions of the Tax Reform and Relief Act of 1967 relating to property taxes. They are all set forth in Articles I (tax relief to home owners), III (elimination of the state levy on property), IV (exemption of items of personal property), V (aids to municipalities and school districts), VI (tax relief to the elderly), VII (adjusted market value), VIII (county assessors mandatory), IX (classification of agricultural land), X (exemption of real and personal property used for air or water pollution control), XV (adjustments of values of taxable property for salary, etc., limitation purposes), XVI (replacement of revenues lost to taxing districts), and XVII (tax relief to renters), of the detailed synopsis of the Act which is contained in Appendix B.

Chapter 99 amends the law relating to delinquent personal property taxes (M.S., Secs. 277.01, 277.02, 277.03, 277.05 and 277.06) to change the date for the certifications by the county treasurer of delinquent personal property taxes to July 10 (from April 5), and to change the dates for issuance by the clerk of court of warrants to the sheriff, for the filing of the list of uncollected taxes by the sheriff, and for the issuance by the clerk of court of citations to delinquents, correspondingly. Applicable to personal property taxes due and payable in 1968.

Chapter 117 amends M.S., Sec. 168.012, Subd. 9, to provide that house trailers not used on the highway during any calendar year shall be taxed as mobile homes (which are taxed as personal property) if occupied as human dwelling places, and as motor vehicles subject to the motor vehicle registration tax if not occupied as human dwelling places. Effective January 1, 1968.

Chapter 214 amends M.S., Sec. 272.04, to provide that when the right to use the air space above or subsurface area below any real estate is conveyed by the owner to another person, such right shall constitute a separate interest in real estate which may be assessed and taxed separately from other rights in such real estate. The amendment also provides that when the right to use air space above or subsurface area below real estate is

granted by a lease for three or more years, by the State or an agency or subdivision thereof, by an institution whose property is exempt from taxation, or by a taxpayer whose property is not taxed in the same manner as other property, such right shall constitute an interest in real estate which may be assessed and taxed separately.

The law relating to appointment of local assessors was amended (M.S., Sec. 273.05, Subd. 1) to provide that the term of all town and village assessors shall expire on December 31, 1968, and thereafter all town and village assessors shall be appointed for indefinite terms. The amendment also provides that vacancies in the office of village assessors shall be filled by appointment of the village council, and that when a vacancy is not filled before January 1 following its occurrence the county auditor shall appoint some resident of the county as assessor for such village. (Chap. 282)

New legislation was enacted to provide that state assignment certificates issued and recorded in the office of the proper register of deeds within seven years from the date of such certificates, but not recorded or filed in office of the proper registrar of titles until after the seven year period, are validated and legalized, as against the objection that such certificates were not recorded or filed in the proper office within such seven year period. (Chap. 390)

Chapter 584 repeals M.S., Sec. 275.22 (which places certain limitations on county, town and school district general property tax levies). (These limitations are contained elsewhere in the statutes and in special laws.)

Chapter 606 amends M.S., Sec. 273.13, Subd. 3, to provide that the suggested factory retail list price (upon the basis of which the property tax on mobile homes is computed) shall be adjusted to the nearest figure evenly divisible by 100. The amendment also provides for adding an 8 percent penalty to the assessment made by the local assessor when the mobile home is not registered with the Secretary of State on or before May 1. It also provides that where a licensed dealer has paid the \$15 registration fee on a new mobile home purchased and held for sale, he may transfer it to another dealer without payment of another registration fee.

New legislation was enacted which provides that in determining the value of real estate for ad valorem tax purposes in the City of Saint Paul, the first \$2,000 in assessor's full and true value worth of improvements per dwelling unit to any single or multiple dwelling property more than 20 years old shall not be regarded as increasing the value of such property for the first two years from the date of such improvement; that only 33 1/3 percent of the value of such improvement shall be considered at the end of two years; that an additional 33 1/3 percent shall be considered at the expiration of each two-year period thereafter; and that at the end of six years, the total value of the improvement shall be considered. The Act provides that application for delayed assessment shall be on forms prescribed by the county assessor of Ramsey County, and that no application for delayed assessment shall be accepted on or after July 1, 1969. Effective only after approval by the governing bodies of the City of Saint Paul and the County of Ramsey, and upon compliance with M.S., Sec. 645.021. (Chap. 682)

Chapter 705 adds a new section (Sec. 273.133) to M.S., Chap. 273, to provide that when a building containing several dwelling units is owned by a corporation or association, and each person owning a share or shares in the corporation or association is entitled to occupy a unit in the building, the corporation or association may claim homestead treatment for the part of the value of the building represented by each unit occupied by a shareholder. The corporation or association must be wholly owned by the shareholders entitled to occupy units in the building, and the total number of shareholders may not exceed the number of units in the building.

Chapter 865 amends M.S., Sec. 272.01, Subd. 3, to exempt from ad valorem property taxation real and personal property owned by a seaway port authority even though leased to private parties, if the lease provides that the facilities are available to the public. The amendment provides for payment by the authority, in lieu of real and personal property taxes, where the annual rental received for such leased property exceeds an amount reasonably required for administrative expense of the authority per year, plus promotional expense for the authority not to exceed \$100,000 per year, plus an amount sufficient to pay all installments of principal and interest due on revenue bonds issued by the authority, plus 25 percent of the gross annual rental to be retained by the authority for improvement, development or other contingencies, of a reasonable portion of the remaining annual rental.

Chapter 908 amends the metropolitan airports commission law (M.S., Sec. 360.107, Subd. 2) to provide that nothing contained in Laws 1943, Chap. 500 or M.S., Secs. 360.101-360.144, shall be construed as exempting properties, real or personal, leased from the metropolitan airports commission to a tenant or lessee who is a private person, association, or corporation, from assessments or taxes.

Chapter 23, Ex. Sess. amends M.S., Sec. 282.09, Subd. 2, to provide that county authorities may expend moneys from the forfeited tax sale fund to acquire and maintain equipment used exclusively for the maintenance and improvement of tax-forfeited lands.

Chapter 35, Ex. Sess. amends M.S., Sec. 282.08, to provide that any county board may annually by resolution set aside not exceeding 20 percent of the net proceeds from the sale or rental of tax-forfeited lands, or from the sale of any products therefrom, to be used for acquisition and maintenance of county parks or recreational areas.

New legislation was enacted to create a method of valuing agricultural land on the basis of the highest and best agricultural use. Chapter 60, Ex. Sess. cited as the "Minnesota Agricultural Property Tax Law," provides that for ad valorem tax purposes, real property which is actively and exclusively devoted to agricultural use and is the homestead or contiguous to the homestead of the owner or thereafter becomes the homestead of a surviving spouse of the owner, may be valued solely with reference to its appropriate agricultural classification and value, and that in determining such value the assessor shall not consider any added values resulting from non-agricultural factors. Real property is considered to be in agricultural use if devoted to the production for sale of livestock, dairy animals, dairy products, poultry and poultry products, fur bearing animals, fruit of all kinds, vegetables,

forage, grains, bees and apiary products by the owner, but not when devoted to processing of such things or meeting the requirements and qualifications for payments or other compensation pursuant to a soil conservation program under an agreement with an agency of the federal government. Land is considered to be actively devoted to agricultural use only if the gross sales of agricultural products have averaged \$750 per year and \$25 per acre per year or more during the last two years preceding the year for which application is made for assessment under the Act. Application for deferment of taxes and assessment under the Act must be made at least 60 days prior to January 2 of each year by the owner to the assessor of the taxing district in which the property is located. When any property valued and assessed under the Act is sold or no longer qualifies for special treatment, it shall be subject to additional taxes in the amount equal to the difference between the taxes determined on the basis of the special treatment and the taxes assessed on the regular basis. Such additional taxes are to be extended against the property on the tax list for the current year, without interest or penalties, and only with respect to the last three years that the property has been valued and assessed under the Act. On timely application, payment of special assessments for local improvements also may be deferred until the property is sold or no longer qualifies. Applicable to assessments for tax purposes made in 1968 through 1972 used to determine taxes payable in 1969 through 1973, and to special assessments levied after July 1, 1967 and payable in the years 1968 through 1972.

Sales or Excise Tax

A detailed synopsis of the new excise or sales tax (Chap. 32, Art. XIII, Ex. Sess.) appears in Appendix B.

Tree Growth Tax

Chapter 285 amends the tree growth tax law (M.S., Secs. 270.31-270.39) to eliminate the provision requiring payment of delinquent ad valorem property taxes (and penalties) as a prerequisite to withdrawal of timber lands subject to the tree growth tax and return of such lands to taxation under the general real property tax law.

Chapter 285 also repeals Sec. 270.38, Subd. 3, thereby eliminating the requirement of annual reports to the county board by owners of forest property subject to the tree growth law, of changes (such as losses due to fires, etc.) which took place during the previous year affecting the status of the property.

Wheelage Tax

New legislation authorizes the City of Duluth to submit to the electors of the City, for approval or disapproval, ordinances providing for the collection and enforcement of wheelage taxes upon motor vehicles using the public highways of the City. (Chap. 432)

Chapter 892 authorizes a newly-created Twin Cities Metropolitan Transit Commission for the area comprising the counties of Hennepin, Ramsey, Anoka, Washington, Dakota, Scott and Carver, to levy a wheelage tax of \$1 per year on all motor vehicles which use public streets or highways within the area, which are kept at any place within the area when not in operation.

