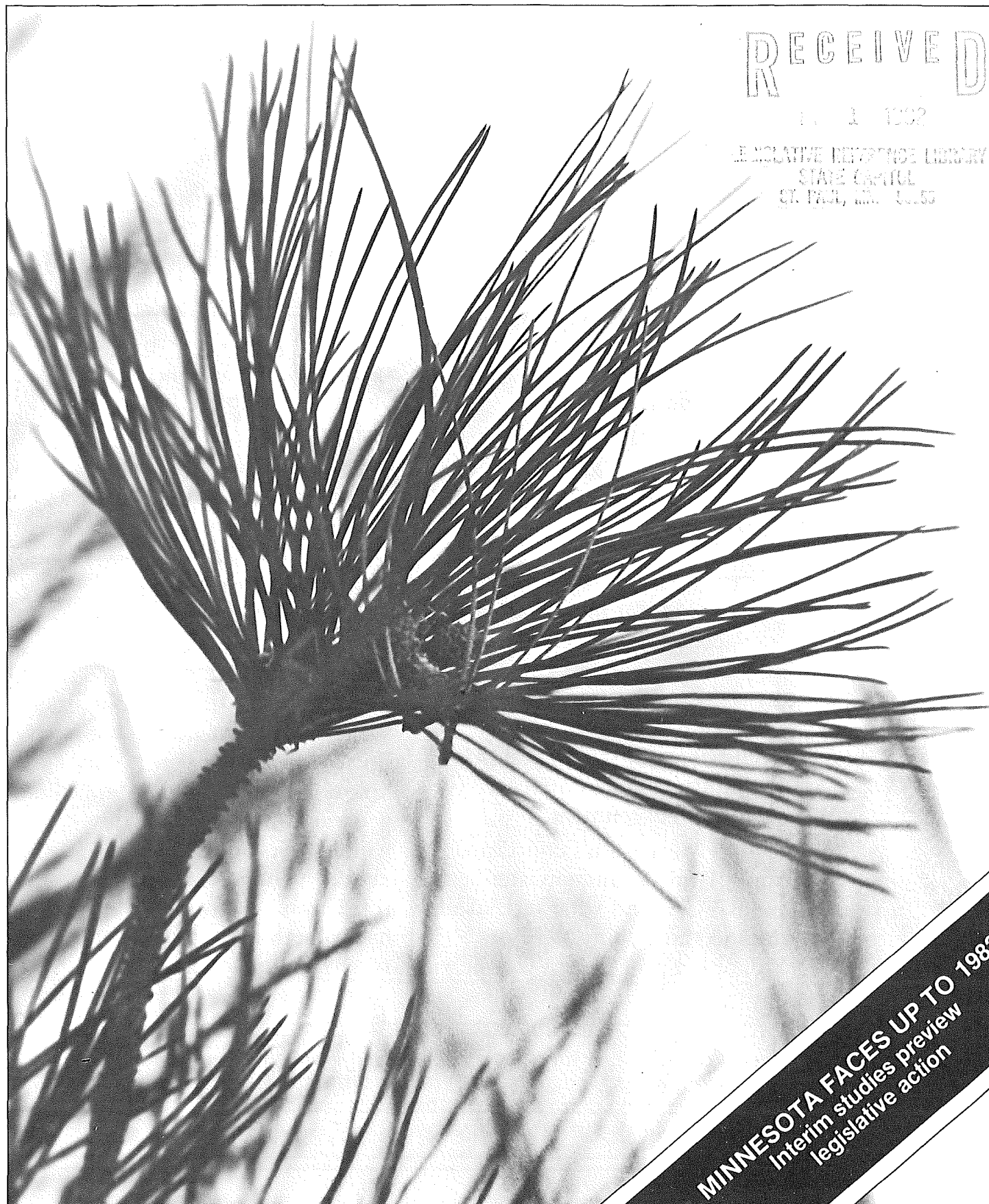


RECEIVED

1 1 1982

LEGISLATIVE REFERENCE LIBRARY  
STATE CAPITOL  
ST. PAUL, MINN. 55155



**MINNESOTA FACES UP TO 1982**  
Interim studies preview  
legislative action

## It's going to be a long 1982

*Management of the state's resources has been the focus of the Legislature so far in the 1980s. Money tops the list—where it's to come from—how to stretch the dollars to pay the bills. House members talk about what they hear from home about the issues.*

“Everybody’s nervous as heck about the economy,” says Rep. Don Samuelson from Brainerd when you ask him what the folks back home are saying.

“It’s going to be a long 1982. It doesn’t matter if you talk about raising taxes or reducing spending. It’s all tied in.”

“They’re not interested in a tax increase,” Rep. Gary Laidig of Stillwater will tell you. “In my district they feel some additional cuts can be made. But, cuts would come in the biggest expenditures—school districts and local government.”

“Rural Minnesota’s concerned about landfills and environment, the BWCA, and what legislation does to those things,” Rep. Dominic Elioﬀ from Virginia will

say, “but, more than that, we have a lot of unemployment, nearly 30 percent, with all the steel workers out, plus all the ancillary services.

“These are hardworking, diligent people concerned about making their payments. They wonder how they’ll pay for fuel. They’re out of work just when costs are highest. We’re hurting,” Elioﬀ says.

“I got more mail on cuts to nursing homes than on any other issue,” Rep. Marnie Luknic from Faribault will tell you. “Nursing homes and medical assistance in general have people terribly worried. Second, they’re worried about the handicapped, and third, about schools. Everybody has something important to them. It’s hard to prioritize,” she says.

continued on page 4

---

*Interim* is a between-sessions magazine for people and about people and government from the Minnesota House of Representatives. The magazine previews the issues of '82 as it gives you a look at issues the legislative committees are studying, the questions they're asking, the answers they hope will lead to solutions when the Legislature meets.

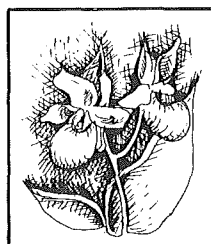
---



# interim

Minnesota House of Representatives

Publication of House Information Office • Rm 9 • State Capitol  
St. Paul, Minnesota • 55155 • (612) 296-2146



## in this issue:

|  |    |
|--|----|
| House members talk about what they hear from you,<br>the folks back home, as the 1982 session begins ..... | 2  |
| Money shortages and the state budget .....   | 5  |
| Tight money and tough decisions .....  | 8  |
| Mini-session action in brief .....   | 13 |
| Crime and justice .....  | 14 |
| Resource management .....  | 18 |
| Forests and farms .....  | 20 |
| Waste .....  | 22 |
| Tourism .....  | 23 |
| Copper-nickel and peat .....   | 24 |
| Energy .....   | 27 |
| Energy, Planning and<br>Development—a new state agency .....   | 28 |
| Commission action review .....   | 33 |
| Education and the budget .....   | 36 |
| Housing—a look at mobile homes .....   | 40 |
| Interim highlights some new laws .....   |    |
| Mortgages .....  | 41 |
| Utility conservation investments .....   | 42 |
| Small Business Conference .....  | 44 |
| Child car seats .....  | 45 |
| Final days of the 1981-82 interim—an update .....  | 46 |
| Minnesota Symbols .....  | 47 |
| Information: Where to go for what .....  | 48 |



As the Legislature takes on the problems of 1982, you'll be reading about the debates and decisions in the paper and hearing about them on the news. This issue of *Interim* gives you background information on the action in summaries of committee hearings, research and department reports, public testimony, and the mini sessions of September, October, and November.

on the cover:  
The Norway Pine —  
A proud symbol for a proud state.  
See Minnesota Symbols p. 47

Editor: Jean Steiner; Assistant editor: Jean Mehle; Design and production: Marcia Balcken;  
Editorial/production assistance: Deborah Friedman; Staff writers: Jean Mehle, Deborah Friedman, Bonnie Kollodge, Laura Godfrey; Photos: Tom Olmscheid.

Speaker of the House:  
Harry A. Sieben, Jr.

Majority Leader:  
Willis R. Eken

Minority Leader:  
Glen A. Sherwood

# comment

“The problem is, everyone, everywhere is saying, ‘Don’t cut me. Don’t corner my bull,’” Eliooff says. “They don’t want to pay taxes and they don’t want to cut programs. But my people tell me, if they have a choice, they’d rather cut programs.”

Samuelson agrees, “Something has to be cut, they’ll say, but ‘don’t cut the things I need.’” But most comments from home, Samuelson says, pertain to workers’ compensation, high interest rates, and changes in state laws that have to be made to conform to federal law in regard to social services, particularly AFDC (Aid to Families with Dependent Children).

“We’ve got to take care of that or risk losing federal funding,” he comments.

“Most of my constituents,” says Laidig, “are concerned about the cash flow situation and interested in where the money goes. They’re more aware now as to just

how big the budget is, and they’re aware of state aid to local units of government. The more educated they are about what we’re doing, the better able they are to tell me how they feel.

“When you tell them that 77 percent of our budget goes right back to the local units, and that only \$450 million of the \$8.7 billion goes for operations, they’re surprised. People tend to think that 90 percent of what we spend goes into some huge bureaucracy.

“So many families have both spouses working that a slowdown is likely to affect one of them. So they’re worried about the deficit and the cash flow problems—how serious the recession may be.

“We might find out, though, that our business climate isn’t so bad after all. I know we’re not as bad off as some states, like Michigan, where they had to close the schools for two weeks, but I’m trying to really study what it is we’re going to have to do to solve our problems,” Laidig concludes.

Reacting to what she’s hearing from home, Luknic says she’ll again try to get legislation through that she says would cut accident rates in the state hospital system and save on workers’ compensation claims.

She’d like to see the in-home health care system strengthened as an alternative to nursing homes, and she’s worried about interest rates going up on the bonds the governor had yet to release (in November) for the new facility for the Braille School campus in her district. Her district also wants money for a new vo-tech school in Faribault.

But all the wants, worries, and needs, all the voices from home, will have to blend in the big debate in the 1982 Legislature over the tax-or-not-to-tax; cut-or-not-to-cut money issues with a statewide view to doing whatever will see all of us through the economic crunch.

Rep. Irvin Anderson, from International Falls, chairman of the House Taxes Committee, where many of the decisions take shape, says, “I expect that we’re going to scrutinize every penny to see if it’s being spent prudently and wisely, and make an evaluation as to whether or not it should continue to be spent.

“Spending bills traditionally pass through the Minnesota Legislature without significant opposition. However, I see that as changing. Spending bills are being gone over far more than they ever have been before, and they’re generating more ‘no’ votes than before.

“It used to be a kind of no-no that you’d ever vote against an appropriations bill. But it has become very necessary that you scrutinize and raise questions.

“We want to work on strengthening the state’s fiscal management. We hope we can pass something that deals with that.

“I have high hopes that we can keep Minnesota as progressive as possible, be it in the form of cuts in programs or in a tax bill.

“I think that people were willing to accept the cuts that were made in the 1981 legislative session as in the best interest of their government. But from here on in, I’m sure there’s going to be a great amount of public input into the whole budget solution process.

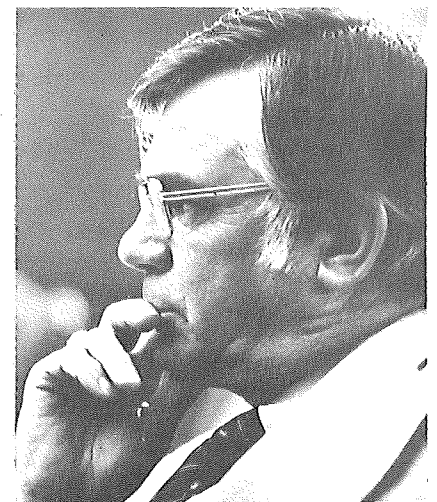
“I think it’s going to be a very hard working session. Depending upon how quickly we can resolve the state’s revenue problems, I think we probably would be able to be out of here by early April. But if those problems are not easily resolved, it

could very well go all the way through May—the constitutional deadline for adjournment.

“The problems are very severe. There’s going to be an awful lot of discussion and meditation over how we address those problems. I have high hopes that there’s going to be a willingness to compromise.

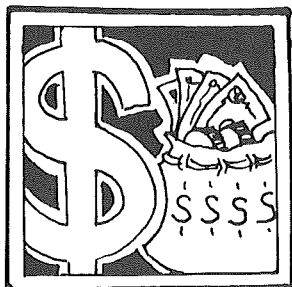
“If that willingness isn’t there, it’s going to be a long session.”

continued on page 10



Irvin Anderson, Int’l Falls

# MONEY



**Legislators met through the interim to keep up with the changing budget scene, reviewing adjustments the Legislature made to finish the 1981 fiscal year; the emerging problems with the 1982-83 budget; and the effects of federal tax and spending cuts on life in Minnesota.**

## The 1979-81 budget and '81 budget adjustments

**As the 1980-81 fiscal biennium was coming to a close, the 1981 Legislature adjusted state management laws to prevent the state from finishing the fiscal year with a deficit; and to help ease cash flow and revenue shortages in the future. Those changes included payment shifts, increased borrowing authority, and a change in income tax indexing.**

On Oct. 13, Val Vikmanis, acting finance commissioner, told members, at an interim meeting of the House Tax Committee, that the state ended the 1981 fiscal year with a zero statutory fund balance. But he said an accounting audit would show the state ending with a \$253 million deficit, due to payment shifts from one biennium to the next.

Although the Finance Department hadn't sent out checks for more money than was on hand, the state had promised another \$250 million to schools, money that went out after the end of the 1981 fiscal year, but which for accounting purposes, appears as a 1981 expenditure. The \$250 million included \$154 million the governor delayed paying to schools in the spring of 1981 and \$89 million that he cut from school aids in the fall of 1980. The 1981 Legislature voted to repay the \$89 million to school districts.

### **Short-term borrowing to ease cash flow problems**

Short-term borrowing is one tool the state uses to get cash to pay bills when tax money doesn't meet current needs. The 1981 Legislature raised the limit on short-term borrowing notes (certificates of indebtedness) from \$100 million to \$360 million.

The cost of issuing the certificates to investors was a concern as legislators watched the whole process of the state's credit rating, bidding for certificates, and the outcome.

A number of factors determine the cost of borrowing (the interest rate Minnesota must offer to get investors to buy its certificates). Among those factors are the state's credit rating, the willingness of investors to take on more tax-exempt government bonds, and competition from governments and corporations who are in the market for money at the same time.

Minnesota has commonly had the highest credit rating possible. But, in September, the two major rating services issued reports on Minnesota's credit rating. Moody's Investor services again gave the state a AAA rating, the best possible rate. But the other major rating agency, Standard and Poor's, dropped the state from AAA to AA-plus.

The rating agencies watch legislative and administrative actions, taxing and budgeting, and the stability and predictability of general financial management in deciding a state's credit rating.

Minnesota wasn't the only state to slip in credit ratings. Standard and Poor's this year also dropped their rating for five other states—Wisconsin, Ohio, California, Michigan and Connecticut.

The effect of such a drop is unclear, because credit rating is only one of a number of factors in a very tight money market. Even with the rating drop, a New York investment firm, in September, bought \$360 million of

Minnesota bonds for an interest rate of 10.77 percent. The state must redeem those certificates in June 1982.

### **Indexing adjustment calls for 9.2 percent expansion in tax brackets**

The 1981 Legislature changed the formula for indexing state income taxes. Indexing involves widening the tax brackets and increasing credits and deductions so that people who get inflation-related pay raises stay in the same tax bracket.

Revenue Commissioner Clyde Allen announced that the index factor for 1981 taxes will be 9.2 percent, and explained to the Tax Committee how his department arrived at that figure.

Under the old indexing law, the commissioner would expand personal income tax brackets by 85 percent of the August to August Twin Cities Consumer Price Index (CPI). That index was 14.6 percent for the one-year period. Under the old law, that would mean a 12.4 percent expansion of brackets.

The new formula calls for expansion by the lesser of Twin Cities CPI and average growth in Minnesota personal income. Income grew at about 6 percent. Six percent would have been the adjustment under the new law.

However, Allen said 1981 is a transition year, so the department takes an average of old and new law figures, to arrive at the 9.2 percent.

The standard deduction and personal credits also come under indexing, but because of different formulas under the old law, the 1981 adjustment is 10.3 percent. The standard deduction went from \$2000 to \$2206; the personal credit from \$60 to \$66. ◇

## The 1982-83 budget

**During the interim, legislators reviewed the federal tax and spending cuts and the state money problems that led to the third special session this year.**

### Tax collection shortfalls

The state's 1982-83 fiscal biennium began on July 1, 1981 with plans for an \$8.6 billion budget and expectations for enough tax revenues to fund the budget.

But on Nov. 5 Governor Quie announced that tax revenues would be \$606 million below estimates, and with another \$256 million of unexpected dollar needs, the state's budget problem totalled about \$860 million.

Why were revenue estimates off? A governor's task force looked at the economic model the Department of Finance used to get tax revenue figures for the biennium, and found it to be a reasonable one. The department said the economic data that goes into the model kept changing.

The state gets its national economic data from Data Resource, Inc., a Massachusetts firm. The Finance Department adjusts this data according to how Minnesota's economy has compared in the past to the national economy. The state usually does better, so the Finance Department assumes Minnesota's economy is healthier than the national economy in figuring tax revenue estimates. In 1981, this assumption was not correct, which led to inaccurate predictions.

This year, not only did the national figures look gloomier each month, but the historic relationship between Minnesota and the nation reversed. The state's not doing as well as the national economy.

Construction activity in the state is down, poor auto sales nationwide have contributed to the layoff of 3000 taconite workers in Northern Minnesota, high interest rates on loans have discouraged people from buying large items that would mean more sales tax revenue, and Minnesota's traditional strength—agriculture—is suffering from high interest rates, and low crop prices.

National and state economic figures tell the story. The increase in the Consumer Price Index for the Twin Cities Metropolitan Area from August 1980 to August 1981, for instance, was 14.6 percent. The national inflation rate was 10.9 percent. Index areas that were higher than the national average included home ownership, up 26.5 percent in Minnesota, compared to 14.7 percent nationally; housing 21 percent, national 10.8; and entertainment up 11 percent, 6.9 percent nationally. Food went up less in Minnesota, rising 9.2 percent nationally and 5.2 percent in the state. The CPI without housing factors went up 10.2 percent in Minnesota, 9.6 percent nationally.

The U.S. Commerce Department reported that U.S. personal income grew 11.14 percent from March 80-81, while in Minnesota it grew 8.11 percent. Retail sales went up 7 percent nationally, 4.4 percent in Minnesota.

### Federal tax changes

The federal tax changes include tax breaks for individuals and businesses. Those breaks will bring to the state treasury between \$65 and \$187 million in additional state taxes.

That's because we Minnesotans subtract the federal tax we pay from our income to arrive at a taxable Minnesota income figure. The smaller the federal tax we subtract, the larger our state taxable income.

But other federal tax breaks will lower the amount of state tax we pay if the Legislature decides to conform state tax codes to federal codes.

The tax break for corporations allows them to write off investments at a faster rate, lowering their taxes, to encourage more corporate investment.

The Legislature may not adopt that tax break so quickly, said House Tax Committee Chairman Irvin Anderson, International Falls. It will be part of the debate when the Legislature discusses the Revenue Department's bill which incorporates all the federal changes into state law. Revenue Commissioner Clyde Allen presented that bill to the Taxes Committee, and reviewed its provisions.

### Federal spending cuts

Federal spending cuts mean the state will do without about \$200 million of expected income for the next two years. Among the cut or reduced programs: sewage treatment grants; food stamps; chemical dependency treatment programs; community action agencies that administer Head Start, weatherization, and transportation programs; school lunches; job service; youth conservation corps; low income housing and rehabilitation assistance; student financial assistance; highway construction; rodent control; health education; and emergency medical services.

Most of the money for those programs went to local governments. Those governments may have to decide whether to pick up the funding at a time when they have budget problems even without federal program changes.

---

## Welfare deals with federal changes

Minnesota's income maintenance programs face a \$55.2 million deficit over the biennium without counting federal cuts. And the federal appropriation to cover Minnesota's welfare bill is \$37.4 million lower than last year with President Reagan considering another 12 percent cut, Welfare Commissioner Arthur Noot told members of the Health, Welfare and Corrections Division of the Appropriations Committee.

New federal law also says that states don't have the option to pick up certain programs that are victims of the cost-saving measure. During the next legislative session Minnesota must change state law to conform to that federal mandate, Noot said, or risk losing all federal welfare funding.

To conform to the new law Minnesota must:

- Eliminate AFDC payments to an unborn child.
- Disqualify strikers' families from AFDC and food stamp benefits.

- Reduce the federal matching rate for training programs from 75 to 50 percent.
- Limit the gross income a family can earn and still qualify for benefits. The new maximum is 150 percent of the state's standard of need (or 150 percent of \$446) for a family of two children and one parent.
- Lower the limit on resources a family may have and still qualify for aid, excluding equity in a home and household goods and \$1,500 equity in a car.
- Consider a stepparent's income in determining benefits. Minnesota passed such a law during the 1981 session, but a federal court order is holding up DPW's use of that law.
- Lower the age limit on eligible children to 18. This would go to 19 if the child is in school and will graduate before his/her 19th birthday.

Noot said DPW has also begun using the maximum co-pay state law allows on certain medical assistance (MA) expenses. A 1981 statute allows the commissioner of welfare to lower the amount the state will pay on medical claims, requiring the recipient to pick up a greater share of the cost. Noot said that more health care providers may refuse to treat medical assistance patients because of the co-pay system and that county hospitals may suffer under the increased MA caseload.

Social service, alcohol and drug abuse, and mental health funds will also require legislative attention because Congress is changing the administration of these grants. The Federal Health and Human Services Department will put its grant programs together into two large block grants that include an 18.5 percent cut. Minnesota will then divide up the trimmed package and administer it as the Legislature sees fit.

---

## Local governments feel effects of state/federal budget changes

---

**Minnesota shares its resources with local governments through a variety of aids—school aids, property tax relief and general local government aids. So problems and readjustments of state and federal budgets will affect local government services.**

---

In an October mini-session meeting of the House Local and Urban Affairs Committee, Lee Munnich, Jr., from the Midwest Research Institute, presented a report on the possible effects of state and federal budget cuts on local governments.

Reviewing the history of local government aids, Munnich said that, from 1970 to 1979, the percent of state and federal funds in city budgets rose from 26 to 39 percent.

Munnich said his report looked at some options local governments may have in responding to state and federal budget cutbacks. Options include local budget cuts, salary freezes, tax and fee increases, and productivity increases.

To come up with some dollar figures, Munnich said he assumed a 30 percent drop in federal aid to cities over the next three years, a four percent increase in state aids, and a seven percent inflation rate.

Under such conditions, local governments could make up the loss of funds by: increasing property taxes 68 percent; cutting 12 percent of personnel; freezing wages and salaries for three years; or increasing productivity 14 percent in all departments.

Cutting personnel or services would mean reduced police and fire protection, sanitation, and public works, such as snow removal. And,

Munnich said, cutting costs is not easy because cities have contracts with workers; obligations to pension funds and payments on debt; and large fixed costs for buildings and equipment.

