

for immediate release
February 3, 1983

contact: Sarah Gardner
(612)296-2146

Universities state 1983-85 priorities, budget proposals

Heads of the University of Minnesota and the state university system spoke before the Minnesota House Appropriations Committee on January 31 and February 2 to give lawmakers an overview of their budget requests and priorities for the coming biennium. University of Minnesota President C. Peter Magrath said faculty salaries are a "top priority" item in the school's request. They are asking for \$92.2 million more money than they got in the current biennium and almost half of that would go to salary increases of 8 percent in 1983-84 and 9 percent in 1984-85.

Magrath said that University salaries have not kept up with inflation in past years. In the 1970's the average spendable income of Minnesotans rose 8 percent, while the real income of University professors went down 20 percent, he said. Magrath warned that the University will risk losing quality faculty if salaries continue to erode.

John Wefald, Chancellor of Minnesota's seven state universities, asked lawmakers to replace \$8.7 million that the schools raised through increased tuition in order to lessen the impact of recent budget cuts. Wefald's request called for other increases in state funding over the current biennium. Wefald told the committee they must fully fund the state universities if they want to preserve "high quality education" and maintain the quality of life in the rural communities that benefit from the presence of a state university.

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contact: Sarah Gardner
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HF46 gets unanimous approval from Dairy subcommittee

The Dairy and Livestock subcommittee of the Minnesota House unanimously approved a resolution Feb. 1 asking Congress to repeal a federal law that allows the Secretary of Agriculture to deduct 50 cents from each 100 pounds of milk farmers sell. The money will help pay for the milk price support program. Supporters of the resolution that Representative Stephen Wenzel (DFL-Little Falls) authored, say the deduction plan intends to discourage milk production, but that in fact, farmers will increase production to make up for lost revenues from the 50 cent deductions.

Under the plan, all creameries in the U.S. deduct 50 cents per hundredweight from the farmers' checks and send it to the Commodity Credit Corporation, the federal agency that buys up dairy surplus. The law was supposed to go into effect Dec. 1, 1982, with a second 50 cent deduction due April 1, 1983, but a federal district judge in North Carolina has issued a court injunction against the entire deduction plan. That move has caused confusion in the industry; some creameries are still making the deductions and others have stopped.

Representative Wenzel said his bill, HF46, will send the message to Washington that "dairy farmers are being unfairly discriminated against" under the policy. The bill will now go to the House Agriculture Committee for their consideration.

from the
MINNESOTA HOUSE OF REPRESENTATIVES

LEGISLATIVE INFORMATION OFFICE, ROOM 8, STATE CAPITOL, ST. PAUL, MINNESOTA 55155 • 612-296-2146

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Contact: Bonnie Kollodge
(612) 296-2146

Minnesota House looks at "bad checks" bill

Lawmakers on the House Financial Institutions Committee say they want to crack down on people who pass bad checks. On Feb. 2, they took a look at a bill to do that, HF45 (Kelly, DFL-St. Paul).

The bill would require financial institutions to get more information from people who apply for new checking accounts, and to review and confirm that information.

Another provision in the bill would require those accepting checks to follow procedures to confirm the identity of the check writer to help them recover money from bad checks through the courts.

Finally, the bill would increase civil and criminal penalties for people passing bad checks. Those people would have to pay the holder of a dishonored check twice the amount of the check, plus an 18 percent annual interest charge, attorney fees, and a service charge of up to \$15. A bad check would also subject the check writer to stiffer criminal penalties (imprisonment and fines).

Representatives of various financial institutions who spoke against the bill said they don't oppose the concept of HF45, but do have problems with parts of the bill holding financial institutions liable for gathering and verifying more information about account applicants.

The committee referred the bill to subcommittee to study the bill further, and expects to hear it again in full committee on Feb. 16.

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Contact: Bonnie Kollodge
(612) 296-2146

State's unemployment trust fund \$338 million in debt

Minnesota's unemployment trust fund owes the federal government \$338 million, and Commissioner of Economic Security Barbara Beerhalter said she expects that debt to reach \$400 million by spring.

Beerhalter spoke before the House Governmental Operations Committee on Feb. 1 to give committee members an overview of Minnesota's unemployment compensation system, and to report on the status of the fund that provides money for the compensation program.

According to Beerhalter, 1980 caught Minnesota at the start of another recession with only a small reserve in the trust fund; an increase in demand for unemployment benefits, with more people out of work; and falling fund revenues from taxes to pay the benefits.