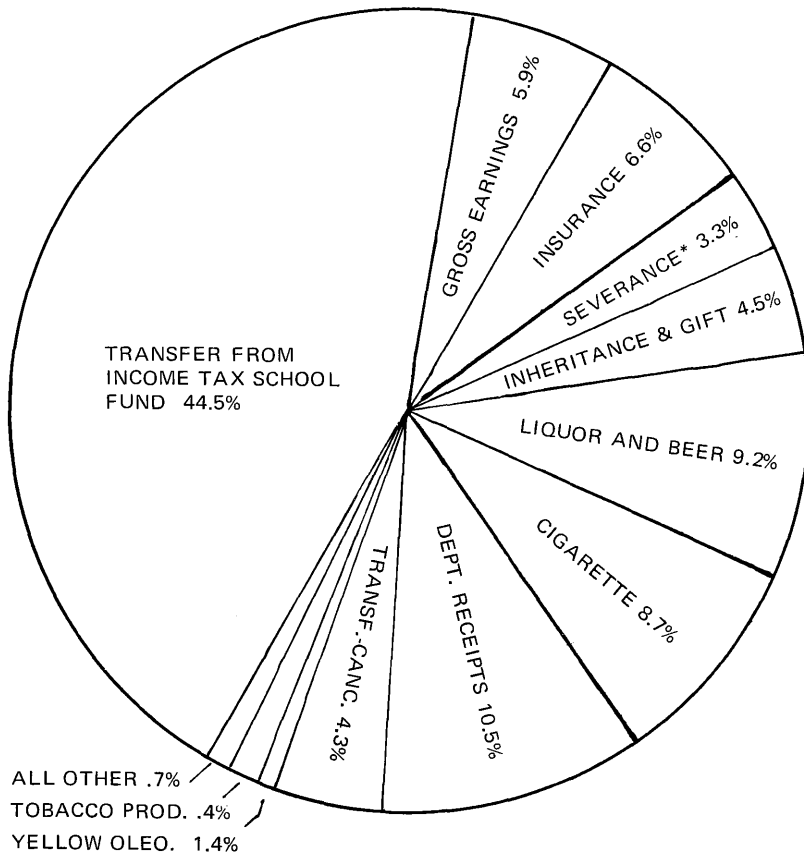


Chart No. 2
ESTIMATED RECEIPTS
GENERAL REVENUE FUND
1967-69 BIENNIUM

Excluding Estimated Iron Ore and
Taconite Taxes for —

University, \$2,750,000

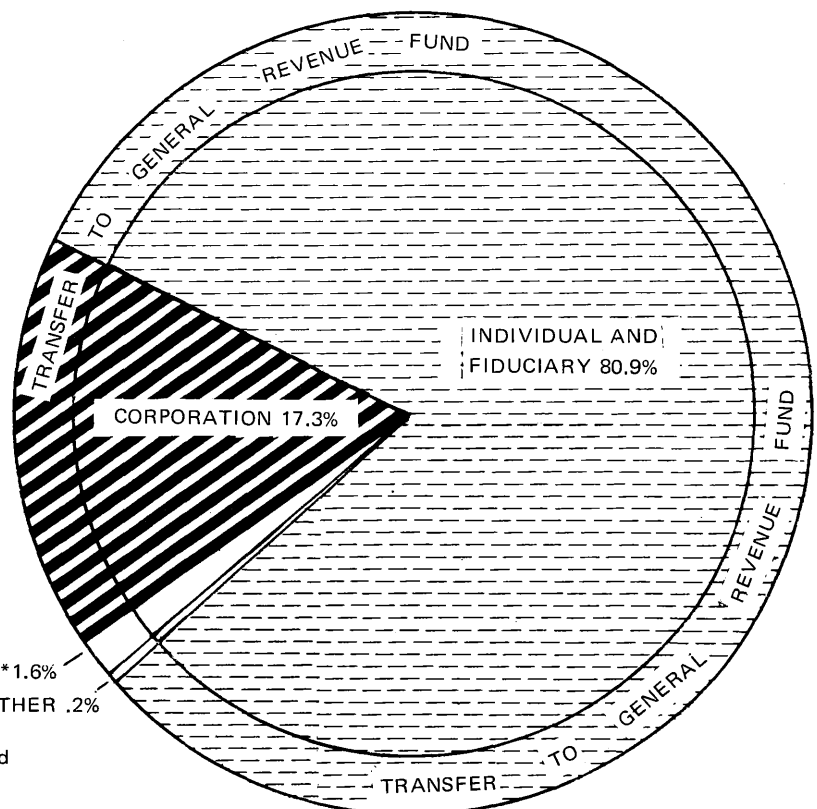
Iron Range Resources \$1,175,000

\$478,852,984

Chart No. 3
ESTIMATED RECEIPTS
INCOME TAX SCHOOL FUND
1967-69 BIENNIUM
(Excluding Refunds)

Total	\$665,100,000
Less Transfer to	
Gen'l. Rev.	213,096,754
Net Total	\$452,003,246

\$452,003,246



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

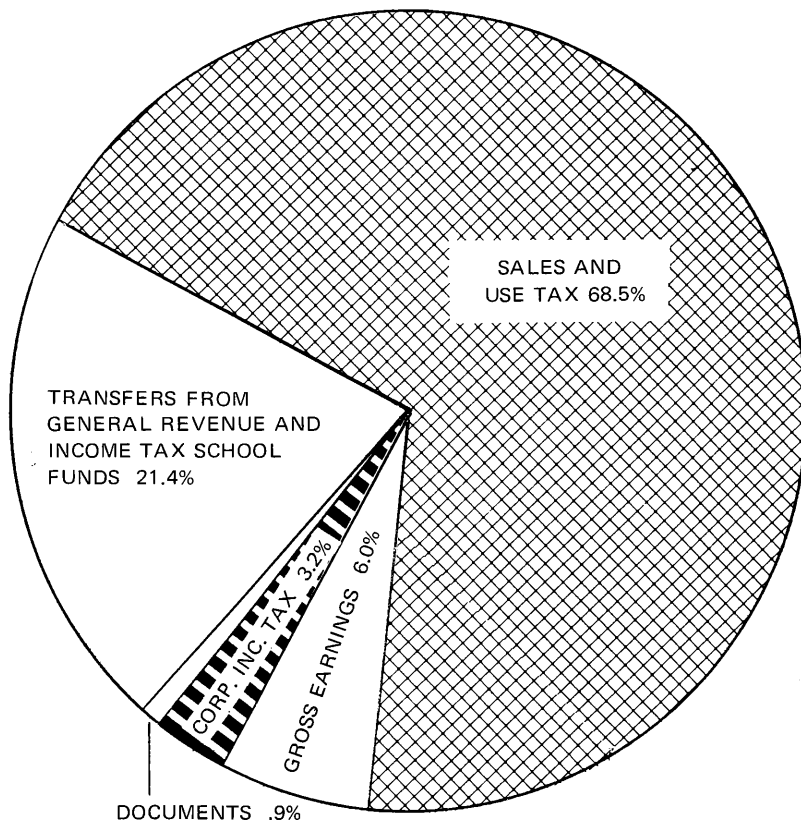


Chart No. 4
ESTIMATED RESOURCES
PROPERTY TAX RELIEF FUND
1967-69 BIENNIUM

\$467,000,000

VII. LEGISLATIVE MISCELLANY

Pink and White Lady Slipper -- Official State Flower

The pink and white lady slipper, *cypripedium reginae*, was designated as the official state flower. (Chap. 291)

Uniform Municipal Election Day Established

A uniform municipal election day -- the first Tuesday after the first Monday in November in odd-numbered years -- was established. Adoption of the uniform day is at the option of the governing body of a municipality. (Chap. 710)

Corrupt Practices Act Changed to Fair Campaign Practices Act

The title of Chapter 211 of the Minnesota Statutes was changed from Corrupt Practices Act to Fair Campaign Practices Act. (Chap. 169)

Color of Election Ballots

The Statute relating to Election Laws was amended to provide that consolidated primary election ballots shall be white, non-partisan primary ballots canary, and municipal primary ballots green. (Chap. 243)

Opening and Closing Time of Polls -- Elections

Chapter 444 authorized municipalities of less than 1,000 population, situated entirely outside the seven-county metropolitan area, to set their general or primary election poll-opening time at from 7 a.m. to 9 a.m. (normally 7 a.m.) and the poll-closing time for primary elections at 5 p.m. (normally 8 p.m.).

Insurance Laws Recodified

The insurance laws were recodified to delete statutes which had become obsolete, and to arrange the remaining law in an orderly fashion. Tax laws selected for recodification were contained in Chapters 60 through 68 and 70 through 72 of the statutes. The recodification became effective May 12, 1967. (Chap. 395)

Non-Par Banking Prohibited

Chapter 156 provided that no bank or trust company organized under Minnesota law shall settle any check drawn on it otherwise than at par -- after November 1, 1968.

Sunday Liquor Sales

Chapter 691 provided that restaurants and hotels with liquor licenses may secure special licenses for the sale of intoxicating liquor between the hours of 12 o'clock noon and 12 o'clock midnight on Sundays. The Act has no effect until authorized by the voters of each municipality voting on the question at a special or general election.

Statewide Sunday Closing

A new Sunday Closing Law prohibits the sale on Sunday of a variety of items. Stiffer penalties also were provided. (Chap. 165)

Unemployment Compensation Benefits Increased

Maximum weekly unemployment compensation benefit was raised from \$47 to \$50. The qualification time for eligibility was increased from 17 to 18 "credit weeks" of prior employment. (A "credit week" is a calendar week in which an individual earned \$26 or more in employment covered under the law.) The weekly benefit amount is one-half the claimant's average weekly wage, up to the \$50 maximum. (Chap. 573)

Workmen's Compensation Payments Rise

Revised workmen's compensation legislation will increase payments made to workers injured on the job, from a maximum of \$45 a week to a maximum of \$60, and raise the death benefit payment from \$17,500 to \$25,000. The weekly rate is computed at 66 2/3 percent of wages at time of injury, but not more than \$60. The revisions became effective September 1, 1967. (Chap. 40, Ex. Sess.)

VIII. CONSTITUTIONAL AMENDMENTS

Two constitutional amendments were proposed by the 1967 Legislature and will be submitted to the voters at the 1968 general election.

