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# MINNESOTA STATE SENATE

A FISCAL REVIEW  
OF THE 1978  
LEGISLATIVE SESSION



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1978

The Quadriga — "The Progress of the State"  
(Over south entry to State Capitol)

Standing upon a triumphal chariot drawn by four spirited horses (symbolizing the concentrated power of nature) is the figure "Prosperity", holding a horn of plenty in one hand and a standard bearing the word "Minnesota" in the other. The horses are guided by two youthful women symbolizing civilization.

Sculptors: Daniel Chester French and Edward C. Potter

Photography for the cover was done by Mark Nelson, Senate Public Information Office.

MINNESOTA STATE SENATE

A Fiscal Review  
of the  
1978 Legislative Session



July, 1978

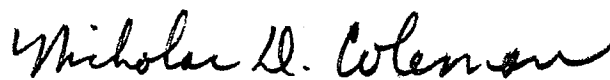
## F O R E W O R D

This publication is the annual report by the Minnesota Senate regarding fiscal actions of the 1978 Legislature. It has been prepared by the Senate Finance Committee staff and Senate Research. The document augments and updates the 1977 Fiscal Review.

This Review reports all the actions of the 1978 Session having a fiscal impact on the operations of state government. State expenditures are presented in detail by function.

All statistical data used in the Review is in substantially the same form as provided to the Legislature by the various state agencies, when taxing and spending decisions were being made at the end of the 1978 Legislative Session.

The report is designed to provide accurate information to the public. Copies are available from: Senate Finance Committee, Room 121-State Capitol, St. Paul, Minnesota 55155.



Nicholas D. Coleman  
Majority Leader  
Minnesota State Senate

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I. HIGHLIGHTS OF THE 1978 SESSION - 70th MINNESOTA LEGISLATURE

Minnesota's 70th State Legislature reconvened for its second, 1978, session, January 17 and adjourned sine die March 24 after 38 session days. Of 837 bills introduced in the House and 843 in the Senate, 342 were enacted into law. One bill (Chapter 507) became law without the Governor's signature. There also were two resolutions passed.

\* \* \*

Tax relief was one of the dominant issues of the 1978 Session. The \$101.4 million tax package approved by the legislature will cut current tax obligations by \$94.4 million for the balance of the current biennium, and add an estimated \$7 million for expansion of the "working poor" credit for low income households and retired persons.

\* \* \*

The 1978 Session of the Minnesota Legislature provided approximately \$35.5 million in current funds for new and expanded programs during this biennium. This total does not include the Omnibus School Aids Bill of \$15,791,500 since it is to be funded from unencumbered balances of existing appropriations, nor the authorized capital expenditures of \$106,898,837, to be financed by borrowing.

\* \* \*

The Building Bond Bill authorized \$4,124,600 for Area Vocational Technical Institutes, and \$102,774,237 for all other state structures.

\* \* \*

New and supplemental appropriations raised the state government's spending sights for the current biennium by \$35,515,831 -- to \$7,500,899,558 from state funds plus an estimated \$1,507,276,679 from a variety of federal aids and grants.

\* \* \*

Nearly a third of the additionally authorized funds - \$10,703,831 - will be spent in the area of general state government with \$2,696,240 of this sum going for building repairs and improvements. Welfare, corrections and health activities were boosted \$4,415,000. Funds for highways and mass transit were increased by \$7,821,718. In the area of protection to persons and property, the 1978 Legislature provided \$1,836,955. Natural resource activities received an additional \$1,175,890, and education \$1,965,600 - exclusive of the school aids bill.

\* \* \*

The school aids bill provides \$4.6 million in basic per-pupil aid, \$3.8 million for school districts with declining enrollments, \$3.1 million for special education programs, \$2 million for transportation aid, and the balance of \$2.3 million for other miscellaneous expenditures.

\* \* \*

The spending allowance for Foundation Aid was raised \$5 from \$1,090 to \$1,095 per pupil unit for the 1978-79 school year. The allowance will be increased to \$1,155 for the 1979-80 school year and to \$1,220 for the 1980-81 school year.

\* \* \*

The sum of \$1.3 million was made available to cities, counties, and non-profit organizations for use in pre-pregnancy family planning.

\* \* \*

The Department of Administration was directed to promulgate minimum energy efficiency standards for existing residential buildings. Beginning October 1, 1979, a disclosure statement will be required at the point of sale on the extent to which a residence complies with those standards. Insulation product and application standards also have been established as a consumer protection measure.

\* \* \*

State law was altered to conform with recent court decisions regarding the use of public funds for non-public schools. Funds can be used for textbooks, standardized tests and health services in non-public schools. Additional funding also was provided for non-religious private schools with small enrollments. Guidance and counseling services will be available in the 1979-80 school year.

\* \* \*

A compromise measure designed to set prison sentencing guidelines for trial court judges was given final approval by the 1978 Legislature. A nine member commission was created to establish sentencing guidelines by January 1, 1980.

\* \* \*

Family violence problems also were addressed - one involving the beating of a spouse or another member of a household; second,



amending the battered women law to allow the funding of more than four emergency shelters; and third, requiring social service agencies receiving a report of child abuse to notify the local police department.

\* \* \*

A new law which requires that a special election for any U.S. Senate vacancy be held in November of the same year (unless the vacancy occurs after August 1st) was approved by the 1978 Legislature.

\* \* \*

A Veterans home was established at Hastings, using the complex which previously was the Hastings State Hospital.

\* \* \*

In addition to \$62.2 million in other individual income tax relief, the 1978 Legislature established a new credit against the income tax called the "homemaker credit" at a cost of \$5 million. Also, the sales tax was removed from residential heating fuels, providing tax relief of \$23 million, and the employers excise tax was repealed, which will reduce revenues this biennium by \$11.2 million.

II. TAX RELIEF, SHARED TAXES, AND OTHER  
AIDS TO LOCAL GOVERNMENT  
(See Page 2 of 1977 Fiscal Review)

Property tax relief, shared taxes, and aids to local units of government were reduced \$13,503,826 for the current biennium by reason of interim adjustments in several open appropriation authorities (including a recalculation of the apportionment of the taconite production tax). These reductions bring the estimated total of relief, shared taxes and aids to \$4,635,014,830 which sum represents over 61.6 percent of the estimated total state expenditures, exclusive of federal funds.

Tax Relief

It is now anticipated that the agricultural land tax differential aid will be \$501,557 higher -- up to \$63,001,557 for the 1977-79 biennium. Homestead credit payments by the state are estimated to increase \$4,229,947 -- bringing the total for the biennium to \$462,479,947. Exempt property reimbursement is expected to increase \$362,723, making the two year total \$20,332,723. Property tax refunds (including the "Circuit Breaker", renters' credit, and senior citizens and disabled) are expected to decrease by \$4,200,000 -- to a total of \$361,700,000 for the 1977-79 biennium. Aid to local governments is expected to increase by \$401,630, making the biennial total \$382,918,630.

These interim adjustments amount to an increase of \$1,295,857. The net total tax relief for the 1977-79 biennium is \$1,690,983,897.

All of the above items go, directly or indirectly, to provide property tax relief to local units of government. Not included in the total is an estimated additional \$7,000,000 provided as an expanded individual credit for low income workers. The total estimated credit for the two-year period is \$29,400,000. Relief is based on total income and the number of dependents.

#### Shared Taxes

The apportionment of three taxes -- taconite production, taconite railroad, and inheritance -- are expected to be reduced collectively \$15,235,583 for the biennium to a revised estimated total of \$124,815,898.

Inheritance taxes are expected to increase by \$200,000 to a total of \$5,790,000; taconite railroad taxes reduced \$421,521 to a biennium total of \$1,278,479, and taconite production taxes reduced \$15,014,602 to a reduced total of \$117,747,419. The reduction in the mining tax apportionment was the result of a strike by mining personnel employed by taconite producers. The strike lasted approximately six months.

#### Other State Aids

Other grants and aids to local government were increased \$435,900, bringing the total for the 1977-79 fiscal period to \$2,819,215,035.