"State lawmakers have considered Minnesota a low unemployment state when determining how to finance its unemployment compensation system, and didn't figure in protection against such long-term recessions," said Beerhalter. Another part of the problem, the commissioner explained, is that Minnesota has had few good years in the past decade. Since an economy in recession leads to higher unemployment and greater demand for benefits, the state has had trouble building a reserve in the fund.

Beerhalter said she's concerned about federal penalty taxes, and additional dollars in accruing interest Minnesota has to pay, as our loans from the federal government become overdue.

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contact: Nancy J. Miller
(612) 296-2146

On-track horse race betting discussed

"Our intention is to create a new form of entertainment for Minnesotans, build a new agri-business, and bring in revenue as well," said representative Dick Kostohryz (DFL-St. Paul), chief author of the pari-mutuel betting bill, when he addressed the Gaming Division of the Minnesota House General Legislation and Veterans Affairs Committee February 2 at the Capitol.

The bill, HF77, calls for establishing a nine-member, bi-partisan racing commission to oversee on-track horse race betting throughout the state. The commission would be responsible for issuing licenses to own, operate, conduct, or work at race tracks; enforcing rules and laws, collecting and distributing tax revenues; conducting investigations and hearings; supervising betting procedures, assigning days the tracks could operate, and upholding the integrity of racing.

County fairs could get a separate license to hold races only on days the fair is normally in operation.

Representative Jim Metzen (DFL-South St. Paul), chairman of the Gaming Division, said the committee will hear from law-enforcement officers February 9, and racing officials one week later.

for immediate release
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Contact: Sarah Gardner
(612) 296-2146

Consumer Affairs and Tourism subcommittee
approves "lemon car bill"

Consumers who get stuck with defective automobiles may get refunds or replacements if the state Legislature passes the "lemon car bill," HF26 (Begich-DFL, Eveleth).

The Minnesota House Consumer Affairs and Tourism subcommittee recommended HF26 to pass at a Feb. 8 meeting, which puts the bill one step closer to becoming law. The bill would require manufacturers to repair any new motor vehicle that doesn't meet the manufacturer's warranties if the owner reports the problem during the first year of the warranty. If the vehicle is so defective that the manufacturer can't fix it within a certain time period or certain number of attempts, the consumer would get a refund or a new vehicle.

The subcommittee approved an amendment to the bill to require the manufacturer to pay for any litigation fees if the consumer has to take the company to court for non-compliance with the legislation.

Tony Perpich, Director of Consumer Affairs and Louis Claeson, Minnesota Auto Dealers Association, told lawmakers the bill would encourage auto manufacturers to improve quality and, therefore, would improve the image the public has of the car business.

Dan Besaw, from the Motor Vehicle Manufacturing Association, said his group opposes the bill. Besaw said consumers already have protection against loss because of defective vehicles. He predicted that companies would pass on the costs of any litigation to consumers.

for immediate release
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contact: Nancy J. Miller
(612) 296-2146

Catastrophic health bill revives

"This is the only health program the state has to protect tax-paying citizens," said state Representative James Swanson (DFL-Richfield), author of HF100, a bill, that would reinstate a catastrophic health program that fell victim to state budget cuts in 1981. The Departmental Affairs Subcommittee of the Minnesota House Health and Welfare Committee recommended the bill to pass and sent it on to the full Health and Welfare Committee February 10.

Under the bill, the Catastrophic Health Expense Protection Program (CHEPP) eligibility requirements would be slightly higher than in the original plan and the proposal calls for a \$2500 deductible fee. Incentives for maintaining health insurance and a \$12 million appropriation request are also in the bill.

The plan is not a welfare program, and working people whose hospital bills are so large due to a catastrophic illness or disease should not have to go on welfare or declare bankruptcy, said Swanson.

The funding for CHEPP passed the Legislature in 1981, and Governor Quie vetoed it.

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contact: Nancy J. Miller
(612) 296-2146

Legislative Committee looks at Bill of Rights for electric cooperatives

Proponents of legislation specifying the rights of members of cooperative electric associations spoke to the Minnesota House Regulated Industry Committee at the Capitol February 9.

HF91 (Minne DFL-Hibbing) was on the committee's agenda. HF91 would require co-ops to notify directors of upcoming board meetings, open meetings to members and their spouses, consider members' petitions for by-law changes at annual meetings, and provide membership lists for fellow members.