A proposed amendment to Article IV, Sections 9 and 17, will appear on the ballot as this question:

"Shall the Constitution of the state of Minnesota be amended to permit a legislator, if he is elected or appointed to another office, to assume the new office if he re-

signs from the legislature or if his legislative term is completed?" (Chap. 869)

A proposed amendment to Article IV, Section 11, will appear on the ballot as this question:

"Shall the Constitution of the state of Minnesota be amended to give the legislature three days after adjournment to present bills to the Governor and to give the Governor 14 days to sign or veto bills passed during the last three days of a session?" (Chap. 51, Ex. Sess.)

APPENDIX A

COMPARISON OF THE APPROPRIATIONS AUTHORIZED BY THE 1965 AND 1967 LEGISLATURES PLUS INITIAL APPROPRIATIONS FROM THE "PROPERTY TAX RELIEF FUND"

State Departments	1965 Legislature	1967 Legislature	Increase or (Decrease)
Legislature	\$ 2,856,000	\$ 4,955,152	\$ 2,099,152
General Contingent Fund	325,000	525,000	200,000
Legislative Advisory Committee	2,000	3,200	1,200
Legislative Research Committee	158,000	149,000	(9,000)
State Claims Committee	15,000	12,000	(3,000)
Legislative Buildings Commission	45,000	48,000	3,000
Indian Affairs Commission	30,000	45,000	15,000
Mississippi River Parkway Commission	10,000	10,000	.....
Commission on Taxation and Production of Iron Ore and Other Materials	10,000	25,000	15,000
Legislative Interim Committees	95,000	142,500	47,500
Public Retirement Commission (Made Permanent in 1967)	50,000	50,000	.....
Water Pollution and Air Pollution Contingent .....	.....	350,000	350,000
Governor	371,986	600,955	228,969
Statewide Planning Agency	50,000	550,000	500,000
Study of Governmental Reorganization .....	.....	50,000	50,000
Governor's Commission on Employment of Handicapped .....	.....	30,000	30,000
River Basin Water and Related Land Resources Commission .....	.....	95,000	95,000
Great Lakes Basin Commission .....	.....	50,000	50,000
Civil Defense	241,717	280,669	38,952
Lieutenant Governor	12,350	33,400	21,050
State Auditor	813,298	969,970	156,672
Contributory Share to Public Employees' Retirement Fund	43,840	41,367	(2,472)
Minnesota Safety Council (Previously to Highway Department) .....	.....	80,000	80,000
Civil Air Patrol	20,000	30,000	10,000
State Treasurer (Including Liquor Stamps and Labels)	433,605	458,878	25,273
Public Examiner	551,006	771,428	220,422
Department of Taxation	9,644,846	12,429,119	2,784,273
Reassessment Revolving Fund	350,000	.....	(350,000)
Property Tax Replacement Fund .....	.....	700,000	700,000
State Tax Court	59,380	75,019	15,639
Attorney General	699,871	1,019,542	319,671
Great Lakes Diversion Protest	17,000	10,000	(7,000)
Bureau of Criminal Apprehension	691,084	1,112,872	421,788
State Teletypewriter Communications Network	170,000 ¹	198,846	28,846
Minnesota Peace Officers Training Board .....	.....	50,000	50,000
District Courts	2,630,260	3,240,000	609,740
State Public Defender	130,000	235,380	105,380
Special Retirement Accounts (Attorney General, Clerk of Supreme Court, District Judges, Widows of Judges)	428,000	512,000	84,000
Supreme Court	835,375	986,207	150,832
Judicial Council .....	.....	5,000	5,000
Revisor of Statutes	261,090	344,667	83,577
Department of Administration	5,561,273	7,076,822	1,515,549
State Building Code	50,000	30,000	(20,000)
Employees Benefit Insurance	75,000	58,631	(16,369)
State Ceremonial House	55,128	115,612	60,484
Computer Services .....	.....	500,000	500,000
Postage Contingent Fund .....	.....	230,000	230,000
Executive Council and Board of Investment	192,102	192,229	127
Secretary of State	497,606	575,233	77,627
Mobile Home Administration	47,411	71,567	24,156
Motor Vehicle Division	5,226,715	5,886,339	659,624
Uniform Commercial Code	43,500	.....	(43,500)
Department of Civil Service	770,205	1,019,686	249,481
State Archives Commission	149,809	164,937	15,128
Minnesota Municipal Commission	50,305	71,877	21,572
Adjutant General	2,758,413	2,971,398	212,985
National Guard, Mexican Border Memorial	1,000	.....	(1,000)
Division of Banking	1,088,863	1,465,345	376,482
Division of Insurance	686,467	1,033,939	347,472
Fire Marshal	340,308	433,674	93,366
Division of Securities	197,119	259,905	62,786
Railroad and Warehouse Commission	7,408,603	10,191,877	2,783,274
Labor and Industry	2,282,014	2,331,823	49,809
Liquor Control Commission	540,709	651,940	111,231
Labor Conciliator	223,257	371,913	148,656

APPENDIX A — Continued

	1965 Legislature	1967 Legislature	Increase or (Decrease)
Department of Economic Development	\$ 1,420,785	\$ 2,459,481	\$ 1,038,696
Cigarette Enforcement Fair Trade Law .....	.....	42,000	42,000
"Over 60" Bands	2,750	.....	(2,750)
Housing Redevelopment	20,000	.....	(20,000)
Compensation Insurance Board	46,135	.....	(46,135)
Department of Aeronautics	545,230	700,300	149,070
Airports Improvement and Navigational Aids	2,112,500 ²	3,234,500	1,128,000
Department of Agriculture	2,998,963	3,571,862	572,899
Department of Conservation			
Administration	1,593,600	2,146,339	552,739
Division of Waters	791,577	652,324	(139,253)
Division of Forestry	4,766,711	6,632,056	1,865,345
Division of Lands and Minerals	1,038,778	1,279,902	241,124
Division of Game and Fish	10,050,226	12,528,820	2,478,594
Acquisition of Wetlands	684,000	684,000	.....
Division of State Parks	2,679,376	3,997,005	1,317,629
Registration of Snowmobiles .....	.....	150,000	150,000
Land Exchange Review Board .....	.....	70,000	70,000
Minnesota Resources Commission	8,169,199	9,135,981	966,782
Surveyor General	198,468	.....	(198,468)
State Soil and Water Conservation Committee	595,857	622,507	26,650
Minnesota Water Resources Board	40,017	52,755	12,738
Board of Health	3,342,496	3,458,978	116,482
Minnesota Pollution Control Agency .....	.....³	619,083	619,083
Livestock Sanitary Board	1,818,121	2,023,271	205,150
Governor's Human Rights Commission	36,022	.....⁴	(36,022)
State Commission Against Discrimination	160,690	.....⁴	(160,690)
Department of Human Rights .....	.....	338,594	338,594
War Veterans Affairs	1,939,059	2,153,952	214,893
State Law Library	184,465	222,184	37,719
State Athletic Commission	38,700	30,000	(8,700)
Commission on Alcoholic Problems .....	.....	65,000	65,000
Interest on Revenue Fund Deficiency	50,000	.....	(50,000)
Employees Compensation	111,135	183,598	72,463
Unemployment Compensation	429,368	234,680	(194,687)
	\$ 96,160,744	\$124,269,093	\$ 28,108,348
Semi-State Activities			
Interstate Cooperative Commission and Council of State Governments, and Uniform Laws Commission	\$ 41,700	\$ 47,500	\$ 5,800
Minnesota-Wisconsin Boundary Area Commission	25,000	27,500	2,500
The Great Lakes Commission	22,000	32,000	10,000
National Governors' Conference .....	.....	15,000	15,000
Sheriffs' Expenses	64,000	64,000	.....
Societies and Associations for Development and Conservation of Natural Resources	464,200	479,200	15,000
Minnesota Veterans Home	525,382	685,964	160,582
Miscellaneous Veterans Associations	34,000	38,000	4,000
Minnesota Historical Society	733,310	1,117,178	383,868
Minnesota State Arts Council	10,000	170,000	160,000
Sibley House	10,400	12,000	1,600
Minnesota Academy of Science	5,000	25,000	20,000
Special Aid to Cities	340,000	390,000	50,000
Special Aid to Counties	75,000	75,000	.....
Special Aid to Towns	3,000	3,000	.....
Employees Compensation	1,086	2,353	1,267
Unemployment Compensation	3,007	1,963	(1,044)
	\$ 2,357,085	\$ 3,185,658	\$ 828,573
Welfare and Corrections			
Department of Public Welfare — Administration	\$ 2,018,698	\$ 2,678,964	\$ 660,266
Mental Health Research and Training Program	600,000	600,000	.....
Mental Health Community Centers	2,580,000	3,270,000	690,000
Contingent Fund — Institutions	250,000	250,000	.....
Contingent Fund for Food — Institutions	75,000	.....	(75,000)
Working Capital Fund for Hospital Care	25,000	50,000	25,000
Aid Programs			
Support for Children under Guardianship	1,370,000	1,370,000	.....
Care, Relief and Support of Families with Dependent Children	20,600,000	16,400,000	(4,200,000)
County Sanatoria Care	90,000	.....	(90,000)

