

79, Jan - Feb

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pg 8

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Perspectives

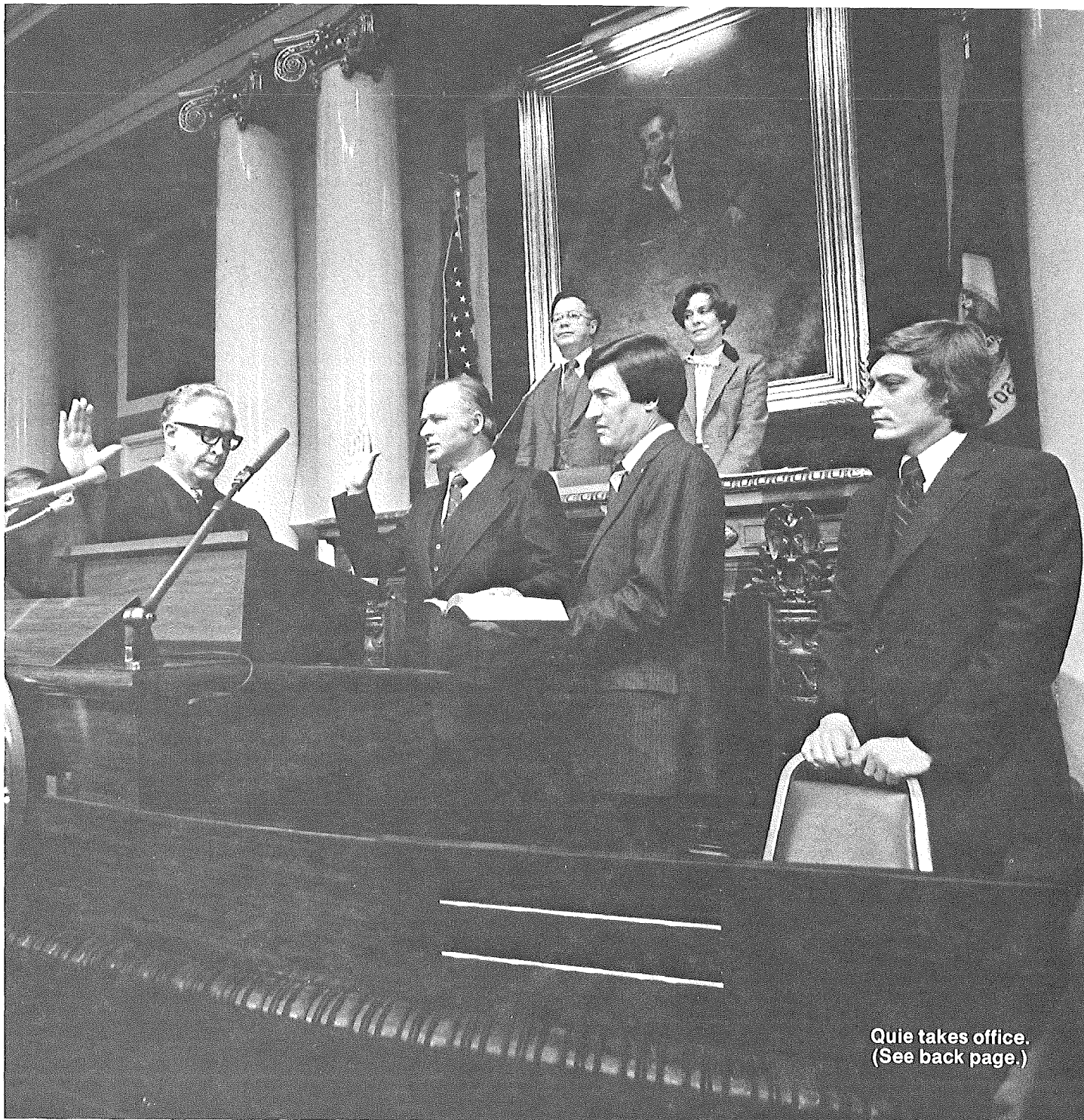
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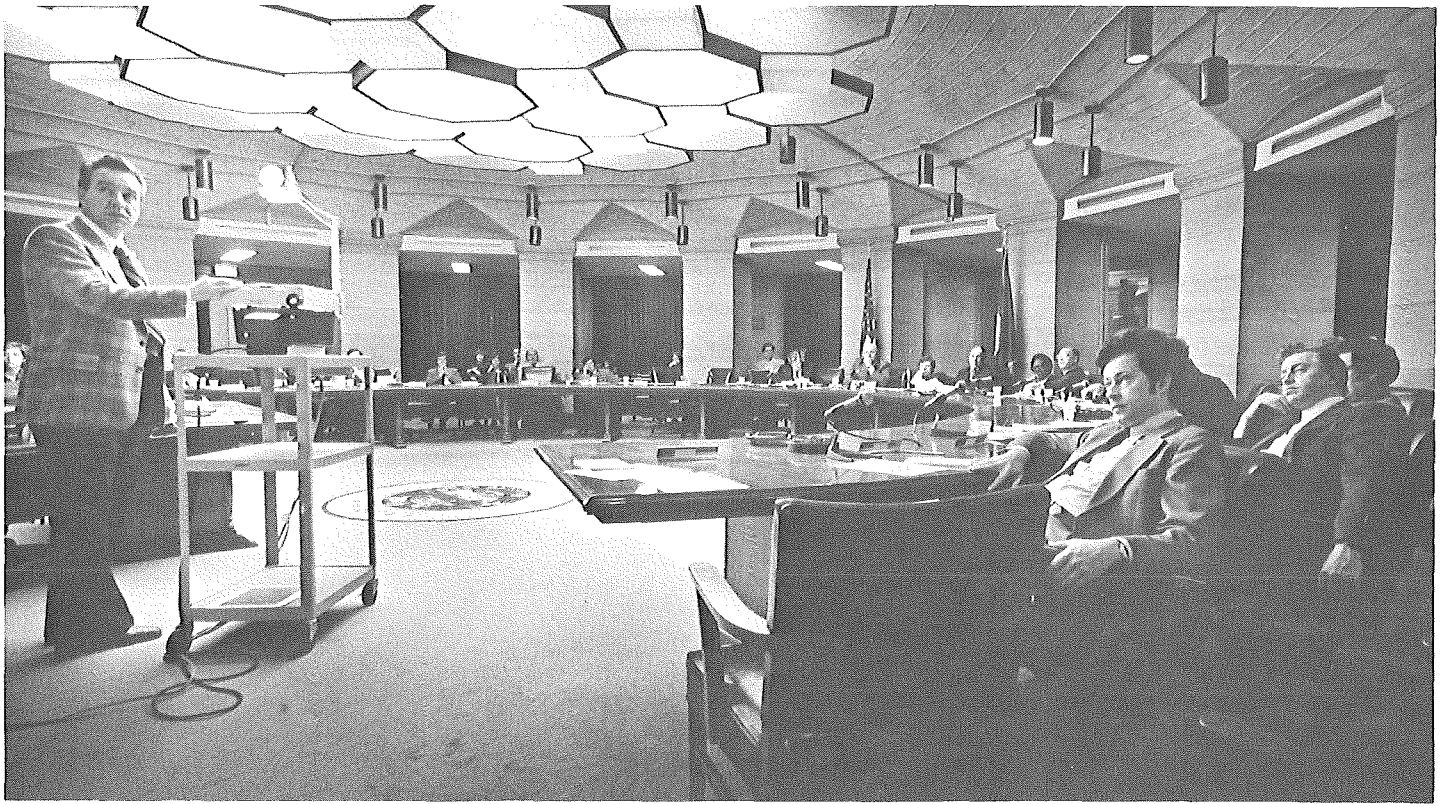
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A Publication about the Minnesota State Senate