"This is an attempt to address the tremendous changes that have occurred within the system, and there is not the sense of community one envisions when one thinks of co-ops," said Minne. "Because of the tremendously large service areas statutorily given to the co-ops, and fast rural growth occurring, the co-ops are dealing with a much larger and diversified membership. I disagree that the current co-op structure adequately provides member input, control, and review."

Nancy Barsness, a member of Runestone Electrical Co-op, testified that the co-op denied her membership lists and access to meetings and meeting records. Senator Don Frank (DFL-Spring Lake Park) originally opposed the bill when it failed to pass in the Senate last biennium; but after dealing with co-ops since then, he said he firmly supports the bill and thinks co-ops are not listening to their members' concerns.

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Contact: Bonnie Kollodge
(612) 296-2146

Minnesota House Judiciary Committee approves E.R.A. legislation

"Shall the Minnesota Constitution be amended to provide men and women with equality of rights under the law?" is the question the House Judiciary Committee voted 15 to 2 on Feb. 7 to put before Minnesota voters in the 1984 general election.

If voters say "yes," to the amendment, the new section in the state Constitution would read: "Equality of rights under the law shall not be abridged or denied by the State of Minnesota or any of its political subdivisions on account of sex. The Legislature may enforce the provisions of this section by appropriate legislation."

Several committee members at the meeting tried to make changes to the E.R.A. proposal, HF1, to address the issues of abortion funding, homosexuality, and personal privacy. The committee voted down all amendments, however.

"E.R.A. is a fairly simple issue, and is separate from the issue of abortion and the others," said House author, Representative Phyllis Kahn (DFL-Mpls.) as she tried to keep amendments from her bill. According to Kahn:

- Constitutional language should always be simple, and avoid details
- language in HF1 should be as similar as possible to language in equal rights amendments in other states
- the Legislature can draft legislation to deal with legislative intent, and the other mentioned issues.

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Contact: Bonnie Kollodge
(612) 296-2146

"Superfund" bill gets first hearing of Legislative session"

"The Minnesota Pollution Control Agency lists 58 sites where hazardous waste contamination problems exist in Minnesota," Representative Dee Long (DFL-Mpls) told the Minnesota House Environment subcommittee on Feb. 10. "In 1981, when the Legislature first looked at state superfund legislation, there were 36 problem areas. Last year that number grew to 49. We're discovering new sites at the rate of better than one per month."

Representative Long is author of HF76, the Environmental Response and Liability Act or "superfund" bill. She says three main purposes of the bill are to:

- establish in law a standard of strict liability for the release of hazardous substances
- authorize the PCA to clean up hazardous waste problems and pursue problem areas later
- fund clean up of sites the federal superfund won't cover and let money from the Environmental Response fund go toward the 10 percent state match the federal superfund legislation requires.

The state will provide start up money. A tax on hazardous waste generators, money the state recovers from violators, and grants, gifts, and interest on reinvested money will finance the fund.

Some of the issues are the availability, coverage, and cost of insurance for hazardous waste generators, and provisions for retroactive liability that would hold generators liable for past actions.

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contact: Sarah Gardner
(612) 296-2146

House Appropriations Committee studies Governor's
New Initiatives Program

The governor's \$175 million investment budget, which he says will put Minnesotans back to work, got a hearing from the Minnesota House Appropriations Committee Feb. 17. Perpich's Deputy Chief of Staff Tom Triplett said the governor's budget provides funding for a jobs program, a business enterprise fund, energy and resource development, and computer literacy training in schools.

Under the \$75 million jobs program, the state would subsidize small businesses that hire employees who lost general assistance benefits because of changed eligibility standards. In addition, it would fund public jobs in weatherization, reforestation and soil conservation.

The \$30 million energy and resource development program would help schools and local governments make their buildings energy efficient and help low income people weatherize their homes. It would also provide incentives for alternative energy industries to locate in Minnesota, such as ethanol plants and other biomass fuel makers.

"We're flexible and eager to hear your ideas on the investment budget," Triplett told committee members who will work with the governor's budget the rest of the legislative session.

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Contact: Bonnie Kollodge
(612) 296-2146

Governor gives budget message

"Minnesota must work again," said Governor Perpich in his budget message to the Legislature on Feb. 15.

He cited budget priorities as protection of the needy, commitment to education, investment in the economy, and restoration of the state's infrastructure. In his \$9.3 billion budget, Perpich said, "There are no significant new tax increases, no budget shifts, a budget reserve of \$250 million, and a compound growth rate for two years of five percent in state spending."