APPENDIX A — Continued

	1965 Legislature	1967 Legislature	Increase or (Decrease)
Care, Relief and Support of Aged	\$ 8,699,000	\$ 9,800,000	\$ 1,101,000
Administrative Expense on Aging	80,000	70,000	(10,000)
Medical Assistance for Aged	4,262,000	.....	(4,262,000)
Medical Assistance to Needy	22,049,000	37,700,000	15,651,000
Care, Relief and Support of Blind	488,500	334,000	(154,500)
Vocational Rehabilitation of Blind	180,000	220,000	40,000
Care, Relief and Support of Disabled	2,399,000	3,275,000	876,000
Equalization Welfare Costs	1,825,000	2,600,000	775,000
Distribution of Surplus Commodities, Relief Purposes	150,000	50,000	(100,000)
Day Time Activity Centers for the Mentally Retarded	425,000	900,000	475,000
Pilot Demonstration Project — Day-Night Care Center .....	.....	25,000	25,000
Mental Hospitals	40,860,657	48,661,973	7,801,316
Hospitals for Mentally Retarded	27,254,752	36,692,524	9,437,772
Braille and Sight Saving School	791,444	1,104,734	313,290
School for the Deaf	1,667,979	2,004,037	336,058
Gillette State Hospital	3,305,151	3,862,350	557,199
Ah-Gwah-Ching Nursing Home	3,120,765	3,781,934	661,169
Glen Lake Sanatorium and Oak Terrace Nursing Home	3,814,862	4,413,450	598,588
Minnesota Residential Treatment Center ⁵	3,848,858	1,323,184	(2,525,674)
Department of Corrections			
Administration	2,278,778	3,133,816	855,038
Research	40,000	50,000	10,000
Psychiatric Services and Hospital Care	44,000	100,000	56,000
Personnel Training	30,000	75,000	45,000
Working Capital Fund for Hospital Care	45,000	.....	(45,000)
Vocational Training	30,000	50,000	20,000
County Probation — Salaries, Supplies, and Expense	413,603	561,849	148,246
Probation Service — County Reimbursement	484,000	700,000	216,000
Foster Group Care	108,000	220,800	112,800
Psychiatric Services at Correctional Institutions .....	.....	40,000	40,000
Work Release Program .....	.....	100,000	100,000
Parolee Loan Account	3,000	.....	(3,000)
Minnesota Residential Treatment Center ⁵ .....	.....	3,736,309	3,736,309
YCC Work Camps	1,215,804	1,548,416	332,612
State Training School for Boys	2,202,785	3,052,597	849,812
Minnesota Home School	1,438,253	1,968,689	530,436
Penal Institutions for Adults	8,761,984	10,788,108	2,026,124
Vocational Technical Training Tuition .....	.....	20,000	20,000
Employees Compensation	527,658	481,389	(46,269)
Unemployment Compensation	162,119	32,819	(129,299)
All Other	202,773	233,350	30,576
	\$170,818,423	\$208,330,292	\$ 37,511,868
Education			
Department of Education (salaries, supplies and expense, revision and printing of curriculum, research, Manpower Development and Training program, and Veterans-on-the-job Training program)	\$ 2,181,867	\$ 2,928,960	\$ 747,093
Vocational Training of Disabled	1,801,437	2,412,160	610,723
Long Term Sheltered Workshop	15,000	60,000	45,000
Scholarships for Indian Students	50,000	75,000	25,000
Community Lunch Program	950,000	1,000,000	50,000
Aid to Public Libraries	400,000	875,000	475,000
Experimental Laboratory Program	195,000	125,000	(70,000)
Organization and Management Study of Department of Education	25,000	.....	(25,000)
Aid to Schools	360,648,000	468,731,165	108,083,165
Additional Aid to Certain School Districts (Valuation Lag) ⁶	1,500,000	1,750,000	250,000
Increased School Aids — Koochiching County .....	.....	75,000	75,000
Aid to Handicapped Children	860,000	.....	(860,000)
\$10 per Child Census Aid	17,400,000	17,900,000	500,000
Endowment School Fund Apportionment	18,250,000	19,250,000	1,000,000
Additional Educational Aids			
To Counties a/c Non-Tax Areas	96,000	96,000	.....
To School Districts a/c Gross Earnings	3,100,000	3,080,000	(20,000)
To School Districts a/c Exempt Land	750,000	750,000	.....
To School Districts a/c Airports	250,500	240,000	(10,500)
To Common School Districts	100,000	100,000	.....
To Common School Districts a/c Military Land .....	.....	3,000	3,000
To School District 16 a/c Airports	10,500	10,500	.....
State Junior College Board	7,359,634	14,941,336	7,581,702
State College Board	26,304,653	40,310,000	14,005,347
Southwest State College	25,000	3,625,478	3,600,478
National Defense Student Loan Program	392,546	551,667	159,121

APPENDIX A — Continued

	1965 Legislature	1967 Legislature	Increase or (Decrease)
Economic Opportunity Act	\$	\$ 644,701	\$ 644,701
General Research .....	.....	25,000	25,000
Doctoral Program Study .....	.....	25,000	25,000
Supplemental Retirement Programs and Pensions			
Supplemental Retirement Plan ⁷	385,000	.....	(385,000)
Supplemental Retirement Fund — for State Junior Colleges .....	..... ⁷	190,000	190,000
Supplemental Retirement Fund — for State Colleges .....	..... ⁷	635,000	635,000
Administrative Cost of Supplemental Retirement Fund (Chap. 808) .....	.....	22,300	22,300
Supplemental Pensions for Certain Teachers (Chap. 715) .....	.....	650,000	650,000
Pioneer Teachers Retirement	32,160	58,000	25,840
University of Minnesota	103,248,484	134,999,445	31,750,961
Feasibility Study of Inter-Campus TV	150,000	.....	(150,000)
Minnesota Higher Education Coordinating Commission	120,000	345,000	225,000
Inter-Institutional Educational TV .....	.....	350,000	350,000
State Scholarships .....	.....	250,000	250,000
Nursing Scholarships	200,000	250,000	50,000
Equalization Aid Review Committee	10,000	.....	(10,000)
The Education Commission of the States .....	.....	21,500	21,500
Unemployment Compensation	7,623	3,330	(4,293)
Employees Compensation	8,664	14,477	5,813
	<u>\$546,827,070</u>	<u>\$717,374,019</u>	<u>\$170,546,949</u>
Highway Department			
Administration, Safety, Plant and Equipment, and Contingent Fund (Direct Appropriations)	\$ 24,149,922	\$ 31,988,687	\$ 7,838,765
Construction, Maintenance and Other "Open" Appropriation Activities	200,783,183	256,478,875	55,695,692
Driver Improvement Clinic	20,000	.....	(20,000)
Construction of Interstate Highway Rest Area Buildings and Facilities .....	.....	480,000	480,000
	<u>\$ 224,953,105</u>	<u>\$ 288,947,562</u>	<u>\$ 63,994,457</u>
Appropriations for Purposes Not Otherwise Identified			
Claims against the State	\$ 414,525	\$ 374,165	\$ (40,360)
Building Bills (Current Maintenance — Repair)	2,318,263	4,068,723	1,750,460
Building Bond Payments (Chap. 8, Ex. Sess.) .....	.....	11,017,262	11,017,262
Aid to Fire Departments	2,110,000	2,360,000	250,000
Surcharge, Firemen's Relief	450,000	495,000	45,000
Elected State Officers' Retirement Program (Chap. 700) .....	.....	15,600	15,600
State Employees Insurance Program	1,750,000	10,837,934	9,087,934
State Employees Retirement Program			
Change in Base (Chap. 861, from \$4,800 to \$7,200)	1,724,672	..... ⁸	(1,724,672)
Removal of Ceiling (Chap. 571) .....	.....	1,149,000	1,149,000
Supplemental Retirement Benefits — SERA (Chap. 714) .....	.....	428,000	428,000
— PERA (Chap. 688) .....	.....	347,000	347,000
Coordination PERA with Social Security (Chap. 687) .....	.....	30,000	30,000
Bond Sales Expense Collection Fees .....	.....	7,000	7,000
Actuary Expense — Retirement Studies	15,425	.....	(15,425)
Engineering Study, Village of Hawley	5,000	.....	(5,000)
Restoration of Regimental Battle Flags	30,000	.....	(30,000)
Election Expense, Certain Municipalities	5,000	.....	(5,000)
All Other	693,000	1,070,800	377,800
	<u>\$ 9,515,885</u>	<u>\$ 32,200,484</u>	<u>\$ 22,684,599</u>
GRAND TOTAL	<u><u>\$1,050,632,314</u></u>	<u><u>\$1,374,307,112</u></u>	<u><u>\$323,674,797</u></u>

¹ The State Teletypewriter Communications Network was included under Department of Administration in the 1965 session.

² To conform to 1967 appropriations, the sum of \$2,112,500, covering various state airport projects, has been added. This sum was reported as "Additional State Borrowing Authorized" in Research Bulletin No. 45.

³ The 1965 Legislature provided on appropriation of \$419,663 to the Board of Health for Water Pollution Control (\$206,336 for 1966 and \$213,327 for 1967).

⁴ Incorporated in new Department of Human Rights.

⁵ Appropriations by 1965 Legislature made to Commissioner of Administration.

⁶ In accordance with Laws 1965, Chapter 719, as amended, covering districts having decreasing Auditor's assessed valuations.

⁷ Supplementary retirement program covering unclassified personnel of the State and Junior Colleges including administrative officers, college presidents, and deans. Single appropriation made by 1965 Legislature.

⁸ Provided in direct appropriations to individual departments.