Quile takes office.
(See back page.)



Tax cuts are the issue in '79

by Dave Peterson

Though the 1979 session is only a few weeks old, one issue has already emerged that almost insures late night sessions come April or May, and possibly — just possibly — even after that.

The issue, of course, is taxes.

That there will be tax cuts of some kind is a virtual certainty. In this post-proposition 13 age, tax cuts are now as certain as the proverbial certainties of death and taxes.

But there the agreement ends and the disagreements begin. And it is these disagreements that may keep the midnight oil burning in both legislative chambers and in the Governor's office.

How much?

To begin with, there won't even be initial agreement on how much money is potentially available to cut taxes. Just how large a revenue surplus exists was a point of constant contention during the last legislative session and that disagreement seems likely to continue. (Even if a figure is established, disagreements can also be expected over what part should be held in reserve for emergencies or in case revenue projections prove overly optimistic and actual tax receipts fall short of projections.)

So important is the question of surplus size that the Senate has created a special select committee just to deal with that issue. The Senate Select Committee on Finance and Taxes will attempt to generate revenue predictions of its own. Patterned after the U.S. Joint Economic Committee, the select committee will also attempt to examine the revenue and expenditure sides of state spending concurrently, a process that will give a more complete view and a more thorough understanding of the state spending picture.

A recession ahead?

At its first meeting Thurs. Jan. 11, the committee heard from two economists who held widely divergent views about the economic prospects during the next two years. The first, Dr. Sung Son, chief economist for National Banco, said he expects a recession in 1979 and believes that mandatory wage and price controls will be forthcoming in 1980. The second witness, Dr. Tom Supel, chief economist for the 9th district federal reserve, disagreed with Sung and said he expected continued growth in the 1979-80 period. Both agreed, however, that expectations of state revenue growth of 12 percent in 1980 were not likely to be realized.

(The same day, Gov. Al Quie indicated that he would present a budget message that would provide for tax cuts totaling about \$500 million. His budget message will detail his tax cut plans and the revenue assumptions they are based on.)

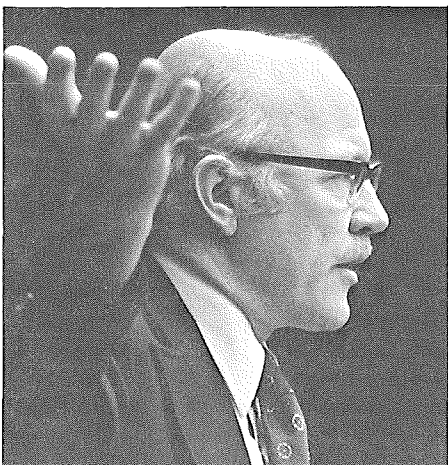
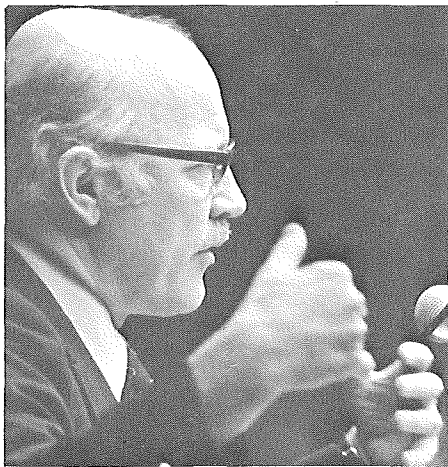
Once a surplus figure is established, the real disagreements will begin.

While some new spending programs are likely, neither party is apt to support any wholesale expansion of state spending. But one key and substantial spending item — state aids for public schools — could gobble up significant portions of any potential surplus. To the extent that legislators and the Governor successfully resist pressures to increase substantially state aids, a larger pool of dollars will be available for tax relief.