Educational grants-in-aid provided by the 1978 Legislature include the sums of \$25,900 for substitutes for teachers assisting the board of teaching, and \$410,000 for payments to school districts

for pre-school screening programs (Chapter 793). Appropriations included in the Omnibus School Aids Bill (Chapter 764) are to be financed from unencumbered balances within current appropriations, and therefore, having already been counted, can not be treated as an additional aid to local school districts.

### III. FUNCTIONS OF STATE GOVERNMENT

#### A. EDUCATION

The 1978 Legislature provided \$1,965,600 in new and supplemental direct appropriations for education. In addition, the 1978 School Aid Bill, in the amount of \$15,791,500 will be financed from unencumbered funds within the 1977-79 appropriations.

Interim recalculations of the estimated amount anticipated for payment of the taconite apportionment resulted in a reduction of \$6,802,281. With the further reduction of \$3,766,000 by reason of the steel strike, the total reduction in the estimated liability for this open and standing appropriation in education amounts to \$10,568,281.

In conforming state aid to non-public schools to recent court decisions the standing appropriation was reduced from \$24 million to \$7 million for the 1977-79 biennium.

With the reductions in open and standing appropriations and the increase in new and supplemental direct appropriations, the total of state funds allocated to education for the 1977-79 biennium becomes \$2,772,413,028. With the addition of \$216,074,424 in estimated federal funds, the grand total becomes \$2,988,487,452.

#### STATE DEPARTMENT OF EDUCATION

Eight separate appropriations, totaling \$1,956,100 were made to the Department of Education by the 1978 Legislature -- \$175,000 for Regional Accounting Coordinators (Uniform Financial Accounting and Reporting), \$155,000 for school lunch storage costs, \$950,000

for T.I.E.S. Regional Management Information Center (Total Information for Educational Systems), and \$16,500 for the Faribault School Advisory Council (all in the School Aids Bill, Chapter 764, and financed within limits of current appropriations). In addition, \$100,000 was made available to provide educational aids for children attending non-public schools (\$10,000 for expenses of administering the program, and \$90,000 for the cost of the educational aids) Chapter 733. The omnibus supplemental and deficiency appropriations bill (Chapter 793) included \$123,700 for planning an educational residential facility for blind and multiply handicapped students and remodeling to provide temporary accommodations at the Minnesota School for the Deaf; \$25,900 for substitutes for teachers assisting the board of teaching; and \$410,000 for payments to school districts for pre-school screening programs.

#### AID TO ELEMENTARY AND SECONDARY EDUCATION

The 1978 Legislature provided the following new or expanded appropriations - \$9,012,000 for increased Foundation Aid; \$2,000,000 to cover an anticipated deficiency in transportation aid; \$3,100,000 for special education; \$35,000 for community education and a new appropriation of \$348,000 to cover an anticipated decrease in federal funds.

The additional \$9,012,000 authorized for use in foundation aids will be used in funding two formula changes - \$4,637,000 to increase the formula amount for 1978-79 by \$5 from \$1,090 to \$1,095 per pupil unit, and \$3,775,000 to fund an increase in aid for declining

enrollment. A formula change in the declining enrollment aid will allow districts to base their pupil units on the average of the previous 3-1/4 years enrollments instead of a three-year average. The remaining \$600,000 will fund a deficiency in summer school aids paid during fiscal year 1978 for 1977 summer school.

The transportation appropriation of \$2,000,000 provides for an estimated deficiency of \$300,000 for fiscal year 1978 and an additional \$1,700,000 for fiscal year 1979.

The special education funding for programs for handicapped children was increased by \$3,100,000. The added funds provide for a formula increase of four percent of the teachers' salaries for this program. The formula for 1978-79 was changed from 65 percent of salaries up to \$12,000 per teacher to 69 percent of salaries with the same limit of \$12,000 of state aid per teacher.

Community education aids were increased \$35,000 to fund an estimated deficiency in the fiscal year 1978 appropriation.

The sum of \$348,000 in contingency funds was set aside for Indian schools in the event that operational support funds from the federal Johnson-O'Malley Act are not available to these schools for 1978-79. If the federal funds are not available, the state appropriation would be distributed to the school districts for use in their Indian schools as follows:

Park Rapids-Pine Point	\$141,000	Waubun	\$36,000
Cook County	\$25,000	Nett Lake	\$108,000
Mahnomen	\$38,000		

## Changes in Non-Public School Aid Law

The 1975 parochial law was amended to permit only textbooks and standardized tests as the materials for which non-public school aid is allowed. (Equipment will no longer be allowed.) Provision for health services will be available in the 1978-79 school year, and guidance and counseling services in the 1979-80 school year. Costs for aid to non-public schools will be reimbursed to the extent that they do not exceed the statewide averages for similar public school expenditures. In addition to aids available to all non-public schools, non-public non-sectarian schools with fewer than 200 pupils will receive instructional materials and equipment as allowed in the 1975 law (Chapter 733).

### HIGHER EDUCATION

The building repairs and betterments bill includes \$100,000 to provide access for handicapped persons at Area Vocational-Technical Institutes; \$41,000 for ventilation and fire detection systems at Pollard Hall at the Minnesota School for the Deaf; and \$1,100,000 for road repair, landscaping, remodeling and miscellaneous maintenance of the Community College System (Chapter 791).

The sum of \$65,000 was provided the Higher Education Coordinating Board to establish for all eleventh grade students in the state who desire to participate, a statewide guidance, testing and information program (Chapter 782).



## B. WELFARE

State appropriations for public welfare, corrections, and health purposes were increased by the 1978 Legislature to the extent of \$4,415,000, making the total of state funds available for the 1977-79 biennium, \$1,037,400,893. With the addition of an estimated \$864,407,849 in federal funds, the total spending for welfare, corrections, and health purposes during the current biennium will add up to \$1,901,808,742.

The Omnibus supplement and deficiency bill (Chapter 793) includes \$47,500 for alcohol and drug abuse programs for American Indians. The sum of \$40,000 was provided the Commissioner of Public Welfare in administering the state policy on abortion and childbirth and the medical assistance funding thereof. It is the policy of the state of Minnesota that normal childbirth is to be given preference, encouragement and support by law and state action over abortion (Chapter 508). An appropriation of \$415,000 (for use until June 30, 1980) was made available for extension of the pilot dental health program for senior citizens (Chapter 760).

The building bill for repairs and replacements (Chapter 791) includes \$1,232,000 for use in institutions under the jurisdiction of the Department of Public Welfare, distributed as follows - \$350,000 for furniture, \$132,000 for carpeting, \$500,000 for Security Hospital construction, and \$250,000 for demolition and new construction at Anoka State Hospital.

### C. CORRECTIONS

Appropriations made by the 1978 Legislature to the Department of Corrections total \$930,500 -- \$80,000 to replace fire losses to raw materials in cordage building at the State Prison, \$50,000 for award to inmate who had damaged his hand in an industrial accident, \$11,500 for secure recreation area at Northwest Regional Corrections Center at Crookston (all in Chapter 793), \$10,000 to cover cost of commitment proceedings for the care and treatment of inmates of correctional institutions who become mentally ill (Chapter 707), \$125,000 to expand the pilot programs relating to battered women (Chapter 732), and \$654,000 for repairs and betterments to institutions under the jurisdiction of the Department of Corrections (Chapter 791), \$235,000 for planning for the Minnesota State Prison renovation and \$419,000 for security locks, screens, and windows at the Reformatory for Women, the Reformatory for Men, and the State Prison.

### D. HEALTH

The State Department of Health was granted additional funds by the 1978 Legislature - \$100,000 for continuation of implementation of a statewide licensing system for health related licensing boards, \$75,000 for health services for migrant agricultural workers and their families, \$75,000 for Indian health services, and \$200,000 for wells, soil and chemical analysis, geological and hydrological studies, well abandonment and laboratory testing - all in Chapter 793. In addition, \$1,300,000 was provided for family planning services (Chapter 775).

The Commissioner of Health may make special grants to cities, counties, groups of cities or counties, or non-profit corporations to provide pre-pregnancy family planning services. No grant shall be made to any non-profit corporation which performs abortions. No grant funds shall be used to support any family planning services for any unemancipated minor in any elementary or secondary school building. All information gathered by any agency, entity, or individual conducting programs in family planning is private data within the meaning of the law.