ALLOCATION OF APPROPRIATIONS— BY FUNDS

Fund	1965 Legislature	1967 Legislature	Increase or (Decrease)
General Revenue Fund	\$ 358,660,029 x	\$ 495,389,178	\$ 136,729,149
Income Tax School Fund	413,802,961 x	530,375,064	116,572,103
Endowment School Fund	18,250,000	19,250,000	1,000,000
Trunk Highway Fund	225,097,731	289,158,198	64,060,467
Highway User Tax Distribution	5,258,928	6,041,112	782,184
Highway Safety .....	.....	53,067	53,067
State Airports	2,658,080	3,935,417	1,277,337
Game and Fish Fund	11,501,230	13,648,086	2,146,856
State Parks Development Account	405,686	686,785	281,099
State Parks Maintenance and Operation Account	10,430	.....	(10,430)
State Parks Working Capital Account	31,711	.....	(31,711)
Wildlife Acquisition	684,000	684,000	.....
Consolidated Conservation Areas	140,094	127,379	(12,714)
Natural Resources	7,858,704 x	8,356,653	497,949
Iron Range Resources and Rehabilitation	170,000	335,000	165,000
Livestock Weighing	6,390	.....	(6,390)
Rural Credits	5,344	.....	(5,344)
Mobile Home Registration .....	.....	1,499	1,499
Surplus Property Revolving Fund	250,000	.....	(250,000)
Soldiers Home Board Relief	90,000	.....	(90,000)
Unclaimed Court Deposits	4,000	.....	(4,000)
Building Outlay	620,000	4,117	(615,882)
	<u>\$1,045,505,322</u>	<u>\$1,368,045,558</u>	<u>\$ 322,540,235</u>
Portion of the University's Maintenance and Improvements appropriation to be financed from the ten percent of the iron ore occupation tax and the earnings of the University's constitutional trust funds	5,126,992	6,261,554	1,134,562
TOTAL	<u>\$1,050,632,314</u>	<u>\$1,374,307,112</u>	<u>\$ 323,674,797</u>

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

APPENDIX B

SYNOPSIS OF CHAPTER 32 (H.F. 27) (TAX REFORM AND RELIEF ACT OF 1967)

ARTICLE I PROPERTY TAX RELIEF FUND – REDUCTIONS IN PROPERTY TAXES ON HOMESTEADS

Property tax relief
fund created

1. Creates property tax relief fund.

Reduction in property taxes
paid on homestead property

2. Provides for 35 percent reduction, up to maximum of \$250, in property tax paid in 1968 and subsequent years on:

Rural property

a. Rural homestead property not exceeding 80 acres.

Urban property

b. Urban homestead property.

(Reductions not to include portion of tax levied for payment of principal and interest on bonded indebtedness.)

Replacement of tax revenues
lost by reason of reductions

3. Provides for replacement of tax revenues lost to taxing districts by reason of reductions, from property tax relief fund.

Revenues from corporate
income tax rate increase to
go to property tax relief fund

4. Provides that additional taxes imposed by 1 percent increase in corporate income tax rate (see Article XII) shall be transferred periodically from income tax school fund to property tax relief fund.

Transfers from income tax
school fund and general
revenue fund to property tax
relief fund

5. Provides for transfer to property tax relief fund, on July 1, 1967 and July 1, 1968, of \$25 million from income tax school fund and \$25 million from general revenue fund.

One-half of gross earnings
taxes paid by railroad and
telephone companies credited
to property tax relief fund

6. Provides that one-half of gross earnings taxes paid by railroad and telephone companies shall be credited to property tax relief fund. Effective January 1, 1968.

Certificates of Indebtedness

7. Provides that whenever it becomes necessary in order to meet current demands upon property tax relief fund for payment of warrants issued or to be issued against fund, Governor, after securing recommendation of Legislative Advisory Committee, may authorize issuance and sale of certificates of indebtedness in anticipation of collection of taxes levied for fund and other revenues appropriated to fund for expenditure during biennium beginning July 1, 1967 in amount necessary to pay warrants. No certificates to mature later than June 30, 1969, and aggregate amount of such certificates not to exceed \$50 million. If moneys on hand in fund not sufficient to pay certificates at maturity, same may be refunded by issuance of certificates maturing not later than December 1, 1970. If moneys on hand in fund not sufficient to pay such certificates, State Auditor to levy tax for payment of all such certificates.

Purchase of certificates by
State Board of Investment

State Board of Investment authorized to purchase certificates for any fund in which it is authorized to invest.

Temporary borrowing

State Treasurer may temporarily advance money to property tax relief fund from other public funds, not exceeding aggregate of \$50 million in any year.

ARTICLE II MINIMUM INCOME TAX REPEALED

Minimum income tax
repealed

1. Repeals minimum income tax (1% on first \$1,000 of gross income up to \$10) of individuals, estates and trusts required to file returns.

Effective date

2. Effective for taxable years commencing after December 31, 1966.

ARTICLE III REDUCTION OF STATE LEVY ON PROPERTY

Reduction of state levy
on property

1. To eliminate necessity of a state levy on property to finance state building bonds, and certificates of indebtedness issued for purpose of providing for state building funds created prior to January 1, 1963, appropriates annually from property tax relief fund sufficient moneys to pay all principal and interest on such bonds and certificates of indebtedness due and to become due within ensuing year and including July 1 of second ensuing year.

Appropriation from property
tax relief fund to eliminate
necessity of state levy on
property for state building
bonds and certificates of
indebtedness

2. To eliminate necessity of a state levy on property to meet State's obligation to state teachers retirement fund, appropriates annually from property tax relief fund such moneys as are required therefor.

Appropriation from fund to
eliminate state levy on
property for state teachers
retirement fund

Appropriation from fund to
make equivalent payments to
teachers retirement funds in
cities of first class

3. Appropriates annually from property tax relief fund sufficient moneys to make equivalent payments to teachers retirement fund associations in cities of first class (which finance their own teachers retirement funds).

Effective date

4. Effective on and after July 1, 1967.

APPENDIX B — Continued

ARTICLE IV EXEMPTION OF ITEMS OF PERSONAL PROPERTY FROM PROPERTY TAXATION

Election to be exempted
with respect to:

Inventories

Tools and
machinery

LP gas containers

Farm machinery and live-
stock.

Effective date

1. Taxpayer to elect whether to be exempted with respect to category (a) or (b):

- a. All inventories, including those of manufacturers, wholesalers, retailers and contractors; and furnishings of a room or apartment in hotel, rooming house, tourist court, motel or trailer camp, the rental value of which is subject to excise tax provided in Article XIII.
- b. Tools and machinery used or useable in construction of buildings or highways or in manufacture, processing, production, sale or distribution of marketable products including but not limited to goods, wares and merchandise and processing of food and fiber.

2. Also exempts containers of a kind customarily in possession of consumer during consumption of commodities, sale of which are subject to tax under provisions of excise tax imposed by Act.

3. Also exempts all farm machinery and farm livestock.

4. Effective for assessment of taxes payable in 1968 and subsequent years.

ARTICLE V AIDS TO MUNICIPALITIES AND SCHOOL DISTRICTS

Aids to municipalities and
school districts

1. Provides for distribution to cities, villages, boroughs, townships, counties and school districts, commencing in 1968, of one-fourth of proceeds of 3 percent excise tax imposed by Article XIII.

- a. Amount to be distributed (which shall not be less than \$37 million annually) to be determined by dividing estimated amount for distribution by total population in State to determine per capita distributive share.

Cities of first class, and
school districts contained
therein

- (1) Amount to be distributed to cities of first class, and school districts contained therein, to be determined by multiplying per capita distributive share by population of each city of first class.

Two-thirds to city and one-
third to school district

- (a) Amount available for each city of first class to be divided two-thirds to city and one-third to school district contained therein.

Other cities, and villages,
boroughs, towns and
counties

- (2) One-half of amount remaining to be distributed to cities (except cities of first class), villages, boroughs and towns, on a per capita basis.

- (a) Amounts attributable on a per capita basis to unorganized townships to be distributed to county in which such township is located.

Other school districts

- (3) Other one-half of amount remaining to be distributed to school districts (except school districts located in cities of first class) on school census basis.

- (a) Amount to be distributed to each school district to be not less than \$20 for each child between ages of 6 and 16, both years inclusive, residing in district.

School district levies to be
reduced

- (b) County auditor to reduce levy of each school district by amount of such aid to be received by such district.

Appropriation

2. Appropriates annually from property tax relief fund to cities, villages, boroughs, towns, counties and school districts entitled to payments authorized under this Article, sufficient moneys to make such payments.

ARTICLE VI TAX RELIEF TO ELDERLY WHO OWN OR RENT HOUSES

Tax relief to elderly

1. Provides that person who has attained age 65 and who owns or rents his home, may claim as credit against his state income tax (or refund if credit exceeds income tax) percentage (depending upon size of his household income) of property tax or equivalent rent (one-fifth of gross rent) paid on such home.

Credit (or refund) against
state income tax for per-
centage of property tax or
equivalent rent

APPENDIX B — Continued

Limit on amount

2. Amount of claim to be determined in accordance with following schedule:

Income Range	Percent Tax
\$ 0 - 499	75 percent
500 - 999	70 percent
1,000 - 1,499	50 percent
1,500 - 1,999	40 percent
2,000 - 2,499	30 percent
2,500 - 2,999	20 percent
3,000 - 3,499	10 percent

Maximum property tax or equivalent rent

3. In any case in which property tax or equivalent rent in respect of any one household exceeds \$300, amount thereof deemed to have been \$300.

No relief to old-age assistance recipients

4. No claim allowed to claimant who is recipient of county old-age assistance.

Claim to be reduced by amount of tax relief obtained under Article I

5. Any claim afforded to home owner under this Article to be reduced by amount of any reduction in property taxes received by 35 percent property tax relief provisions of Article I.

Appropriation

6. Appropriates from income tax school fund necessary amounts to pay claims. Provides for annual transfer from property tax relief fund to income tax school fund to reimburse latter fund for actual or estimated credits and refunds resulting from claims.

Reimbursement of income tax school fund from property tax relief fund

Effective date

7. Effective January 1, 1968. Applies to property taxes accrued in 1967 and subsequent years.

ARTICLE VII MARKET VALUE

Market value defined

1. Defines "market value".

Adjusted market value defined

2. Provides that full and true value shall constitute "adjusted market value", and that adjusted market value is market value reduced by applying thereto the percentage of market value which assessor is applying to taxable property in his taxing district.