After spending issues are resolved and a certain dollar figure is agreed to be available for tax relief, further important disagreements remain.

Key tax policy questions include:

- Should the entire amount go to individual and corporate income tax relief, or should some of it be allocated to reduce property tax rates even further?
- In reducing income taxes, should all the relief be concentrated on individuals or should some of it go to reduce corporate income taxes — particularly for small businesses?
- Where should individual income tax reductions be applied — should there be across-the-board cuts or selective reductions that would concentrate the



OPPOSITE PAGE: The Senate Select Committee on Tax and Finance opened hearings in January and heard from a variety of expert witnesses.

LEFT: A witness from the University of Minnesota talks about problems and prospects facing the farm economy in the state.

BELOW: Sen. Jack Kleinbaum (DFL-St. Cloud) listens as Sen. Robert Dunn (IR-Princeton) asks a question.

BELOW BOTTOM: Tax Committee Chairman William McCutcheon (DFL-St. Paul) questions a witness.



relief on lower and middle income tax payers?

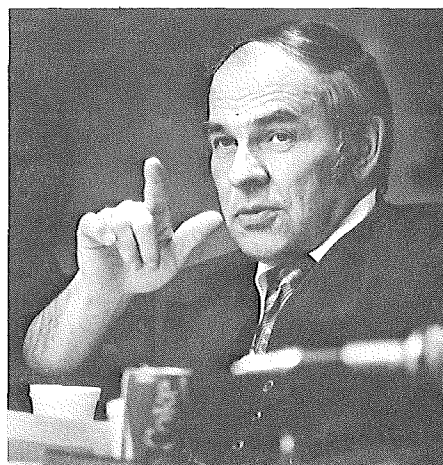
- How much would "indexing" taxes cost? ("Indexing" would involve tying tax rates to the inflation rate so that increased income would not automatically result in higher tax rates.)

A highly political issue

Clearly the tax cut question is a highly political one. Independent-Republican Governor Al Quie campaigned on a promise of tax cuts and he will be anxious to deliver. DFLers will be equally anxious to shape tax legislation to their advantage and will hope to gain part of the credit for any reductions that are enacted.

The political demographics of each party will affect the positions taken by each side. Democratic strength traditionally lies with lower and middle income voters whereas Republican strength is traditionally seen as lying with higher income voters. Not coincidentally then, the DFL majority seems to be favoring selective reductions at the middle and lower income levels while Republicans are arguing for equal across-the-board reductions for all taxpayers.

As for the issue of property tax reductions, it seems likely that more support will exist for income tax reductions than for further property tax reductions. Although the entire "tax revolt" was originally aimed at reducing property taxes, **not** income taxes,



past legislation that created the circuit breaker concept has been successful enough in Minnesota that there seems now to be less concern over property taxes than over state income taxes. But Senate Tax Committee Chairman William McCutcheon is known to be an advocate of additional property tax relief and his position gives him the opportunity to influence the final decision.

While concern over the "small businessman" has been a perennial theme of the Republican party for decades, it has also joined the DFL litany in more recent years. Some kind of reduction in taxes on small businesses will be the first priority in any corporate income tax reductions.

A question of compromise

What kind of actual tax cuts will be passed is anyone's guess at this point. But with a DFL-controlled Senate, an equally divided House, and an Independent Republican Governor, it seems safe to assume that the result will be some kind of compromise or nothing at all. And since nothing at all is unacceptable to both parties and even more so to the voting public, that leaves only compromise.

But getting there is likely to take most of the session — and maybe even longer. While both sides seem eager to be cooperative and accomodating at this early point, that spirit could vanish and be replaced by bitter argument and debate.

While it seems early to be talking about the possibility of a special session to resolve the tax question, a survey of Senate committee chairmen found that most of them agreed that taxes are the one issue that could make one necessary — even though most chairmen felt that a serious impasse would **not** develop.

The tax cut issue and the politics that surround it promise to make the 1979 legislative session one of the most interesting in recent years. Political and personal philosophy, pragmatic politics, and many other factors will enter into the complicated equation that will determine the end result.

PHOTO: Courtesy Sister Kenny Institute

Seriously injured workers often face hours of therapy and retraining before they can return to the job. Workers' compensation insurance was designed to help — but there are problems with the system ...



Workers compensation changes coming

by Steve Voeller

"Workers' compensation is a high-powered issue. It's probably the number one business issue in the state; it's clearly the number one labor issue," according to Sen. Steve Keefe (DFL-Minneapolis).

Keefe is chairman of the 16-member Workers' Compensation Study Commission, which explored this high-powered issue during the past year and a half.

Any day now, a majority report — and perhaps a few minority reports — will be released, recommending changes in Minnesota workers' compensation laws to make the system better serve employers and workers.

Increasing incentives

In a recent interview, Keefe said the group concentrated on two goals: Increasing incentives for workers to return to work, and reducing the number of cases that end up in litigation.

The group went through the current benefit structure and both raised and lowered benefits, depending on whether the benefits were thought to be incentives or disincentives to return to work, Keefe said. Example: Currently, a worker in a retraining program can receive a retraining payment as well as a regular disability payment. With this double payment, some workers can make more while retraining than when back at work. The commission recommended the incentive for entering a retraining program be retained, but substantially reduced.

The commission also voted to eliminate the double payment of permanent total and permanent partial compensation for the same injury. And making the permanent partial benefit payable when a worker returns to work is yet another incentive for a speedy return to work, Keefe said.