"Asking all Minnesotans to share in the burden of returning fiscal stability to state government means keeping the 10 percent income surtax and the six percent sales tax at least another year," said Perpich. For Minnesota's highway system, Perpich also recommends a five-cent-per-gallon gas tax increase and a six-percent motor vehicle excise tax.

Economic proposals in the governor's budget, call for a \$75 million jobs program for 1984; retraining initiatives; a \$30 million weatherization program and incentives for development of alternative energy; and a \$30 million appropriation to a Minnesota Enterprise Fund for investments in private industry.

On property taxes and local government aids Perpich said, "The Minnesota Miracle will soon be the Minnesota nightmare if we don't make some changes."

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Contact: Deborah Friedman
(612) 296-2146

Tax panel looks at tax breaks to encourage business development

The Economic Development Division of the Minnesota House Taxes Committee heard two proposals on Feb. 17 that their House authors hope will benefit Minnesota businesses and attract new business to the state.

Representative Willis Eken (DFL-Twin Valley) presented HF191, a bill that would give tax breaks to businesses and residents in Minnesota's border communities.

Lower state taxes and lower workers' compensation and unemployment compensation taxes in adjoining states have tempted businesses to move out of Minnesota. HF191 would reduce that temptation by cutting the taxes of Minnesota's border businesses to bring them more in line with taxes in adjacent states.

Retail stores would get a sales tax break so that they can compete with stores across the border where sales taxes are lower. And individual taxpayers would get a greater income tax credit.

The second proposal on the Tax Division agenda, HF134 (Otis, DFL-Mpls), would give a five-year property tax break to businesses that move into Minnesota and to Minnesota businesses that expand. Representative Todd Otis, author of the bill, said those businesses could qualify for the tax break only if they hired at least 10 employees or put on the payroll five unemployed people whose unemployment benefits had run out.

The Division took no action on either bill but will continue throughout the session to look at proposals to stimulate economic development through changes in the state's tax laws.

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Contact: Sarah Gardner
(612) 296-2146

Two House bills address issue of job security

Two bills that aim for more job security for Minnesota's workers were on the agenda of the Minnesota House General Labor Legislation subcommittee Feb. 10 and 17. HF111 (Rice, DFL-Mpls.) relates to successor clauses in collective bargaining agreements when companies change hands. HF124 (Elioff, DFL-Virginia) concerns plant closings and lay-offs.

HF111 would hold most new owners of a business to the labor contract in existence at the time of purchase if it contains a successor clause. Successor clauses require that current employee contracts continue to exist when a business changes hands. Under Rice's proposal, a contract would be enforceable up to three years. After that, the new owners could renegotiate with employees.

HF124, the "Minnesota Community, Business and Job Preservation Act," would establish a state board to help prevent plant closings and to assist communities and employees that closings, relocations or lay-offs have affected. The bill would require employers who plan to shut down or lay off a substantial number of workers to notify employees, unions and municipalities 270 days before such action, in most instances. The state board could then respond to the situation in a number of ways, including working out a solution that would make a plant closing unnecessary.

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Contact: Sarah Gardner
(612) 296-2146

House bill attacks "cash only" policy of towing companies

A bill that would require towing companies and police impoundment lots to accept payment by check or credit card won approval from the Economic Development subcommittee of the Minnesota House February 24.

The bill applies only to impounded vehicles, not situations in which the consumer asks to have a vehicle towed away. It applies to towing companies that government units have licensed or contracted with, to government units that tow, and to police impoundment lots.

Towers could refuse to accept checks and credit cards which they know or strongly suspect to be bad, but opponents of the bill maintain it's unfair to towing companies because the state doesn't order any other types of business to accept credit and checks. They also claim that small, rural towers can't afford services that check out bad checks and credit like the larger, metropolitan towing companies. Several members tried to amend the bill and limit it to first class cities (Minneapolis-St Paul, Duluth), but their motions failed.

The bill goes next to the Commerce and Economic Development Committee for consideration.

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contact: Nancy J. Miller
(612) 296-2146

Minnesota House committee looks at proposed new Education Commission

"I think a studied response to the quality of education in Minnesota and to the means of financing it would serve the interests of our state very well," said State Commissioner John Feda from the Department of Education in response to proposed legislation that would create a new legislative commission on education planning, financing, or policy.