The figures may not be totally accurate, but, in any case, Munnich said, they show that cities have a rough job ahead to make up for the budget cuts, especially since they follow other cuts and periods of spending restraint on the part of cities.



by Deborah Friedman

# Tight money &

**The immediate problem was short-term cash shortages of \$112 to \$212 million between November 1981 and January 1982. State tax collections weren't enough to fund the large school aid and local government aid payments the state had to make during those months.**

## **"We've already cut the fat."**

Val Vikmanis, acting finance commissioner, gave the House Taxes Committee the final update on the state's \$860 million budget problem just before the Dec. 1 special session.

"This is the list of every possible money problem for the state," Vikmanis said.

The governor asked the Legislature to change state laws to allow late payments to school districts and local governments, to cut spending 11.8 percent in all departments except welfare, veterans' homes, and schools

## **"This is a list of every possible money problem for the state."**

(six percent cuts) and corrections (no cuts).

Cuts in property tax relief and another \$240 million in borrowing were also part of the governor's plan.

Problems, then, according to Vikmanis, included:

- a tax collection estimate \$605.8 million lower than the estimate on which the Legislature based its 1982-83 budget;
- a welfare deficit of \$89.9 million;
- a loss of \$79 million of corporate tax collections because of a new federal depreciation schedule for businesses;
- greater enrollments and a computer error that brought school aid payments in at \$23.5 million more than anticipated;
- short-term interest payments of \$40.9 million for the biennium on the \$360 million the state borrowed;
- a fiscal year 1981 deficit of \$22.3 million;
- a \$92.3 million reserve fund the governor wanted to build into the budget.

"We've already cut the fat. These next cuts will really hurt," Health Commissioner George Petterson told a Minnesota House budget committee.

Commissioners lined up before legislative committees on Nov. 11 and 18 to present testimony on their preparation for budget cuts. How deep they'd be depended on information from state Finance and Revenue departments and

Cuts in some of these areas, Noot warned, may backfire. Loss of medical assistance now may mean increased acute care costs later. Local taxes may have to pick up a portion of the medical tab the state now pays in grants to counties.

## **"The impact will be substantial"**

how well departments stood up under the budget trimming.

Corrections Commissioner Jack Young told Appropriations Division members his presentation was an answer to the governor's call for cuts, not a recommendation. Other commissioners echoed his sentiment.

"The impact will be substantial," said Welfare Commissioner Art Noot.

In the Welfare Department, the "least damaging" cuts would affect about 1,500 jobs, mostly in nursing homes and hospitals. Day care cuts would affect about 252 families. Social services, and services for emotionally disturbed and retarded children, the elderly and the blind, as well as income maintenance programs, may also suffer state cuts on top of federal grant reductions.

School districts that rely heavily on federal grants may hurt when federal grant changes go into effect next school year. Monika Harrison, U.S. Department of Education, outlined Congress' consolidated block grant program to School Aids Division members in November.

Changes in the program may make it easier for small districts to get a share of the money the federal government funneled through 28 separate programs, Harrison said. Large districts that relied on special funds from the 28 smaller coffers will find cuts in the overall number of dollars.

Congress cut funds in half for the 1981-82 school year for CETA, bilingual education, Indian education, refugee aid and other programs that sent grants directly to districts.



# tough decisions

The governor's budget recommended \$659.5 million for all capital repair and building projects over the biennium. In 1981, the Legislature authorized \$480 million. Some of it — bonds for district heating and the new University of Minnesota hospital project — is in the form of loans that local governments and the University will pay back to the state.

Of the \$103.8 million left in the budget for bond-financed projects, higher education's share is \$69 million.

---

## **The Education Division of Appropriations must divide \$69 million among AVTI's, community colleges, state universities, and the University of Minnesota.**

---

Here's a sampling of where Education Division members traveled to see what requests were for and where they were coming from:

**Alexandria AVTI:** new shop/laboratory area to meet health and safety codes for carpentry students.

**Brainerd AVTI:** space for auto paint spraying so the school district meets insurance regulations.

**Brainerd Community College:** roof repair, roads and parking lot repair, energy saving improvements, remodeling of dining area, landscaping and irrigation.

**St. Cloud State University:** remodeling funds for a predicted energy savings of more than \$5,000 per year, air conditioning improvement to save \$70,000 annually and reduce equipment repair, and new stage lights to reduce breakdown time.

## **Repair and expansion:**

Winona State University, the University Technical College and Southern Experiment Station in Waseca, Willmar and Hutchinson AVTI's: Winona, Somsen Hall, \$4.2 million; Phelps Hall, \$1.1 million; Watkins Hall \$700,000. The University Technical College: \$780,000 for the Mechanical Agriculture Building, a plant service addition, and a livestock lab and holding facility. Funding for the livestock building is in danger because a federal grant will probably expire before the state can issue bonds to finance the project. Bond projects the Legislature approved in 1981 are still unfunded because of the state's financial problems.

The experiment station request is for a machinery storage building and utilities;

Willmar's asking for an agriculture shop, diesel shop, and auto body shop.

Hutchinson's requesting dairy herd management classrooms and an auto mechanics lab.

## **University of Minnesota:**

officials reported that delays in checks to the University helped ease state cash flow problems from June to September, but the University lost \$432,335 in interest income from short term investments.

## **University Hospital project:**

right on schedule, associate director for finance at the U of M reported. The 1981 Legislature passed a bonding bill to finance the project with \$190 million in bonds the state would issue in January 1981.

Planners expect to finish the working drawings and the foundation in July 1982 and the building in July 1985. Patient fees will repay the state loan over the next 30 years (See Update p. 46)

---

## **The State Departments Division of Appropriations' review of requests for repair and improvement for state parks included September tours.**

---

Division members said they'd look into whether a fee hike would increase medical costs and increase what the state picks up in Medical Assistance payments before deciding on a rule change in the fees schedule.

---

## **The Health, Welfare, Corrections Division reviewed money needs and reports from:**

---

### **Corrections Commissioner:**

Jack Young reported that five of the eight units at Oak Park Heights prison should open in March. Each will hold 52 maximum security inmates, including 50 from Wisconsin. New negotiations with Wisconsin could bring 250 Wisconsin prisoners to Minnesota at \$55 per day until Wisconsin has solved its prison space problems.

### **Legislative Advisory Commission (LAC):**

recommended a special \$176,000 expenditure for yearly fire inspections in Minnesota hospitals, nursing homes, and other health care facilities.

According to a Public Safety Department report, a 1981 cut in state funding and an Oct. 1 loss of federal money meant the department couldn't continue fire safety inspections, putting medical facility residents, patients, staff, and firefighters in extreme danger.

**Department of Health:** For several years, fees haven't covered the cost of licensing and monitoring health care facilities,

such as nursing homes, so the department's asking for a rule change that would increase license fees for those health services.

Division members traveled to the southwestern corner of Minnesota to Blue Mound State Park at Luverne; Split Rock Creek State Park, Jaspar; Camden State Park, Lynd; and Lake Shetek State Park.

## **Willmar, Sauk Centre, and Fergus Falls:**

Building and repair requests had division members touring these medical sites where the legislators also met with local officials to talk about effects of possible state and local budget cuts.

---

## **Semi-State Division members followed up on requests from:**

---

**International Falls:** The Department of Transportation (MnDOT) asked for a new equipment storage building. The existing one is usable, department officials say, but will need extensive repairs. A trucking company's building is for sale; department planners are asking legislators if buying that building may not be a better deal.

**Cloquet:** Truck traffic heading for the Port of Duluth requires a weigh station near Cloquet, according to MnDOT. Legislators inspected the site where MnDOT would like to build the station.

## **Legislative Audit**

**Commission:** recommended a \$93,000 fund transfer in the Department of Revenue to computerize workers' compensation management information. The 1981 appropriations bill said the commissioner of revenue would have to correct some problems before the Legislature approved money for computerization.

The auditor's review of the department changes agreed with a report from Commissioner Clyde Allen that reorganization within the department would correct faults the legislative audit had found in the department's administration. □

**“T**here’s one overriding issue in front of the state,” says Rep. Robert Searles, Wayzata, “and it seems to cover almost everything that involves state funding or programming, including aid to local units of government, property tax relief, welfare, and school aids. All these depend on an accurate means of taking care of our financial responsibilities.”

**“W**hen it comes to financial responsibilities, we can only promise the money that people send us in the form of taxes,” Searles said. “And we have given ourselves the image of being immutable, reliable, and if money’s appropriated, it’s there.

**“B**ut it isn’t there. Our revenues depend on the welfare of the economy. If the economy is down, so are revenues. We have to learn to figure out a system of variable benefits, variable payments, and we have to get the people to accept the fact that if they’ve been granted \$100, and revenue indicates that only \$93.50 is going to come through, that they’ll get \$93.50. People have to accept that and not make a big political issue of it.

“I don’t think there is an option to increase taxes in Minnesota. In fact what we need to do is decrease them. We’re competitively out of line with other states and we’re bound to lose. People (businesses) are going to expand in other states, the job opportunities are going to leave us.

“There is sort of a disenchantment with the state telling everybody what to do. I hear this in my district, about mandated local government and school programs. They’re running out of money and they want the state to back off on its mandates.

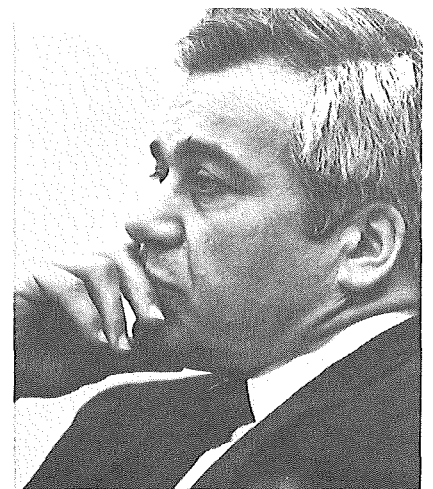
“Especially in schools. People are irritated about some of the things they’re told to do, like special programs which can take away from other people’s capability of

getting an adequate education because so much money is spent on so few people.

“I don’t think everything the state’s doing has to be done. There is nothing that says all the programs the state has put into place must continue forever.”

—Searles

**“W**e’ve got both a short-run problem and a long-run problem,” according to Rep. John Brandl, Mpls. “The short run problem is getting the budget balanced. For the longer run we ought to think of restructuring government to get the job done (providing needed services) for less money.



**Dominic Elio, Virginia**



**Robert Searles, Wayzata**



**Don Samuelson, Brainerd**



**Marnie Luknic, Faribault**

"For example, we could use prepaid health plans, like Health Maintenance Organizations for AFDC recipients (Aid to Families with Dependent Children). Or we can help people keep their family members, who are now institutionalized, at home.

"I think we ought to restructure on the tax side, too, not just increase taxes in general. I think we're going to have to increase taxes, but as we do so, we ought to realize that the underlying problem is that the economy has slowed down, so it's not yielding the revenues we need.

"If the economy doesn't pick up, then we're going to be in this pickle

year after year. We ought to do what we can through our tax policy to stimulate the economy.

"**W**e have incompatible aspects to the tax system in Minnesota. We have a large property tax relief package in place. The combination of indexing of income tax and the increases in property tax relief are inconsistent with each other, we just can't have both.

"I think we ought to put a moratorium on indexing and cut back some on local aids. I say that not happily. I just spent a long time with the city of Minneapolis people and they showed Minneapolis legislators the effects of cut-backs in state aids. It's not pretty. Local government activities are often closer to the people than the state—police protection, fire protection, street plowing, and other services.

"I think people are puzzled. There's diminished confidence in government and it's hard to restore that. We used to think it was enough just to be honest, now we have to be both honest and frugal.

"We have to make a point that the public doesn't want to hear. That is, there is going to have to be a switch from consumption to investment. It means we're not going to be able to buy some things we want. And that switch from consumption to investment is going to involve both public and private expenditures.

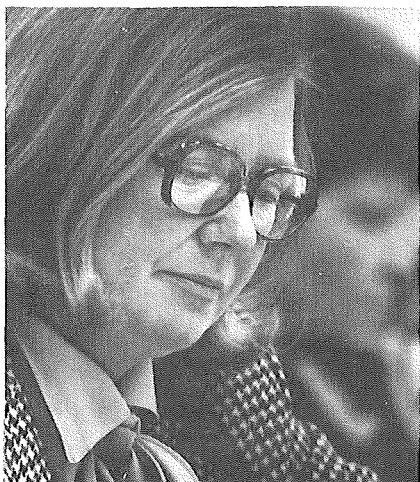
"**A** lot of things we're doing in government now shouldn't be cut. They're more important to the state than some of the things we are spending money on privately. We don't want to hear that, because we want to believe that we can make it through this recession by cutting government rather than making changes in private spending habits. I don't think that's the case. We're kidding ourselves on this question of cutting government painlessly. It can't be done.

"The two messages that I would like to get across are that, one, you can't cut government painlessly, and, two, it's important to shift our resources into investment so that we can get out of this situation eventually and not just lurch along in a succession of short-term decisions which don't add up to a long term policy." ◇

—Brandl



David Jennings, Truman



Dee Long, Mpls



Gary Laidig, Stillwater



John Brandl, Mpls

“We have to do a better job of letting business, as well as everyone else, know what their tax dollars are doing. I don’t think people are that aware. And that’s the fault of government not doing a job they should,” says Rep. Dee Long, Mpls.

“We’re perpetrating a shell game on the public if we enact spending cuts that result in equal or greater local costs to them in terms of local property taxes, and fees,” said Long.

“It’s becoming obvious that with the decreased state and federal money coming into the local units, we’re going to see an increase in local taxes and a decrease in services.

“The things that will be cut first (on the local level) are the things that add to the quality of life: library systems, parks. They can most immediately be cut off. You close down a park program, and it doesn’t have any real immediate effects, but it has an effect on the way people perceive that locality as a place to live.

“I have a pretty well-educated and sophisticated district, and I think the people are concerned that many of these cuts are short-sighted. They’re fairly well aware of the interaction of the federal and the state cuts, and what that’s going to do to local services. Where are we if we cut off day care funds and put women back on AFDC? It’s going to cost us more in the long run. So there’s a lot of concern there.

What can’t Minnesota scrimp on? “Education,” says Rep. Long, “Not just because I think we owe, in a democratic society, free and quality education, but because of economic reasons. Minnesota has in the past survived economic downturn because we’ve had a good whole educational system that provides a well-educated labor force. If you interfere with that, and lower the quality, you’re going to find industry less likely to settle in Minnesota.”—Long

“The greatest issue for this session will be the shortfall and how we deal with it,” says Rep. Dave Jennings, Truman. “I’m not exactly sure, without having seen the numbers, how I feel about how it ought to be dealt with other than that my first instinct is it ought to be cuts.

“In time of recession I don’t believe a tax increase will help. It’ll only hurt, especially in view of the fact that we just increased taxes this spring. My constituents weren’t too thrilled with the tax increase, and with the potential for a federal tax increase. To even consider adding another tax increase at the state level would be out of the question.

“Another issue is education. In the education committee, one bill that’s been heard this interim is the bill requiring certification of non-public school teachers. That bill will be coming before us (the 1982 Legislature).

“We’ll perhaps have a review of teacher strikes and how we’ve survived the first round of contract negotiations under the new PELRA law. Beyond that, it’ll be reviewing the budget and what portion of education might be cut in view of the shortfall,” Jennings says.

“How should the Legislature go about cutting budgets? I think that one of the things we haven’t done, at least not in my time in the Legislature, is set priorities.

“Clearly the state has constitutional responsibilities in the area of education, transportation, and public health. But, we have to look at all those things. No portion of the budget can be sacred when we’ve got a shortfall of this size.

“I would like to see us protect foundation aids in the area of education, because school districts have already obligated most of that money when they sign contracts with teachers.

“In the area of transportation, it’s difficult for school districts to cut down much more. So we’ll have to look at educational programs that are nice but not necessary.

“I don’t believe we ought to cut across the board. I don’t think that’s an effective way to do it. I think we ought to review the whole budget item by item, protect some items and cut others entirely if that’s what it takes.” □—Jennings



# September

**September, October, and November mini sessions previewed the issues for 1982 as legislators met to hear about a wide range of problems — from drug paraphernalia to control of the crop-threatening barberry bush — and a lot in between. To bring you up-to-date, a brief rundown on mini sessions begins here.**

**Is there a difference between a 3.2 beer seller and a seller of regular beer?** Minnesota's Dram Shop Act says there is, but the Minnesota Supreme Court says both deserve equal protection under the law.

A dram shop is a drinking place. Dram Shop laws make bar owners liable for damages resulting from illegal liquor sales, but protect bar owners by requiring an injured party to give notice of a claim within 120 days and bring suit within one year of any injury.

However, Minnesota law says 3.2 beer is not an "intoxicating liquor," so 3.2 vendors don't come under the Dram Shop Act. An injured party can sue a 3.2 bar owner for negligence up to six years after an injury, without giving notice.

On Aug. 14, the Minnesota Supreme Court declared Minnesota's Dram Shop Act a violation of constitutional equal protection clauses. This decision allows all Dram Shop actions to take place within six years and without notice of claim.

To respond to the Supreme Court's decision, the Legislature can abolish the Dram Shop Act; amend the act to include 3.2 beer sellers; or abolish the distinction between 3.2 beer and intoxicating liquor.

**Is the caseload before the Minnesota Supreme Court too large?** Many people say, "yes," including Rep. John Clawson, Center City, who brought before the House Judiciary Committee a bill to create an intermediate court of appeals in Minnesota.

Clawson's bill, HF842, a constitutional amendment, would put the issue before Minnesota voters at the next general election.

"The Supreme Court's caseload is increasing at a rate of 11 percent per year. If the Supreme Court can't handle all the appeals, where do the rest of the people go for justice?" Clawson asked.

"An intermediate court of appeals would remove some of those cases, giving the Supreme Court more time for more monumental cases of law," Clawson said.

An intermediate court of appeals would hear appeals from District Court. If a party was not satisfied with the appeals court decision, s/he could appeal to the Supreme Court, or petition to go directly from District Court to the Supreme Court for a decision.

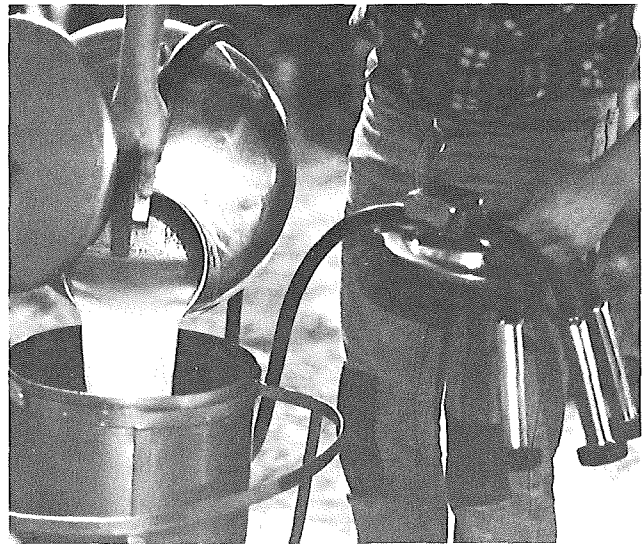
**Banning paraphernalia might reduce drug use,** but in the past, courts have declared "unconstitutional" efforts to regulate paraphernalia.

During the 1981 session, Rep. Ken McDonald, Watertown, introduced HF232, which would ban the sale,

distribution, and manufacture of drug paraphernalia, legislation similar to an ordinance the federal Drug Enforcement Administration claims is constitutional.

The House Juvenile Justice and Crime Victims subcommittee is hearing public testimony on the bill. At a September meeting in Eagan, bill supporters said, "Head shops are putting a stamp of approval on drug use."

Opponents question whether there is a valid connection between certain paraphernalia, and drug use and abuse.



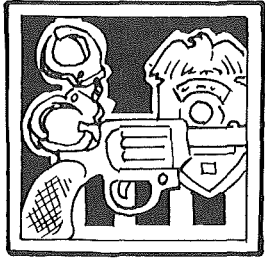
**Nine years ago the federal government required all dairy producers to store milk in a milkhouse, but didn't enforce the rule.** This interim the Minnesota House Agriculture Committee looked at a bill that would make that rule a law in Minnesota.

Of the state's 25,500 dairy producers, 3,900—usually small dairy farmers—use 10-gallon cans for storing milk. They keep cans in a milkhouse, milk room, or the barn. Others use bulk milk tanks which, under state law, they must keep in a milkhouse or milk room.

At a September meeting, those favoring the milk room requirement said the bill is necessary to meet dairy products standards in other states.

Author of the bill, Rep. Paul Aasness, Wendell, said the bill doesn't say producers can't use cans, but it does require farmers to have a separate milk room or milkhouse. Opposition claims that many milk producers can't afford the cost of either.

continued on p. 17



# CRIME

**During the 1981 interim, committees again discussed juvenile crime problems, sentencing guidelines, the Data Privacy Act, and the prisoner exchange with Wisconsin. And, again, the subject of how the whole criminal justice system works, was up for review.**

## Criminal justice reorganization

**Forty-eight percent of the U.S. population is afraid to go out of their homes, and 79 percent believe law enforcement is not effective. —1980 Harris Poll.**

"These are difficult times," said Tom Parker, executive director of the National Criminal Justice Association. "At a time when every state in the nation has to cut back, crime and the demand for services continues to increase."

Parker made his comments at an Oct. 13 meeting of the Administration subcommittee of Governmental Operations on "Reorganization—What are other states doing?"

From 1925 to 1980, prison confinements (incarcerations) rose by 289,000 and increased 20,000 in the first six months of 1981. With cell construction costs \$60,000 to \$140,000 per cell, and annual operation costs between \$15,000 and \$20,000 per cell, the cell is a valuable state resource. With those financial considerations, how to use the cell is part of the dilemma, said Parker.

To avoid duplication and inefficiency, Parker said, "The criminal justice system needs more planning and coordination than ever before."

Increasingly, said Parker, states are becoming more involved in the planning, financing, and other areas of criminal justice.

- California's "program model" has the governor and Legislature agree on programs to target.
- Virginia provides assistance in policy development, technical

assistance, and training standards.

- Michigan operates a "budget model" which allows coordination between those who budget and those who administer resources.
- North Carolina's governor gives a yearly State of the State Message on Crime, making the governor accountable for the state's action in the criminal justice area.
- New Hampshire's Criminal Justice Agency is part of the attorney general's function.

Parker complimented Minnesota on its development of a crime agenda, but expressed disappointment in the state's criminal justice planning and communication, which staff and funding cuts and the merger of the Crime Control Planning Board (CCPB) into the new Department of Energy, Planning, and Development have affected.

The Governmental Operations subcommittee on Administration is looking at the possibility of criminal justice reorganization. A Justice Improvement Study the CCPB conducted suggests creation of an agency with coordinating and planning functions. The fully empowered agency would set goals and objectives, set agency policy and criminal justice budgets, and review legislation.