#### E. HIGHWAYS AND MASS TRANSIT

Direct appropriations totaling \$7,821,718 were made by the 1978 Legislature for highways and mass transit purposes, raising the estimated total spending of state funds during the current biennium to \$682,557,241, and \$952,247,812 with the addition of \$269,690,571 in federal funds.

The sum of \$1,340,000 was made available in Chapter 793 - \$1,300,000 in additional funding for special services for handicapped persons, and \$40,000 for a study of informational needs of travelers and visitors. In addition \$6,481,718 was provided in the building repairs and betterments bill (Chapter 791) divided as follows: \$616,940 in improvements to meet OSHA requirements, reroofing, remodeling and miscellaneous repairs, \$47,000 for storage sheds for the storage of chemicals, \$5,749,778 for the acquisition of land and construction of district headquarters and equipment storage buildings at eleven locations - Willmar, Dakota County, Waseca,

Slayton, Milaca, Deer River, Zumbrota, Hawley, McGregor, Anoka, and Wabasha - plus a new building contingency and a supplement for energy conservation underground construction, \$586,148 for a new building contingency, \$20,000 in supplemental funds for energy conservation underground construction, \$40,000 for plans to meet space needs in headquarters, central shop, and metro area facilities, plus \$28,000 to remodel traffic management center for energy conservation.

#### F. OTHER EXECUTIVE BRANCH FUNCTIONS

The 1978 Legislature appropriated \$14,977,224 for various executive branch functions of the state government, other than education, welfare-corrections-health, highways and mass transit, and tax relief, shared taxes and aids to local units of government.

Interim adjustments in the open appropriation authority for payment of that portion of the taconite apportionment going to the Iron Range Resources and Rehabilitation Commission, and to the Department of Revenue for administrative expenses amount to \$1,738,403.

With these increases, the expanded spending total for the 1977-79 biennium is \$752,412,300, including \$156,744,147 in estimated federal funds.

#### THE GOVERNOR

Four appropriations totaling \$786,135 were made by the 1978 Legislature to the Governor's Office, bringing the total for the

1977-79 biennium to \$3,821,900.

The sum of \$500,000 was added to the existing appropriations of the Governor's Commission on Crime Prevention and Control (Laws 1977, Chapter 455, Sec. 11, Subd. 4) to offset a decline in available federal money. In addition, \$250,000 was provided for grants for youth intervention programs. The sum of \$25,000 was made available for the personnel and expenses of a new Governor-elect during the interim between the general election and his inauguration. An allowance of \$11,135 also was provided for unemployment compensation benefits paid to former employees of the Bicentennial Commission. All of these appropriations were contained in the supplement and deficiency bill (Chapter 793).

#### GENERAL STATE GOVERNMENT

Various departments and agencies of the general state government received \$10,703,831 in direct appropriations by the 1978 Legislature for new and expanded activities. Interim adjustments in the open appropriation authority for payment of that portion of the taconite apportionment going to the Iron Range Resources and Rehabilitation Commission, and to the Department of Revenue for administrative expenses amount to \$1,738,403. These additions bring the 1977-79 appropriation total for this group of state operations to \$215,845,720.

The Omnibus supplement and deficiency bill (Chapter 793) authorized additional spending of \$1,474,065, distributed as follows: \$75,000 to the State Planning Agency for completion of local government fiscal studies; \$8,910 as the State's contribution to

the Council of State Governments; \$65,000 for phases one and two of a personnel management information system; \$25,092 for services to political subdivisions; \$45,571 to the State Personnel Board; to the Department of Revenue - \$189,000 to collect, audit and administer the stadium liquor tax; \$50,000 to audit and enforce production tax on taconite and iron sulphides; \$150,000 for compilation and analysis of mineral exploration data; to the Department of Economic Development, \$28,600 for development and promotion of markets for agricultural products, and \$633,000 for an expanded tourist program; to the Minnesota Historical Society - \$153,892 for operations, management and maintenance of the Hill House<sup>1</sup>, and \$15,000 in payment to the Minnesota International Center for its educational, cultural, and economic programs; and \$35,000 to the State Arts Board for use by the West Central Educational Television Station.

The building repairs and betterments bill (Chapter 791) provided \$2,696,240 to various state departments and agencies as follows: \$2,133,240 for a host of projects in the Capitol Complex - (including \$1,000,000 to pay additional rent in connection with the relocation of the department of agriculture and other state agencies); \$163,000

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<sup>1</sup> In addition, the state bonding bill (Chapter 792) provides \$250,000 for acquisition of the James J. Hill house and \$208,000 for restoration, repairs, code compliance and furnishings.

to the Historical Society to (a) construct exhibits, (b) landscape and remodel main research center, and (c) plan Mississippi River interpretive center; \$50,000 to the Commissioner of Administration for assistance in obtaining non-state participation in state building programs, and \$350,000 for administration of the state building program, including the employment of personnel.

A variety of miscellaneous appropriations for activities in this category amount to \$6,533,526 and include - \$1,688,870 to the Department of Veterans Affairs for establishment of a nursing home for veterans at Hastings (\$688,870 for remodeling and improving the state hospital facility, and \$1,000,000 for general operations and management - Chapter 554); \$4,000,000 to the Minnesota Housing Finance Agency for a housing program for Native Americans having a low or moderate income level (Chapter 670); \$77,656 for the creation of a State Council on Affairs of Spanish-speaking People (Chapter 510); \$5,000 to the Secretary of State for administration of the open appointment process (Chapter 592); \$30,000 for the purpose of effectuating and notifying all domestic corporations of the need for filing an active status report (Chapter 712); \$63,300 to the Secretary of State for regulating the conduct of commercial businesses under assumed business names (Chapter 698); \$50,000 to the State Planning Agency for grants to cities for converting from a cash to modified accrual basis of financial reporting (Chapter 787); \$244,700 to the Commissioner of Personnel to be used for improving testing procedures, tightening provisions relating to provisional

appointments and other personnel changes relating to state employees (Chapter 734); \$124,000 for certain energy conservation measures, (\$18,000 for implementing certain residential energy efficiency standards, \$80,000 for the purpose of studying and reporting on existing loan programs for the rehabilitation of low and moderate income rental buildings for energy conservation purposes, and \$26,000 to the Energy Agency for the promulgation of rules regarding the quality, information and product safety for the manufacture, labeling, installation and thermographing of insulation-- Chapter 786); \$20,000 to the Ethical Practices Board, and \$5,000 to the Commissioner of Revenue to implement revisions in the procedures regarding lobbyist registration and activity, and the distribution of money from the state elections campaign fund (Chapter 463); and \$225,000 to the State Planning Agency for research and studies in connection with solid and hazardous wastes and toxic substances (Chapter 728).

#### PROTECTION TO PERSONS AND PROPERTY

Appropriations for the protection of persons and property were increased \$1,836,955 by the 1978 Legislature, bringing the total for the 1977-79 biennium to \$148,350,629.

Appropriations in the Omnibus supplement and deficiency bill (Chapter 793) total \$1,249,955, distributed as follows: - \$150,000 for continuation of implementation of a statewide licensing system for non-health related boards; \$9,555 to the Board of Accountancy; \$1,050,000 to the Department of Public Safety (\$1,000,000 for overtime, lodging and expense costs of highway patrol personnel directly



attributed to the power line dispute, and \$50,000 for training of highway patrol personnel); \$32,900 for the Department of Human Rights; and \$7,500 for personnel and expenses of a new Attorney General - elect.

The building repairs and betterments bill (Chapter 791) provided \$30,000 to the Adjutant General for replacement of the heating boiler in the National Guard Armory at Madison, Minnesota.

In addition there were three miscellaneous appropriation measures -- \$37,000 for use in entering into an agreement with the federal disaster assistance administration for the maintenance of the Minnesota natural disaster assistance plan (Chapter 661); \$300,000 to the Consumer Services Section for consumer advocacy services in connection with the rates and adequacy of utility services (electricity, natural gas, or telephone services) distributed to residential utility consumers (Chapter 746); and \$220,000 to implement and administer provisions of the uniform fire code and inspection therewith (Chapter 777).