Speaking to the House Education Finance Division February 23, Feda supported three bills that would set up the new commission. The bills vary on spelling out the function, size, duties, membership, and staffing of the commission as well as funding needs, reporting dates, and whether the commission should be ongoing or terminate in two years.

HF162, (Nelson, DFL-Mpls.) would require a mixed commission membership that the governor would appoint from business, labor/agriculture, elementary and secondary schools, and post-secondary education to deal with general public education concerns.

HF108, (Nelson, DFL-Mpls.) would set up a commission to study plans for education's future in Minnesota. Membership on the commission would come from the Senate, House, and gubernatorial appointees.

The third bill, HF291 (Olsen, IR-St. Louis Park), would establish a finance-only commission with specified duties.

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Contact: Sarah Gardner
(612) 296-2146

New energy subcommittee hears bill on public utilities
and energy conservation investments

"Investment in conservation, if it meets the test of being as cheap or cheaper than an equivalent investment in energy, should be encouraged, and in some cases required," said Representative Todd Otis (DFL-Mpls.) on February 22 at the Capitol. Otis addressed the newly-formed subcommittee on Society and Energy of the Minnesota House and urged support of his bill, HF189.

The bill would require the Public Utilities Commission to ensure that the state's gas and electric companies spend at least one percent of their gross revenues in conservation investments and target at least 50 percent of that to low-income and multi-family housing. In addition, the PUC would order at least one public utility to start a pilot program in solar, wind or biomass energy.

HF189 gives state energy agencies specific direction in the area of public utilities and conservation and expands and strengthens existing legislation. If the bill passes, the public utilities would submit their conservation investment programs as part of rate case initiation when they apply to the PUC for rate increases.

The subcommittee will hear more on the bill from both supporters and opponents at their next meeting, Tuesday, March 1.

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Contact: Deborah Friedman
(612) 296-2146

Higher education plans need more work, committee says

The Minnesota House Education Committee told public higher education planners that their plans for dealing with less money and fewer students in the next two decades need more work.

The state university system, community colleges, University of Minnesota and the vocational-technical schools have sent legislators the plans they mandated in a 1982 special session bill. The bill asked them to look at the fiscal implications of a dropoff of up to 25 percent in enrollment in the next 15 years and come up with plans to handle the effects of enrollment declines. The Legislature suggested the schools look at, among other things, closings, mergers, consolidations, and system-wide reorganization.

State university chancellor Jon Wefald told the Education Committee that his board made projections for the next four years, and doesn't see the large enrollment decline the Higher Education Coordinating Board (HECB) predicted. Wefald and Mary Phillips, assistant commissioner for vocational education, said their systems have procedures for deciding when to reduce or discontinue programs when dollars decline, and they will continue to use those procedures for future changes.

Representative Jim Heap (IR-Golden Valley) warned Wefald that the university system got into trouble before by making decisions on four-year predictions and that they need to plan further ahead.

Legislators also suggested the schools work more closely with the HECB, which went beyond the system reports and made recommendations on closing or reorganizing campuses. The committee will talk with HECB representatives about their report at its Monday, Feb. 28 meeting.

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Contact: Bonnie Kollodge
(612) 296-2146

Minnesota House committee passes bills to get tough on drunk drivers

The crackdown on drunk drivers continued in the Minnesota Legislature as the House Criminal Justice Division on Feb. 23 approved two bills that would put stiffer penalties on DWI and hit and run drivers.

The first bill, SF121, would make it easier to prosecute a drunk driver who kills a person, and would make it a felony, punishable by up to three years in prison, and/or a \$3000 fine, to injure someone while driving under the influence of alcohol or drugs. Representative Ken Nelson (DFL-Mpls) is sponsor of the bill in the House.

To get a felony conviction, under current law, the court would have to prove gross negligence or recklessness on the part of the DWI who kills someone. Also, under present law, the drunk driver who causes an injury could get off with a misdemeanor charge and a lesser penalty. The second bill to get the division's approval, HF64, targets the hit and run driver. The bill's House author, Representative John Brandl (DFL-Mpls), says the legislation would make leaving the scene of an accident a felony, rather than the misdemeanor the law now allows.

Walter Bachman from the Hennepin County Attorney's Office says the misdemeanor penalty is an incentive for drivers to run if they're drunk, because by the time police catch them, if they ever do, the driver may be sober again. Both bills go next to the full Judiciary Committee.

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Minnesota House of Representatives Public Information Office
Room 9 State Capitol, St. Paul, MN 55155 (612) 296-2146