## Law reform issues

**Amendments to the 1981 Data Privacy Act attempt to strike a balance between the public's right to know and an individual's right to privacy.**

These changes allow law enforcement agencies to withhold information about crime victims and witnesses from the public, if agencies believe

releasing the information would threaten the safety or property of an individual, or cause a person who committed the crime to run, avoid getting caught, or destroy evidence.

The privacy issue was the topic at a September meeting of the Law Reform subcommittee when legislators heard reactions to the changes. Law enforcement officials and people representing the media said that, because the amendments went into effect in June 1981, it's too early to judge their impact. Most agreed that changes clarify the Data Privacy Act, giving police and the press a better idea of what information is open to the public.

**"Not guilty, by reason of insanity, is an increasingly popular verdict." —Stephen Rathke, Crow Wing County attorney.**

Rathke spoke to the Minnesota House Criminal Justice and Judiciary Committees Oct. 13 when committees heard testimony on two bills that would stop the use of mental illness and mental deficiency as a defense in a court of law.

Under present law, courts don't sentence someone who may have committed a crime, but, who, because of mental illness, doesn't know the nature of what s/he has done, or that the act was wrong. If the court finds such a person not guilty because of mental illness, or insanity, the state must try to get a civil commitment to send the individual to a state hospital where the person gets the same treatment as people who haven't committed crimes. The commitment is not for a prescribed length of time.

The proposed law says mental deficiency would be a defense only if the individual "lacked criminal intent," or is not capable of forming the intent because of mental illness. If the court finds an offender guilty, the person would serve a set prison sentence. Whether the defendant can determine right from wrong would not be a factor.

A Minneapolis motorist gets a parking ticket



Rathke argued that we can't afford long, expensive insanity cases. Those who commit a crime should "pay their just deserts" in a correctional facility where they would do more time than in an institution. Such legislation, Rathke continued, would provide more equal treatment of the accused, wealthy vs. poor, and allow psychiatrists to be more objective in determining mental illness and intent. "Why should mental illness relieve someone from accepting responsibility for their acts?" asked Rep. Randy Kelly, St. Paul. "There is no excuse for commission of a crime."

Merits of the bill, suggested Rep. Kathleen Blatz, Bloomington, "are protection of society, fair treatment of the mentally ill, and increased effectiveness in the administration of justice."

"A plea of insanity is not an easy way out," State Public Defender C. Paul Jones countered at a Nov. 18 meeting. Jones maintained there are enough safeguards under present law to prevent anyone from using mental illness as a ticket to freedom. A defense of mental illness is difficult to establish. "There must be facts to back it up," he said.

Once in an institution, it's not easy to get out, said Jones. Length of commitment is indefinite, and release is not possible before much review and examination, he said.

Passage of HF1431 (Kelly, St. Paul) or HF1442 (Blatz, Bloomington) would not take psychiatrists out of the court room, as some feel, and would create the need for new facilities to deal "with those accused of a crime and found mentally ill," according to Jones.

Carol Grant, attorney from Meshbesh, Singer, and Spence also argued to keep the mental illness defense on the books.

"Attorneys rarely use the insanity plea, and rarely win an insanity case," she said.

Grant encouraged committee members to look at the purpose of criminal law and punishment. She told the lawmakers that to punish solely on commission of an act is inconsistent with the rest of the justice system.

"We don't punish involuntary acts one commits during an epileptic seizure or in self-defense. The truly insane may not have control of their actions either," said Grant.

Study of the issue will continue during the 1982 session.

---

**"Current law favors the person who totally ignores a traffic or parking ticket."**  
—Ron Bushinski, Ramsey County Municipal Court Administrator.

---

"Those who get a court hearing and conviction, but don't pay the ticket, risk suspension of their driver's license," Bushinski said at an Oct. 14 meeting when the subcommittee on Law Enforcement and Corrections met to review House Advisory, HA16 (O'Connor, St. Paul).

HA16 proposes a study on outstanding arrest warrants and means of collecting fines. Committee discussion centered around a proposal that would not allow courts to issue arrest warrants for delinquent parking violations. Rather than continue to rely on court-imposed remedies that haven't been working, most who testified at the meeting said they favored other solutions.

"As of June 30, 1981, Hennepin County had 95,000 outstanding arrest warrants," Hennepin County Sheriff

Don Omodt told the subcommittee. Those warrants represent about \$1.2 million in uncollected money.

Omodt said Ramsey County has about 32,000 outstanding warrants for parking and traffic matters. And according to Minnesota State Sheriff's Association figures, 82.5 percent of 145,368 outstanding warrants in the seven-county metro area, St. Louis, and Olmsted Counties were for minor traffic and parking offenses.

"Followup on the warrants is often a low-priority issue for the courts," according to a legislative analyst. "And the license suspension process is not very efficient," he said.

Other testimony said efforts to make arrests in these cases are costly in time and money. Transfers of vehicle ownership may mean that the individual who gets the warrant didn't commit the offense.

Suggestions at the meeting include licensing people, not cars, and allowing holds on motor vehicle registration or reissuing of drivers' licenses, ideas which the Transportation Committee may take up.

On Nov. 17, the subcommittee recommended passage of HF1545 (O'Connor, St. Paul), which states, effective July 1, 1982, no court can issue arrest warrants on any person because of a parking violation, effective July 1, 1982. The bill would apply to all parking violation charges before that date if a court has not yet issued a warrant. "That way," said Ramsey County Sheriff Chuck Zacharais, "we'll save police manpower and help keep our badly needed jail space free." □

## Is the handling of juvenile cases adequate?

**The juvenile justice system doesn't convict juveniles of criminal offenses and sentence them to prison terms. However, courts can find juveniles delinquent.**

If delinquent, the court can place these young people in county home schools, state institutions, hospitals, emergency shelter facilities, community corrections group homes, foster homes, state group homes, and chemical dependency facilities.

Legislators on the Juvenile Justice and Crime Victims subcommittee met in St. Paul, Duluth, and Austin in September and October to hear testimony from local citizens and professionals on how to handle juvenile offenders.

"The number of facilities is adequate," said Ramsey County Juvenile Court Judge George Peterson at a Sept. 1 meeting, "but the adequacy of their services is in question." Peterson said that, if the goal of the juvenile justice system is to turn around the behavior patterns of every juvenile in the system, then the "dispositional alternatives are not adequate."

Of the 4,496 juvenile petitions courts received in 1980, 49 percent were against new offenders, 51 percent against children the system already released on probation.

Money limits are taking a toll on the juvenile justice system, according to testimony. Cutbacks have authorities looking at fewer and shorter placements, and less costly alternatives and services. Returning responsibility to communities and families was a recommendation the subcommittee heard over and over.

William Holden, Hennepin County home school superintendent warned against an "either/or" budget cut philosophy. The juvenile justice system should provide a "continuum" of care to meet children's needs—priority consideration going to the serious offender, he said.

"Dispositional alternatives are adequate and abundant," said Pat Belois, Hennepin County juvenile court referee. People who agreed with her expressed satisfaction with community work service, work programs, restitution, fines, and meetings with victims as some of those alternatives.

However, Judge Linn Slattengren paints another picture. He says, "Dispositional alternatives are inadequate."

According to Slattengren, rehabilitation is rarely successful, and it's difficult to structure programs to meet individual needs.

Suggestions from discussion at the meetings include the need for:

- a stricter look at juvenile programs to be sure they're working
- a secure lock-up facility for juvenile offenders
- broader court jurisdiction over parents of delinquents so judges can require families to seek counseling, dependency evaluation, and other available help
- increase in the penalties for those who contribute to the delinquency of a minor
- uniform guidelines for restitution
- a guarantee of some type of court action so juveniles don't feel the law won't punish them
- repeal of parental liability
- a central system for information on juveniles courts sent to other states for treatment or programs.

## Update sentencing guidelines

**The House Criminal Justice Committee met Sept. 16 to hear a report from Sentencing Guidelines Commissioner Jan Smaby.**

Smaby reviewed recent changes in the guidelines, and brought committee members up-to-date on commission activities.

Nineteen eighty-one laws put the offenses of "theft of services" without intent to pay, fleeing a police officer, and incest involving children ages 10 through 17 under the guidelines Smaby said.

Other new laws affecting the guidelines increase the mandatory minimum

sentences for committing a felony with a gun, or other dangerous weapon, and regulate precious metal dealers in an attempt to slow the rate of gold, silver, and platinum thefts.

The commission made changes to allow a sentence different from those in the guidelines for offenses involving controlled substances (drugs), and allow stiffer sentences for burglary, prostitution, and possession of shoplifting gear.

Other changes provide that anyone who commits a "severity level one" crime, such as unauthorized use of a motor vehicle or possession of marijuana, and who has a criminal history of six or more offenses, must serve a prison sentence.

Smaby said the commission is studying the guidelines to find out if they reduce differences in sentencing. The commission is also looking at the impact of the guidelines on court loads and plea bargaining, and hopes to report to the Legislature in early 1982.

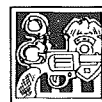
## Minnesota prisons house Wisconsin inmates

**The transfer of Wisconsin inmates to Minnesota prisons began Sept. 1, Commissioner of Corrections Jack Young told Criminal Justice Committee members.**

Minnesota's lack of funds, and Wisconsin's overcrowded prisons led the two states to work out an exchange agreement, Young said.

Wisconsin will temporarily transfer up to 300 prisoners to Minnesota prisons and pay Minnesota \$9.5 million. That income will help with operating costs for Minnesota's prison at Oak Park Heights, which Young said should be complete in December 1981, and operating in March 1982.

During the September mini-session, Young also reported to the Health, Welfare, Corrections Division of Appropriations. He called the arrangement with Wisconsin an "equitable solution."



by Bonnie Kollodge



## September — continued from p. 13

**Should people have the right to sue a religious cult for damages?** The House Judiciary Committee met Sept. 29 in Rochester to study the issue. A proposed bill, HF293 (Reding, Austin) would allow members of organizations which promise "religious or philosophical self-fulfillment," or their families, to sue for damages.

Former cult members, parents of former cultists, and people representing the Minnesota Church of Scientology offered pros and cons of the bill. While some talked about problems with cults, others said a person joins a cult as a matter of choice, and is responsible for his/her actions.

**Every 10 years, following the national census, state political boundaries change because of population shifts.** Legislators need to draw new district lines so that all legislative districts contain the same number of people. For the 1980s, each House district will have about 30,407 people, up from an average of 28,000 during the past decade.

The House Reapportionment and Elections Committee is reviewing redistricting plans. The House DFL plan comes from chairman, Rep. Paul McCarron, Spring Lake Park; the IR plan from Rep. Gerald Knickerbocker, Hopkins.

Both House plans create districts without incumbent representatives. The DFL proposal would create 12 open seats; the IR plan would create 10. Suburban areas would gain seats.

Under the DFL plan the number of Minneapolis districts would go from 16 to 14. The IR plan reduces the number to 12. St. Paul districts would go from 12 to 9 under the IR plan; to 11 under the DFL plan.

**"The lead time the Department of Transportation needs to plan for highway construction is six to eight years,"** Transportation Commissioner Richard Braun said at a September mini session meeting of the House Transportation Committee. "That's why we've done preliminary projections for the next three bienniums." Those projections show highways will be \$322 million under-funded by 1987.

Highway funding reductions have stopped all new construction. "Our priority is to to keep up our present highways," he said.

**Charges that the State Board of Investment (SBI) is getting a low rate of return on investments** prompted the board to hire a consulting firm to review the state's investment practices. On Sept. 16, the firm reported its findings to the Governmental Operations Committee.

The governor, attorney general, state auditor, state treasurer, and secretary of state make up the SBI, which is responsible for investing approximately \$5 billion in state assets from major retirement and pension funds, and other state funds.

Recommendations for changes in the SBI include creating a separate board to invest pension funds, with the current board investing other state funds; and expanding SBI use of outside investment management firms. The consulting firm also suggested rate of return objectives for the SBI.

**Increasing the interest rate on loans people take out against their life insurance policies** was on the agenda of the Financial Institutions and Insurance Committee Sept. 16. Current law requires insurance companies to lend money to policy holders at eight percent interest.

Dave Christianson, actuary from Lutheran Brotherhood, said people who borrow against their policies are using money at eight percent interest that the insurance company would otherwise invest for a higher rate of return.

Because lower investment income means larger premium rates, Christianson said, the few who take out loans are hurting the rest of the policy holders.

Rep. Paul McCarron, Spring Lake Park, argued that the bill would increase problems with people turning in their policies because they need the money. Companies would lose a selling point for whole-life insurance—the availability of low-interest loans, he said.

**The Uniform Consumer Credit Code (U3C) would bring simplicity and uniformity to consumer credit legislation,** Robert Johnson told the Financial Institutions and Insurance Committee on Sept. 17.

Johnson, director of Purdue University's Credit Research Center, said Minnesota Statutes set 25 different usury (loan interest) limits and a number of different consumer protection codes, depending on who makes a loan. Those laws protect certain segments of the lending industry from competition, and that's not good for the credit consumer. Johnson said the differing consumer protection clauses confuse borrowers and make it more difficult for them to get the best deal.

The U3C is a comprehensive consumer credit code that would remove limits on the size of loans; set higher usury limits; forbid restrictive licensing provisions; require a uniform consumer rights and remedies code; and remove restrictions on dual business and revolving credit powers.

**Tax increment financing is a tool local governments use to help finance redevelopment,** housing, and economic development projects in blighted areas.

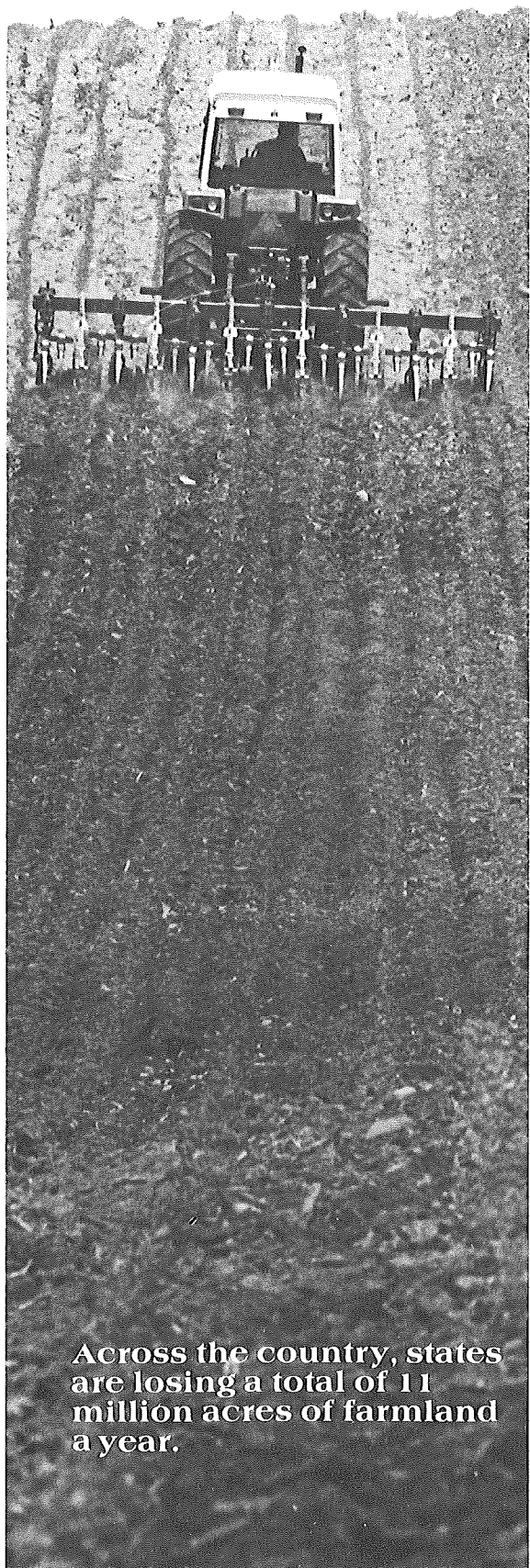
The Economic Development subcommittee of Local and Urban Affairs toured tax increment projects in St. Paul and Minneapolis on Sept. 8 and 9, and heard explanations from those cities on the uses and limitations of tax increment financing.

In tax increment financing, cities pay the public development costs by "capturing" the increased property taxes developers would pay because they increased the value of the property by developing it. Instead of putting those increased taxes into the general treasury, cities use them to pay back expenses, such as land acquisition, debt service on bonds for the project, and public services, e.g. sewer and water.

State and city regulations control use of tax increment financing, and legislators are looking into complaints that many projects can't get money because of eligibility standards and other regulations.

— continued on page 29

# RESOURCE MANA



Across the country, states are losing a total of 11 million acres of farmland a year.

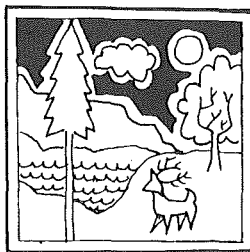


The iron mining industry will need about 30,000 acres by the end of the century.



In our state, we put our solid waste into sanitary landfills, that claims a lot of land.

# GEMENT



**In Minnesota, we have a lot of competition for our resources. Farmers, industry, government, sportsmen, and residential developers all want their share of land, water, and energy.**

Estimates are that, by the year 2000, we'll need 40,000 more acres for urban development and lakeshore land development. Power plants and transmission lines will use up nearly 1000 acres per year.

The iron mining industry will need about 30,000 acres by the end of the century, and the possible development of copper-nickel mining and smelting will take another 500 acres a year.

In our state, we put our solid waste into sanitary landfills, and that claims a lot of land. And we're going to need space for transportation for getting us and our commercial products where we want to go.

We're not alone in the problems of land needs for growing cities (urbanization), energy, mining, and waste disposal—the things that tend to eat up farm and forest lands.

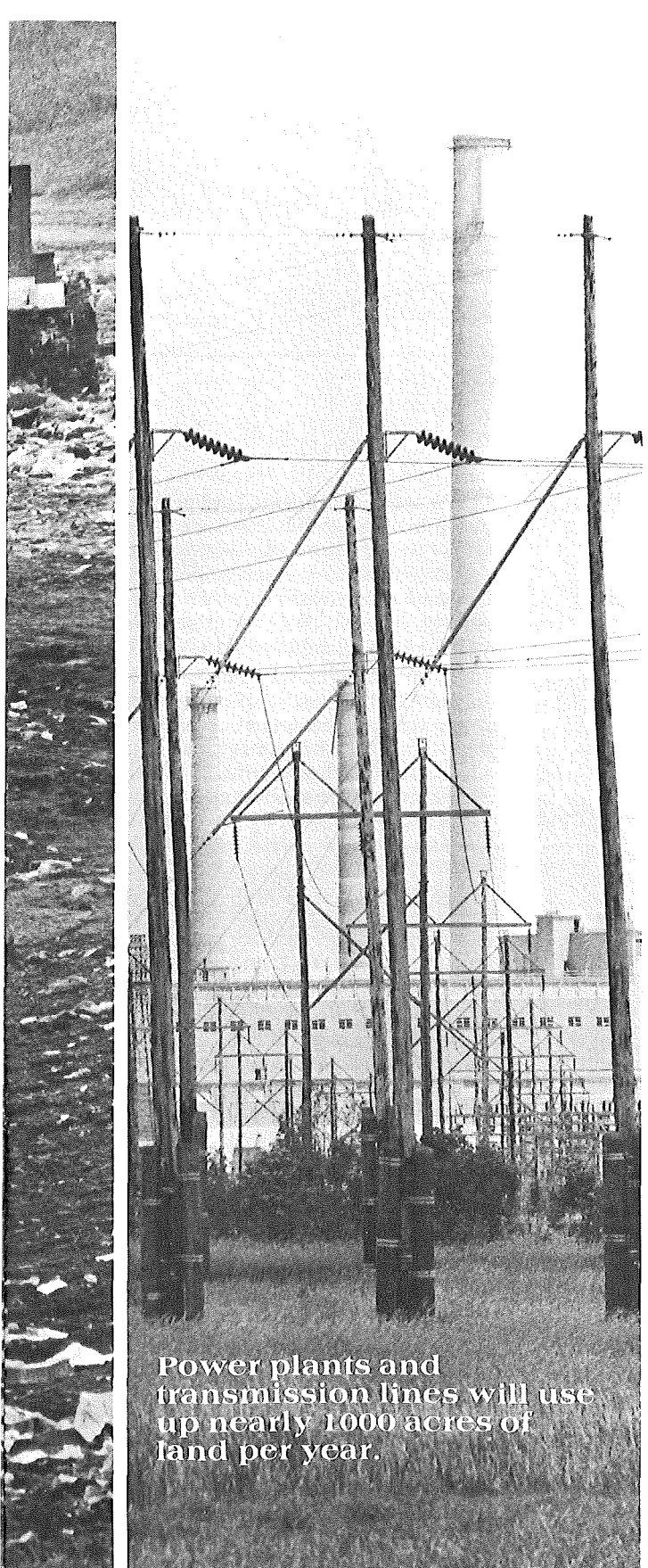
Across the country, states are losing a total of 11 million acres of farmland a year. In Minnesota, from 1962 to 1977, we lost about 11 percent of our forests.

Development isn't the only thing we have to consider. We try to save some land for parks and recreation, such as Voyageurs National Park and the Boundary Waters Canoe Area, which means we have less for commercial use. Also, reclaiming acres of farmland means we lose some forests to agriculture.

Peatlands could give us a possible new source of fuel as factories, forest, and mining operations demand more energy. But developing peat for energy use could mean less land for forests and farming.

Competition for, and the using up of, limited resources are on-going problems, and the Legislature has the job of trying to achieve some kind of balance between preserving our resources and promoting business and industrial opportunities in Minnesota.

This interim, several legislative committees looked at which resources need preservation, which need development, which group, or groups, should use these resources, what the state's role should be, and how local governments fit in. ◇



Power plants and transmission lines will use up nearly 1000 acres of land per year.



## forests

**"In 1830, forests were so large, no one thought we would ever run out. Forest products were Minnesota's major industry, but by 1920, we depleted the largest of Minnesota's forests."**

**— Jack Rajala**

Today's forest lands occupy about 13 million acres in Minnesota. Forestry is the state's third largest industry—a major contributor to our economy, said Jack Rajala from the Forest Industries Information Committee. According to Rajala, the forestry industry provides 50,000 jobs, with gross sales of \$1.5 billion nationwide. Rajala spoke at Aug. 6 and Sept. 15 meetings of the Select Legislative Committee on Forestry, which is studying forest management in Minnesota.

But family-type logging operations are having a hard time, said Russ Allen, Timber Producers Association, because of a poor economy, slow market, high costs of equipment and supplies, high interest rates, and high workers' compensation costs. "Even small operations require equipment investments of \$40,000 to \$50,000."

Nonindustrial forest land makes up about 41 percent of Minnesota's forests, Jerry Bach, Minnesota Forestry Association, said. "Private land ownership, will be the biggest challenge to the forest industry, making it difficult to develop management programs."



The Wood Fiber Council supports multiple use of public lands, to allow for forest management, development and improved employment, said Dennis Kmit. Speaking for the council, he said, "We're urging the state to adopt a forest practices policy on pesticides and herbicides."