#### NATURAL RESOURCES

Appropriations for the development and conservation of natural resources were increased \$1,175,890 by the 1978 Legislature, bringing the 1977-79 biennium total to \$154,424,220.

The Omnibus supplement and deficiency bill (Chapter 793) contained an item of \$5,000 for controlling smelt fishing activities on the North Shore.

The building repairs and betterments bill (Chapter 791) includes \$720,890 for a variety of repair and replacement projects at several of the area facilities of the Department of Natural Resources.

In addition, there were two separate miscellaneous appropriation measures -- \$200,000 to the Commissioner of Natural Resources for the examination of dams, reservoirs, control structures, and waterway obstructions, and \$250,000 for the repair and reconstruction of state-owned dams and for the state's share of grants-in-aid to local government units to repair and reconstruct dams (Chapter 779).

#### AGRICULTURE

Supplemental and new appropriations to the Department of Agriculture by the 1978 Legislature total \$474,413, increasing the previously approved spending for agricultural purposes to \$49,509,766.

The Omnibus supplement and deficiency bill (Chapter 793) includes four separate appropriations totaling \$237,618 distributed as follows -- \$100,518 for agricultural commodity promotion councils, \$71,400 for market development and promotion, \$10,000 for a grant to conduct a feasibility study for an agricultural processing plant, and \$55,700 to the State Horticultural Society for the garden state project.

The sum of \$236,795 also was provided for implementation of the grain weighing responsibilities delegated to the State Department of Agriculture under the United States Grain Standards Act of 1976 (Chapter 610).

The building bond bill (Chapter 791) contains an item of \$1,000,000 for additional rent in connection with the relocation of the department of agriculture and other state agencies.

The Department of Economic Development was granted the sum of \$28,600 "for development and promotion of markets for agricultural products."

#### G. LEGISLATIVE

Appropriations totaling \$112,000 were granted in the 1978 Session for the purposes of the Legislature, bringing the total of state appropriations for the 1977-79 biennium to \$34,478,806, or four and six tenths of one percent (.0046) of estimated total state expenditures, exclusive of federal funds.

With the addition of an estimated \$83,000 in federal funds, total spending for the biennium becomes \$34,561,806.

The Omnibus supplement and deficiency bill (Chapter 793) contained the sum of \$70,000 for the Advisory Council on Economic Status of Women, and \$17,000 to the Legislative Commission on Pensions and Retirements.

In addition, the sum of \$25,000 was provided the Legislative Coordinating Commission for expenditure by the Joint Science and Technology Project in the preparation of preliminary research studies and research design and in securing expertise in advanced technology in resource recover, hazardous waste, and toxic substances (Chapter 728). (See General State Government Section for funds to State Planning Agency for associated research and studies.) For changes in the legislative pension laws see Section IV, Retirement Programs.

#### H. JUDICIAL

Appropriations totaling \$600,808 were provided by the 1978 Legislature for the judicial branch, bringing the total of state appropriations for the 1977-79 biennium to \$17,211,400 and total spending to \$17,488,088 with the addition of \$276,688 in estimated federal funds.

The sum of \$390,808 was granted the Supreme Court in the Omnibus supplement and deficiency bill (Chapter 793), distributed as follows - \$125,938 for salaries and fringe benefits for district court administrators, \$5,000 for salary increase of state court administrator, and \$259,870 for assumption by the State of the Judicial Information Systems Project.

In addition, there were two miscellaneous appropriations provided -- \$200,000 to the newly established nine-member Minnesota Sentencing Guidelines Commission who have been directed to develop determinate sentencing guidelines by January 1, 1980 (Chapter 723), and \$10,000 to be deposited in the Judges Retirement Fund (Chapter 720).

#### I. MISCELLANEOUS

Interim adjustments, including the effects of the steel strike, resulted in a net increase in the estimated open appropriation liability for the 1977-79 biennium. Total refund payments were increased by \$12,483,000 by reason of revised estimates - an increase of \$21,420,000 in individual income tax refunds, a reduction of \$12,630,000 in corporate refunds, and an increase of \$3,693,000

in other revenue department refunds.

Revised calculations of the mining tax apportionment results in an increased total payment of \$5,510,304 -- \$2,386,043 to the Northeast Minnesota Economic Protection Fund, and \$3,124,261 to the Taconite Area Environmental Protection Fund.

The sum of \$7,000,000 was provided to expand the "working poor" credit for low income households and retired persons.

State claims approved by the 1978 Legislature amounted to \$80,207 (Chapter 668).

The open appropriation adjustments, together with the 1978 appropriation allowances, brings the miscellaneous total to \$578,653,361 for the 1977-79 biennium.

#### IV. RETIREMENT PROGRAMS

The 1978 session of the Legislature made a number of changes in the retirement plans for legislators and Constitutional Officers.

##### Legislative Retirement Plan

- The vesting provision was changed so that legislators with six years of service become eligible for the retirement plan. The former vesting provision was eight years or all or part of four sessions.
- The retirement age for benefits without reduction was increased from age 60 to 62. Early retirement was set at age 60, with reduction of benefits of one-half of one percent per month for each month under age 62.
- The benefit formula was changed so that benefits would be paid on the basis of the high five successive years average salary for legislators who serve after January 1, 1981. The former base provides that the salary for the final month of service becomes the benefit base. The old formula will apply for legislators who do not serve after January 1, 1981.
- Contributions to the fund were increased from eight to nine percent of salary (excluding per diem), effective January 1, 1979.

##### Constitutional Officers Plan

- Benefits will be based on the average salary of the five highest years. The old base was a percentage of the career average salary.

- Retirement age with full benefits was reduced from 65 to 62 with a provision of early retirement at reduced benefits.

In other 1978 actions affecting retirement, the Legislature increased the mandatory retirement age to 70 effective in 1980 and:

- Increased the contributions of Teacher Retirement Association members by one-half of one percent.
- Decreased both the employer and employee contributions for Highway Patrol employees by one per cent each.
- Deferred annuities augmentation was reduced from 5 percent to 3 percent effective January 1, 1981.

## V. STATE BORROWING

The 1978 Legislature authorized the issuance and sale of \$106,898,837 in general obligation bonds, the proceeds of which are for capital outlay and other purposes - with \$4,124,600 identified for Area Vocational Technical Institutes, and \$102,774,237 for all other state structures (Chapter 792).

### State Building Program

The sale of \$106,898,837 of general obligation bonds will mature serially within 20 years from the date of issuance. The major items include:

---To the University of Minnesota - \$30,233,162. Of this sum \$17,589,153 is identified for the Minneapolis Campus including \$1,000,000 for remodeling of Folwell Hall, \$1,900,800 for remodeling of Nicholson Hall, \$905,267 for remodeling of Cooke Hall and Norris Gymnasium, \$2,400,000 to upgrade utility services and remodel chemistry laboratories in Smith Hall, \$3,673,000 for pollution control and heating plant expansion, \$1,000,000 to upgrade facilities for the physically handicapped, University-wide, and \$1,500,000 for energy retrofit, University-wide.

The St. Paul Campus is to receive \$3,083,358 covering ten projects.

The Duluth Campus was allocated \$1,343,715 with the principal item being \$643,223 as the state's share of a coal gasifier plant.



The Crookston Campus is to receive \$3,312,763 with \$2,600,000 identified for construction and equipping of a food services building.

The Waseca Campus will receive \$2,737,523 with \$2,568,000 to be used for construction and equipping a classroom laboratory building and for an addition to the special purpose laboratories. Smaller sums were made available to the several experiment stations.

- To the Minnesota Historical Society - \$3,624,050, of which \$2,977,944 will be used to construct the Fort Snelling Visitors Center, \$130,000 to restore and repair the Split Rock Lighthouse, and \$458,000 to acquire and restore the James J. Hill house.
- To Commissioner of Transportation - \$1,625,000 for construction of trunk highway rest area facilities at four locations.
- To Commissioner of Corrections - \$4,641,209, of which \$1,600,000 is for safety and health purposes, \$1,097,518 is for renovations, \$1,050,600 for power plants, and \$893,091 for general projects.
- For Public Welfare - \$16,850,000 of which \$8,700,000 is to plan, construct and equip a new 165 bed security hospital at St. Peter, \$2,000,000 for life safety, \$2,700,000 for renovations, \$800,000 for air conditioning, \$1,650,000 for power plants, and \$1,000,000 for general projects.
- For Capitol Complex - \$4,215,700 of which the principal items are \$1,109,000 to acquire land and rehabilitate the building at 1246 University Avenue for the Bureau of Criminal Apprehension,

\$872,000 for power plant chiller and extension of piping systems, \$600,000 to rehabilitate building at 117 University Avenue, and \$354,000 to reforest and landscape certain portions of the Capitol area.