Lower litigation rate

To find ways to reduce the litigation rate the appeal of an award or denial of benefits, the group examined workers' compensation systems in other states. In Wisconsin, for example, the rate is much lower than in Minnesota. In order to measure litigation they compared the number of requests for hearings (usually the first step involving an attorney) with the number of reports of injuries. In Minnesota the rate in 1977 was about 10 percent — one hearing request for every ten injuries reported. In Wisconsin, the rate for 1977 was slightly less than four percent.

The litigation rate is seen as a major factor in the cost of workers' compensation. In fact, national studies have concluded that only the differences in benefit levels themselves have more impact on the cost of workers' compensation.

The commission aims to cut litigation by reducing the frustration workers feel because of red tape, lack of communication and ambiguous rules. "We've gone through the entire system and recommended that wherever possible, the benefit structure be made more explicit and objective. Wisconsin uses a series of schedules that define in clear, objective terms what constitutes various disabilities," Keefe said.

The group recommended the adoption of the Wisconsin system of sending a brochure to every injured worker explaining in laymen's terms exactly what is provided. It refers workers to the state agency if they have any questions about their benefits. "We find that rapid information is the best way to prevent litigation," Keefe said.

State reinsurance?

The one recommendation of the commission that may not get support from the insurance industry is a provision for a state reinsurance fund. Such a fund would sell mandatory insurance against catastrophes (natural disasters, new court interpretations, scientific discoveries) to insurance companies and to individual employers who wanted to self-insure their workers. According to Keefe, a state reinsurance fund would help competition in the insurance industry because many smaller firms cannot find reinsurance against catastrophes and do not have the large capital needed to cover the high costs of a catastrophe. "The problem with self-insurance is that you have to prove to the state that you're financially responsible, and reinsurance against the really big cases helps reduce the amount of bond you have to post," Keefe said.

But Patrick Newlin, a commission member representing the insurance industry, voted against the proposal. "I really don't think the commission fully understood how complex a system it would be. I don't think the state government has the expertise to set up something like that," Newlin said. A better way to make self-insurance easier

(continued on page 12)

INTERIM REPORT

Compiled by Karen Clark

The final gavel of a legislative biennium does not necessarily signal an end to all legislative activity. Interim, the months between sessions, has become a time for study and reflection on the issues and problems that will be before the legislature. The pace slows dramatically during the interim; nevertheless meetings are held, testimony is heard and plans are formulated. Senators take advantage of the slower pace to meet with constituents, travel to various parts of the state for public hearings on specific problems and to gain an in-depth understanding of the issues that will be before the Senate. The following is a brief summary of committee and commission activity during the past interim.

Agriculture and Natural Resources

The major activity of the Agriculture and Natural Resources Committee was an investigation, by a special subcommittee, of the public's perception of the Department of Natural Resources. The subcommittee held listening hearings in 16 cities around the state to hear public testimony on DNR policies. The Fish and Wildlife Subcommittee also held hearings on possible changes in the licensing system. Various resource issues were discussed over the interim with a briefing and tour of copper-nickel and peat mining operations being of special interest to committee members. The Agriculture Subcommittee held hearings on the problems of marketing feed and malt barley and discussed the Family Farm Security Act. The subcommittee also heard testimony from the public and the Minnesota Department of Agriculture on the Dairy Industry Unfair Trade Practices Act. The Environmental Protection Subcommittee reviewed the progress of the State Shade Tree Program.

Commerce

Utility rate relief proposals, such as the rate break concept, were considered by the Commerce Subcommittee on Utilities. Several hearings were held on the subject during the interim and it is expected that discussion about some form of rate relief will continue on into the legislative session. The Commerce Subcommittee on Liquor met to discuss several liquor licensing issues.

Education

The Education Committee gathered information over the interim regarding the 842 Study of Education Finance. The committee also considered the long range plans for and review of Planning, Evaluation and Reporting legislation in the perspective of competency and basic education curriculum. In addition, hearings were held on the distribution of categorical aids to Area Vocational Technical Institutes, competency based testing and trends in Minnesota test scores.

Employment

The two Employment Subcommittees met during the interim to consider a variety of topics. The Labor Subcommittee heard presentations by the Urban Leagues of Minneapolis and St. Paul, the Council on Spanish Speaking Affairs, the Unemployment Insurance Division and the Council on the Economic Status of Women at meetings held during the summer and fall. In addition, the subcommittee also considered the subject of mandatory retirement. The Economic Development Subcommittee met to discuss business taxes and economic growth in Minnesota. The subcommittee also toured a portion of southern Minnesota to assess the business climate in that part of the state.

Energy and Housing

Implementation of the statewide building code was the subject of several meetings of the Energy and Housing Committee. District heating, energy efficiency standards and energy conservation were some of the other topics considered by the committee. Special meetings with the House Select Committee on Energy were held to discuss natural gas availability. The Minnesota Energy Agency gave a special presentation on the National Energy Act and the 1979-81 Biennial Budget. In the area of housing the committee studied the housing needs of the handicapped and the concept of congregate housing for the elderly.

Finance

The Finance Subcommittee on Health, Welfare and Corrections held several public hearings in various parts of the state to consider Title XX fund distribution and a social development proposal. The Subcommittee on Semi-state and Transportation heard an update on the Mn/DOT plan and an overview of progress from the plan's inception.

General Legislation & Veterans Affairs

Most of the work of the General Legislation Committee focused on veterans. During the interim a special Senate/House Task Force on Veterans Affairs discussed problems such as housing and education needs. As a result, a new standing committee has been formed to deal solely with Veterans Affairs. A new Subcommittee on the Arts heard presentations on the State Board of the Arts and the state Historical Society. Another subcommittee considered whether or not there was a need for amusement ride safety legislation.