As part of the forestry study, the select committee is reviewing a report from the George Banzhaf consulting firm. The report covers eight major forestry issues: timber production and land use; timber supply; future forest product demands; industries that affect forestry; nonindustrial, private forests and how public programs affect them; the role of the county in forest land management; the need for timber resource information; and coordination of programs that impact the timber resource system.

In September, John Velin, Administrative Assistant, Legislative Commission on Minnesota Resources, reviewed parts of the Banzhaf report for the committee. He said the report suggests that Minnesota can improve the state economy by expansion of the timber system through education, regulation, financial assistance, and production.

The main competition to timber land use is agriculture, but mineral development, energy, transportation, and preservation also compete with forestry. The report says that, with proper resource management, timber production can exist along with other, non-timber forest land use.





---

# farmland

---

**"Being the fourth largest state in total acres of prime farmland, and a leader in agricultural production, Minnesota has a serious problem with conversion of agricultural land to non-farm uses."**  
— Robert Gray

---

"The United States is losing three million acres of farmland each year, or twelve square miles per day. Over one million of that is lost to erosion, the rest goes to urbanization, highways, water resource projects, and mining," Robert Gray, who directed the National Agricultural Lands Study, reported to the Minnesota House Agriculture Committee in October.

"States have a key role in saving agricultural lands. They can stimulate local governments to adopt land preservation programs and encourage private owners to keep land in farm production," Gray said.

The national study summarizes agricultural land preservation programs and how they work. Gray said the study shows tax relief programs alone are not effective in slowing agricultural land conversion, but tax relief, along with tax credits, agricultural districting, and/or zoning works in some states.

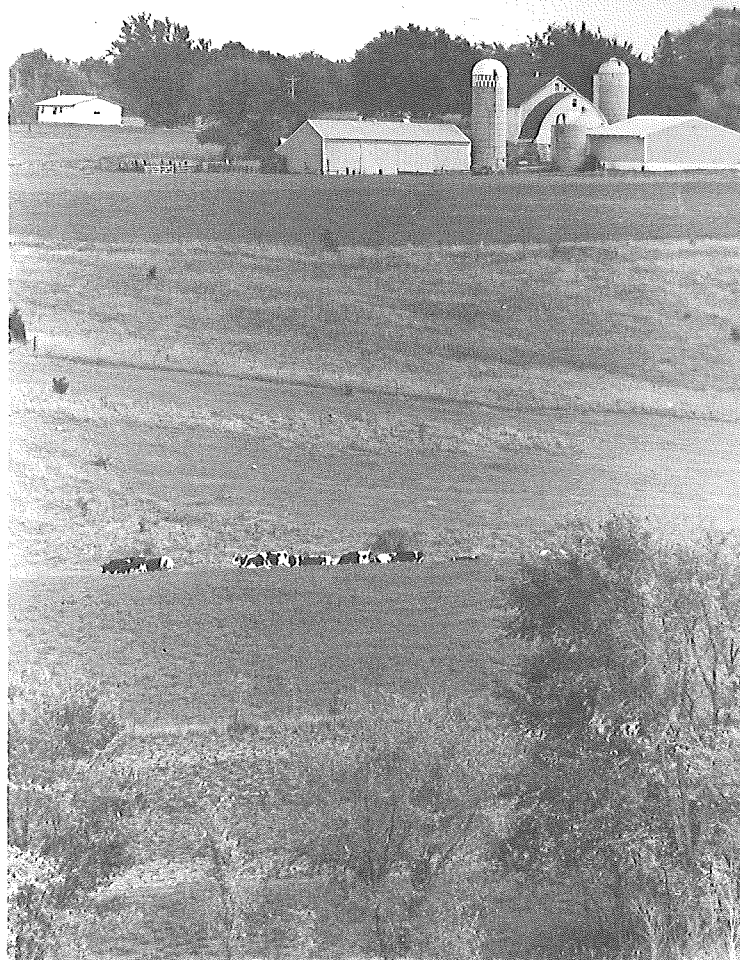
But some farm organization representatives said, unless farmers can earn a decent income from farming, sale of farmland to developers will continue.

## Conservation

Some 40,000 Minnesota farms have no soil conservation plans, Fred Pearson, a soil scientist with the Science and Technology Research Office told the Joint House/Senate Agricultural Land Preservation and Conservation Committee. That committee's looking at a statewide soil conservation program to take effect within the next few years.

Educating farmers about soil and water conservation would be an important part of the program, said Sen. Myrton Wegener, chairman of the joint committee.

Federal matching funds for soil and water conservation, and erosion protection will be available in 1983, according to Harry Major, state



conservationist for the U.S. Department of Agriculture. Major stressed the importance of states having programs ready to go. The federal government will give money to districts ready to use it.

Eleven states now have farmland preservation statutes. Minnesota's efforts toward this are underway in the joint committee. The first step is forming a policy, which will go to the House Agriculture Committee and the Senate Agriculture and Natural Resources Committee for discussion, said Wegener.

## Farmland preservation policy

On Oct. 22, the joint committee reviewed a draft of their policy statement, which states, "It is the policy of the state to preserve agricultural land and conserve its long-term use for the production of food and other agricultural products..."

To do this, the statement says Minnesota needs to:

- define which lands are well-suited to agricultural and forestry production.
- provide local governments with guidelines and incentives for preserving agricultural and open space land.
- provide tax relief in agricultural areas that are under development pressures.

- develop a state policy to increase soil and water conservation.
- assure that state agencies seek to preserve and conserve farmland.
- guide development and maintenance of transportation systems to preserve farmland.
- guide development of energy generation and transmission systems and promote alternative energy to meet energy needs, reduce energy costs, and minimize the use of agricultural land for energy facilities.
- minimize the use of agricultural land for waste management sites.

The committee's issues paper gives details on how to meet policy goals. At a Nov. 3 hearing, the joint committee discussed the policy statement again and accepted an amendment that said the state should encourage ownership and operation of Minnesota's agricultural land by *resident* farmers.

Robert Dunn, chairman of the Waste Management Board, asked the committee to amend the issues paper to eliminate the wording prohibiting the use of farmland for solid and hazardous waste sites. The committee had a long discussion on Dunn's suggestion, but tabled the issue until another meeting. ♪



## waste

**"Ultimately, industry will pass their waste disposal costs onto consumers, but those costs will be less than the cost of improper hazardous waste disposal."**

— Bob Dunn, Waste Management Board

Although the hazardous waste issue makes the headlines, a large portion of the 1980 Waste Management Act zeros in on the solid waste problem. The act established the nine-member Waste Management Board to select at least one hazardous waste disposal site, develop a statewide waste management plan, and promote processing facilities and alternatives to land waste disposal.

In September, the board proposed 18 areas for waste transfer and storage, chemical waste processing facilities, or hazardous waste incinerators. In October, the board announced the selection of 20 proposed areas for hazardous waste disposal, out of the 55 they looked at earlier. The 20 areas cover 57 square miles in 12 Minnesota counties.

### Criteria for siting

The board began its work in December of 1980, getting public testimony, and technical and geographical data to help narrow siting options.

The board's report on public testimony shows that people in Minnesota feel public health and safety and groundwater protection are the most important considerations for choosing

a hazardous waste disposal site. Other things they want are safe transportation routes for hazardous waste, compensation to the locality the board selects, and protection of highly productive agricultural land.

The hearing process helped the board to decide on four criteria for hazardous waste disposal site selection.

They are areas with good groundwater protection that:

- are not prime agricultural lands;
- are on public lands;
- are in or close to the metropolitan area, the source of most of the state's hazardous waste.

To promote hazardous waste processing, recycling, and source reduction among cities, counties, and waste management districts, the board will choose hazardous waste processing areas by: geographic distribution; amount of hazardous waste various regions of the state produce; transportation access; natural conditions; and existing land uses.

For chemical processing and incineration sites, the board is looking at: transportation access; soil and groundwater quality; availability of wastewater treatment facilities; amount of available, compatible industrial land; fire insurance ratings of communities; 'natural heritage' including plant and animal life; and air quality.

### Who pays?

The 1980 Legislature authorized the sale of \$6.2 million in bonds for acquisition of a site for hazardous waste disposal, and \$8.8 million for the loan and grant program. The state will recover money through leases to firms that run the disposal facilities, and through user fees to companies generating and disposing wastes.

"Ultimately, industry will pass their costs onto consumers," says chairman of the board Bob Dunn. "But those costs will be less than the cost of improper waste disposal."

### Upcoming deadlines

The Waste Management board will tour the state again before making final siting decisions. According to Minnesota law the board must meet these deadlines and disband by 1987;

**Hazardous waste disposal facility:**

- Dec. 15, 1981: board must propose at least six locations as candidate sites for a hazardous waste disposal.
- Mar. 15, 1982: board must select six locations, no more than one per county, as candidate sites for commercial disposal facilities for hazardous waste.
- Aug. 15, 1982: board must select design and operating specifications for a variety of hazardous waste facilities for further study.
- Early 1984: final site selection.

**Hazardous waste processing facilities:**

- Jan. 1, 1982: board must propose areas for commercial hazardous waste processing facilities. The areas may be up to 10 square miles in size.

**Waste management plan:**

- Dec. 15, 1982: board must adopt a hazardous waste management plan, and issue certificate(s) of need for disposal facilities.

**Solid waste disposal:**

- The Metropolitan Council has identified areas for sewage sludge disposal; the Pollution Control Agency may review these later this year. The council and the PCA are reviewing the five sites each metro county had to submit as solid waste disposal areas. By Jan. 1, 1983, the Metropolitan Council must say how many sites the counties will have for solid waste disposal, and must adopt a schedule, through the year 2000, for disposal development in each such county.

# tourism

**"Tourism is a big industry in Minnesota. In 1980, which wasn't a particularly good year for tourism, the industry brought in over \$2 billion to Minnesota's economy."**

**— Hank Todd**

Tourism is changing. Increases in gasoline prices have changed people's vacation habits, and many states are doing more to attract tourists.

How Minnesota competes with other states for tourists is very important, Hank Todd, Tourism Division, Department of Economic Development, told the Consumer Affairs and Tourism subcommittee of Commerce and Economic Development. The committee met Sept. 10 and 11, in Aitkin, Minnesota.

In 1980-81, the average state budget for tourism promotion was \$2 million. With the new merger of departments, Todd said Minnesota's tourism budget will be \$1.4 million.

"This shows that we're not keeping up," Todd said. "So tourists are going to other states. With 45 percent of the people vacationing in Minnesota coming from other states, we stand to lose business," he said.

## Resorts

Minnesota's fish and wildlife resources, and local shoreland development are important to tourism. Depletion of those resources and the change in people's vacation habits mean trouble for resorts.

According to Todd, 10 years ago, Minnesota had 3200 resorts. That number has dropped to 1900.

"The resort industry is similar to the farm industry. Most Minnesota resorts are small, family-owned and operated like family farms," said Bob Gram, Longville Lake Resort Association. "And, like family farms, small family resorts are going out of business."

Gram suggested the state provide programs for small family resorts similar to family farm preservation programs, such as low interest loans for upgrading the resorts.

A representative from the Heartland Regional Tourist Office said the resort industry is losing business because people want more luxuries such as ultra modern cabins with television, carpeting, and hot water. Those luxuries are expensive to install, so many resort owners have made a profit

by selling resort cabins as condominiums. The more rustic tourists bring their own shelter when vacationing, and campgrounds are doing well.

Others said the resorts are underpriced, but increasing rent doesn't go over well with the tourist unless the resort has more to offer.

Minnesota loses money when resorts go out of business, another resort owner said. A small resort turns over \$75 in taxes per front foot (lakeshore) to the community. If they divide the resort and sell to private owners, the return to the community is about \$15 per front foot.

## Fishing

Tourism depends on recreational fishing. Some people who testified said it's harder to find fish in Minnesota's lakes, others said fish are smaller, and still others said that the DNR should stock lakes with fish, especially in tourist areas.

"Commercial fishing is a problem, too," said a person from the Heartland regional office. "Tourists get discouraged when they catch only a few fish and later see the commercial fisherman is taking hundreds in nets."

## Roads

The condition of some highways is bad for business, resort owners said.

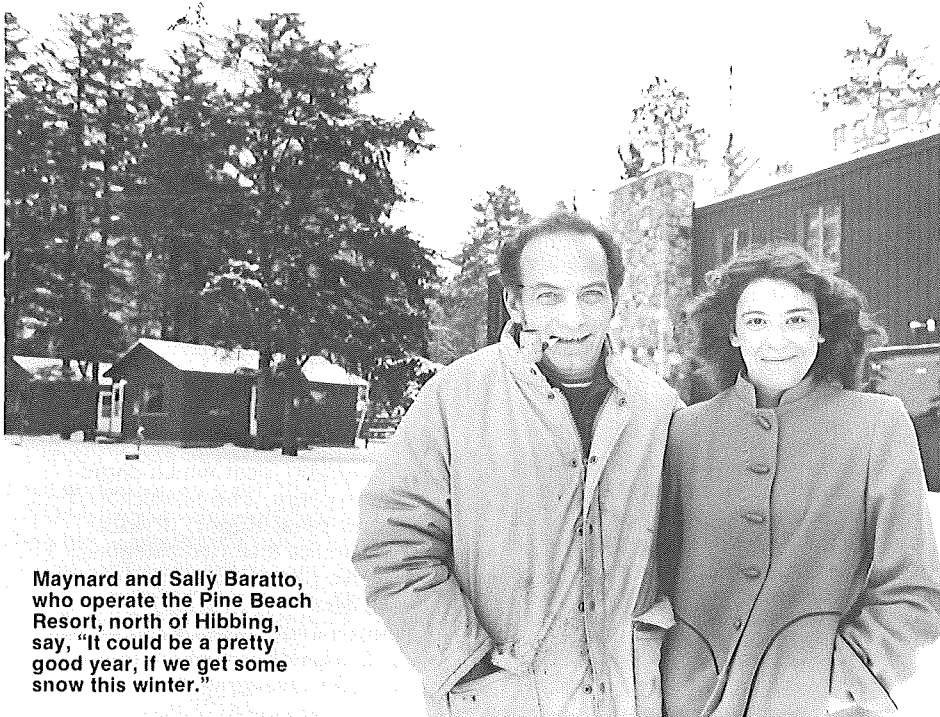
"Tourists don't want to travel on poor roads." A MnDOT representative agreed that highways need improvement, but, "the money isn't there, and won't be until at least 1983."

## A new concept—time sharing

Time sharing is a new concept, which a person from Breezy Point International said has increased the tourism in the area.

Under time sharing, a resort owner divides the resort into condominiums, the condominium into 52 units (weeks), and sells the units of time. The buyer has the right to use that unit during a certain period of time, or buyers can exchange their time for another week in another resort, because the resort is a member of an international resort association.

"We think the concept is good. It keeps the resort full and provides year-round employment to waitresses and other employees, but it wouldn't work for everyone. Resorts which convert to these condominiums, are usually large, modern resorts," said the Breezy Point representative. ◇



**Maynard and Sally Baratto, who operate the Pine Beach Resort, north of Hibbing, say, "It could be a pretty good year, if we get some snow this winter."**

## copper-nickel & peat

Development of two Minnesota resources could bring industry and economic growth into the northern parts of the state. One company is studying the possibility of copper-nickel mining, and several interests are looking at development options for Minnesota's peatlands.

### COPPER-NICKEL MINING

#### An environmental issue

Copper-nickel mining will be one of the biggest environmental issues during the 1982 session, Rep. Willard Munger, Duluth, chairman of the House Environment and Natural Resources Committee, said at a Sept. 15 hearing.

Project director of AMAX copper-nickel mining company, Jack Malcolm, spoke at that hearing. He said AMAX is cutting back operations on testing for copper and nickel deposits in Northern Minnesota.

"We had a crew of 25 to 50 contractors in the mid-1970s working near Babbitt in Northern Minnesota," Malcolm said, "but by the end of the year, AMAX will have only two people at the site."

AMAX is now doing environmental studies on the effects of water seepage through rock piles and mill tailings, and on re-vegetation techniques. The 1700-foot shaft the company built for sampling ore is filling up with water. "We're monitoring seepage," he said.

AMAX technicians in Denver are studying the possibility of a 500 ton per day operation on the Northern Minnesota site.

"We'll make a decision by mid-1982, because our lease agreement with Bear Creek Mining Company runs out in October," Malcolm said. "We have the option to renegotiate that agreement."

"If we were to begin a mining operation in Minnesota, the company would ship the ore to a plant in New Jersey," Malcolm said.

#### Mining possibilities

What are chances for a mining operation?

According to Malcolm, "The market isn't good right now. We're cutting back on exploration because the price

of copper is down. If metal prices go up there's a possibility the project could get started."

He said the mining operation wouldn't begin until 1984 because of the need for further environmental studies and company building time.

Committee members asked if the project could, or would, expand to the point where the company would need a smelter in the state. Rep. David Battaglia, Two Harbors, said copper-nickel mining and a smelting operation would be beneficial to economically depressed areas in Northeastern Minnesota.

Malcolm said there is a possibility the company would need a smelter in Minnesota, if prices go up and AMAX starts large scale mining.

### MINNESOTA'S PEAT RESOURCE

Minnesota has the highest quality and largest peat resource in the country, Dennis Asmussen, DNR, peat program manager, said at the House Environment and Natural Resources Committee meeting on Sept. 15.

The state uses that peat on a small scale to produce garden fertilizers, but according to some sources, peat could provide a large, less expensive source of energy.

#### Development options

About 85 percent of Minnesota's peat is high quality peat which could provide energy. The Minnesota Peat Program Final Report divides peatland uses into two categories, (1) extractive uses which include direct combustion, gasification, industrial chemicals and horticultural products; and, (2) nonextractive uses including agriculture, energy crops, and sewage treatment.







Minnesota peatlands could produce large quantities of biomass — cattails, reeds, and certain types of trees, without using valuable farmlands.

### **Direct combustion**

Burning peat produces energy to provide domestic fuel, or fuel for steam boilers that generate electricity.

The DNR, Minnesota Energy Agency (MEA), and the city of Virginia, Minnesota sponsor a pilot project in energy peat development. Virginia's municipal heating system burns peat and coal. Private contractors mine the peat from a 650-acre bog about 20 miles west of the city.

An environmental impact statement showed there would be no adverse effects downstream from mining that particular bog.

### **Gasification**

Through conversion (gasification) peat can produce synthetic fuels such as an alternative to natural gas. In 1975, Minnegasco requested a lease for 200,000 acres of state-owned peat lands to set up a demonstration plant.

The project would use approximately 18,000 tons of peat a day. Over a 20-year period, Asmussen said the project would use most of the peat in Koochiching County, Minnesota's richest county in peat deposits.

In a *Minneapolis Tribune* article, on Oct. 5, Minnegasco engineer, John Somrock, said the company is wondering whether federal funds will come through to continue the project on peat gasification. He also expressed concern over DNR's "cautious development policy" which wouldn't allow a project of the size Minnegasco proposes. Before Minnegasco can begin a large gasification operation, Somrock said the company needs further tests to see if the project would be economical.

### **Industrial chemicals**

Low temperature processing of peat produces chemicals such as bitumens, carbohydrates, and humic acids.

Bitumen chemicals go into mold release agents, industrial lubricants, shoe polish, furniture polish, candles, and electrical insulation materials. The only country commercially producing bitumens is the Soviet Union.

Peat carbohydrates can produce a sugar culture medium useful in growing yeasts which can then produce alcohol or single-cell protein. The Soviet Union uses single-cell protein as a feed supplement for livestock.

Humic acids go into fertilizers, sizing for paper, tanning agents, and could produce synthetic fibers, and plastics.

Peat coke and peat tar come from high temperature processing. Germany and Finland use these to make silicon, special alloys, pesticides, and certain wood preservatives.

### **Horticulture**

Homeowners, nurseries, greenhouses, and landscape gardeners use peat in potting soils, growing mixes, and as fertilizer. Minnesota produces between one and three percent of the horticultural peat the U.S. uses. The demand for this peat is increasing slowly, and other states are running out of the resource, Asmussen said.

### **Agriculture**

About 10 percent of the peatland in Minnesota is in agricultural use for growing pasture and forage crops, corn, soybeans, wild rice, turf grasses, grains, and vegetables.

Most agricultural peatlands are in the southern part of the state. Some Northern Minnesota peatlands are not suitable for agriculture because of the high acidity of the soil.

During the 1981 session the Legislature passed a bill that extends agricultural leases of state peatlands from 10 to 25 years. Asmussen said this gives people time to put in costly draining or flooding operations, which don't pay back during a 10-year lease.

### **Energy crops**

Plant and forest crops and residues make up biomass which could be a viable renewable source of energy through direct burning, or through conversion to gas or liquid fuels. The peat report says Minnesota peatlands could produce large quantities of biomass — cattails, reeds, and certain types of trees, without using valuable farmlands.

Right now biomass would be more expensive than traditional sources of energy, but according to MEA, if energy prices go up as expected, biomass will be an economical energy source soon.

### **Sewage treatment**

European countries have used peat in the treatment of waste water to reduce phosphorus and nitrogen contents by letting the water disperse naturally through peatlands.

This process might be useful to smaller municipalities where water treatment costs are high. ▽

## Environmental impacts

Environmental impacts depend on the type and size of development projects. Clearing peatlands may eliminate forest resources, plant species, and plant communities. A change in vegetation would affect wildlife, according to Asmussen.

Hydrology can change with development. Draining and clearing increase the water runoff, and because some bog waters are very acidic, bog runoff could be harmful to certain fish and reptiles.

Interrupting the natural flow of water is a concern, because development could change water flow in a large part of Minnesota. A U.S. Geological Survey study suggests that raised peat bogs in the Red Lake area actually drive water circulation in the system.

Because peatlands are normally very wet, draining and construction of roads and processing facilities could create large amounts of dust.

For mining development, Asmussen said DNR recommends peat be a minimum of five feet deep, allowing for removal of two feet of peat, and leaving three feet—the minimum necessary to reclaim the area.

## Socioeconomic impacts

"In less populated areas of the state, peat development, especially for energy production, could create boom-town effects," the report said. Some people feel this would be beneficial, bringing jobs and money into the area. The problems could include increased local taxes, increased traffic, and need for more local services.

## Peat report recommendations

Asmussen said DNR encourages horticultural, small-scale energy mining, and biomass cultivation as preferred uses of peatland. DNR doesn't encourage large-scale mining.

The report recommends protection of peatlands most suitable for forest production; protection of peatlands with wildlife value; protection of lands with aesthetic, scientific, and educational value; and protection of endangered or rare peatland plant life.

Leasing recommendations are: DNR should award leases to a variety of development options; lease royalties should be price-indexed to allow for inflation; DNR should require competitive bids for leases greater than 160 acres; the state should require a

certain amount of development on leased areas to discourage speculation; DNR should give preference to development of already disturbed peatlands; leases should not exceed approximately 3,000 acres (five square miles) of peatland.

In the report, DNR suggests that EQR require an Environmental Assessment Worksheet for medium-scale peatland developments, an Environmental Impact Statement for large-scale developments, and asks the Legislature to include peat in the mineland reclamation act.