---For Natural Resources - \$2,579,950 of which \$2,148,750 was provided to construct and equip consolidated Grand Rapids regional and area headquarters.

---For Veterans Home - \$984,100 of which the main projects are \$457,800 for boiler replacement (state share), and \$267,750 to construct and equip nursing care facility at the Veterans Home (state share).

---For Post-Secondary Vocational-Technical Institutions - \$4,124,600 covering construction at ten individual school districts with the larger sums being \$1,160,000 at Thief River Falls, \$560,000 at Pipestone, \$500,000 at Pine City, \$529,600 at Eveleth and \$450,000 at Willmar.

---For State Universities - \$10,188,100, of which the principal sums are \$3,679,000 for remodeling of Deputy and Sanford Halls at Bemidji, and \$3,600,000 for completion of Highland Campus consolidation at Mankato.

---For Community Colleges - \$9,362,966 to plan, construct and equip facilities at Inver Hills, Metropolitan, Vermillion, Normandale and Itasca Community Colleges.

Repairs and Alterations

In addition to the bonding authorized for state buildings, the sum of \$13,055,848 was made available for the alteration, repair, rehabilitation, equipping, and replacement of equipment in certain public buildings (Chapter 791).

STATE BUILDING BILL -- 1978 SESSION

	<u>New Borrowing</u>	<u>Repairs and Replacements</u>		<u>Total</u>
	<u>Bldg. Fund</u> <u>Chap. 792</u>	<u>General Fund</u> <u>Chap. 791</u>	<u>Other Funds</u> <u>Chap. 791</u>	
State Planning	\$ 600,000			\$ 600,000
Natural Resources	2,579,950	184,770	284,340 GF 251,780 SA	3,300,840
Commissioner of Finance - for bond sale expenses	65,000			65,000
Adjutant General (Military Affairs)		30,000		30,000
State Board of Education - for post-secondary vocational tech. construction	4,124,600*			4,124,600
- access for handicapped persons at Area Vo-Techs		100,000		100,000
State Universities	10,188,100			10,188,100
Community Colleges	9,362,966	1,100,000		10,462,966
University of Minnesota	30,233,162			30,233,162
Minnesota Historical Society	3,624,050	163,000		3,787,050
Commissioner of Transportation	1,625,000		6,481,718 TH	8,106,718
Department of Corrections	4,641,209	654,000		5,295,209
Department of Public Welfare	16,850,000	1,232,000		18,082,000
Commissioner of Administration - access for the handicapped	4,000,000			4,000,000
- energy conservation	2,000,000			2,000,000
- Capitol Complex	4,215,700	2,030,755	102,485 TH	6,348,940
- Government Services Center, Duluth	11,500,000			11,500,000
- Veterans Home	984,100			984,100
- Minnesota School for the Deaf	105,000	41,000		146,000
- Contingent account	200,000			200,000
- Building assistance		50,000		50,000
- Building administration		350,000		350,000
<b>Totals</b>	<u>\$106,898,837</u>	<u>\$5,935,525</u>	<u>\$7,120,323</u>	<u>\$119,954,685</u>
State Building Fund	102,774,237	State Airports	251,780	
Vo-Tech Building Fund	4,124,600	Game & Fish	284,340	
		Trunk Highway	6,584,203	

## VI. THE TAX LAWS

The 1978 session of the Legislature appropriated \$101.4 million for tax relief measures which provided tax relief for every taxpayer in the state of Minnesota.

Relief was provided by way of several income tax changes, sales tax exemptions and the removal of the payroll excise tax on employers.

For the first time in several sessions, the 1978 Legislature did not enact any property tax relief.

### INCOME TAX

The Legislature enacted seven income tax law changes which will provide \$67.2 million in tax relief over the remainder of the biennium. The measures were:

- A. An increase in the personal dependent credit from \$30 to \$40. This amended the 1977 law of \$30 per dependent before it went into effect. The 1977 session increased the \$21 credit to \$30 and the 1978 session increased it to \$40. The estimated biennial cost for this proposal is \$42 million.
- B. An amendment to the 1977 law which taxed public pensions above \$7,200 a year. This amendment extended the benefits to private pensions and removed earned income as a reduction from the \$7,200 exclusion. Also, the method of computation was changed so that pensioners with more than \$13,000 of federal adjusted gross income would lose a dollar of exclusion from taxable income for every dollar above \$13,000 of FAGI.

The cost of this amendment is \$6.5 million.

- C. Reduction of rates on high income taxpayers passed by the 1977 session. The new law eliminated the 18 percent rate formerly applicable to taxable income in excess of \$50,000; it set a 16 percent tax rate for taxable income between \$27,500 and \$40,000 (this applied to incomes between \$25,000 and \$35,000 in the 1977 law); and set a 17 per cent rate on taxable income above \$40,000. The 1977 law taxed income between \$35,000 and \$50,000 at 17 percent and anything over that amount at 18 percent.

The cost of this bill is \$5.1 million.

- D. The low income (worker) credit was adjusted for inflation. This credit forgives all income taxes at income levels adjusted for size of families and forgives portions of income tax levels above those levels.

The new total forgiveness levels (with the old level in parentheses) are:

Singles -	\$4,800	(\$4,400)
Two-member households -	\$5,800	(\$5,200)
Three-member households -	\$6,900	(\$6,000)
Four-member households -	\$7,800	(\$6,700)
Five-member households -	\$8,400	(\$7,300)
Six-member and larger households -	\$8,900	(\$7,800)

The new law also requires that the Commissioner of Revenue provide a table from which potentially eligible workers can determine whether this law applies to them.

The cost of this change is \$7 million.

E. The 1978 session enacted a homemaker credit of \$50 to families in which one parent is not employed outside the home in order to care for a youngster 12 years and under. This credit is allowed to taxpaying families with federal adjusted gross income of \$25,000 or less. Approximately 100,000 families will be eligible for this credit.

The cost of this program for this biennium is \$5 million.

F. Beginning with the 1978 tax year, a \$140 income tax credit is allowed to members of the National Guard in ranks from private through captain. The credit is not refundable. Thus guardsmen with a tax liability less than \$140 will receive only the amount of their tax liability as a credit. Guard personnel must be a member of the Minnesota unit at least six months during the tax year in order to be eligible.

The cost of this program is \$1.3 million.

G. The carryforward provision of the feedlot credit was made retroactive to the 1974 tax year. Prior to 1977, no carryforward provision existed for the feedlot credit. The 1977 law allowed for a 4-year carryforward of the feedlot credit, beginning with the 1977 tax year.

The cost this biennium would be roughly \$300,000 for claims filed for the 1974, 1975 and 1976 tax years.

#### SALES TAX

The 1978 session adopted a repeal of the Minnesota sales tax on fuels used for residential heating. Fuel oil, coal, wood, steam,

and propane gas used for residential heating were completely excluded. Since natural gas and electricity are used for other purposes besides heating, the Legislature exempted residential gas and electricity bills from the sales tax for six months each year -- from the billing month of November through the billing month of April.

The cost of this action is \$23 million for this biennium.

#### EMPLOYERS' EXCISE TAX

This five-year old tax was repealed by the 1978 session. This tax was enacted in 1973 in a package that included the repeal of the property tax on huge and ponderous machinery.

At this time the tax was \$2 for each \$1,000 of payroll in excess of \$100,000. The exemption was increased to \$250,000 by the 1977 Legislature. The 1978 session repealed the tax effective July 1, 1978.

The revenue loss from this action during the current biennium is \$11.2 million.