Property to be valued at its market value

3. Provides that all property shall be valued at its market value.

Tax statements to show market value

4. Provides that property tax statements shall show market value used in determining tax.

5. Applicable to 1968 assessment and subsequent assessments.

ARTICLE VIII COUNTY ASSESSOR MANDATORY

County assessor for every county

1. Provides that every county in State shall have a county assessor.

Appointment, term, salary, powers and duties

2. County assessor to be appointed by board of county commissioners, approved by Commissioner of Taxation. Four-year term. Sets up schedule of salaries, prescribes powers and duties, and specifies division of duties as between county assessors and local assessors.

County assessor to assess personal property - may compel production of books and records re personal property

3. County assessor (or city assessor in city or village of 30,000 or more) to assess all personal property. May require production of books and records relating to listing of personal property.

Not applicable to Ramsey County, cities of first class, or cities or villages of 30,000 or more

4. Article not applicable to Ramsey County (which has had its own county assessor system for many years under special law). In counties having city of first class, powers and duties of county assessor within such city to be performed by duly appointed city assessor. In all other cities, or villages of 30,000 or more, except in counties having a county assessor on January 1, 1967, powers and duties of county assessor within such cities or villages to be performed by duly appointed city or village assessor, with county assessor retaining supervisory duties.

Effective date

5. Effective January 1, 1968. All county assessors and county supervisors of assessments now in office to continue to hold office as county assessors for terms ending December 31, 1970, without necessity of reappointment or further approval.

APPENDIX B — Continued

County supervisors of
assessments law repealed

6. Repeals county supervisors of assessments law.

ARTICLE IX CLASSIFICATION OF AGRICULTURAL LAND

"Agricultural land" classified
for property tax purposes

1. Substitutes "agricultural land" for "real estate which is rural in character and devoted or adaptable to rural but not necessarily agricultural use" in applicable sections of law providing for classification of property for ad valorem tax purposes.

Defined

2. Defines "agricultural land" as meaning contiguous acreage of 10 acres or more, primarily used during preceding year for agricultural purposes, including pasture, timber, waste, unuseable wild land and land included in federal farm programs.

Can be less than 10 acres
if not used for residential
purposes

3. Provides that real estate of less than 10 acres used principally for raising poultry, livestock, fruit, vegetables or other agricultural products, shall be considered as agricultural land, if it is not used for residential purposes.

4. Applicable to 1968 and subsequent assessments.

ARTICLE X REAL AND PERSONAL PROPERTY USED FOR AIR OR WATER POLLUTION CONTROL EXEMPT FROM PROPERTY TAXATION

Real and personal
property used for air or
water pollution control
exempt

1. Exempts from ad valorem property taxation, real and personal property used solely and exclusively for abatement and control of air or water pollution.

Commissioner of Taxation
to act on application

2. Provides that taxpayer requesting exemption must file application with Commissioner of Taxation, who will issue order exempting property if he determines that it qualifies for exemption.

Assessor then to exempt
property

3. Assessor then to exempt property as long as it is used solely for abatement of air or water pollution.

4. Applicable to 1968 and subsequent assessments, but only with respect to property constructed or installed by taxpayer after date of enactment of this Article.

ARTICLE XI DOCUMENTARY STAMP TAX RATE DOUBLED; PROCEEDS OF TAX CREDITED TO PROPERTY TAX RELIEF FUND

Documentary stamp tax
rate doubled

1. Increases rate of documentary stamp tax to \$2.20 (now \$1.10) for first \$1,000 or less of consideration, plus \$1.10 (now 55 cents) for each \$500 or fractional part thereof in excess of \$1,000.

Proceeds of tax to be
credited to property tax
relief fund

2. Provides that proceeds of entire tax shall be credited to property tax relief fund.

Effective date

3. Effective on January 1, 1968.

ARTICLE XII CORPORATION INCOME AND BANK EXCISE TAX RATES INCREASED

Corporate income tax rate
increased 1%

1. Increases basic corporate income tax rate 1 percent (from 7½ to 8½ percent).

Bank excise tax rate
increased 1%

2. Increases basic bank excise tax rate 1 percent (from 9½ to 10½ percent).

3. Applicable to all taxable years commencing after December 31, 1966 and prior to January 1, 1970.

ARTICLE XIII 3 PERCENT EXCISE TAX IMPOSITION OF TAX

3% excise tax imposed

1. Imposes an excise tax of 3 percent of gross receipts of any person from sales at retail made in State after July 31, 1967.

Tax to be stated
separately

2. Tax to be stated and charged separately from sales price.

3. Tax upon seller not to exceed amount of tax which he is authorized and required by law to collect from purchaser.

APPENDIX B — Continued

No tax on sales of 16¢ or less

4. If sales price of any sale at retail is 16 cents or less, no tax to be collected.

Transactions Included as "Sales"

"Sales"

"Sales" include:

Transfer of title or possession of tangible personal property

(a) Any transfer of title or possession of tangible personal property for a consideration.

Production of property for consumers who furnish materials

(b) Production, fabrication, printing or processing of tangible personal property, for a consideration, for consumers who furnish materials used in such production, etc.

Meals or drinks

(c) Furnishing, preparing or serving for a consideration of food, meals or drinks, not including hospitals, sanitoriums, nursing homes or senior citizens homes, meals served to students and teachers at public or private schools, or occasional meals by charitable or church organizations.

Admissions

(d) Granting of privilege of admission to places of amusement or athletic events, and privilege of use of amusement devices.

Hotel, motel, etc., accommodations

(e) Furnishing for a consideration of lodging and related services by a hotel, rooming house, tourist court, motel or trailer camp for less than 30 days.

Public utility services

(f) Furnishing of electricity, gas, water or steam for a consideration. Also local exchange telephone service (except by means of coin operated telephones).

Exemptions

Exemptions:

Specifically exempted from the excise tax are:

Food products

(a) Sales of food products (cereal and cereal products, oleomargarine, meat and meat products, fruit and fruit products, coffee, etc.).

Drugs and medicine

(b) Sales of prescribed drugs and medicine intended for use, internal or external, in cure, mitigation, treatment or prevention of illness or disease in human beings and products consumed by humans for preservation of health, including prescription glasses, therapeutic and prosthetic devices, but not including cosmetics or toilet articles notwithstanding presence of medicinal ingredients therein.

Sales which State is prohibited from taxing

(c) Sales which State is prohibited from taxing under U.S. Constitution or laws, or under State Constitution.

Interstate commerce

(d) Sales of tangible personal property, ultimate destination of which is outside State and which is not thereafter returned to a point within State except in course of interstate commerce.

Gasoline

(e) Sales of petroleum products (already subject to selective excise tax).

Clothing and wearing apparel

(f) Sales of clothing and wearing apparel (but not jewelry, furs, cosmetics and luggage).

Raw materials used in agricultural or industrial production

(g) Sales of materials-including chemicals, fuels, petroleum products, lubricants, packaging materials, feeds, seeds, fertilizers, electricity and steam-used or consumed in agricultural or industrial production.

Publications

(h) Sales of tangible personal property which become ingredients or component parts of publications, and any such publications.

U.S., State of Minnesota, and agencies of each

(i) Sales to United States and its agencies and instrumentalities, and to State of Minnesota and its agencies, and instrumentalities and political subdivisions.

Isolated sales

(j) Isolated or occasional sales.

Gross earnings and taconite taxpayers

(k) Sales to persons taxed under in lieu provisions of gross earnings, taconite and semi-taconite laws.

Airline companies

(l) Sales to persons taxed under the airflight property tax law.

APPENDIX B — Continued

Charitable, religious and educational organizations

(m) Sales to corporations, societies, associations, foundations or institutions organized and operating exclusively for charitable, religious or educational purposes.

Caskets and burial vaults

(n) Sales of caskets and burial vaults.

Monthly Returns and Payments of Tax

Monthly returns and remittances of tax

1. Requires retailers to file monthly returns with Commissioner of Taxation, and to make monthly remittances of their excise tax collections.

Complementary Use Tax

Complementary use tax imposed

Imposes a complementary use tax (at same 3 percent rate) on use, storage or consumption in State of tangible personal property, tickets or admissions to places of amusement and athletic events, electricity, gas, and local exchange telephone service. (Purpose of imposing this tax is to prevent avoidance of excise tax by out-of-state purchases.)

Distribution of Proceeds of Excise and Use Taxes

Distribution of proceeds of excise and use taxes

1. Provides that all revenues, including interest and penalties, derived from excise and use taxes imposed, shall be credited to property tax relief fund.

Costs of administration and refunds payable from property tax relief fund

2. Provides that costs of administration of excise and use tax and all refunds shall be paid from property tax relief fund.

Appropriation for costs of administration in meantime

(a) Until moneys are available in property tax relief fund, appropriates \$700,000 from general revenue fund to Commissioner of Taxation to prepare to administer and to administer excise and use taxes.

ARTICLE XIV TEMPORARY, TWO-YEAR INCREASES IN TAX RATES, CREDITS, ADDITIONAL TAXES, AND SURTAXES CONTINUED

Temporary, two-year increases in tax rates, credits, additional taxes, and surtaxes continued

Continues, for another 2 years, following temporary, two-year increases in tax rates, additional taxes and surtaxes:

Individual income tax rate increases and increases in personal credits

1. Increases in income tax rates on individuals, estates and trusts ($\frac{1}{2}$ of 1 percent on first 3 brackets of taxable income, and $1\frac{1}{2}$ percent on remaining brackets), and increases in personal credits (\$9 for unmarried individuals and estates of decedents, \$8 for married individuals or heads of household, \$4 for dependents, \$10 for unmarried individuals 65 years of age or older, \$10 for unmarried blind individuals, \$5 for each spouse for married individuals 65 years of age or older, and \$10 for each spouse for married blind individuals).

Additional 1.8% corporate income tax

2. Additional 1.8 percent corporate income tax.

10% income surtax on corporations

3. 10 percent income surtax on corporations other than banks.

Additional 1.9% bank excise tax

4. Additional 1.9 percent bank excise tax.

10% bank excise surtax

5. 10 percent bank excise surtax.