Local units of government should consider peatland development in their planning and zoning activities, according to report recommendations.

## land use planning

The State Planning Agency's (SPA) Growth Management Study says Minnesota counties, cities and townships need more direction and training to effectively use land use planning powers. A joint legislative subcommittee of the Local and Urban Affairs committee reviewed the study this interim, with possible legislation in mind.

Steve Reckers, Physical Planning Division, SPA, said the study asked different levels of government about land use planning problems. Counties listed concerns over loss of agricultural land, scattered residential and commercial development, and shoreland development. Cities listed attracting additional development, orderly extension of urban services, orderly annexation, and strip commercial development.

The study also looked at how well land use planning tools work. These tools include zoning ordinances, subdivision regulations, and other official controls.

According to Reckers, the study showed that planning varied widely from one city to another and between counties. Only 75 percent of the surveyed counties had put a development plan into action. Survey participants said part of the problem is conflicting planning between townships, cities, and counties.

The study calls for increased state guidelines for protection of resource lands, and planning help for local units of government.

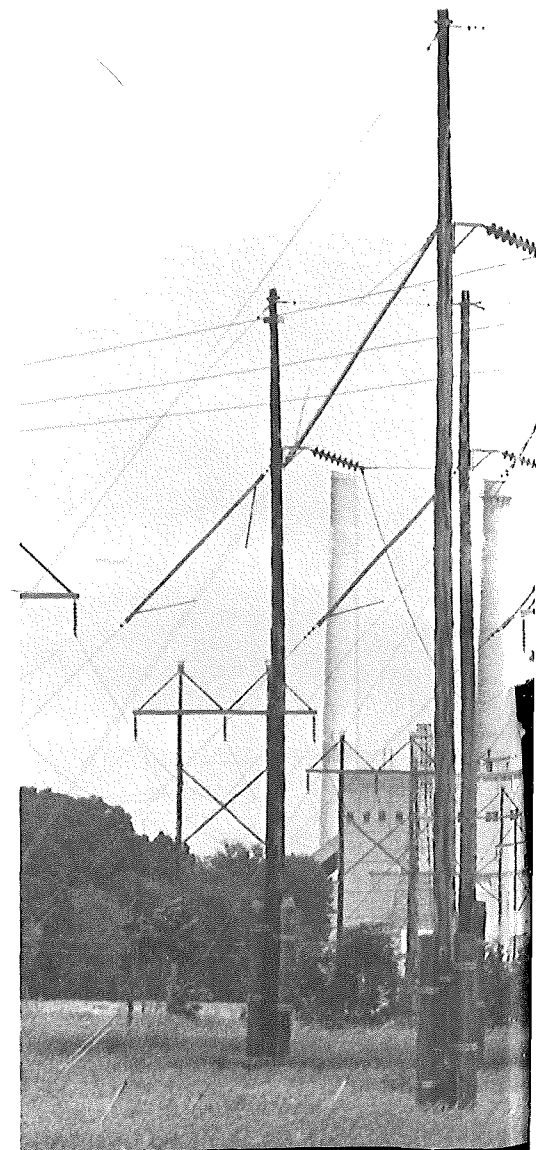
## energy

"Developing further conservation and alternative energy resources of our own, such as solar, wind, and biomass, can correct part of the problem we have with money leaving the state in the form of energy payments."

— Mark Mason

## Effects of rising energy costs

Mark Mason, Minnesota Energy Agency (MEA), debated the effects of rising energy costs on Minnesota's economy at a meeting of the House Energy Committee. Mason said the agency's 1980 report, shows that Minnesota's economy will tend to lose because we are an energy-consuming state.



Mike Stutzer, reviewed the position of the Federal Reserve Bank's study on the regional impact of rising energy prices. That study shows that Minnesota won't be at a competitive disadvantage with other states because of rising energy prices.

Mason agreed that a certain portion of energy payments come back to Minnesota through dividends to stockholders, federal tax benefits, or payments to Minnesota industries that input into energy production in other states. But, Mason said, the Federal Reserve estimates a larger return than the MEA does.

"When energy payments increase faster than personal income, two problems arise," Mason said. "First, there is less money to buy goods and services, lowering the demand for local products. Second, fewer funds go into Minnesota investments."

#### **Investment — oil or conservation?**

Conservation is better than investments in oil or gas, according to Mason, because the dollars stay in the local economy. Resource development brings jobs and renewed economic activity, and so will development of Minnesota's renewable energy sources.

In contrast, the Federal Reserve study says that the rising cost of energy usually means a redistribution of income. But only a small portion of that goes from energy-consuming states to energy-producing states. "The bulk of the real income transfer occurs along lines of class or wealth holdings," the study says.

Further, the study shows that, although business production decisions do change because of rising energy

prices, the disadvantage to Minnesota, because of climate is small. If energy prices increased 50 percent, Minnesota's disadvantage would be less than 0.1 percentage point.

The disadvantage, because Minnesota is at the end of energy pipelines, wouldn't be very large. In fact, the proportionate rise in costs would be greater in states closer to the distribution point, because transportation costs would rise less than energy costs.

The study doesn't support the forecasts that tax burdens will ease in energy-producing states and rise in energy deficit states. Changes in taxes would be minimal according to Stutzer.

Mason said MEA is predicting a greater increase in energy costs than the Federal Reserve which accounts for some of the differences in economic predictions.



by Jean Mehle

#### **Energy—a federal update**

There's a change in attitude toward government involvement in energy policy, Elgie Holstein told the House Energy Committee on Sept. 15. Holstein is the staff director of the Energy Committee of the National Conference of State Legislatures. He spoke with Minnesota legislators about the status of federal energy legislation.

**Clean Air Act.** The act is up for reauthorization this year. Congress is waiting for direction from the president, Holstein said, but may go ahead on its own, with a possible final proposal out by February 1982. Holstein said the states need more flexibility in implementing the act.

**Energy shortages.** Minnesota could have problems in times of shortage because major oil distributors would supply their own distributors first; independents only if supplies hold out, Holstein said. Minnesota areas depend on independent oil suppliers. State governments could take steps during emergencies, and the Reagan energy policy includes petroleum reserves for emergency situations.

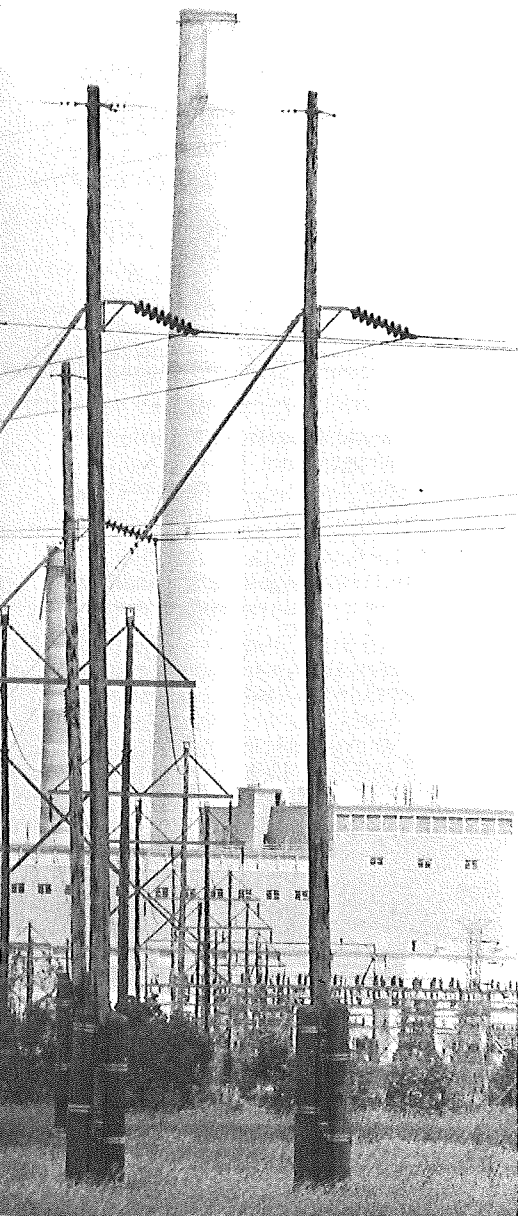
**Nuclear waste.** States must form interstate regional compacts to deal with low-level radioactive waste, or the federal government will step in, Holstein said, but the bigger question is high-level waste, and the process for deciding who will get a waste facility. Holstein said it's unlikely that states would get veto power over a federal decision to site a facility, but he thinks the federal government will involve states in the planning process.

**Emergency planning.** Presidential power to control oil prices and distributions will expire soon, unless Congress acts to continue that power. Holstein says President Reagan wants no federal involvement in such situations, allowing the pricing mechanism to solve emergency situations.

**Natural gas.** Congress has spent two years writing a natural gas policy act, with two dozen pricing levels. Speeding up the decontrol of natural gas prices is a possibility, said Holstein, but Congress would have to weigh the effects of faster decontrol and resulting rising gas prices.

**Other programs.** The committee also discussed differences in finances between energy producing states, like Montana, and energy consuming states, like Minnesota, and programs for renewable energy resources. Holstein said Congress cut funds for solar energy research by 67 percent, but resisted efforts to cut all funds.

Federal fuel assistance and weatherization funds for Minnesota aren't definite right now, said Holstein, but amounts should be close to what the state expects to get. □



## New agency

**The 1981 Legislature ordered the consolidation of the Minnesota Energy Agency, the State Planning Agency, the Department of Economic Development, and the Crime Control Planning Board to form a new agency—The Department of Energy, Planning and Development.**

### Reorganization draft

The first draft of plans for organization of the Department of Energy, Planning and Development (DEPD) came before the Environment and Natural Resources Committee on Oct. 13. Commissioner of the DEP, Kent Eklund, explained his views on reorganization of the department's energy regulation functions. Eklund said he expects changes following legislative debate and action.

He listed several goals the agency hopes to meet, which include: increased energy policy coordination; increased public acceptance of energy decisions; increased cooperation between state and local governments; reduction of time and duplication of effort; separation of judicial and advocacy roles; increased alternative energy and conservation programs; and cost-effective accomplishment of goals.

Energy coordination proposals include having the DEP develop and coordinate energy policy, with other agencies planning and doing the actual work.

### Certificates of need

According to Eklund, the Public Utilities Commission (PUC) should issue certificates of need, dividing judicial and advocacy

functions between agencies. The state should combine need and siting hearings, with the Environmental Quality Board (EQB) making final siting decisions. EQB should be independent of the DEP and rate-making authority should stay in the PUC, Eklund said.

Eklund also reviewed these recommendations at an Oct. 20 meeting of the Legislative Reorganization task force. He said the proposal to combine need and siting would assure consistency, save money and time, and assure public involvement in facility planning from the beginning of the certificate of need process.

The need certification process is the only tool the state has for forcing public policy on private enterprise, Jim Miller, Minnesota Public Interest Research Group (MPIRG) attorney said. He expressed concern with the Eklund proposal, saying that energy policy should come from an organization that has a major commitment to making that policy. Energy policy is not one of the major priorities of the PUC, Miller said.

All matters dealing with rates should go to the PUC, Toby Lopakko, AFL-CIO spokesperson said, because it's a central, identifiable body where groups can intervene and make contacts concerning rates.

### Facility planning

In September, at a Legislative Reorganization Task Force meeting, legislators heard a review of past energy facility planning systems in Minnesota from a House researcher. He said, in the early 1970s, the state had plans for many new electrical power plants, but the rising cost of fuels and increased conservation efforts forced cancellation or delay of many of those plans.

Also, traditional power producers no longer have a monopoly on electric energy. Energy management technologies and small power producers offer competition, which means the state should take a new look at utility regulation. Competition in the marketplace may replace the need for regulation.

### Utilities gave their views at a Sept. 23 task force meeting:

#### Cooperative Power Association:

The facility licensing process is too broad in scope ... discussions of general policy issues complicate the facility licensing ... the state should have a master plan for certificate-of-need decisions ... utilities should have more control over siting and routing decisions ... a public service commissioner should sit on the EQB (Environmental Quality Board) to give the consumer view.

#### United Power Association:

The power plant siting process is too expensive, too lengthy, and lacking in direction ... the state shouldn't determine the type of generating facility ... if the state wants to encourage use of alternative technologies, the state should provide economic incentives.

The state might need an energy policy for facility decisions, because the hearing process does not allow for equal consideration of legal and technical arguments and non-technical arguments. Numerous hearings make it difficult for public participation and close off many options at each step of the process.

According to the researcher, a new process should allow for coordinated energy planning and decision-making; consider environmental and long-term economic effects of energy decisions; separate the state's advocacy and judicial duties; allow for flexibility in choosing options; and encourage investment in conservation and other types of energy that economically benefit the state.

#### Minnesota Municipal Utilities Association:

The state shouldn't give energy need, siting, and rate-making powers to a single agency, and should leave environmental impact statement preparation with the Pollution Control Agency.

#### Minnesota Rural Electric Association:

The rate-setting process would be shorter if the PUC would standardize the information it uses to make decisions ... a shorter rate-setting process would eliminate the need for rates-under-bond.

#### Northern States Power:

Government should review, not initiate utility energy supply plans ... hearing decisions should be final ... the state needs greater cooperation in energy planning with other states. □

### Agencies that make energy decisions include:

- Minnesota Energy Agency (MEA, to be part of the Department of Energy, Planning, and Development (DEPD) in March, 1982)—decides whether utilities need new energy facilities;
- Public Utilities Commission

### (PUC)—decides electricity and natural gas rates;

- Environmental Quality Board (EQB)—sites power plants and facilities;
- Pollution Control Agency (PCA)—prepares environmental impact statements;
- Department of Natural Resources—issues permits.



# October

**The Child Abuse Reporting Act was the topic of Social Services subcommittee meetings** in September and October. The subcommittee reviewed HA37 (Hokanson, Richfield) which calls for a study of the act. The law requires certain people to report child abuse and neglect to county offices.

Rep. Shirley Hokanson, sponsor of the House Advisory, said amendments have altered the act, so that some people question its effectiveness. A study of these changes would help ensure that the law still does what the Legislature intended, said Hokanson.

**All states but one provide some form of aid to local governments**, a House researcher told a special subcommittee on Local Government Aids.

The purpose of local government aid is to use larger sources of revenue (income tax) to fund services local governments usually provide; keep property tax levels down; allow local governments with differing financial conditions to provide equal services; and compensate local governments for tax-exempt property.

Minnesota gives its local governments the fourth highest level of aid in the U.S. One of the aids is a type of general revenue-sharing that local governments get on the basis of an aids formula.

The federal government, and many states, base revenue-sharing formulas on factors such as past spending practices, taxing capacity, tax base and local effort, population, income levels, and special spending needs.

Minnesota's aid formula relies mainly on historic spending levels. The subcommittee will look at the formula, how well it works, and whether it needs revision.

**A proposal to change the way property taxes apply to land housing developers buy** for large-scale development was under consideration in the Tax Laws Division of Taxes, Oct. 13.

Under current law developers have three years to build once they ask the city to plat undeveloped land and provide roads and sewer service to the area. After three years, the city taxes land as developed property, whether or not the developer has finished the project.

Rep. Gary Laidig, Stillwater, author of HF638, said some developers buy large plots of land, but only plat as much as they can develop in three years. The city extends services to the platted area, and must wait until the developer plats the rest of the land, a piece at a time, before going back to build roads and sewers. That costs more than extending services to all land at the same time, Laidig said.

HF638 would give developers 10 years to finish projects, and would encourage them to plat all the land they intend to develop at one time, Laidig said.

**Child abuse, aid to local governments, tax laws, taxes on oil companies, grain inspector layoffs, a Citizens' League report on medical care, and changes in the Civil Commitment Act were on October mini-session agendas.**

**Minnesota could collect more taxes from major oil companies** who sell products in the state by changing the way those companies report income, said Rep. Walter Hanson, St. Paul. On Oct. 14, the Mineral Taxes subcommittee heard from people in favor of SF376, a bill which would make that change.

Now, multinational corporations pay taxes on a small proportion of their total sales, depending on the ratio of Minnesota sales to total sales, Hanson said.

The state can compute taxable income for those corporations in two ways. Supporters of SF376 say that under the current method—averaging—oil companies pay less than their fair share. SF376 would require major oil companies to use the other method—the sales weighted formula—to determine state taxes.

A representative from Standard Oil said the company would reconsider staying in Minnesota if this tax change led to lower profits. Other opponents said the bill applies to only half the oil companies, giving an unfair advantage to certain companies.

The House subcommittee took no action on this bill, which the Senate passed in 1981.

**The permanent layoff of 160 state grain inspectors** in Minnesota provoked discussion in the House Agriculture Committee and the State Departments Division of Appropriations this fall.

The layoffs were a result of a slump in grain business, fee increases of 35 percent, and the Federal Grain Inspection Service becoming self-sufficient, said John Baumgartner, assistant commissioner of agriculture.

When state employees went on strike last summer, the industry did its own grain inspections. After the strike, the industry no longer requested state inspection services, Baumgartner said.

Increased costs may have led to the layoff of the grain inspectors. According to Pete Stallcop, Northwest Terminal Warehouse, costs of industry inspections are about half the cost of state inspections.

But, Lowell Hunt, Western Grainman's Association representative, and a grain elevator operator, said the cost of private grain sampling may go up in the future, even though it is less than the state cost now. □

## October

**"The biggest growth industry in Minnesota since 1960 is government,"** Rep. Bill Peterson, Bloomington, told the General Legislation subcommittee Oct. 14. "While personal income has grown 200 percent in that time, government spending has grown 300 percent."

The committee heard testimony on Peterson's bill to tie the level of state spending increases to the increase in Minnesota personal income.

Mark Anderson, Minnesota Association of Commerce and Industry (MACI) lobbyist, said the proposal is an alternative to more drastic tax revolts such as California's proposition 13.

Opponents said the bill puts unnecessary and unwise restrictions on legislative action.

**The Citizen's League recommended an incentive program to help control the cost of medical care,** in a report to the Health and Welfare Committee Oct. 13.

League recommendations include encouraging employers to offer a choice of health plans and more extensive health insurance benefits. The report said pre-paid medical plans are more cost effective, so tax incentives could encourage employers to provide these plans.

Congressional changes to alter the tax-free status of health benefits employers offer to encourage a choice between added salary or added health benefits, is another recommendation.

Other suggestions are to encourage new facilities that would give consumers a choice of care, and provide co-payment provisions to get consumers to pay more attention to the cost of care they choose. Patients choosing health care with a higher-than-normal cost should pay a higher-than-average co-payment, according to the report.

**Civil commitment was up for discussion at a Departmental Affairs subcommittee on Oct. 28.** Individuals from the Supreme Court, county attorneys, and health and welfare advocates discussed the changes HF1499 would make in the Civil Commitment Act.

The changes would incorporate Minnesota Supreme Court rules on the rights of committed persons and persons undergoing commitment proceedings, and add a step—pre-petition screening—to the process, said bill author Rep. John Clawson, Center City.

Supreme Court Justice Rosalie Wahl said the changes are necessary because county authority in civil commitments means that a mentally ill person's treatment depends on where s/he becomes mentally ill.

## November

**"Workers are becoming the canaries in today's industry,"** Frank Lee told a Minnesota House Labor subcommittee at a Nov. 18 hearing. The committee is studying a bill to give employees the right to refuse to work with toxic substances.

Lee, who directed Occupational Safety and Health Training at the University of Minnesota, said that in the early 1900s miners would take a canary into the shafts with them. When the canary died, workers knew the air was bad, and they left.

"Now, with industries using up to 3000 new chemicals a year, nearly 100,000 workers die from exposure to toxic materials on the job. Many industries don't know what's in the chemicals, and other industries refuse to give employees information on the chemicals they use at work," said Lee.

Rep. Karen Clark, Mpls, author of the bill, said workers should be able to find out what's in the substances they use. "If an employee knows the effects of a chemical s/he can take precautions."

**Does income from all of a railroad's resources belong to the rail operations?** A new Railroad subcommittee of Transportation met for the first time in November to hear testimony on HA34 (Pogemiller, Mpls) which calls for a study on the effects of railroad holding companies, such as the one Burlington Northern Railroad created last spring.

Union representatives say that, because much of BN's land was a grant from the federal government in 1830, the money the company earns from its timber, coal, and oil resources belongs to the railroad division. The money should subsidize unprofitable branch lines and help maintain railroad jobs, according to the union.

BN officials disagree, saying that making separate companies under one holding company is the best way to effectively manage different aspects of the railroad, air freight, trucking, and resource operations.

**Vocational education programs could respond more quickly to marketplace needs** if the Legislature passes HF1200, Rep. Jim Heap, Robbinsdale, said at a Nov. 18 Education Committee meeting. The bill would create a board to coordinate administration of some community college and technical programs in Minnesota.

Heap, one of the authors of the bill, says it will lead to cost savings through shared programs.

Community College Chancellor Philip Helland pointed to a plan that would combine administration of five Northeastern Minnesota community colleges, as an example of savings possible through program coordination.

Mary Phillips, assistant commissioner, Vocational-Technical Education division, Department of Education, said the current education structure does not give enough attention to the needs of vocational education. She said the division is looking at alternatives, but the proposal in HF1200 is not one of them.

---

# November

---

**Minnesota's taking another look at pari-mutuel racing, at the housing of juveniles who get into trouble, a possible Sportsmen's Advisory Council, at electricity needs in Minnesota, help for distressed farmers, and the barberry bush threat to wheat crops.**

---

**An amended pari-mutuel racing bill** got the approval of a special subcommittee of the House General Legislation and Veterans Affairs Committee. The bill calls for a constitutional amendment to allow pari-mutuel horse and dog racing in Minnesota. The amendment would go before Minnesota voters at the November 1982 election.

The subcommittee held several meetings around the state. After hearing testimony from those for and against the idea, on Nov. 18, the subcommittee unanimously voted to send the bill to the full committee for consideration where it got approval on Dec. 10.

**A bill that seeks to clear up confusion about where to house certain juveniles** received a recommendation to pass from the Juvenile Justice and Crime Victims subcommittee Nov. 17. The bill defines shelter care facilities as secure (for juveniles who have committed crimes, or are awaiting prosecution), and non-secure (for juveniles under protective custody because of abuse or neglect).

The proposal would also increase, from 36 to 72 hours, the time authorities could hold a child under protective custody. This would allow authorities time to investigate the child's home life in an attempt to keep the juvenile from having to go back to a bad home.

Another bill the subcommittee approved would increase the time authorities could hold juveniles (16 to 18-year-olds) in jail, before transferring the youths to detention homes. This bill would okay holding juveniles for a longer time if the facility has Department of Corrections approval, and offers educational programs.

**"I don't understand why there's so much opposition to a Sportsmen's Advisory Council,"** Rep. John Sarna, Mpls, told the Commerce and Economic Development Committee. Sarna is the author of a bill to create the council. Opponents spoke at a November hearing.

The council would have 28 members, and an operating budget of \$100,000 per year. Funds would come from a 50 cent surcharge on non-resident game and fish licenses.