Governmental Operations

Once again this year the Governmental Operations Committee was divided into task forces to study specific issues during the interim. The Task Force on Government Accessibility studied ways and means, such as multi-service centers and co-location of state agencies, to make it easier for citizens to obtain services from government. The Task Force on Occupational Licensing heard an overview of current occupational licensing issues and trends. The Administrative Procedures Act was the central concern for the Task Force on Government Structure.

Health, Welfare and Corrections

The main focus of activity for the Health, Welfare and Corrections Committee was a series of hearings on ambulance licensing. The results of the hearings will be the introduction of legislation to revise the state ambulance licensing system.

Local Government

The Local Government Committee met during the interim to consider amendments to the municipal consolidation procedure and to review optional forms of county government.

INTERIM TOURS



RIGHT: The Senate Energy and Housing committee listens to a representative from a Park Rapids sawmill tell about the lumber grading portion of the state building code in June.

ABOVE: Sen. Gerald Willet (DFL-Park Rapids) and Sen. Jerald Anderson (DFL-North Branch) look on.



Photo by Mark Karnowski

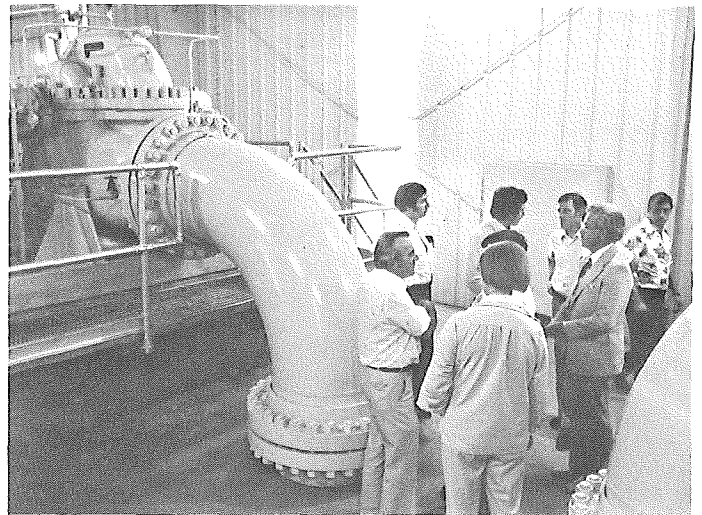


LEFT: Members of the Senate Tax Committee don white coats and hard hats to view the Eveleth taconite plant.

FAR LEFT: Sen. Douglas Sillers (IR-Morehead) discusses the concentrating process with a plant representative.

BELOW: The Senate Transportation subcommittee on pipelines visits the Great Lakes Gas Transmission Company's pipeline valve station in Pennington County in September.

BOTTOM: The subcommittee views the effects of an existing pipeline on crops and soil on River Bend Farms, which is owned by the Wald family, south of Thief River Falls.



Chapman



Photo by Steve Chapman

Taxes and Tax Laws

Property taxes were once again a major subject of discussion for members of the Committee on Taxes and Tax Laws. The committee held several hearings on property taxes to hear both public testimony and presentations by the Department of Revenue. The Business Climate-Subcommittee met to discuss in detail a report by the Tax Study Commission on the business climate in Minnesota. Representatives from the Department of Revenue gave presentations on Minnesota's inheritance, estate and gift taxes in comparison with federal taxes to the Inheritance Tax Subcommittee.

Transportation

The Transportation Committee carried out its interim work program using a number of subcommittees to study specific issues. The Subcommittee on Transportation Policy considered a proposed vehicle inspection-maintenance program. The Subcommittee on Highways and Bridges studied the deterioration of state highways caused by chemical (salt) usage and vehicle weights. Legislation dealing with pipelines and their regulation was developed by the Subcommittee On Pipelines. The Subcommittee on Rural and Commercial Transportation continued research on the problems of transportation in rural Minnesota and is developing legislation for the rehabilitation of rail lines. The Subcommittee on Transit prepared legislation to coordinate and expand transit programs for the elderly and the handicapped. The Subcommittee on Transportation Finance continued research on the problems of financing the state's transportation system.

Workers' Compensation Study Commission

One of the most active legislative commissions this interim was the Workers' Compensation Study Commission. The commission spent hundreds of hours studying all facets of the workers' compensation program in Minnesota. The final report will contain recommendations for legislation to improve the system.

Legislative Commission on Minnesota's Resources

Another very active legislative commission this year was the Commission on Minnesota's Resources. The LCMR was created to "provide the background necessary to evaluate programs proposed to preserve, develop and maintain the natural resources of this state." To that end the Legislative Review Committee reviewed recommended allocations from the grant-in-aid program for local and regional recreation projects. The Water Committee reviewed a variety of issues dealing with water resources. The Forestry Committee studied the general management of the state's forest resources including both timber and non-timber uses.

The Executive Committee of the LCMR worked with the Tax Study Commission Subcommittee on Tax Exempt Property to review the recommendations of the Public Lands Impact Study. Recommendations made by the LCMR will be presented to the appropriate legislative committees.

Legislative Audit Commission

The Legislative Audit Commission, an oversight commission, considers both the performance and financial effectiveness of state agencies. The Commission Advisory Subcommittee for the Evaluation of Personnel devoted several hearings to preparing a comprehensive Department of Personnel study. The Subcommittee for the Evaluation of Nursing Home Rates also prepared a detailed report on nursing home rate setting procedures and discussed quality of care issues. The Subcommittee on Water Resources Management Evaluation reported on an evaluation of the irrigation permit system and received drafts of other related reports. During the latter part of the interim some controversy developed over the release of certain of the legislative auditor's working papers. A special subcommittee was then established to study the questions involved.