Additional 2.25% iron ore occupation tax

6. Additional 2.25 percent iron ore occupation tax.

15% liquor surtax

7. 15 percent liquor surtax.

Additional 2.25% royalty tax

8. Additional 2.25 percent royalty tax.

ARTICLE XV ADJUSTMENTS OF VALUES OF TAXABLE PROPERTY FOR SALARY, AID, TAX, OR DEBT LIMITATION PURPOSES

Compensating adjustments of values of taxable property

For purpose of computing amount or rate of any salary, aid, tax, or debt authorized, required, or limited by any provision of any law or charter, where such authorization, requirement, or limitation is

APPENDIX B — Continued

for salary, aid, tax, or debt
limitation purposes

related in any manner to any value or valuation of taxable property within the State or within any of its taxing districts, such property shall include all property of any class exempted from taxation by this Act at its value or valuation in 1966 as determined in accordance with law.

ARTICLE XVI REPLACEMENT OF REVENUES LOST TO STATE AND LOCAL TAXING DISTRICTS BY REASON OF EXEMPTION OF PROPERTY

Distribution from property tax
relief fund to replace reve-
nues lost to State and local
taxing districts by reason of
exemption of property

1. To replace monies lost to State and local taxing districts by reason of exemption of property from taxation under this Act, provides for distribution from property tax relief fund.

Distribution to counties

(a) State Auditor to distribute to counties as follows:

In 1968 and 1969

(1) During each of years 1968 and 1969, each county will receive an amount equal to taxes levied for 1966 on all classes of property exempted from taxation by this Act, increased or decreased in proportion to increase or decrease of total property tax levy upon all other property within county for 1967 over that for 1966.

In 1970 and subsequent
years

(2) Commencing in 1970, each county will receive amount equal to taxes levied for 1966 on all classes of property exempted from taxation by this Act, increased or decreased in proportion to increase or decrease of total property tax levy upon all other property within county for preceding odd-numbered assessment year over that for 1966.

Distribution by counties to
taxing districts

(b) County Auditor to apportion to taxing districts within county, on basis of same formula used by State Auditor in determining amount to be distributed to county.

ARTICLE XVII TAX RELIEF TO RENTERS

Tax relief to renters

1. Provides that person who resides in a rented or leased private commercial unit operated for profit, may claim a credit against his state income tax (or refund if credit exceeds income tax).

Credit (or refund) against
state income tax for per-
centage of rent

Limit on amount

2. Amount of credit (or refund) to be $3\frac{3}{4}$ percent of rent paid (not including payments attributable to heat, light or other utilities) by claimant, but not to exceed \$45 in any taxable year.

No relief to recipients of
public funds for payment of
rent, etc.

3. No claim allowed to claimant who is recipient of public funds for payment of rent during period for which claim is filed, or to any person residing in rental unit rental of which is subject to regulations of a governmental agency, federal, state or local.

Elderly renter not entitled
to relief under both Article
VI and this Article

4. Claimant may choose relief granted in this Article or in Article VI, but is not entitled to both.

5. Relief granted under this Article applicable for rent paid for 1968 and thereafter.

ARTICLE XVIII CITATION

Citation

Provides that Act shall be cited as "Tax Reform and Relief Act of 1967".

APPENDIX C

ESTIMATED RECEIPTS FOR 1967-69 BIENNIUM (STATE PORTION ONLY) FOR FINANCING OF APPROPRIATIONS MADE FROM GENERAL REVENUE, INCOME TAX, AND PROPERTY TAX RELIEF FUNDS

Code	Item	Rate	General Revenue Fund	Income Tax School Fund	Property Tax Relief Fund*	University	Iron Range Resources and Rehabilitation	Natural Resources	Total
Estimated Balances (July 1, 1967)									
	From Governor's Biennial Budget.....		\$ 51,669,475**	\$ 68,180,208**	\$	\$	\$ 959,744	\$ 341,902	\$ 121,151,329
	Revisions in 1967 Estimated Receipts and adjustments in prior appropriations		10,843,601	20,729,856	.....	.....	.....	.....	31,573,457
	Adjusted Estimated Balances		62,513,076	88,910,064	.....	.....	959,744	341,902	152,724,786
Present Permanent and Temporary Taxes and Receipts									
	State Property Tax		162,000	.....	.....	.....	.....	.....	162,000
(1)	Gross Earnings Taxes		28,502,000	.....	28,000,000	.....	.....	.....	56,502,000
	Insurance Gross Premium Tax	2%	31,760,000	.....	.....	.....	.....	.....	31,760,000
(2)	Iron Ore Occupation Tax	14.25%	10,575,000	9,400,000	.....	2,350,000	1,175,000	.....	23,500,000
(3)	Iron Ore Royalty Tax	14.25%	2,700,000	.....	.....	.....	.....	.....	2,700,000
(4)	Taconite Occupation Tax	12%	1,000,000	1,600,000	.....	400,000	.....	.....	3,000,000
(5)	Taconite Royalty Tax	12%	1,500,000	.....	.....	.....	.....	.....	1,500,000
(6)	Taconite Tax		186,000	.....	.....	.....	.....	.....	186,000
(7)	Inheritance and Gift Taxes		21,500,000	.....	.....	.....	.....	.....	21,500,000
(8)	Liquor and Beer Taxes		43,800,000	.....	.....	.....	.....	.....	43,800,000
(9)	Cigarette Tax	8¢ pk.	41,400,000	.....	.....	.....	.....	7,800,000	49,200,000
(10)	Tobacco Products Tax	10%	1,990,000	.....	.....	.....	.....	.....	1,990,000
(11)	Excise and Use Tax (New Item)	3%	.....	.....	320,000,000	.....	.....	.....	320,000,000
(12)	Real Estate Transfer Tax .....		.....	.....	4,000,000	.....	.....	.....	4,000,000
(13)	Bank Excise Tax	13.64%	3,030,000	.....	.....	.....	.....	.....	3,030,000
	Oleomargarine Tax	10¢ lb.	6,850,000	.....	.....	.....	.....	.....	6,850,000
(14)	Grain Inspection Fees		8,122,255	.....	.....	.....	.....	.....	8,122,255
	Institutions (Care of Persons)		20,675,000	.....	.....	.....	.....	.....	20,675,000
(15)	University Hospitals		4,292,700	.....	.....	.....	.....	.....	4,292,700
(16)	Income Tax — Individual and Fiduciary (Net) .....		.....	538,000,000	.....	.....	.....	.....	538,000,000
(16-17)	Income Tax — Corporations	11.33%	.....	115,000,000	15,000,000	.....	.....	.....	130,000,000
	All Other Receipts		17,006,889	100,000	.....	.....	.....	.....	17,106,889
			245,051,844	664,100,000	367,000,000	2,750,000	1,175,000	7,800,000	1,287,876,844
Transfers									
	Invested Treasurer's Cash		6,000,000	.....	.....	.....	.....	.....	6,000,000
(18)	Attributable Costs		1,669,715	.....	.....	.....	.....	.....	1,669,715
	Motor Vehicle Transfer — Ownership		466,889	.....	.....	.....	.....	.....	466,889
(19)	Gas Tax Collections Cost		750,000	.....	.....	.....	.....	.....	750,000
(20)	State Park Receipts		654,000	.....	.....	.....	.....	.....	654,000
	All Other Transfers		2,163,782	.....	.....	.....	.....	.....	2,163,782
			11,704,386	.....	.....	.....	.....	.....	11,704,386
Legislative Transfers									
(21)	For Higher Education		173,096,754	(173,096,754)	.....	.....	.....	.....	.....
	Additional Transfer		40,000,000	(40,000,000)	.....	.....	.....	.....	.....
(22)	Tax Reform and Relief Act of 1967		(50,000,000)	(50,000,000)	100,000,000	.....	.....	.....	.....
			163,096,754	(263,096,754)	100,000,000	.....	.....	.....	.....
	Appropriation Cancellations (Estimated)		9,000,000	1,000,000	.....	.....	.....	.....	10,000,000
	Total Receipts, Transfers and Cancellations		\$428,852,984	\$402,003,246	\$467,000,000	\$ 2,750,000	\$ 1,175,000	\$ 7,800,000	\$1,309,581,230
	Total Resources (Including Opening Balances) ..		\$491,366,060	\$490,913,310	\$467,000,000	\$ 2,750,000	\$ 2,134,744	\$ 8,141,902	\$1,462,306,016

APPENDIX C — Continued

CODE DISPOSITION OF TAX

- * Estimates of Tax Conference Committee.
 ** Prior to 1967 Deficiency and "Immediately Available" appropriations.
- (1) One-half of taxes paid by railroad companies and telephone companies to be deposited to credit of Property Tax Relief Fund. Except for local share of taconite railroad taxes, balance of gross earnings taxes credited to General Revenue Fund.
 - (2) Distributed 45% G.R., 40% I.T., 10% Univ. and 5% I.R.R.
 - (3) 100% General Revenue Fund.
 - (4) Permanent Taconite Occupation tax distributed 40% I.T., 10% Univ., 25% G.R. and 25% Local. No temporary additional tax.
 - (5) 100% General Revenue Fund.
 - (6) Taconite tax distributed 50% School District, 22% County, 22% Municipality and 6% State.
 - (7) Distributed 80% State, 20% Counties of Resident Inheritance; Nonresident Inheritance and Gift taxes 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% to Property Tax Relief Fund. New tax effective August 1, 1967.
 - (12) Tax rate doubled and proceeds of entire tax credited to Property Tax Relief Fund. (Rate — \$2.20 for first \$1,000 or less of consideration, plus \$1.10 for each \$500 or fractional part thereof in excess of \$1,000.)
 - (13) Total tax rate 13.64% — distributed portion 10.5%; credited to State General Revenue Fund 3.14%.
 - (14) Fees set to cover appropriated liability plus 3% administrative expense.
 - (15) Reimbursement by counties to cover cost of care for indigent patients.
 - (16) Estimated computations of the Department of Taxation.