Andy Brewer, Department of Natural Resources (DNR), said the bill could cause the state to lose federal funding. Chief of Wildlife Section, DNR, Roger Holmes said his section has held meetings across the state to get public opinion on hunting regulations. "If we can make suggested changes without harming the resource, we do it," he said. Holmes expressed concern over a major emphasis for change coming from a group of 28 people.

**Forecasts say that Minnesota's electricity needs have gone down since 1976,** said Ron Visness, assistant director for alternative energy, Minnesota Energy Agency, at a November mini-session hearing of the Energy Committee.

Because indications are that electrical energy needs are lower, there is less need for electrical generating capacity. Visness said.

In 1976, utilities said Minnesota would need an additional 9200 megawatts of generating capacity by the end of the century. In 1981, utilities project a need for 2300 megawatts, according to Visness.

Committee members questioned why utilities need generating capacity above summer peak demands and how much that costs consumers. Visness said much of the reserve capacity is old, meaning it's costly oil-generated energy that utilities use in emergencies.

**A resolution asking the governor and president for disaster assistance for Red Lake and Pennington County farmers** got approval from the House Agriculture Committee on Nov. 17. Rep. LeRoy Stumpf, Plummer, said above-average rainfall, floods, and cool weather have caused a severe hardship on farmers. "Some farmers were never able to harvest," Stumpf said.

If the counties get disaster assistance, farmers could get low interest loans. To get the assistance, the disaster must affect more than 25 percent of the farmers in a county, and the total county loss must be more than 30 percent.

**"Is the barberry bush in Minnesota under control to the point where we can eliminate the eradication program without harm to crops?"** Rep. Tom Stowell, Lewiston, asked the Department of Agriculture. Barberry bushes host a disease, stem rust, which is harmful to wheat crops.

In the early 1900s barberry bushes were the major cause of crop failure because of stem rust. This led states to begin barberry eradication programs. Dr. Allen Roelfs, University of Minnesota, said the bush grows well in Minnesota, and the program has helped bring stem rust under control. But, it would take only one new stem rust variety to ruin an entire crop, he said.

Rollin Dennistoun, Department of Agriculture, said the department has emergency capacity to handle the barberry problem. ◇

## November

**Has Minnesota's no-fault auto insurance reduced claim administration costs,** cut time for processing claims, reduced court claims, and the other things legislators expected it would do? The House Financial Institutions and Insurance Committee met on Nov. 18 to hear witnesses address some of these questions.

Pete Ingham, State Farm Insurance Company, said the cost of auto insurance has risen more slowly than costs of the services it pays for; the number of auto claims has gone down, because people are driving less and slower; and the no-fault law has increased the efficiency of benefit payment, so that a smaller part of the premium goes to administration.

Two witnesses said the act hasn't kept down the number of claims that go to court because the amount of damages a person must suffer before s/he can take a case to court is too low. Another witness said the number of uninsured motorists may increase over the next few years, and there's very little enforcement of the requirement that people have auto insurance.

**"A problem stems from security guards wearing uniforms similar to those police and peace officers wear.** Sometimes the public thinks they're licensed police officers," Steve Loeding, Minnesota State Sheriffs Association, told the Law Enforcement and Corrections subcommittee of Criminal Justice on Nov. 17.

Loeding testified for HF53, a bill that would define security guard; require a board of private detective and protective agent services to set firearms safety course requirements for security guards; prohibit a license-holder from using titles on cars or badges which imply that the license-holder is a peace officer; and require security guards to wear cloth identification patches.

People from security services support the firearms provisions, but most were against prohibiting certain words, such as "patrol", in their titles and the requirement that companies use cloth identification patches.

The subcommittee laid the bill over for more discussion.

**"Local governments should play a regulatory role in cable communications,"** said Linda Camp, St. Paul cable communications officer. Camp testified at a Nov. 18 meeting of the Cable Communications subcommittee of Regulated Industries.

"Cities will face fallout from upper levels of the cable communications system. If there's a problem, people will go to their local governments." Cities should have some authority to deal with any trouble that arises, Camp said.

Anita Benda, cable communications consultant, said local governments should have access and regulatory rights. Benda encouraged the Legislature to ensure that right of cable access to all Minnesota communities. Other suggestions were to provide funds for research and development of alternative means of cable ownership, and a look at data privacy issues in cable communications.

**The Federal Low Level Radioactive Waste Policy Act gives Minnesota three choices** for dealing with its low level waste. We can set up a disposal site on our own; join with other states in a regional compact to establish disposal; or face other states refusing to take our waste.

Rich Paton, Governor's Task Force on Low-Level Waste, told the Environment and Natural Resources Committee Nov. 18 that low-level radioactive waste comes from medical and research activities, certain manufacturing, and nuclear power plants. Low-level waste doesn't include highly-radioactive fuel rods from nuclear plants, residues from processing the rods, or from uranium mining.

Nevada, Washington, and South Carolina accept low-level waste. Most of Minnesota's waste goes to the Washington site.

Temporary closing of the Washington and Nevada sites in 1979 brought national attention to waste disposal, Paton said. In 1980, Congress passed the law that requires states to decide how they'll handle the low-level radioactive waste they produce.

Legislators asked about the advantages of joining a regional compact with other states rather than finding a disposal site within the state for only Minnesota's waste; the costs of planning or managing a waste site; how we can guarantee that someone will manage the site while the waste remains radioactive, in some cases up to 300 years; whether the compact will supersede the state's power to control disposal siting to protect state citizens against health and other hazards.

**Minnesota doesn't have one agency that identifies and advocates the needs of local governments,** said Jay Fonkert, Department of Energy, Planning, and Development, at a Local and Urban Affairs Committee meeting. The committee met to look at how the state-local fiscal relationship works.

Representatives from townships, counties, and cities said there is a need for more formal communications because of the interdependence of state and local governments.

Don Slater, League of Minnesota Cities, said cities need a predictable, reliable fiscal relationship with the state, so that they can plan their budgets. If local governments were in on the state budget-making plans earlier in the process, they could make the state decision-makers more aware of the effects of state budget cuts and payment delays on local governments, Slater said.

**Reorganization of the criminal justice system** in Minnesota was before the Administration subcommittee of Governmental Operations on Nov. 17. Individuals from offices in the criminal justice system gave suggestions on restructuring.

Joe Sizer from the Department of Energy, Planning, and Development (DEPD) said the new department hopes to make recommendations on the status change of the Crime Control Planning Board, which will expire in June 1982. The DEP has had no direction to continue statewide criminal justice planning and research, Sizer said.

Tom Fabel from the Attorney General's Office and Mark Shields from the Peace Officers Standards and Training Board agree there's room for improvement in the criminal justice system, but they said things work well under the current decentralized system.

continued on page 46



**House members serve year-round on legislative commissions, joint committees, advisory boards, and task forces where a lot of state business goes on. Here's a review of August through December activities.**

Met Sept. 2 ... reviewed the law which directs the commission to study county contracting of highway maintenance and collection of highway user taxes from out-of-state vehicles, and report study findings by Feb. 1, 1982 ... reviewed current highway maintenance ... heard report from Minnesota Department of Transportation (MnDOT) which expects to spend \$85 million per year on maintenance, \$7.5 million per year on maintenance preservation, and \$140 million per year on construction, in the 1982-1983 biennium ... asked MnDOT to provide information on county maintenance costs ... reviewed MnDOT's 1981 maintenance contracts and equipment rental ... agreed to review highway maintenance contracts with counties in Michigan and Wisconsin, and port of entry laws of other states.

On Sept. 14, heard testimony on the possibility of taxing out-of-state trucks that use Minnesota highways ... reviewed MnDOT overhead costs of highway maintenance ... reviewed guidelines for highway snow and ice removal ... met again Nov. 4 to hear testimony on history and operations of Wisconsin's county maintenance program ... heard response from representatives of Minnesota counties on county maintenance program.

Elected chairman and vice-chairman on Sept. 30 ... heard presentation on metropolitan government structures and functions ... reviewed alternative regional government structures ... reviewed Metropolitan Council system ... met Oct. 21 ... heard testimony on functions, purpose, structure, and actions of the Metropolitan Council, and suggestions for metropolitan governance.

On Sept. 18 adopted work plan to study the MnDOT non-metropolitan public transit program ... included in the evaluation: proposed goals of transit; whether transit meets those goals; how MnDOT subsidy program allocates costs; changes in state transit promotion and support.

Heard status report Oct. 21 on the Governor's Ride Share Task Force with recommendations to encourage ride sharing ... heard overview of 14 state-funded transit programs and suggestions to improve public transit ... heard report on county and other transit subsidies to see if the subsidy program meets transit objectives ... reviewed history of subsidy program funding which originated in 1974 to reduce energy consumption and provide transportation to those without motor vehicles ... examined funding plans and priorities ... met Dec. 9 ... discussed Phase III of the work plan dealing with allocating state transit subsidies.

The subcommittee on Topic Selection met Sept. 10 ... approved a proposal to study post-secondary vocational education ... full commission met Sept. 10 ... approved salaries of unclassified staff in the Legislative Auditor's Office ... approved the temporary joint administration of the Legislative Auditor's Office by two deputies ... reviewed the status of 1981 statewide audit ... reviewed progress of studies on state timber sale policies, mineral leasing, fire inspections, state purchasing, set-asides for socially and economically disadvantaged persons, and education information system ... approved the study of post-secondary vocational education ... heard report on crimes against the state ... met Nov. 10 ... approved selection of Gerald Christenson as legislative auditor for a six-year term ... heard update on statewide audit ... reviewed LAC's Spring Hill Conference ... met Dec. 9 ... heard legislative auditor report and division reports.

## **Highway Policy Study Commission**

## **Joint Legislative Commission on Metropolitan Governance**

## **Joint Outstate Transit Study Task Force**

## **Legislative Audit Commission**

# commissions

---

---

## **Legislative Commission on Employee Relations**

Met Aug. 18 ... approved the state labor contract with Bureau of Criminal Apprehension agents, state patrolmen, and conservation officers ... approved compensation plan for state employees not in exclusive bargaining units ... heard report on public sector collective bargaining operations ... met Aug. 19 ... approved contract with Council 6 for craft, labor and maintenance employees; service employees; health non-professional employees; clerical and office employees; technical employees; and correctional guards.

On Sept. 3, approved agreement between the University of Minnesota and the Teamsters labor union ... subcommittee on Civil Service met Sept. 29 ... heard testimony on 1981 civil service legislation ... heard from the Minnesota Project which will research abuses in civil service ... reviewed non-competitive appointments to civil service ... discussed possible changes in rules for appointments to the unclassified service ... met again Nov. 10 ... heard testimony on certifying employees for agency positions ... continued discussion on non-managerial unclassified positions ... subcommittee on Civil Service met Dec. 15 ... discussed Rule 10 and the commissioner's powers and responsibilities.

---

## **Legislative Commission on Minnesota Resources**

LCMR's subcommittee on Soil and Water met Oct. 12 ... authorized a study of soil erosion and sedimentation, and a study of water coordination functions ... full commission also met Oct. 12 ... approved staff salary adjustments ... heard committee reports on the peat conference; natural resource information systems committee; Beltrami County Board zoning ordinance ... approved study of LCMR role in soil erosion and sedimentation problems ... heard commission financial reports.

Committee on Energy and Forestry met Oct. 15 ... heard report on DNR study of pulpwood weight and development of conversion factor from cord measurement to weight measurement ... met again Oct. 29 ... approved work plan for the pulpwood weight study ... reviewed timber and wood residue study ... heard from the DNR on firewood cutting permits and recommendations ... met Dec. 4 ... heard overview of Soil Conservation Service operations and Department of Agriculture preferred national soil and water conservation program ... met Dec. 7 ... discussed possible reductions in LCMR programs.

---

## **Legislative Commission to Review Administrative Rules**

On Aug. 13 heard update of hearings on rules governing handicapped driver licensing; Environmental Quality Board; DNR landowner notification of protected waters designation; and vocational education ... requested the Department of Labor and Industry to amend vocational rehabilitation rules ... requested the Pollution Control Agency to establish a task force dealing with revisions in PCA's rule governing grants for municipal pollution control projects ... reviewed MnDOT rules on operating standards for special transportation services.

Approved recommendations for MnDOT's special transportation services on Oct. 16 ... directed Criminal Apprehension division to begin rule hearing process on Bureau of Criminal Apprehension policies on machine guns and sawed-off shotguns classified as collector's items ... heard updates on various rule hearings.

On the agenda for a Dec. 10 meeting: welfare rules regarding casework supervisors for adoption agencies; review of preliminary report on Health Department dual health care options under collective bargaining; review of Department of Public Safety policies on re-evaluation of drivers, and documenting name changes; and update on past issues.

---

---

The subcommittee on Disability Benefits met Oct. 1 and 2 ... heard testimony on disability benefits for public safety personnel ... heard report from local police and firefighters relief associations on workers' compensation ... met Oct. 27 and 28 ... heard presentations on actuarial valuations of several Minnesota state retirement systems ... heard overview of 1978, 1979, and 1980 actuarial valuations ... met Dec. 2 ... discussed Highway Patrol Fund and police state aid ... Dec. 8 continued discussion on pension and volunteer firefighters' legislation ... Disability Benefit subcommittee on Dec. 14 considered recommendations on disability benefit coverage and use ... Teachers Retirement Fund Financing subcommittee met Dec. 17 ... discussed impact of expected teacher layoffs and salary increases ... Disability subcommittee met Dec. 17 ... adopted final report.

---

**Legislative Commission  
on Pensions and Retirement**

Subcommittee on Salary Review met Sept. 10 ... approved a draft legislative employee benefits plan ... subcommittee on Revisor's Office met Sept. 14 ... heard salary and staffing requests for revisor's office and approved additional staff ... reviewed the progress on compiling and publishing administrative rules. The full commission met Sept. 15 ... approved plan for the public transit study ... adopted the plan for employee benefits ... adopted formula for cost of living increase for legislative commissions and the Legislative Reference Library ... granted authority to subcommittees to approve certain pay plans ... approved appropriation to the Department of Commerce for a workers' compensation study ... subcommittee on Revisor's Office met Sept. 24 ... approved revisor's salary and staff requests.

**Legislative  
Coordinating Commission**

Salaries subcommittee met Nov. 3 ... approved salary increase requests for some employees of the Revisor of Statutes, Office of Legislative Auditor, Legislative Coordinating Commission, Advisory Council on the Economic Status of Women, and Legislative Commission on Waste Management, and refused requests for the Joint Legislative Committee on Science and Technology.

On Dec. 9 heard update on committee activities ... heard presentation on state finances and the impact on high technology businesses in Minnesota.

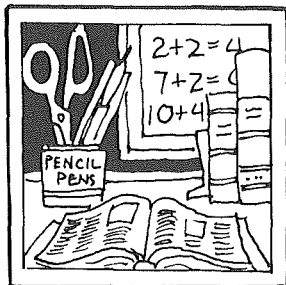
**Joint Legislative Committee  
on Science and Technology**

Oct. 22 the commission adopted a report on a 1981 recreation study on the St. Croix river ... discussed construction of a harbor and launch ramp on CDERF property (Control Data Employees Recreation Foundation) on the St. Croix ... heard opinion from Wisconsin's attorney general on water surface use regulations on the St. Croix ... discussed a national survey on water surface use regulations ... adopted resolution on St. Croix riverway management ... adopted resolution to assist city of Hudson, Wisconsin with planning of city-owned waterfront property ... adopted resolution to include a 10 mile area in Polk County's riverway ordinance ... heard update on land acquisition programs and impacts of Congressional cutbacks ... heard Wisconsin has few funds for development of Kinnebeckinnic State Park ... adopted priority changes for management of the Upper Mississippi River Wildlife and Fish Refuge ... adopted recommendations on Wisconsin DNR plans to develop state regulations governing barge fleeing areas ... adopted Mississippi Regional Committee's recommendations for the Great River Study ... discussed and made changes in the Upper Mississippi River System master plan (UMRS).

**Minnesota-Wisconsin  
Boundary Area Commission**

Heard report and recommendations on the proposed Bayport condominium housing/marina project on Dec. 17 ... considered final UMRS master plan and recommendations to state governments on consideration of the master plan ... discussed commission's role with the new Upper Mississippi River Basin Association ... elected commission officers for 1982 ... considered possible budget reductions. □

# EDUCATION



**The questions of discipline, who teaches and where, the money shortage, and television as a teaching tool were part of interim studies that gave legislators background information on education issues in 1982.**

## Discipline

**Is there a student discipline problem? The search goes on for a better understanding of student discipline.**

As part of that search, Discipline subcommittee members of the Education Committee met Oct. 15 to review psychiatrist Dr. William Glasser's "Ten Steps to Discipline."

Glasser, a behavior therapist, designed his "Ten Steps" to provide teachers and school administrators with a consistent approach to student discipline. In step one the teacher asks him/herself "What am I doing?" and, in step two, "Is it working?" If it's not working, then a teacher should change methods to positively reinforce a child's responsible behavior, according

to Glasser. Step three is to give the child some recognition.

Sometimes a child disrupts the class, preventing the teacher from teaching not only the disruptive child, but the other students as well. In that case Glasser says the teacher should ask the student (steps four and five), "What are you doing and is it against the rules?" or "You are doing this which causes a problem."

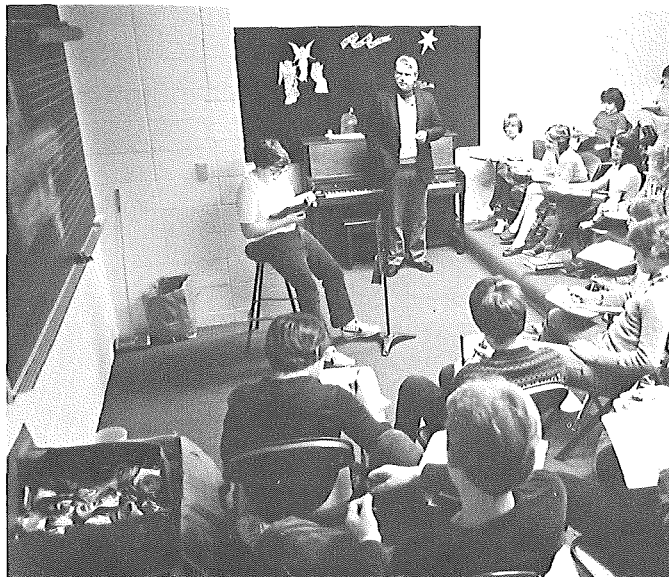
Glasser suggests making a plan with the child and calls step six "We've got to work it out." The child should have the responsibility for developing a solution to the problem and keep it from recurring.

If the problem does happen again, step seven suggests a time out area, an isolated area within the classroom for

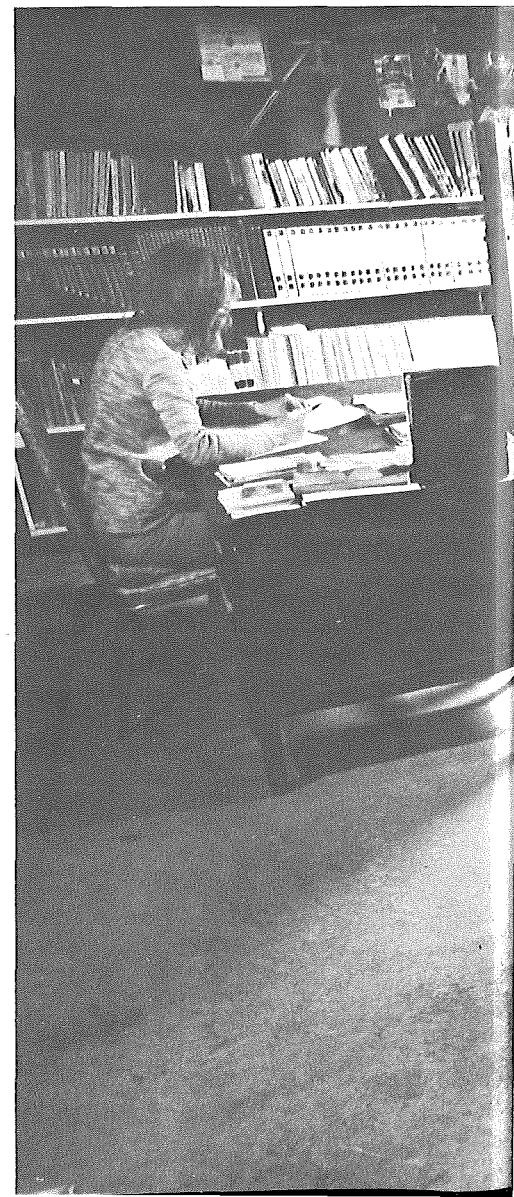
the disruptive child to sit. If seven doesn't work the more severe eight, "Go to the office," is the next step. The child should stay there until he/she can work out the problem, according to Glasser.

After that point, teachers should use steps nine and ten, send the child home, and get outside help if the parents are also unable to deal with the problem.

Richard Minzel, principal of Chaska Middle School, said that Glasser's ten



New Life Christian School, Woodbury, MN  
Enrollment: 320 students.





---

---

## Definitions of a school

**What is a school? Some people think Minnesota law needs a clear answer to that question.**

steps provide Chaska teachers with consistent discipline guidelines, but they're not an end-all solution. Step six, the plan-making, is time consuming, he says. Chaska schools supplement Glasser's steps with a reporting and documenting system to let the parents know about their children's school behavior.

The subcommittee also plans to look at chemical dependency and home environment as factors in student discipline.

The House Education Committee has been working on HF1459, a proposal that would define a school as a place that has state-certified teachers to teach students in seven basic skill areas.

Minnesota educators voiced their support of HF1459 at a Sept. 16 mini-session committee meeting. The bill spells out minimum curriculum standards and requires state-licensed teachers for all subjects except religion.

Minnesota law now says that non-public school teachers must have qualifications "essentially equivalent"

to those of public school teachers. Bill Wettergren, Minnesota School Boards Association, says that's not clear enough, and school superintendents and county attorneys have a hard time interpreting this language.

"We need some clear definition of a school, what subjects must be covered, and what quality of instruction we should require," said Pius Lacher, superintendent of Mora Public Schools.

Presently, there are 544 non-public schools in Minnesota. Their numbers have increased in the past few years. The bill is, in part, a response to the problems that small home schools present to school superintendents.

Parents, some religiously motivated, start classes in their homes. Some classes may have only two children.

"HF1459," said author Rep. Willis Eken, Twin Valley, "attempts to ensure that the courses taught in the non-public schools, at least in the basic areas of education, are the same standard the board rules now have for public education."