Tax Study Commission

The Tax Study Commission prepared and published three major reports. "The 1978 Comparative Business Climate Study" is a statistical evaluation of the general business climate in Minnesota and the other 49 states. The second report, "1977 Minnesota Rankings", features a comparison of taxes and expenditures with other states. A third report, "History of Taxation in Minnesota", offers a brief narrative with extensive tables of tax legislation enacted since 1858. In other action, the Subcommittee on Income Tax Simplification held a series of meeting to consider methods of tax simplification. The Subcommittee has prepared a series of recommendations for both the Department of Revenue and the legislature.

Joint Legislative Committee on Solid and Hazardous Waste

The development of a comprehensive work plan was the primary task for members of the Joint Legislative Committee on Solid and Hazardous Waste. Committee members heard hours of testimony from state agency personnel. The work plan will be used to develop a detailed program for dealing with the solid & hazardous waste problem in Minnesota.

Legislative Coordinating Commission

The Legislative Coordinating Commission is charged with overseeing the salaries and budgets for legislative commissions. During the interim the LCC began the budget review process for the legislative commissions, reviewed and approved salaries for the Office of the Revisor, the Legislative Reference Library and

commission staff. In addition, the LCC members worked on guidelines for setting salaries.

Joint Agricultural Land Preservation Committee

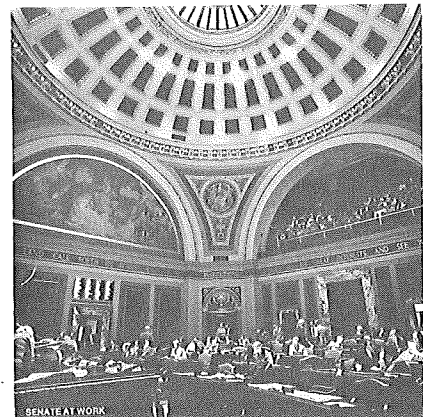
The Joint Agricultural Land Preservation Committee is made up of members from several Senate standing committees. The committee met several times during the interim to study methods of saving prime agricultural land from urbanization.

Small Business Task Force

A special Small Business Task Force was set up during the interim to examine the special needs and problems of small businesses. The Task Force heard testimony from businessmen, government agencies and the general public.

Perspectives

A Publication about the Minnesota State Senate



briefly

The Minnesota Senate Week in Review February 2, 1979

PAGE ONE: A NEWS SUMMARY

Colman reveals tax cut debate plan
 The Senate Committee on Finance and Taxation today announced its plan for a revenue package to be introduced in the House. The package would include a 10 percent reduction in the state income tax rate, a 10 percent reduction in the state sales tax rate, and a 10 percent reduction in the state property tax rate. The package would also include a 10 percent reduction in the state corporate tax rate, a 10 percent reduction in the state inheritance tax rate, and a 10 percent reduction in the state gift tax rate. The package would also include a 10 percent reduction in the state estate tax rate, a 10 percent reduction in the state capital gains tax rate, and a 10 percent reduction in the state dividend tax rate. The package would also include a 10 percent reduction in the state interest tax rate, a 10 percent reduction in the state gambling tax rate, and a 10 percent reduction in the state lottery tax rate. The package would also include a 10 percent reduction in the state tobacco tax rate, a 10 percent reduction in the state alcohol tax rate, and a 10 percent reduction in the state gaming tax rate. The package would also include a 10 percent reduction in the state gaming tax rate, a 10 percent reduction in the state gaming tax rate, and a 10 percent reduction in the state gaming tax rate.

Rate break testimony heard
 The Senate Committee on Finance and Taxation today heard testimony from the Minnesota Rate Break Task Force. The task force is a group of representatives from various industries and businesses that have been affected by the state's rate break program. The task force's report would recommend that the state's rate break program be expanded to include more industries and businesses. The task force's report would also recommend that the state's rate break program be expanded to include more industries and businesses. The task force's report would also recommend that the state's rate break program be expanded to include more industries and businesses.

Two bills win final passage
 The Senate today passed two bills. The first bill, S.F. 1, would amend the Minnesota Constitution to allow the state to issue bonds to finance the construction of a new state capitol building. The second bill, S.F. 2, would amend the Minnesota Constitution to allow the state to issue bonds to finance the construction of a new state capitol building. The Senate today passed two bills. The first bill, S.F. 1, would amend the Minnesota Constitution to allow the state to issue bonds to finance the construction of a new state capitol building. The second bill, S.F. 2, would amend the Minnesota Constitution to allow the state to issue bonds to finance the construction of a new state capitol building.

preview

The Minnesota Senate Week at a Glance

Monday, February 5, 1979
 Employment Committee on Budget and Finance
 Agenda: Review of the House bill on the subject of the Minnesota State University System. A review of the House bill on the subject of the Minnesota State University System. A review of the House bill on the subject of the Minnesota State University System.

Tuesday, February 6, 1979
 Transportation Committee on Budget and Finance
 Agenda: Review of the House bill on the subject of the Minnesota State University System. A review of the House bill on the subject of the Minnesota State University System. A review of the House bill on the subject of the Minnesota State University System.

Wednesday, February 7, 1979
 Education Committee on Education and the Arts
 Agenda: Review of the House bill on the subject of the Minnesota State University System. A review of the House bill on the subject of the Minnesota State University System. A review of the House bill on the subject of the Minnesota State University System.

Readers rate publications through readership survey

Last fall the Public Information Office conducted a readership survey. It was our first attempt at measuring the things our readers liked and/or didn't like about our publications. It was also the first time that we offered you the opportunity to make suggestions about the services provided by the Public Information Office. Overall the response was very encouraging and we would like to take this opportunity to share the results with you.

More than 2600 responded to survey

Over 2600 responses (about 85 percent of those remaining on the mailing list) were received and tabulated. The questionnaires were separated from the mailing list returns immediately. (Thus, for those who wrote on the questionnaire form asking for specific materials we have not been able to fill those requests.)