## VII. STATISTICS

### A. Supplemental and New Appropriations - 1978 Session by Appropriation Measures

#### OMNIBUS APPROPRIATION BILLS

The 1978 Legislature provided \$20,831,081 in two omnibus appropriation measures -- \$15,791,500 in the School Aids Bill (Chapter 764), and \$5,039,581 for Supplement and Deficiency Appropriations (Chapter 793). However, the School Aids bill will be financed from the unencumbered balance of the 1977-79 appropriations and is not regarded as additional state spending.

With the additions provided by Chapter 793, the spending authorized in omnibus appropriation bills for the 1977-79 biennium becomes \$4,646,789,150 (See Page 28 of the 1977 Fiscal Review).

#### MISCELLANEOUS APPROPRIATION BILLS

Miscellaneous appropriations enacted in the 1978 Session amount to \$24,932,976 -- bringing the total for the 1977-79 biennium to \$316,447,356 (See Page 31 of the 1977 Fiscal Review).

<u>Chapter</u>	<u>Item</u>	<u>Amount</u>
463	Campaign Financing	\$ 25,000
508	Abortion Bill	40,000
510	Spanish-speaking Affairs	77,656
554	Veterans Nursing Home	1,688,870
592	Open Appointments	5,000
610	Grain Weighing	236,795
661	Federal Disaster Assistance	37,000

<u>Chapter</u>	<u>Item</u>	<u>Amount</u>
667	Rail User Guarantee Program	(Reapprop.)
668	Interim Claims	\$ 80,207
670	Native American Housing	4,000,000
698	Business Names	63,300
707	Care of Mentally Ill Inmates	10,000
712	Corporation Filings	30,000
720	Retirement Provisions	10,000
723	Criminal Sentencing Guidelines	200,000
728	Solid Waste Disposal	250,000
732	Battered Women	125,000
733	Educational Aids for children attending non-public schools	100,000
734	Civil Service Testing	244,700
746	Consumer Interest	300,000
760	Pilot Dental Health Program	415,000
775	Family Planning	1,300,000
777	Uniform Fire Code	220,000
779	Dam Safety Act	450,000
782	Career Guidance Program	65,000
786	Energy Bill	124,000
787	Financial Reporting - Cities	50,000
791	Building Repairs	13,055,848
793	Segments of the Supplement and Deficiency Bill	
	Highway Patrol a/c Power Line dispute	1,000,000

<u>Chapter</u>	<u>Item</u>	<u>Amount</u>
	Youth Intervention Programs	\$ 250,000
	Planning for a new and remodeling of present educational residential facility for multiple handicapped students	123,700
	Substitutes for teachers assisting the board of teaching	25,900
	For wells, soil and chemical analysis, geological and hydrological studies, well abandonment and laboratory testing	200,000
	To replace fire losses to raw materials at State Prison	80,000
	To pay legal settlement awarded an inmate for damages in an industrial accident	<u>50,000</u>
	Total	\$24,932,976

OPEN AND STANDING APPROPRIATIONS - STATE FUNDS

Since the close of the 1977 Session, numerous changes -- totaling a net decrease of \$1,456,726 -- have been made in the amounts estimated to finance the several general fund open appropriation authorities for the 1977-79 biennium. Further, the appropriation for non-public school aid was modified from \$24 to \$7 million for the biennium to conform with a new state law based on recent court decisions.

In addition, the 1978 Legislature expanded provisions of the Low Income (Working Poor) Credit anticipated to cost an additional \$7,000,000 -- bringing the total estimated cost of this specific credit to \$29,400,000 for the 1977-79 biennium.

With these changes, the total estimated cost of open and standing appropriations financed out of the General Fund becomes \$2,238,551,846 for the biennium.

A comparative analysis of open and standing appropriations financed out of the State General Fund follows:

OPEN AND STANDING APPROPRIATION ANALYSIS  
For 1977-79 Biennium

<u>General Fund</u>	<u>Close of 1977 Session</u>	<u>As of Feb.15,1978</u>	<u>Increase or (Decrease)</u>
Aids and Credits			
Property Tax Refund(Circuit Breaker)	\$ 153,800,000	\$ 134,200,000	(19,600,000)
Renters' Credit	80,000,000	95,400,000	15,400,000
Senior Citizens and Disabled	132,100,000	132,100,000	--
Low Income Credit	22,400,000	22,400,000	--
Agricultural Land Tax	62,500,000	63,001,557	501,557
Aid to Local Government	382,517,000	382,918,630	401,630
Exempt Property Reimbursement	19,970,000	20,332,723	362,723
Homestead Credit	458,250,000	462,479,947	4,229,947
Aid to Police and Fire	33,001,000	33,001,000	--
Miscellaneous Payment Revenue	40,000	40,000	--
Mining Apportionment	132,761,481	117,747,419	(15,014,062)
Taconite Railroad Apportionment	1,700,000	1,278,479	( 421,521)
Inheritance Apportionment	<u>5,590,000</u>	<u>5,790,000</u>	<u>200,000</u>
Total Aids and Credits	\$1,484,629,481	1,470,689,755	(13,939,726)
<u>Retirements</u>			
Judges	1,735,796	1,735,796	--
Legislators	1,075,611	1,075,611	--
Constitutional Officers	118,278	118,278	--
Minnesota State Retirement System	162,000	162,000	--

<u>Retirements (cont)</u>	<u>Close of 1977 Session</u>	<u>As of Feb.15,1978</u>	<u>Increase or (Decrease)</u>
Teachers' Retirement	13,000	13,000	--
Public Employees' Retirement	139,800	139,800	--
Teachers - State and Community Colleges	2,625,000	2,625,000	--
Teachers - Cities of the First Class	32,000,000	32,000,000	--
Teachers - Statewide	<u>211,274,109</u>	<u>211,274,109</u>	--
Total Retirement	\$249,143,594	\$249,143,594	--
 <u>General Fund</u>			
Debt Service			
By 1977 Legislature	<u>16,179,097</u>	<u>16,179,097</u>	--
Other Open and Standing			
EQC Power Plants	1,200,000	1,200,000	--
Salary Supplement	32,056,000	32,056,000	--
Campaign Checkoff	1,100,000	1,100,000	--
Treasurers Escheats	162,000	162,000	--
R. Weber Compensation	2,400	2,400	--
Executive Council Emergency	<u>4,000,000</u>	<u>4,000,000</u>	--
Total Other	38,520,400	38,520,400	--
Non-Public School Aid	24,000,000	7,000,000	(17,000,000)
Regular Refunds			
Individual Income Tax	366,800,000	388,220,000	21,420,000
Corporate Income Tax	61,630,000	49,000,000	(12,630,000)
Sales Tax Refunds	3,200,000	3,200,000	--
Other Revenue Department Refunds	4,850,000	8,543,000	3,693,000
Other Refunds	<u>1,056,000</u>	<u>1,056,000</u>	--
Total Refunds	\$437,536,000	\$450,019,000	(12,483,000)
TOTAL	\$2,250,008,572	\$2,231,551,846	(18,456,726)

<u>1978 Legislature</u>	<u>Close of 1977 Session</u>	<u>As of Feb.15,1978</u>	<u>Increase or (Decrease)</u>
Expansion of Low Income (Working Poor) Credit Chapter 721	--	7,000,000	7,000,000
GRAND TOTAL	\$2,250,008,572	\$2,238,551,846	(11,456,726)

Source: Revised estimates (Feb. 15, 1978) Supplied by Department of Finance.

With the addition of \$299,111,206 in other than General Fund open appropriations, the total of open and standing appropriations from all state funds is \$2,537,663,052 for the 1977-79 biennium (See Pages 32 and 33 of the 1977 Fiscal Review).

#### FEDERAL FUNDS

See Page 34 of 1977 Fiscal Review for distribution of estimated federal funds available to supplement state monies for various purposes.