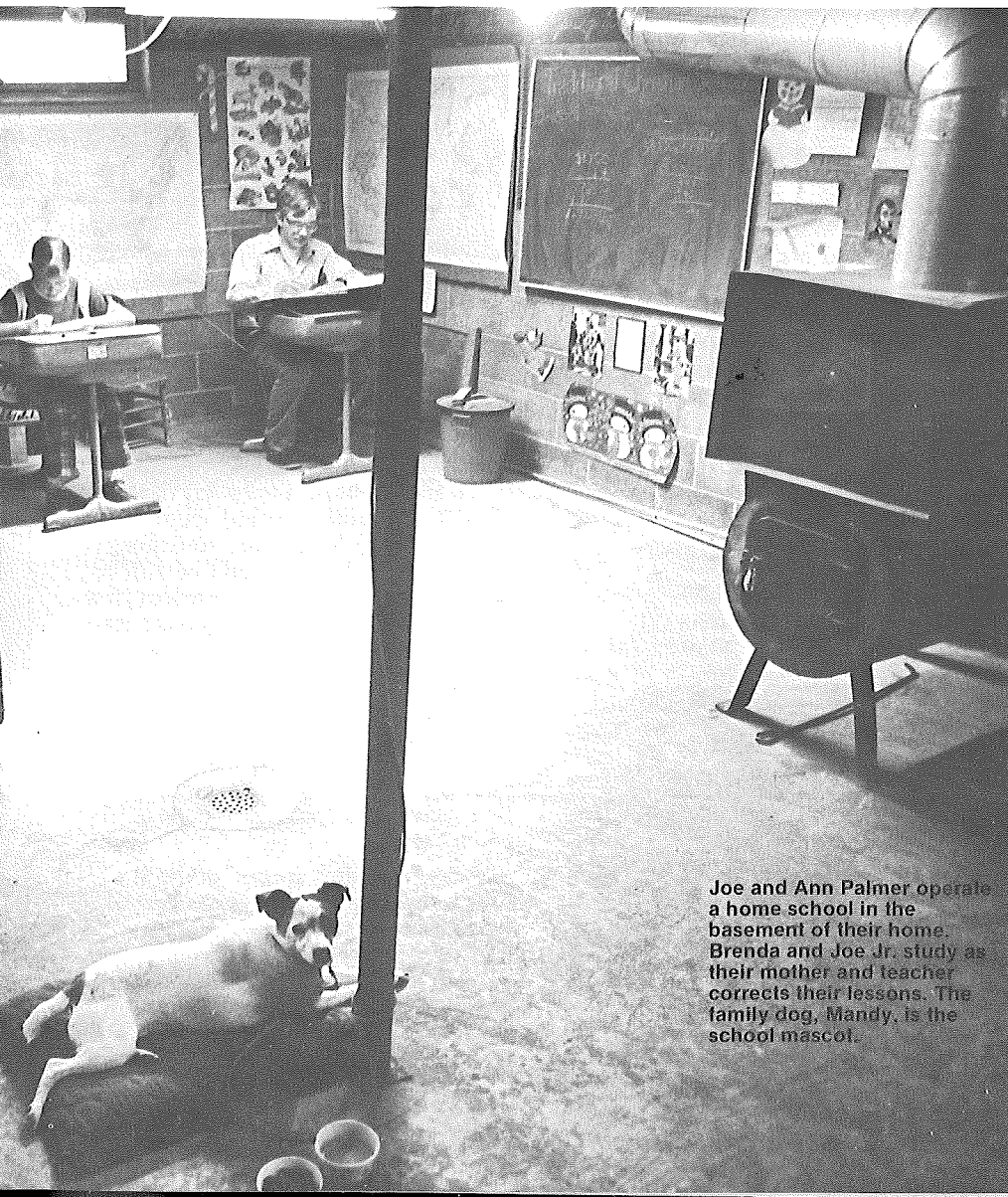
Others disagreed. Some of the 18 private school educators and parents who testified against HF1459 at the October mini-session meeting thought that the bill was a direct attempt to eliminate the small Christian and fundamentalist schools. Interfering with their right to Christian education, some said, is a violation of their freedom of religion.

Not only would HF1459 be unconstitutional, said Donald Lenzen, of the Association of Christian Schools International, it's unneeded control over a private matter.

Other private school educators said there is no need for regulation, that private school students did as well, or better, than public school children on standardized tests.

"I have never seen one of my kids inadequately prepared for public school, college, or work," Lenzen said of his young charges.

HF1459 would simply not make a good law, said Ed Pilch, regional coordinator for Accelerated Christian Education. "Don't make us choose between God and bad legislation." ◇



Joe and Ann Palmer operate a home school in the basement of their home. Brenda and Joe Jr. study as their mother and teacher corrects their lessons. The family dog, Mandy, is the school mascot.

## Cost of education

**The 1981 School Aids Bill cost \$2.2 billion in payments to school districts. That's the 70 percent that the state picks up. Higher education and special education cost \$862 billion. Construction, repair, and grounds are whole separate bills and costs keep going up.**

Higher prices and the tighter economy have forced school districts to ask for permission to charge fees for summer school and for a decision on who gets state aid for the student attending classes outside his/her home district.

White Bear School Superintendent Ted Cunio said his district can't afford summer school without charging \$30 for the 60 hour courses. The State Board of Education agreed with White Bear's proposal and authorized the district to charge for non-credit courses except special education and remedial classes. Cunio says the district waives fees in hardship cases. "White Bear took their case to the people and had a hearing," board president Pat Weber told the School Aids Division in September. "We felt that if White Bear couldn't afford to offer summer school, that would be unfair to some students. On the other hand, fees would be unfair to the students who couldn't afford them."

Weber recommended a law that would give districts permission to charge fees for non-credit courses and would prevent them from counting student hours in those classes for state aid reimbursement.

Costs are also forcing districts to ask who pays for homebound students, or students in special health care, or for chemical dependency facilities. Whatever district the student sleeps in receives the school aid, and that's not fair, some school administrators told School Aids members in October.

Continuing a student's education while he/she is in a health care facility is important, Barry Noack of the Robbinsdale school district said. Rehabilitation is easier when the daily routine is close to normal and students don't face a backlog of makeup work when they return to their schools. Their home districts receive about \$1420 in state aid for their education while the district teaching them is out that cost.

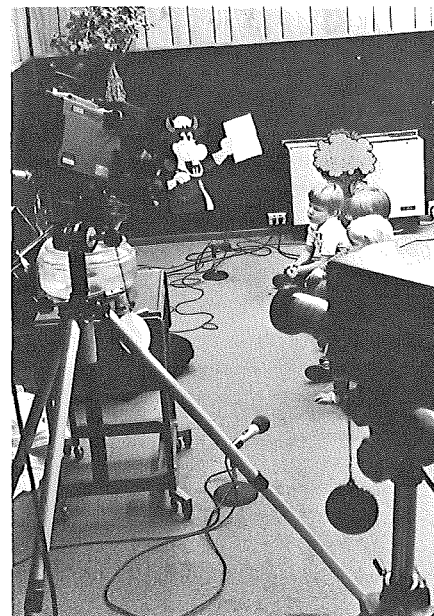
"It's a historical accident that some districts which happen to have facilities get the financial burden," said Larry Harris of the Minneapolis school district.

The financial impact may mean more than just loss of the foundation aid, because students in treatment facilities have a smaller teacher-student ratio.

"Foundation aid doesn't cover one-quarter, even one-fifth of the cost involved," according to Noack.

The financial impact on post-secondary students may be more personal. The House Education Division of Appropriations heard a report on student financing from Clyde Ingle, director of the Higher Education Coordinating Board. The HECB takes care of student loans and grants.

Congress lowered the amount available through Pell Grants, a federal program, formerly the Basic Educational Opportunity Grants, according to Ingle, and that will affect all student recipients. Awards went



down \$80 for all students to a maximum award of \$1670. New eligibility standards may cut grants for higher income families by up to \$230.

State scholarship and grant funds are down \$6.8 million from what the HECB estimated it would spend to provide aid to Minnesota students. Ingle said the HECB won't be able to meet its goal and fund 75 percent of a student's financial need. Instead, the board will have to cut awards an average of \$66.

Federal-guaranteed student loans will be harder to get for some students. Those from families with over \$30,000 income will have to go through a financial needs analysis to determine eligibility.

In August lenders started collecting a five percent loan origination fee to cover administrative costs, and new loans are at nine instead of seven percent interest. A higher minimum payment is also part of the new loan agreement as are tighter payback schedules.

## One solution

**Eagle Bend, Minnesota has its own television station. Funds for the station come from the Minnesota Council on Quality Education and private foundations. The low-power station ties three small school districts together.**

The Eagle Bend school, enrollment 375, shares a television station with neighboring Clarissa and Bertha-Hewitt. Consolidation of the three small school districts would have meant loss of the school as the center of community activity and a 26-mile trip from one school to another.

Instead, Eagle Bend principal Richard Lundgren developed station KG2XCB to link classrooms in the three districts and broadcast classes and community activities to those who care to watch.

Lundgren and his project staff of one have used grants for innovative and cost-effective education out of the 1981 School Aids Bill and private grant money to create the low-power interactive station.

"Without it," superintendent Will James said, "it's unlikely we could offer classes like art and German."

It takes 10 students in a class to make it worth the school's money to hire a teacher. Eagle Bend had nine signed up for German, Clarissa had two.

Art teacher Annette Sealy teaches four students in Eagle Bend's mini studio and watches her Bertha student and five Clarissa students on monitors. The students outside of the studio can ask questions about the assignment. Sealy can check on progress by asking to see each student's work in front of the camera.

Is it harder to monitor students when they're in three separate classrooms?

"She's always watching, you can't get away with nothing," one student smiled after class.

"We try to teach classes that we couldn't offer otherwise," Lundgren said. German, art, advanced math and mass communications are now on-line.

"The response from the kids has been fantastic," he said, "not only from students taking the classes but from the 50 or so students who operate the cameras, volunteer their time after school hours, and videotape community education classes and school special events for broadcast."

Student volunteers have also used the equipment evenings to produce tapes of drama productions, the basketball game, and the fine arts club banquet.

The station, Channel 45, is on the air 10 hours a day. Lundgren is shooting for 14. It's become a catalyst for community organization, he says. The station opens the day at eight and broadcasts adult education and community interest programs throughout the day. Monday's schedule includes the Electric Company show for pre-schoolers, Kindergarten Story Time with a local volunteer reading to local youngsters, German, a tape of last week's slimnastics course in the gym, local news, area sports, and a variety of programs from education centers across the country.

## STATION KG2XCB CHANNEL 45 UHF

AN INDEPENDENT EDUCATIONAL  
TELEVISION STATION

Operated by  
Eagle Bend, Bertha-Hewitt,  
and Clarissa Schools

The editor of the Eagle Bend News hosts a current affairs show and the Main Street Cafe's proprietor has an evening sports talk show. Young parents crowd the control room in the studio dropping off their pre-schoolers for Loretta's Little People, Lundgren said. Loretta, a retired teacher, volunteers her time for a children's show.

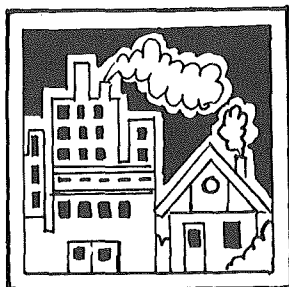
"It's an effective teaching tool," says Superintendent James, "and it's a way to keep things equitable between the small and large school districts. This may be the way for some smaller districts to stay alive."



by Laura E. Godfrey



Loretta and her little people study their goldfish friends.



## Housing

**"If you lose your lot when you own a mobile home, you lose your home. Mobile homes are the housing of the middle class these days."**

— Dan Kleinburger, special assistant attorney general.

**Mobile home residents and ex-residents, park owners, and managers, testified at meetings of the Housing subcommittee of the House General Legislation and Veteran Affairs Committee in Blaine, Thief River Falls, Rosemount, and Duluth about eviction, fire safety, police protection, possible fraud, unfair and arbitrary management.**

### Conflict of interest

"There's a conflict of interest between the home owner and the landowner," Dan Kleinburger from the Attorney General's Office told one group at the Blaine High School Auditorium. According to a 1978 U.S. Commerce Department survey, 81 percent of mobile or manufactured homes are on rental lots.

Complaints centered on contract provisions, on lease renewal, and evictions. Park residents feel contracts favor the park owners, park rules are overly restrictive, rent increases are excessive, and they fear safety problems in case of fire or storm.

Mobile home park owners have an unfair advantage in the rental contract, according to Arlan Williams, chairman of the Mobile Home Task Force of the Anoka People's Alliance for Change. Park owners may refuse to renew leases to residents who have brought complaints against park management.

Changes or additions to rules, after a resident moves in, and lot rent increases are two common complaints. Williams suggested changing the laws to allow park rule

changes only if 60 percent of the park residents approve. He recommended the state require park owners to file a detailed accounting of park expenses and rationale for rent increases.

Fire safety and storm shelter are other concerns of residents, according to Williams, because fire can sweep a manufactured home in eight seconds and spread to other homes in a park's close quarters. He said the state should require a fire evacuation plan as part of the park's licensure, and parks should have a shelter for residents in case of tornados or wind storms.

### No options

Part of the problem, Kleinburger added, is that the vacancy rate in metro area parks is now less than one-half of one percent. "Mobile homes are not so mobile," he said. "The state registers and licenses them as motor vehicles, but moving one costs several thousand dollars and there are few places to go."

Also, park owners may refuse to allow a person with an older mobile home to locate in a park. To move

into some parks, tenants must buy a new home.

Some homeowners told committee members they worry about fire and police protection because local police have different interpretations of their duties on private property within a mobile home park.

### Adults only

Several residents from a park in Isanti complimented their park owner on his management and the park rules. Their only complaint was that state regulation might eliminate their "adults only" rule.

"Don't get me wrong," one elderly resident said, "I do like children. I had some, too, but if people in town can live in senior citizens' housing, can't we have some place quiet?"

Representatives from the Minnesota Manufactured Housing Association said that they try to police their members' actions. Al Schrader, past president of the association, reported good results with sanctions they put on their own members for improper conduct, but that the association has no power over non-members.

### Housing market money problems

Jim Solem, executive director of the Minnesota Housing Finance Agency, told the Housing subcommittee at an interim meeting Sept. 16 that new federal regulations may keep

the agency from financing housing projects with tax-exempt revenue bonds.

The Housing Finance Agency (HFA) issues bonds at low interest rates (14.1 percent is the record high rate for revenue bonds.) But the income from the investment is tax-free to bond buyers.

The agency planned a \$20 million bond sale for July 1 to finance projects, such as a 981-apartment unit that was ready for funding under the large apartment development program when new federal regulations went into effect and the agency cancelled the sale.

### Federal regulations

Tighter eligibility requirements and added responsibility for the agency mean that the HFA won't be able to pay lenders enough to make it worth their while to lend money.

"The new regulations are absurd," Solem said. "We won't be able to use Minnesota's \$239 million bond limit because we can't put together an affordable loan program and meet federal regulations. Any program we do come up with will be small—for low risk projects."

Part of the problem, Solem said, is that any housing finance formula has to fit income limits, house price ceilings, and interest rates. "There aren't many first-time home buyers with a qualifying income under current regulations."

With interest rates the highest they've ever been, and the bond market at its worst, Solem says that the agency will probably sell two relatively small bond packages to finance rehabilitation projects. The U.S. Treasury Department started hearings on the bond regulations in November. □



# Mortgages

**Hoping to buy a home and shopping around for mortgage money? If you are, you're probably running into terms like balloon, shared appreciation, graduated payment, ARM and AML, all of which have to do with borrowing money.**

Balloon, shared appreciation, graduated payment, ARM, AML are names of just a few of the unconventional kinds of mortgages (instruments) that lenders have come up with to make housing credit more attractive to investors and to give the housing market a boost.

The 1981 Legislature eased regulations so that state lenders can offer these mortgage instruments to Minnesotans.

Lenders agree that changes in regulations mean more money is available for homebuyers in the 1980s, but it may be riskier and more expensive to borrow than in the past.

## Who's holding mortgages on Minnesota homes?

A variety of financial institutions and companies offer home mortgages, and they come under regulation of a number of state and federal agencies and departments. For example, federal savings and loan associations fall under regulation of the Federal Home Loan Bank Board (FHLBB); state savings and loans (S&Ls) follow regulations of the Minnesota Commerce Commission. In fact, the state Commerce Commission governs lending practices of most of the traditional mortgage lenders.

But it's not the traditional lenders, like savings and loan associations, who are holding most of the new mortgages on Minnesota homes.

Federal institutions—FNMA\*, FHLMC\*, VA\* and FHA\*—hold well over half of new Minnesota home mortgages. These agencies are part of the secondary mortgage market, the institutions that buy mortgages from your local banks, savings and loans and mortgage bankers. So Minnesota mortgages must be attractive to federal institutions, Rep. Tom

Berkelman, author of HF579, told the House when he asked for support of the 1981 changes.

The 1981 Legislature passed HF579, changing two aspects of state mortgage law that federal agencies said they couldn't afford: mortgage assumability and fixed rate mortgages.

## The changes: Alternatives to the fixed-rate mortgage

Minnesota usury law governs the interest rate, fees, and conditions of mortgages state financial institutions and other lenders can offer. That means, when federal institutions change their mortgage instruments in response to changing national credit market needs, state lenders wait for legislative approval before they can make changes acceptable to the federal agencies who buy Minnesota mortgages.

HF579 allows state institutions to offer all types of "alternative mortgage instruments" that have approval of the Federal Home Loan Bank Board or the comptroller of the currency, or that are eligible for purchase by the Federal National Mortgage Association (FNMA) or the Federal Home Loan Mortgage Corporation (FHLMC).

The new instruments don't look much like conventional 30-year fixed-rate mortgages. A spokesman for the Minnesota Mortgage Bankers Association explains why:

"The demand for housing, and, therefore, for housing mortgage credit, is the highest in the history of the country," said Mike George. "And there's a shortage of credit in its traditional form, i.e. the conventional 30-year fixed mortgages.

"The reason for it is that nobody, neither individuals nor institutions,

want to invest their money and lock it up for 30 years at the same rate. Not with inflation jumping all over the place as it is.

"So, in order to attract investors back into the mortgage market, it's necessary to tailor the mortgage instruments to their needs. And their needs are short-term as opposed to long-term, and that's why you've got adjustable rate mortgages (ARM), adjustable mortgage loans (AML), shared appreciation mortgages, and a whole variety of others."

— continued on page 42

## Glossary of mortgage terms

\*FNMA: Fannie Mae, the Federal National Mortgage Association—a federal agency that buys mortgages from primary lenders and holds them long-term.

\*FHLMC: Freddie Mac, the Federal Home Loan Mortgage Corporation—similar to Fannie Mae.

VA: Veteran's Administration—a federal agency that insures mortgages against default so that lenders will give mortgages to certain people for a lower interest or with a smaller down payment than they would otherwise qualify for.

FHA: Federal Housing Administration—like VA, a mortgage insurer, under the Department of Housing and Urban Development.

ARM: adjustable rate mortgage or variable rate mortgage—allows the interest rate on a mortgage to go up or down according to an index the Federal Home Loan Bank Board publishes, with a cap on total allowable increase; the monthly payment varies.

AML: adjustable mortgage loan—similar to an ARM, but allows for adjustment of monthly payment or length of mortgage.

Shared Appreciation Mortgage: bank gets a portion of the appreciated value of the home when the homeowner sells (or after a certain number of years) in return for a lower interest rate on the mortgage.

Graduated Payment Mortgage: monthly payments increase each year, starting with smaller-than-normal payments at beginning of loan period.

## Utility Conservation Investment Program

**In 1980, the Legislature passed a law requiring the Public Utilities Commission (PUC) to order at least one public utility to invest in energy conservation improvements—the Utility Conservation Investment Program (UCIP).**

(mortgages continued)

### **The changes: assumability provisions**

The other major change allows banks to write non-assumable mortgages, mortgages that a second buyer of the home cannot automatically take over with the same conditions as the original homebuyer.

The argument over assumability has been going on for a number of years.

In the late 1960s, lenders began putting a due-on-sale clause into mortgages. Due-on-sale prevented the buyer of a house from taking over (assuming) the mortgage under the same contract provisions the original owner had.

In 1979, Minnesota passed a law forbidding the use of due-on-sale clauses for state financial institutions. But federal savings and loans were issuing non-assumable mortgages at the same time. (Those non-assumable mortgages federal banks issued before the change in Minnesota law face challenges in courts this year.)

Freddie Mac\* and Fannie Mae\* didn't like to buy Minnesota mortgages because they were assumable, meaning a person who buys a house this year, with mortgage interest rates well into the teens, could assume a mortgage with an eight percent or lower interest rate.

The 1981 Legislature changed the law to allow non-assumable mortgages for state banks, a move that did not please everyone. Debate over the change on the House floor centered around the question of availability of mortgage money versus cost. □

See glossary p. 41

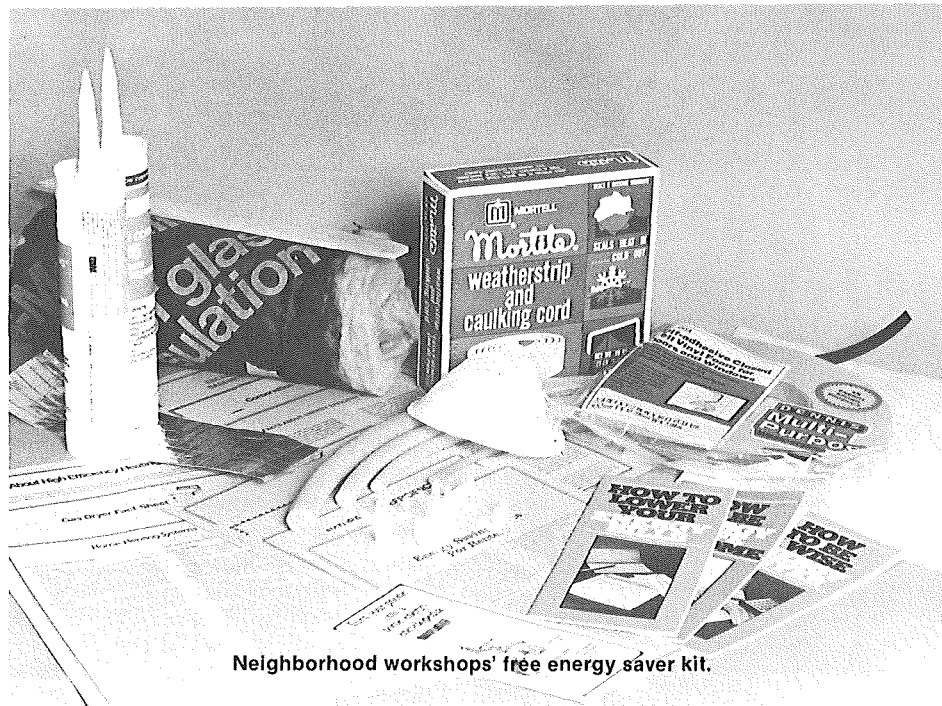
The theory behind the UCIP is that utilities can keep costs down by investing in energy conservation, which in the long run would be cheaper for them than finding and developing new sources of energy. As part of that investment in conservation, utilities would encourage energy savings by offering low interest or delayed-payment loans and rebates to people who make their homes energy efficient—and by organizing workshops on energy conservation.

In July of 1980, the PUC ordered four utilities to take part in the program: Northern States Power (NSP) in St. Paul, Minnegasco in Minneapolis, Ottertail Power Company (OPC), and Interstate Power Company (IPC).

The commission chose OPC because of its rural location and its winter peak of power usage; IPC because of its energy usage peak in the summer.