The first question on the survey asked which of the regular publications readers found most useful. Thirty-seven percent replied that Briefly was the most useful, 13 percent cited Preview and 12 percent found Perspectives most useful. The combination of Briefly and Preview was most useful according to 18 percent of our readers while the combination of Briefly and Perspectives was most useful for five percent of our readers. One percent preferred the combination of Preview and Perspectives. Nine percent said all three publications were equally useful. Five percent did not respond to the question.

Publications used for general information

The second question asked how readers used the publications. Thirty-eight percent

of the readers used the publications as a source of general information. Twenty-three percent used the publications as reference materials, 26 percent used them as part of their work and nine percent used them as a supplement to the news media.

Responses to the third question, asking how readers used the publications, showed that 30 percent used the publications to gain a general overview of Senate activity, 29 percent used them to follow the progress of a particular bill, 17 percent used the publications to follow the activities of a particular committee and 23 percent used them to receive advance notice of committee activities. One percent checked "other" and the final percent did not respond to the question.

"Interested Citizens" largest readership group

One major reason for doing the survey was to analyze the composition of our mailing list. The fourth question asked readers to check the category most accurately describing them. The largest group of readers (24 percent) described themselves as "interested citizens". The second largest group (21 percent) checked the "educator" category. fifteen percent were associated with a club or civic organization, 11 percent were with another branch of government, nine percent identified themselves with a corporation, business or industry, six percent were members of the press, five percent were attorneys, two percent were students, and seven percent fell in categories other than those listed.

The next set of questions could be answered with either a "yes" or "no". Most readers felt that the publications were

informative (97 percent), timely (84 percent), easily read (87 percent) and objective (80 percent). However, only 65 percent felt that the publications went into enough detail.

The final set of questions asked about the level of coverage for committee activity, floor action, major bills, local bills, vote totals and individual senators. Most readers felt the level of coverage should remain about the same on all categories except major bills. According to 40 percent of the responses major bills should receive more in-depth coverage. In fact, more information about all categories was requested by a significant number of readers. Not surprisingly, very few of the responses suggested less coverage in any area.

Comments and suggestions proved helpful

The comments, criticism and suggestions have proved to be not only helpful but informative and encouraging as well. We are still discussing ways and means of improving services and hope that you will be able to see those improvements as time goes on. We would like to thank all of you who took the time to answer our questionnaire and encourage you to let us know if there are any other comments or suggestions you care to make.

— Karen L. Clark
 for the Public
 Information Office



New assistant majority leader is self-proclaimed moderate

by Diane Egner

The assistant majority leader in the Minnesota Senate first gained an interest in politics when he drove a car for Bob Bergland's first congressional campaign in 1968.

Marvin B. Hanson, 34, was born and raised in Bergland's home district in the northwest corner of the state. District 1 surrounds Hallock, a town of 1,477 where Hanson farms about 5,500 acres along with his brother and his father.

Likes being a Senator

"I like being a Senator. But I don't know if I want to do it as a lifetime," Hanson, a self-proclaimed moderate, says.

Only a freshman senator, he was elected assistant majority leader on the 6th ballot on a 26 to 19 vote in December over Sen. Roger Laufenberger, a 16-year veteran.

Hanson succeeds Winston Borden, Brainerd, who resigned from the Senate to become president of the Minnesota Association of Commerce and Industry.

"If I had to pick a reason why I was elected (assistant majority leader) it would be that I think the fellows were looking at me to look at all the issues and pull them together.

"I tried to talk to the members and get an understanding of their special concerns," Hanson said.

Served on tax conference committee

Even so, it is rare for a freshman to be elected to such a high post. Instrumental in his gaining recognition and respect from his colleagues was his work on the tax conference committee the past two years, according to other senators.

Hanson and another freshman senator, Collin C. Peterson (DFL-Detroit Lakes) were the first freshmen ever to serve on that joint committee.

On the tax committee Hanson became well known for his willingness to hear out all sides of issues and to find a compromise acceptable to most.

That is the same kind of initiative Hanson says he would like to take in working with Al Quie, Minnesota's first Republican governor in a decade.

"We're (the DFL Majority) going to take a positive approach. We won't oppose for the sake of opposition alone," Hanson said. "Instead we'll develop alternatives."

Priorities: education and taxes

Quie's priorities for the session are in line with what Hanson proclaims to be his: education and taxes.

Hanson says he would like to see better rural education and a fairer distribution of state funds to rural schools like those in district 1. His interest in taxes centers around a desire to see income taxes better aligned to recognize inflation and its impact on take-home pay.

And his constituents would like to see him work to stem recent increases in assessments of agricultural land. Farmers in the Red River Valley believe their land is being valued beyond its worth, forcing their taxes too high, Hanson said.

Naturally Hanson wants to please his constituents because he has intentions of running for another term. He was first elected in 1976. But beyond another four years in the state senate, Hanson says he has no plans for the future.

"I think a politician who starts to look to higher office does himself disfavor because he has other more important considerations here," he said. "I think too much forethought leads to disorientation."

If he isn't reelected, Hanson, his wife Gayle and their two children, George, 3, and Kate, 1½, will return to Hallock to farm fulltime. Last year, Hanson, his brother and his father, who formed a corporation in 1972, planted 5,500 acres of primarily wheat, barley, sugar beets and canary seed. They had raised beef for years but sold out last year when beef prices plummeted.

An occasional lawyer

Besides farming, Hanson can also fall back on another profession: law. He has a judicial degree from Columbia University and occasionally practices law in Minnesota "just when some neighbor asks me to help them out," he said.