#### RECAPITULATION

Omnibus Appropriation Bills	\$4,646,789,150
Miscellaneous Appropriations	316,447,356
Open and Standing Appropriations	<u>2,537,663,052</u>
Total Spending - State Funds	7,500,899,558
Federal Funds	<u>1,507,276,679</u>
Adjusted Estimated Total Spending - All Funds	\$9,008,176,237

SUMMARY OF LEGISLATIVE APPROPRIATIONS - BY FUNCTION  
1977 and 1978 Sessions Plus Interim Adjustments

PROPERTY TAX RELIEF, SHARED TAXES AND AIDS TO LOCAL GOVERNMENT

Property Tax relief		
Agricultural Mill Rate Aid		\$ 323,526
School Districts		178,031*
Other Units of Local Government		
Homestead Credit		
School Districts		11,386,510*
Other Units of Local Government		(7,156,563)*
Attached Machinery		
School Districts		2,153,943*
Other Units of Local Government		(1,791,220)*
Property Tax Refund		(4,200,000)*
Aids to Local Government		401,630*
Apportionments		
Inheritance Tax		200,000*
Taconite Railroad Tax		(421,521)*
Taconite Production Tax		(7,471,702)*
		<hr/>
	Interim Adjustments	(6,397,366)
	1978 Session	-0-
	1977 Session	1,788,914,040
		<hr/>
		\$1,782,516,674

EDUCATION

Department of Education		
Pre-school Screening		\$ 410,000
Braille & Sight Saving School (793)		123,700
Substitute Teacher Assistance (793)		25,900
UFARS Regional Staff (764)		[175,000]
School Lunch (764)		[155,000]
T.I.E.S. (764)		[950,000]
Faribault Schools-Advisory Council (764)		[16,500]
Johnson-O'Malley Contingency (764)		[348,000]
Non-Public School Aid Administration (733)		10,000
AVTI-Handicapped Access Grants (791)		100,000
Repair & Rehab.-School for Deaf (791)		41,000
School Aids		
Foundation (764)		[9,012,000]
Transportation (764)		[2,000,000]
Special Education (764)		[3,100,000]
Taconite Apportionment to School Districts (O/S)		(3,766,000)*
Special School Aids		
Community Education - Deficiency (764)		[35,000]
Aid to Non-Religious Non-Public Schools (733)		90,000
Aid to Non-Public Schools - Reduction		(17,000,000)*
Community Colleges - Repair & Rehab. (791)		1,100,000
Higher Education Coordinating Board-Career Guidance Program (782)		65,000
		<hr/>
	Interim Adjustments	(20,766,000)
	1978 Session	1,965,600
	1977 Session	3,007,287,852
		<hr/>
		\$2,988,487,452

WELFARE, CORRECTIONS & HEALTH

Department of Public Welfare	
Senior Pilot Dental Health Program (760)	\$ 415,000
Abortion Funding - Administration (508)	40,000
Repair & Rehab. - State Buildings (791)	1,232,000
Native American Alcohol and Drug Abuse (793)	47,500
Department of Corrections	
Battered Women Program (732)	125,000
Inmate Commitment to State Hospitals (707)	10,000
Repairs & Rehab. (791)	654,000
N.W. Regional Corrections Center-Recreation facility (793)	11,500
Reimbursement to Inmate for Hand Injury (793)	50,000
Prison Revolving Account (793)	80,000
Department of Health	
Family Planning Grants (775)	1,300,000
Statewide Licensing of Health Related Boards (793)	100,000
Health Services - Migrants	75,000
- Native Americans	75,000
Water Well Testing	200,000
	<hr/>
1978 Session	4,415,000
1977 Session	1,897,393,742
	<hr/>
	\$1,901,808,742

HIGHWAYS & MASS TRANSIT

Department of Transportation	
Public Transit Assistance - Handicapped (793)	\$ 1,300,000
Repair & Rehab. (791)	6,481,718
Travelers' Needs Study	40,000
	<hr/>
1978 Session	7,821,718
1977 Session	944,426,094
	<hr/>
	\$ 952,247,812

OTHER EXECUTIVE BRANCH FUNCTIONS

Governor	
Expenses for Governor-elect (793)	\$ 25,000
Crime Control Planning Board	
Regional Grants (793)	500,000
Youth Intervention Programs (793)	250,000
Unemployment Compensation-Bicentennial Commission (793)	11,135
	<hr/>
1978 Session	786,135
1977 Session	3,035,765
	<hr/>
	\$ 3,821,900
General State Government	
Secretary of State - Open Appointments (592)	\$ 5,000
- Active Status Reports (712)	30,000
- Assumed Business Names Registration	63,300
Department of Administration	
Residential Energy Disclosure Rules & Regs. (786)	18,000
Remodel Hastings State Hospital (554)	688,870
Repair & Rehab. -State Capitol Complex (791)	2,133,240
State Building Assistance Account (791)	50,000



State Building Program Administration (791)	350,000
Council of State Governments (793)	8,910
Department of Economic Development	
Agricultural Products Promotion (793)	28,600
Tourism Program Expansion (793)	633,000
Energy Agency - Insulation Testing & Rule Making (786)	26,000
Ethical Practices Board - Campaign Finance Law Administration (463)	20,000
Department of Personnel	
State Employee Testing (734)	244,700
Personnel Management Information System (793)	65,000
Services to Political Subdivisions (793)	25,092
Personnel Board	45,571
Department of Revenue	
Campaign Finance Law Administrative Expense (463)	5,000
Stadium Liquor Tax Administration (793)	189,000
Taconite Production Tax Administration (793)	50,000
Mineral Exploration Data (793)	150,000
Taconite Apportionment Administration (O/S)	(200,000)*
State Planning Agency	
Local Government Fiscal Studies (793)	75,000
Hazardous Waste Disposal (728)	225,000
Grants for Cities Financial Reporting Change (787)	50,000
Iron Range Resources and Rehabilitation Board (O/S)	(354,441)*
Council on Affairs of Spanish-Speaking People (570)	77,656
Minnesota Housing Finance Agency	
Energy Rehabilitation Loans (786)	80,000
Native American Housing (670)	4,000,000
Minnesota Historical Society	
Repair & Rehab. (791)	163,000
Hill Mansion - Operation and Management (793)	153,892
Minnesota International Center (793)	15,000
State Arts Board-W.C.Minnesota Educ. Television (793)	35,000
Department of Veterans Affairs-Hastings Veterans Home (554)	<u>1,000,000</u>
Interim Adjustments	(554,441)
1978 Session	10,703,831
1977 Session	<u>205,696,330</u>
	\$215,845,720

Protection to Persons & Property

Department of Commerce	
Residential Utility Consumer Representation (746)	\$ 300,000
Statewide Licensing of Non-Health Related Boards	150,000
Attorney General - Expenses of Attorney General-Elect (793)	7,500
Department of Human Rights (793)	32,900
Department of Military Affairs - Repair & Rehab. (791)	30,000
Department of Public Safety	
Training Highway Patrol (793)	50,000
Uniform Fire Code Enforcement (793)	220,000
Natural Disaster Assistance Plan (661)	37,000
Power Line Dispute - Highway Patrol Cost (793)	1,000,000
Examining Boards - Non-Health Related (793)	<u>9,555</u>
1978 Session	1,836,955
1977 Session	<u>146,513,674</u>
	\$148,350,629

Development & Conservation of Natural Resources	
Department of Natural Resources	
Dam Inspection and Repair (779)	\$ 450,000
Repair & Rehab. (791)	720,890
North Shore Control of Smelt Activities (793)	<u>5,000</u>
	1,175,890
1978 Session	1,175,890
1977 Session	<u>153,248,330</u>
	\$ 154,424,220

Agriculture

Department of Agriculture	
Grain Inspection - Duluth (610)	\$ 236,795
Agricultural Product Promotion (793)	100,518
Market Development and Promotion (793)	71,400
Feasibility of Agricultural Processing Plant (793)	10,000
State Horticultural Society-Garden State Project (793)	<u>55,700</u>
	474,413
1978 Session	474,413
1977 Session	<u>49,035,353</u>
	\$ 49,509,766

TOTAL - OTHER EXECUTIVE BRANCH FUNCTIONS

Interim Adjustments	(554,441)
1978 Session	14,977,224
1977 Session	<u>737,989,517</u>
	\$ 752,412,300

LEGISLATURE

Legislative Coordinating Committee	
Hazardous Waste Disposal Study (728)	\$ 25,000
Advisory Council on Economic Status of Women (793)	70,000
Legislative Commission on Pensions & Retirements (793)	<u>17,000</u>
	112,000
1978 Session	112,000
1977 Session	<u>34,449,806</u>
	\$ 34,561,806