On Oct. 27, the House Energy Committee met to review the program.





Neighborhood workshops' free energy saver kit.

## Rural programs

Frank Altman of the Minnesota Energy Agency (MEA) reported on the progress of the program for OPC and IPC. He said OPC set up a random computer sample of all-electric and high-usage households. OPC approached 96 households before they found 50 to participate in the test. They audited these 50 households for energy needs and offered loans, with eight to ten percent interest, to make the needed improvements. None of the 50 households accepted the loans.

Altman said that there are several possible reasons for this result. Some people seemed to find it insulting when auditors said their houses needed improvement. Other people said they simply did not take out loans—when they needed something they waited until they had the money to pay for it. A third reason, said Altman, is that many of the homes are already energy-efficient and need little improvement.

For its test program, IPC selected two heater lines in Stewartville, Minnesota, and offered to install radio controlled devices, at cost, to automatically turn heat on and off according to usage peaks. Sixty-two customers accepted, but IPC hasn't installed any devices because of delays in getting materials.

## Programs in the twin cities

NSP and Minnegasco are in the program because of their urban service areas. Both companies work along with the cities they serve, NSP in St. Paul, Minnegasco in Minneapolis. Jack Schutz spoke for NSP and outlined their three-point program.

First, a weatherization rebate program began in June 1981—so far, NSP hasn't issued any rebates. Second,

NSP has set up a weatherization financing program. This program offers seven percent loans that people don't have to repay until they sell their houses. NSP sent out 1000 offers, 150 people responded, saying they're interested.

NSP's third program offers rebates when customers buy major appliances that meet certain energy conservation standards. This program is due to begin in January 1982. Tom Griffin, from the St. Paul mayor's office, spoke briefly for the city of St. Paul and said he feels they have "achieved consciousness; now we need capital."

**Neighborhood workshops:** Ric Hinkie of Minnegasco and Sheldon Strom, energy coordinator for the city of Minneapolis, described the programs they have developed. Minnegasco's goal is to cut costs and to get as many people as possible into the energy-saving programs. With this in mind, Minnegasco and the city of Minneapolis have set up a series of neighborhood workshops. Working with about two square blocks at a time, Minnegasco surveyed and found that 50 percent of the households in each neighborhood are in the program (1800 households since March 1980).

People attending the workshops learn various methods for improving the energy efficiency of their homes and get a free package of materials to take home and use. Strom feels that this action-oriented approach has been highly successful.

**Energy bank:** The second program Minnegasco and the city of Minneapolis have working is the Energy Bank. The Energy Bank gives loans at 11 percent interest, with up to 10 years to pay, and Minnegasco offers

an incentive payment of 10 percent of the amount of the loan to anyone borrowing from the Energy Bank.

To qualify for a loan, customers must get energy audits of their homes to find out what improvements they need. Minneapolis sold \$2.75 million in revenue bonds to finance the loans. The program went into effect in October of 1981.

Basing predictions on loan applications so far, the Energy Bank expects to issue 2000 to 3000 loans in the first year. Gale Rhodes, of the Minneapolis Self Reliance Center, spoke to the committee and praised the partnership between Minneapolis and Minnegasco in making the Neighborhood Energy Workshops and the Energy Bank successful.

## Unanswered questions

Speakers and committee members at the Oct. 17 meeting pinpointed concerns that need observation and study, such as:

- Would this program interfere or compete with traditional financing institutions?
- How will participants know if the energy savings are enough to make the program worthwhile?
- Will the program actually prove cost effective for the utilities, and what methods can they develop to find this out?
- Will legal barriers, such as anti-trust laws, interfere with the program?
- Do rural areas need this program, and, if so, what would persuade people to participate?
- Will non-participants in the program end up paying more for their energy usage because the utilities are subsidizing others?

Committee members generally agreed, however, that the program is going in the right direction, that strong community involvement and cooperation between communities and utilities is what the Utility Conservation Investment Program needs to succeed. □

by Mark Steiner

## Small Business Conference

---

**The 1980 Legislature created the Minnesota Commission on Small Business and modeled Minnesota's conference after the January 1980 White House Conference on Small Business in Washington D.C.**

---

"Minnesota's small businesses can play a dynamic part in turning the economy around, but we need a more competitive footing," said Gary Marsden, a St. Cloud delegate to the Minnesota Conference on Small Business. Marsden voiced the concerns of many attending the conference, who felt that Minnesota's workers' and unemployment compensation rates, and corporate and personal income taxes place a heavy burden on small business, driving some out of the state.

Almost 400 small business owners attended the Nov. 13-14 conference in Bloomington to look at more than 600 recommendations and come up with 10 high-priority items for legislators and the governor to consider and act on. Recommendations came out of regional, district, and individual delegate meetings throughout summer and fall, where small business owners spoke out on the business climate in Minnesota and on ways to improve it. Taxes, regulations, and business development were the targeted issues.

### **Here's what business owners said would help:**

**1** Reform workers' compensation laws to more clearly define "work place;" base benefits on real wages lost, medical reimbursements and rehabilitation, and eliminate permanent disability; eliminate lump sum payments in favor of weekly or monthly payments; and reinstate the statute of limitations on claims; ensure equal worker and employer representation in the Workers' Compensation Court of Appeals.

**2** Reduce the Unemployment Fund deficit; conform Minnesota's unemployment compensation standards to federal law; increase from 15 weeks to 20 weeks the minimum amount of time an employee has to work before qualifying for benefits; reduce unemployment benefits for workers earning more than \$15,000 per year; and review residency eligibility and reporting requirements.

**3** Reduce corporate and personal income tax rates over a five-year period to provide existing and new businesses with funds to compete, maintain, and expand businesses.

**4** Place limitations on product liability; define and lessen liability for products people alter or misuse; spread payments on product liability claims over the time period the loss covers; establish "real loss" as a basis of claims rather than the current "pain and suffering;" and set statute of limitations on filing claims.

**5** Change security laws to encourage development of a new security—"Small Business Participating Debenture"—which would provide small businesses with access to capital, allowing terms, rates, and payments to vary with the company's profitability.

**6** Eliminate the portion of the state estate tax that exceeds the credit for state taxes on the federal estate tax return.

**7** Establish a "right to work" policy, so that union membership would not be a condition of employment

**8** Tie state spending to specific revenue sources, and evaluate state programs and agencies on a cost-benefit basis.

**9** Improve the program that sets aside a percentage of state purchases from small and minority businesses.

**10** Increase tourism funding and expand advertising to cover spring, summer, fall, and winter.

### **State spending effects**

Economic issues dominated discussion at regional meetings, especially the issue of state spending, according to Commission Chairman Gene Wright. "From what I see, inflation and high interest rates have put small businesses all over the state in a real anti-spending, anti-public servant mood," said Wright. At many meetings, the idea prevailed that government has not had to bite the bullet on spending as business operators have. According to Wright, a question business owners asked over and over was, "Why always us, why do we bear the brunt of a troubled economy?"

Though some people in the state have applauded the attempt to get grass-



roots sentiment and "hear the voice of small business in Minnesota," others point out the lack of interest and lack of publicity that plagued several regional small business meetings, making some lawmakers question the need for the conference and use of state funds to finance the program.

By conference time, comments were generally favorable. Many people in regional delegations expressed satisfaction with conference results. Others encouraged delegates to continue to lobby for their interests.

Milton Steward, head of *Inc. Magazine*, a publication for small business owners, doesn't think Minnesota's business climate is all that bad. "Minnesota has serious problems right now," said Steward, "but they're not as bad as Minnesotans think they are when compared with other states, i.e., Illinois, Michigan, and Iowa."

Steward told conference delegates that Minnesota is currently one of the 10 most attractive states for business, according to his magazine's measure of business growth, and will remain a good state for business—especially if business owners continue to fight for beneficial legislation.

Steward sympathized with those having doubts about the economy and business climate in Minnesota, but said, "If you've never had pneumonia, when you catch a cold, you think you're gonna die."

"A comparison with all other states may be a bit broad," said Wright in response to Steward's remarks, "I'm interested in how we compare with our competitor states on things like workers' and unemployment compensation. Minnesota will always be a leading industrial state in the Midwest, but that doesn't mean small business will survive. All we're asking is the chance to be competitive."

Nine members made up the Minnesota Commission on Small Business that planned the conference. The Legislature appropriated \$10,000 (businesses contributed about \$250,000) to fund the commission and directed conference commissioners to plan and organize regional meetings, conduct a state conference to discuss ways to develop small business opportunities, and address business needs in the state, and finally, to develop a report to the Legislature and governor by March 1982. □



## Child car seats

**Auto accidents are the number-one cause of death and injury to children under five years old. A 1981 law requiring parents to have car seats for their children under age four may help infants and toddlers survive those accidents.**

Car accidents kill or seriously injure more than 1000 children in Minnesota each year, the Minnesota Department of Public Safety reports. Because the weight of a child's head makes up a large part of his/her total body weight, a sudden stop or crash sends an unrestrained child head-first into the dashboard or windshield.

Car seats for children could prevent 90 percent of the deaths and 78 percent of the injuries to children, according to an eight-year study by the Washington State Patrol.

Rep. Gary Laidig, Stillwater, author of the car seat legislation, said the law is educational. "We want parents to know the dangers of transporting children without restraints," Laidig told the House when the bill passed last spring.

The law requires parents and guardians to have child restraint systems (car seats) that meet federal motor vehicle standards. Car seats that meet the standards will have a label on the carton and on the seat. Car seats cost from \$30 to \$100.

Several clinics, community agencies, and medical insurance groups have car seats that parents can rent until the child outgrows the seat, and most hospitals send newborns home in an approved car seat.

The new law requires the child restraints in cars, trucks and vans but doesn't contain a penalty. Parents who don't have car seats for their children could receive a verbal or written hazard warning from a law enforcement official.

A Nov. 25 article in the *St. Paul Dispatch* quoted an assistant attorney general who said, "We don't expect peace officers will be stopping cars to see whether they (parents) have infant restraints. But, the law could come into play if there is an accident in which a child was injured in a vehicle without the restraints."

A Minneapolis car insurance agent said, "We don't know exactly what would happen if a child is injured in an accident where the parent doesn't have a car seat for the child. Right now, companies will probably handle that on a case-by-case basis. But, some companies may consider that negligence on the part of the parent."

For a list of federally approved car seats and other information call or write:

**Minnesota Safety Council**  
555 Wabasha Suite 102  
St. Paul, MN 55102  
(612) 291-9150

## December

**The state budget was the main issue on agendas during the third 1981 special session, but committees also met to discuss pari-mutuel betting, student discipline and energy needs.**

**Local and Urban Affairs** looked at the effect of the state's budget decisions on local governments who depend on the state for up to half—sometimes more—of their local budgets.

**Taxes** met to talk about how property taxes may rise as a result of budget balancing cuts and delays and to talk about budget proposals.

**Appropriations Committee** heard from the state agencies, nursing home residents, and other people budget cuts will affect.

**General Legislation:** Pari-mutuel betting could become a reality in Minnesota. After interim hearings around the state, the General Legislation Committee of the House decided to approve a bill calling for a constitutional amendment to allow pari-mutuel horse and dog racing in the state. Minnesota voters would have to approve the amendment before it took effect.

**Education Committee and the School Aids Division** of Education met to hear school district representatives comment on proposals to change the way the state pays aid to schools. A study of student discipline continued.

**Energy Committee** held hearings on the forecasts of Minnesota's energy needs and whether we can meet those needs with existing power plants rather than building new ones.

**Judiciary Committee** is looking at the increasing drunk driving problem and the problems with enforcing DWI laws. Suggested law changes include changes to simplify and speed up the arrest of drunk drivers; increase penalties for drunk driving; make license revocation automatic and immediate; and assure that courts do not prosecute DWI as a lesser offense.

**Discussions in other committees** continued on such topics as federally mandated changes in unemployment compensation, AFDC (Aid to Families with Dependent Children) and more.

### **Third Special Session bills:**

#### **Local government aids, van license fees**

**HF1**, Rep. Gordon Voss, author, passed both houses, governor signed: gives local governments certificates to make up for the money the state withheld from them

because of cash shortages, guaranteeing repayment of the funds by February 26. Amendment to the bill changes the way the state taxes vans, putting vans in the passenger vehicle category instead of the truck category. This would reduce the amounts of the bills van owners have received for 1982.

#### **Omnibus budget, tax bill**

**HF2**, Rep. John Sarna, author, passed both houses: began as the van fee bill, but the Senate added budget provisions, and this became the vehicle bill for the omnibus budget, tax measures.

**Budget cuts:** State departments, \$62.8 million cut; Transportation and semi-state, \$10 million; Education, including department of education, University of Minnesota, and other higher education, \$39 million; school aids \$161 million for 1983; reduces local government aids by \$30 million.

**Taxes:** 7 percent surtax on individual income taxes for 1982 and first half of 1983 (\$199 million); business income reporting change that would increase taxes by \$63 million; business tax breaks totaling \$47.5 million including rate decrease for the first \$25,000 of income, new capital gains rules, tax credits for research and development, and tax-exempt status for interest on sale of family farms; sales tax application to cigarettes (\$21.2 million); increase in sales tax on vending machine sales, from 3 to 5 percent; and an optional 2 mill school levy.

**Rescheduling**, other changes: speeds up business' turn over of sales tax collections to the state; requires school districts to count one-third of the May property tax settlement as revenue for the year in which counties collect it, rather than for the next year; removes the \$360 million limit on short-term borrowing.

## an update

### **University of Minnesota hospitals**

University of Minnesota hospital officials are re-examining plans for the university's replacement hospital. The Legislature approved \$190 million in bonds to finance the project last year, but high interest rates, reduction of state and federal medical funding, and changes in the predicted patient load have led legislators and hospital officials to question whether the hospital can pay for itself.

Looking for ways to reduce the cost of the project, the University Hospital Board of Governors and the University Regents voted on Jan. 7 to delay construction of the 10th floor of the hospital. That would bring the cost down \$21 million, to a total of \$154 million, reduce the number of beds by 95, and cancel plans for a new obstetrics unit.

### **Reapportionment**

Legislators will face the task of reapportionment—redrawing legislative boundaries—in the 1982 regular session. There's a special subcommittee of the House Reapportionment Committee talking about possible plans, but as of January 1, there was no agreement in the House or Senate on what plan to put forth.

A federal court has said that if legislators can't agree on a plan, the courts will draw the lines.

The Constitution says districts must have equal populations and be as compact as possible, but the lines should preserve current town and city lines, and should favor no one political party.

### **New House Member**

**FRERICHS, DON (R)** 32B  
330 State Office Building ... (612) 296-4378

**Home:** Rochester  
2234 Merrihills Drive S.W. ... (507) 285-9624

**Born:** 1/31. **Married:** 4 children. **Education:** BA, Business, Mankato State U. **Occupation:** Commercial and Investment Real Estate. **Elected:** Special Election, July 1981. **Term:** 1st. **Committees:** Commerce/Economic Development, Regulated Industries, Transportation.





# Minnesota Symbols

## "L'Etoile du Nord" — The Star of the North

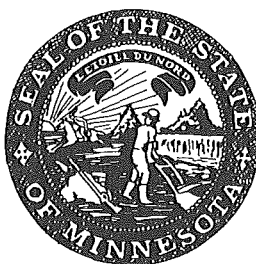
### State tree Norway Pine

Minnesota's state tree, the Norway Pine, stands tall in the forest and parks of Minnesota, a symbol of the state's proud heritage. The tree reaches a height of 60 to 100 feet and has four to six-inch needles that grow in pairs. Minnesota's largest Norway pine, in Itasca State Park, is 120 feet tall and over 300 years old.

The tree is a prime source of timber and a favorite Christmas tree for many Minnesota families. The Norway Pine became the state tree in 1953.

### State seal

The Legislature adopted the Great Seal of the State of Minnesota in 1861.



### State flag

Minnesota's flag (not pictured) is royal blue with a gold fringe border. On the flag is the state seal in the center of a wreath of lady slippers and three historic dates: 1858, the year Minnesota became a state, 1893 when the Legislature adopted the first state flag, and 1819, the founding year of Fort Snelling. Nineteen stars form a ring around the wreath. The largest represents Minnesota, the 19th state to join the union after the original 13.

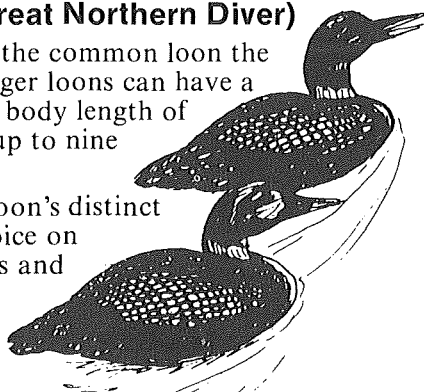
### State grain Wild Rice

Wild rice was a staple food for Minnesota Indians for centuries. Today it is a delicacy for many people. Minnesota produces 80 percent of all natural wild rice in the world. In 1977, the Legislature adopted wild rice as the state grain.

### State bird Common Loon (Great Northern Diver)

The Legislature made the common loon the state bird in 1961. Larger loons can have a wing span of five feet, body length of three feet, and weigh up to nine pounds.

Some people say the loon's distinct call is "the loneliest voice on earth." They are loners and prefer Minnesota's isolated lakes.

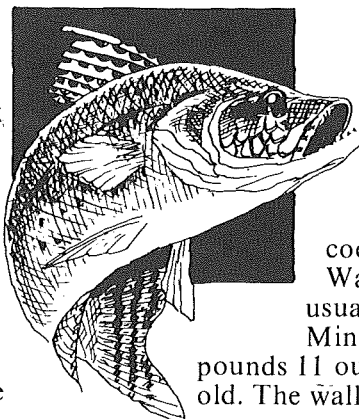
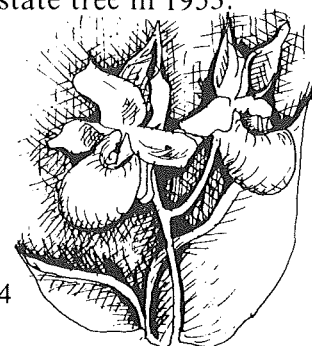


### State flower Showy, or Pink and White Lady Slipper

The pink and white lady slipper is one of Minnesota's rarest wildflowers.

The plants grow slowly, taking 4 to 16 years to produce a flower.

With the right conditions, lady slippers have a long life span. Some plants are over a century old. In 1902 the Legislature adopted the lady slipper as Minnesota's state flower, and in 1922 passed a law making it illegal to pick the lady slipper.



### State fish Walleye Pike

The walleye, a favorite fishing catch, inhabits all parts of the state, but mainly the large, cool lakes in Northern Minnesota. Walleyes travel in schools and usually feed at dusk and dawn.

Minnesota's record walleye weighed 16 pounds 11 ounces, and was about 15 years old. The walleye became the state fish in 1965.

### State gemstone Lake Superior Agate

Minnesota adopted the Lake Superior Agate, a quartz mineral, as the state gemstone in 1969. Collectors find the agates in the red glacial drift areas of Central and Northeastern Minnesota.

### State song Hail! Minnesota

*Hail! Minnesota* has been the University of Minnesota's song since 1904. The University Alumni Association gave the state permission to use it as the state song in 1945.



## the back page

### WHERE TO GET INFORMATION

**Chief Clerk's Office**  
Rm 211, State Capitol  
(612) 296-2314

**House Index Department**  
Rm 211, State Capitol  
(612) 296-6646

**House Information Office**  
Rm 9, State Capitol  
St. Paul, MN 55155  
(612) 296-2146

### LEGISLATORS

#### Who represents you at the State Capitol?

The House Information Office can tell you. State maps of legislative districts are also available.

#### Legislators' districts, addresses, phone numbers, biographical information, and photos

The House and Senate publish this in the *Official Directory of the Minnesota Legislature* and the *Members Directory*. You can get copies of these in the House Information Office. Information Office publications are also available in the Chief Clerk's Office.

#### What legislation did your representative introduce?

Stop at the House Index Department. They have a CRT (Cathode Ray Tube) which shows information on a television-like screen. The CRT lists each member and the bills he/she sponsored in the current session. Index staff will help you use the CRT.

#### To contact your legislator, address him/her as follows:

The Honorable (name),  
Minnesota House of  
Representatives (or Minnesota  
Senate) State Capitol, St. Paul,  
MN 55155. Dear Representative  
(or Senator) name.

### BILLS

#### Need a copy of a bill?

The Chief Clerk's Office can give you copies of bills and resolutions.

#### Need to know the status, authors, or committee assignments of bills?

Call the House Index Department. The information is on computer, and includes Journal page numbers of action on bills.

#### Bills on a specific topic, or in a specific committee.

The House Index Department has lists of bills in each committee and on-specific topics, e.g. environment, taxes, education, (175 topics) on the CRT.

#### Would you like a tour of the Capitol?

The Office of Educational Services, Rm 124-D, State Capitol, (612) 296-8081, will arrange visits which highlight the work of the Legislature and its members, for school groups, citizens' groups, and out-of-state visitors.

The Minnesota Historical Society provides tours. Groups of 10 or more should schedule tours (612) 296-2881.

#### In the Senate

The Secretary of the Senate's Office (612) 296-2343 and Senate Index (612) 296-2887, Rm 231, State Capitol, provide services similar to the Chief Clerk's Office and House Index.

The Senate Information Office, Rm B-29, State Capitol, (612) 296-0504, provides services similar to those House Information offers.

#### Which bills became law?

This is on the CRT in House Index. The *Session* magazine summarizes new laws each session. Contact the Information Office to get on the *Session* mailing list.

### COMMITTEES

#### For committee meeting schedules.

Call (612) 296-9283, a 24-hour hot line recording of daily House meeting schedules (time, place, and agendas). Senate hot line: (612) 296-8088. The Information Office and the Chief Clerk's Office have copies of daily schedules.

#### Committee action during the interim.

The House Information Office summarizes what happened in committees during the interim in the *Interim* magazine. (Same mailing list as *Session*.)

#### Standing committees and committee assignments.

These are in the *Members Directory* and the *Official Directory*.

### GENERAL INFORMATION

#### Proceedings in the House.

The Chief Clerk's Office can answer your questions. The office publishes the *Journal of the House*, the official daily record of legislative action.

#### The Legislature — how it all works.

The House Information and Chief Clerk's Offices can give you general information. The Information Office has brochures on the process including: *How a Bill Becomes a Law*; *The Road to Minnesota Laws*, cartoon version of how a bill becomes law; *Citizen's Participation Course*, test-yourself quiz on the Legislature; *Joey's Visit*, coloring book for the very young; and an information packet on Minnesota and government.

#### Agendas of House action.

The Chief Clerk's Office has copies of the *Calendar*, *General Orders*, etc., schedules of House floor action.

#### Where members sit in the House Chamber.

The Information Office publishes a *Seating Arrangement of the Minnesota Legislature*.

#### House employees.

You'll find this in the *Staff Telephone Directory* and the *Official Directory* available in the Information Office.

#### Other areas of state government.

The House Information Office can direct you to the appropriate place. The office publishes the *Three Branches of Government*, a wall chart showing the structure of state government.