In 1961 Hanson graduated from Hallock high school and immediately entered the University of Minnesota. During his freshman year he applied to the Peace Corps and was accepted in June. For the next 18 months he lived in Bolivia and taught agricultural methods to the natives whom the government was trying to get to relocate from their mountain homes to more fertile tropics. Hanson learned passable Spanish while teaching natives to raise hogs and chickens.

He returned to the University of Minnesota and graduated in 1966 with a major in agricultural economics.

Then, according to Hanson, "I got lucky on the law boards," and he became the "token hick" at Columbia University's law school. After working the summer of 1968 for Bergland, Hanson graduated from Columbia in 1969 and went back home to farm where, he said, "I found a law degree extremely useful" in running the business side of the farm.

Hanson - continued on p. 12



Sen. David Rued is sworn in by state supreme court justice Robert Sheran as Rued's wife, Ardella, looks on.

Newest IR Senator plans to be heard

by Diane Egner

David Rued (pronounced rude) had 28 days to decide to run for the state senate and to get his name and face before 60,000 eligible voters in district 13.

He won Dec. 17 by 2,000 votes over former Rep. Donald Samuelson, DFL candidate from Brainerd, after spending more than \$25,000 in a special election.

Rued filled the seat left vacant by Winston Borden (DFL-Brainerd), who left to become president of the Minnesota Association of Commerce and Industry.

Today Rued's boyish smile and windblown light brown hair belie his 46 years as he wanders around the Capitol as one of 20 Independent-Republican senators.

He's been here before and even though he is the Senate's newest member, Rued says he doesn't feel any more disadvantaged than other senators.

"It's not as if I'm coming into this new to the situation," he said.

He had visited the legislature several times before while working as a building inspector, a dairy inspector, an agriculture teacher and a farmer. Rued even ran for the state House, and lost, once before.

But his biggest anxieties with the legislature have come over problems he has encountered as a farmer. Shortly after he and his wife, Ardella, who is a registered nurse, and their children Judy, 21, Tim, 19 and Sue, 17, moved to Aitken in 1965, they had to form a corporation to borrow money to buy land.

Rued and his wife are the sole stockholders in a corporation that owns

660 acres of land near Aitken. They have a home on Lone Lake and raise about 200 acres of wild rice and 200 acres of dry-land grain.

At the time they bought their land, usuary laws and high interest rates prevented them from borrowing money to buy land as individuals, according to Rued.

Wants to work for farmers

"I think something has to be done to lower interest rates for farmers," Rued said, expressing his chief concern as a senator.

Rued can introduce bills to achieve that goal but he won't have much direct input on agriculture in his current committee assignments because none of them deal with agriculture. As the Senate's lowest ranking member in seniors, he was not assigned to any committees he requested but instead will serve on Energy and Housing, Local Government and Education. He says he's happy with those assignments but would have been happier serving on Agriculture and Natural Resources or Commerce.

"I hope to represent the people in my district well," he said. "I think it's important to restore some confidence in government."

To that end, Rued says he would like to work to return power to the local communities and away from the central government.

"A lack of faith in politics is due to poor public relations," he said. "Too many people think they have no control. I favor turning control back to them by passing local option laws. The legislature's role ought to be one of sending guidelines instead of mandates down to the communities. We should use the word 'may' instead of 'shall.'"

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Sen. Hubert H. Humphrey III
Sen. Roger D. Moe

Minority Liaisons

Sen. Robert G. Dunn
Sen. John Keefe

Workers' Comp: from p. 4

would be to ease the state restrictions on reinsurance to make reinsurance more competitive, he said. "There are reinsurers who would write workers' comp in Minnesota. They're just not allowed to," though the situation is better today than a year and a half ago, Newlin said.

Other recommendations

Among the many other recommendations of the commission:

- Limit the cost-of-living increase on benefit to cases more than two years old to save money.
- Establish a modified statute of limitations modeled after that of New York. After a certain number of years, the cost of a reopened case would no longer be borne by the insurance company but would be paid by the special compensation fund held by the state.
- Encourage the spouses of deceased workers to return to work by offsetting earned income against benefit payments.

Serving on the commission with Keefe were Senators Nancy Brataas (IR-Rochester) and Roger Laufenburger (DFL-Lewiston), members of the House of Representatives, and representatives of labor, consumers, the insurance industry and state government.

Keefe planned to introduce a bill containing the majority recommendations of the commission by the beginning of February. "The lobbying forces are massive, and the numbers of people affected are massive, and that's why it's very desirable to come to some sort of compromise that's fair to all parties," he said.

Hanson: from p. 11

But it wasn't until 1973 that some neighbors needed "a little law work" and Hanson agreed to represent them as an attorney. Since then he has done enough tax, real estate and estate work to qualify him as a practicing attorney in the state.

From 1970 to 1976 Hanson was DFL chairman in Kittson County and in 1976 he won election to the state senate by a margin of 17,000 votes to 12,000 votes.

During the sessions his family moves into a house they own just 10 minutes from the Capitol and across the street from a park, which serves as a reminder of the open spaces of Hallock, where his family lives when the Senate is not in session.

Perspectives

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Photographer: Mark Nelson

On the cover

Gov. Al Quie's swearing in ceremony Jan. 4 featured a historic first when Senate President Edward Gearty (DFL-Mpls.) presided over a joint session of the House and Senate in the House Chambers.

(Normally the Speaker of the House presides at joint sessions but since the House had not then completed its leadership negotiations, Gearty was asked to preside.)

In the photo: Gearty and Secretary of State Joan Grove (top back) look on as Quie takes the oath of office from Supreme Court Chief Justice Robert Sheran as Lt. Governor Lou Wangberg holds a Bible. At right is State Treasurer Jim Lord.