	Fiscal 1968	Fiscal 1969	Biennium Total
Individual and Fiduciary (Gross)	\$307,000,000	\$331,000,000	\$638,000,000
Corporate	55,000,000	60,000,000	115,000,000
	362,000,000	391,000,000	753,000,000
Less Refunds.....	48,000,000	52,000,000	100,000,000
Net Totals	\$314,000,000	\$339,000,000	\$653,000,000

- (17) Total tax rate 11.33%. Basic rate increased by 1% to 8.5% with additional sum (\$7,500,000 per year) credited to Property Tax Relief Fund; additional 1.8% tax and 10% surtax continue to be credited to Income Tax School Fund.
- (18) Reimbursement for services (utility and others) furnished to other than general revenue financed activities.
- (19) Reimbursement for costs incurred in both 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) Transfer to meet appropriations to State College Board, State Junior College Board, and University of Minnesota for maintenance and improvements, technical institute of Crookston, national defense student loan program, general agricultural extension and employee insurance program.
- (22) Sum of \$25,000,000 to be transferred from each fund to Property Tax Relief Fund on July 1, 1967 and July 1, 1968.

Abbreviations

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

APPENDIX D

COMPARATIVE ANALYSIS OF SELECTED TAX RATES FOR 1965-67 AND 1967-69 BIENNIUMS (Permanent and Temporary)

Tax	1965-67 Biennium		1967-69 Biennium	
	Permanent	Temporary	Permanent	Temporary
Income Taxes				
Individual	0 to \$ 500- 1% \$ 500 to 1,000- 1.5% 1,000 to 2,000- 2.5% 2,000 to 3,000- 3.5% 3,000 to 4,000- 4.5% 4,000 to 5,000- 5.5% 5,000 to 7,000- 6.5% 7,000 to 9,000- 7.5% 9,000 to 12,500- 8.5% 12,500 to 20,000- 9.5% Over \$20,000 -10.5%	0 to \$ 500-0.5% \$ 500 to 1,000-0.5% 1,000 to 2,000-0.5% 2,000 to 3,000-1.5% 3,000 to 4,000-1.5% 4,000 to 5,000-1.5% 5,000 to 7,000-1.5% 7,000 to 9,000-1.5% 9,000 to 12,500-1.5% 12,500 to 20,000-1.5% Over \$20,000 -1.5%	Rate Unchanged	Re-enacted
Corporate	7.5%	1.8% plus surtax of 10% of 9.3%	8.5%	1.8% plus surtax of 10% of 10.3%
Bank Excise	9.5%	1.9% plus surtax of 10% of 11.4%	10.5%	1.9% plus surtax of 10% of 12.4%
Minimum (Individual)	1% on first \$1,000 of gross income, not to exceed \$10		Repealed	
Excise or Sales Tax (New)			3%	
Selective Sales Taxes				
Liquor	20¢ to \$2.50 per gallon	15% surtax	Rate unchanged	Re-enacted
Beer (3.2%) (Strong)	\$1.60 bbl. \$3.20 bbl.		Rate unchanged Rate unchanged	
Cigarette	8¢ per pack		Rate unchanged	
Tobacco Products	10% of wholesale price		Rate unchanged	
Gasoline	6¢ per gallon		7¢ per gallon	
Oleomargarine (Yellow)	10¢ per pound		Rate unchanged	
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		Rate unchanged	
Telegraph Companies	6%		Rate unchanged	
Sleeping Car Companies	6%		Rate unchanged	
Express Companies	5%		Rate unchanged	
Freight Line Companies	7%		Rate unchanged	
Taconite Railroads	5%		Rate unchanged	
Ore Taxes				
Iron Ore Occupation	12%	2.25%	Rate unchanged	Re-enacted
Iron Ore Royalty	12%	2.25%	Rate unchanged	Re-enacted

APPENDIX D — Continued

Tax	1965-67 Biennium		1967-69 Biennium	
	Permanent	Temporary	Permanent	Temporary
Taconite Occupation	12%		Rate unchanged	
Taconite Royalty	12%		Rate unchanged	
Taconite (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%		Rate unchanged	
Semi-Taconite	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 Taconite Tax		Rate unchanged	
Copper-Nickel Occupation			1%	
Copper-Nickel Royalty			1%	
Copper-Nickel (in lieu of Property Tax)			A base tax of 2 ½¢ per gross ton of ore plus 10% of the base tax per ton for each 1/10 of 1% that the average dried content exceeds 1%	
Real Estate Transfer	\$1.10 on first \$1,000 plus 55¢ for each additional \$500		\$2.20 for first \$1,000 plus \$1.10 for each additional \$500	

APPENDIX E

ANNUAL SALARIES OF PUBLIC OFFICIALS, DEPARTMENT HEADS AND THEIR DEPUTIES OR ASSISTANTS, AND HEADS OF INSTITUTIONS

Position	Amount		
Constitutional Officers			
Governor	\$27,500	Workmen's Compensation Commissioner (3)	\$ 16,500
Secretary of State	20,500	Workmen's Compensation Referees	14,500
State Auditor	20,500	Commissioner of Labor and Industry	15,000
State Treasurer	20,500	Commissioner of Veterans Affairs	13,000
Attorney General	22,000	Director of Civil Defense	14,000
		Director of Parks	15,500
Other Elected Officers		Commissioner of Iron Range Resources and Rehabilitation	13,500
Railroad and Warehouse Commissioner (3)	17,000	Commandant, Minnesota Veterans Home	13,500
		Deputy Commissioner of Economic Development	15,500
Assistants to Constitutional Officers		Secretary, Municipal Commission	12,500
Assistant Secretary of State	13,000	Commissioner of Human Rights	12,500
Deputy State Auditor	14,000	Director, Pollution Control Agency	18,500
Deputy State Treasurer	13,000	Administrator, Public Service Commission	16,000
Attorney General Staff		Heads of Institutions	
Deputy Attorney General	20,000	Superintendent, State Reformatory for Men	16,000
Solicitor General	19,000	Warden, Minnesota State Prison	16,000
Assistant Attorney General, fixed by the Attorney General depending upon experience	8,000 to 18,500	Superintendent, State Training School for Boys	15,000
		Superintendent, State Reformatory for Women	15,000
Major Department Heads		Superintendent, Minnesota Home School	15,000
Commissioner of Administration	22,000	Superintendent, Anoka State Hospital	18,500
Commissioner of Agriculture	17,500	Superintendent, Brainerd State Hospital	18,500
Commissioner of Highways	21,500	Superintendent, Cambridge State Hospital	18,500
Secretary and Executive Officer, Department of Health	20,000	Superintendent, Faribault State Hospital	18,500
Commissioner of Taxation	21,500	Superintendent, Fergus Falls State Hospital	18,500
Commissioner of Public Welfare	21,500	Superintendent, Hastings State Hospital	18,500
Commissioner of Employment Security	19,000	Superintendent, Moose Lake State Hospital	18,500
Commissioner of Education	21,500	Superintendent, Rochester State Hospital	18,500
Commissioner of Conservation	20,500	Superintendent, St. Peter State Hospital	18,500
Commissioner of Corrections	20,500	Superintendent, Willmar State Hospital	18,500
Director, State Civil Service	19,000	Superintendent, Ah-Gwah-Ching Nursing Home	17,500
Executive Director, Minnesota Higher Education Coordinating Commission	21,500	Superintendent, Glen Lake State Sanatorium and Oak Terrace Nursing Home	17,500
		Superintendent, Owatonna State School	15,000
Deputies of Major Departments		Superintendent, Braille and Sight Saving School	15,000
Deputy Commissioner of Agriculture	13,500	Superintendent, School for the Deaf	15,000
Deputy Commissioner of Conservation	17,000	Superintendent, Gillette State Hospital	15,000
Deputy Commissioner of Corrections (2)	16,500		
		Department Heads and their Assistants, Appointed by Boards, Commissions or Others	
Other Department, Division and Agency Heads and Their Assistants		Clerk of Supreme Court	15,000
Labor Conciliator	16,500	Executive Director, Indian Affairs Commission	10,500
Commissioner of Aeronautics	15,000	Deputy Clerk of Supreme Court	12,000
Assistant Commissioner of Conservation	16,000	Administrative Assistant of Supreme Court	21,500
Commissioner of Banks	16,500	Assistant Revisor of Statutes	19,000
Director of Forestry	15,500	Special Assistant Revisor of Statutes	7,500 to 18,000
Public Defender	19,000	Executive Secretary, Board of Investment	20,000
Director of Game and Fish	15,500	Executive Secretary, State Employees Retirement Association	16,500
Director of Lands and Minerals	15,500	Executive Secretary, Teachers Retirement Association	16,500
Commissioner of Insurance	16,500	Director, Legislative Research Committee	15,500
Liquor Control Commissioner	14,500	Executive Secretary, State Soil and Water Conservation Committee	11,000
Secretary and Executive Officer, Livestock Sanitary Board	16,500	Executive Secretary, Governor's Commission on Employment of Handicapped Persons	9,000
Public Examiner	16,500	Administrative Secretary, Water Resources Board	11,000
State Law Librarian	14,500	Revisor of Statutes	22,000
Commissioner of Securities	16,500	Assistant Public Defender	16,000
Commissioner of Economic Development	17,500	Confidential Secretary to Commissioner of Highways	12,000
Director of Waters	15,500	Executive Director, Commission on Alcohol Problems	10,500
Superintendent, Bureau of Criminal Apprehension	14,500	Secretary, Public Service Commission	12,000
		Supreme and District Court Judges	
		Chief Judge of Supreme Court	27,000
		Associate Judges of Supreme Court	26,000
		Judges of District Court	22,000

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