JUDICIAL

Minnesota Supreme Court	
District Court Administrators-Salary & Fringe Increases	\$ 125,938
State Court Administrator-Salary Increase (793)	5,000
State Judicial Information System Project (793)	259,870
Judges' Retirement (720)	10,000
Minnesota Sentencing Guidelines Commission (723)	<u>200,000</u>
	600,808
1978 Session	600,808
1977 Session	<u>16,887,280</u>
	\$ 17,488,088

MISCELLANEOUS

Interim Claims (668)	\$	80,208
Income Tax Refunds (O/S)		
Individual		21,420,000*
Corporate		(12,630,000)*
Other Revenue Department Refunds		3,693,000*
Low Income Tax Credit - Increase (721)		7,000,000
Apportionments (O/S)		
Northeastern Minnesota Economic Protection Fund		(1,543,306)*
Taconite Area Environmental Protection Fund		<u>(1,678,613)*</u>
Interim Adjustments		9,261,081
1978 Session		7,080,208
1977 Session		<u>562,312,073</u>
	\$	578,653,362
TOTALS -- Interim Adjustments	\$	(18,456,726)
1978 Session		36,972,558
1977 Session		<u>8,989,660,404</u>
GRAND TOTAL		\$9,008,176,236

Note: This table has been prepared as a supplement to the "Summary of Legislative Appropriations--By Function", (pages 36 through 44), A Fiscal Review of the 1977 Legislative Session. Adjustments in certain open and standing appropriations are reported as interim changes and are identified with an asterisk. 1978 Chapter numbers are shown in parenthesis.

[ ] The numbers in brackets have been included for information purposes only, they have not been included in the totals. The 1978 School Aids Bill provided \$15,791,500 for elementary and secondary education. This money came from unencumbered funds within the 1977 appropriation liability. If the Legislature had not taken action in 1978, the funds would have cancelled back into the General Fund.

( ) Indicates a decrease in the appropriation liability.

## TOTAL SPENDING

Interim adjustments in estimated open appropriations amounted to a reduction of \$18,456,726. Expansion of the low income credit by the 1978 Legislature will amount to an estimated increase of \$7,000,000 during the balance of the current biennium. Additional spending authorized in the 1978 Session amounts to \$45,764,057 (exclusive of

bonding). Excluding the School Aids spending of \$15,791,500 to be financed from anticipated cancellations, the net added spending becomes \$29,972,557 bringing the total of state appropriations for the 1977-79 biennium to \$7,500,899,558. With the addition of federal funds estimated at \$1,507,276,679, the two-year spending total amounts to \$9,008,176,237.

By 1977 Session (Direct and Open Appropriations)	\$7,482,383,727
Interim Adjustments (Open Appropriations)	(18,456,726)
By 1978 Session (Direct Appropriations)	29,972,557
(Open and Standing Appropriations)	<u>7,000,000</u>
Total State Funds	\$7,500,899,558
Federal Funds	<u>1,507,276,679</u>
Grand Total for 1977-79 Biennium	\$9,008,176,237

APPROPRIATIONS BY 1977 and 1978 LEGISLATIVE SESSIONS - BY FUND  
 INCLUDING INTERIM ADJUSTMENTS  
 (See Page 45 of 1977 Fiscal Review)

<u>Fund or Account</u>	<u>1977 Session</u>	<u>Adjustments and 1978 Session</u>	<u>Adjusted Total 1977-79</u>
General	\$6,464,423,689	\$11,339,579	\$6,475,763,268
Endowment School	29,000,000		29,000,000
Trunk Highway	422,989,266	6,634,532	429,623,798
Highway User Tax Distribution	15,714,683		15,714,683
State Airports	19,449,089	251,780	19,700,869
Game and Fish	30,314,593	289,940	30,604,533
State Parks Development	2,400,000		2,400,000
Wildlife Acquisition	1,200,000		1,200,000
Consolidated Conservation	1,000,000		1,000,000
County State Aid	161,970,600		161,970,600
Municipal State Aid	50,094,000		50,094,000
Iron Range Resources and Rehabilitation	9,973		9,973
Employment Security Building Fund	487,608		487,608
School Loan Fund	<u>8,219,019</u>		<u>8,219,019</u>
	7,207,272,521	18,515,831	7,225,788,352
Portion of the University's Maintenance and Improvement to be financed from earnings of the University's consolidated trust funds	<u>5,000,000</u>	n.c.	<u>5,000,000</u>
	7,212,272,521	18,515,831	7,230,788,352
Additional Open Appropriations (Page 45 - 1977 Fiscal Review)	<u>270,111,206</u>	n.c.	<u>270,111,206</u>
Total Appropriations: State Funds	7,482,383,727	18,515,831	7,500,899,558
Federal Funds	<u>1,507,276,679</u>	n.c.	<u>1,507,276,679</u>
Grand Total	\$8,989,660,406	\$18,515,831	\$9,008,176,237

**B. General Fund Projection - Estimated Resources and Expenditures  
for 1977-79 Biennium**

(See Pages 46 and 47 of the 1977 Fiscal Review)

<u>Estimated Resources</u>	<u>Estimate</u>		<u>Increase or (Decrease)</u>
	<u>As of July 1, 1977</u>	<u>As of Feb. 15, 1978</u>	
Adjusted Estimated Cash Balance July 1, 1977	\$ 232,815,641	\$ 256,094,754	\$ 23,279,113
Estimated Additional Appropriation Cancellations, Prior Years	--	31,000,000	31,000,000
<b>Total</b>	<b>\$ 232,815,641</b>	<b>\$ 287,094,754</b>	<b>\$ 54,279,113</b>
 <u>Estimated Taxes and Receipts</u>			
<u>Department of Revenue</u>			
Individual Income (Gross)	\$2,953,870,000	\$2,999,600,000 <sup>1</sup>	\$45,730,000
Corporate Income (Gross)	613,480,000	611,500,000	(1,980,000)
Sales Tax - General	1,099,980,000	1,110,710,000	10,730,000
Bank Excise	47,500,000	47,500,000	--
Inheritance	57,100,000	59,100,000	2,000,000
Employers Excise	31,400,000	31,400,000	--
Liquor and Malt Beverage	106,730,000	109,610,000	2,880,000
Cigarette and Tobacco Products	176,800,000	176,800,000	--
Gross Earnings	152,569,000	152,016,000	(553,000)
Deed and Mortgage Registry	25,454,000	36,000,000	10,546,000
Iron Ore Occupation	12,815,000	8,821,000	(3,994,000)
Taconite Occupation and Production	209,796,000	175,693,000	(34,103,000)
Taconite Tailings	2,200,000	1,944,000	(256,000)
Royalty	11,256,000	9,306,000	(1,950,000)
Other - Department of Revenue	14,634,000	14,799,000	165,000
<b>Total - Department of Revenue</b>	<b>\$5,515,584,000</b>	<b>\$5,544,799,000</b>	<b>\$ 29,215,000</b>
 <u>Other Agencies</u>			
Insurance Gross Premiums and State Fire Marshall	\$107,850,000	\$106,300,000	(\$1,550,000)
Motor Vehicle Excise	154,411,000	162,790,000	8,379,000
Motor Vehicle Recycle	1,843,000	1,843,000	--
Departmental Earnings	228,116,517	204,688,028	(23,428,489)
Income Tax Reciprocity	18,000,000	24,000,000	6,000,000
Investment Income	25,329,000	37,400,000	11,071,000
Federal Revenue Sharing	91,628,900	91,628,900	--
Other Federal Grants	22,659,481	680,951 <sup>2</sup>	(21,978,530)
Other Non-Dedicated Receipts	20,765,070	21,914,437	1,149,367
Reimbursement from Taconite Environmental Protection Fund	1,500,000	1,500,000	--
<b>Total - Other Agencies</b>	<b>\$ 673,102,968</b>	<b>\$ 652,745,316</b>	<b>(\$20,357,652)</b>

Estimated Taxes and Receipts (cont)	Estimate		Increase or (Decrease)
	As of July 1, 1977	As of Feb. 15, 1978	
<u>Other Revenue Items</u>			
Indirect Costs	\$ 5,785,000	\$ 5,785,000	--
Motor Vehicle Transfers	4,000,000	4,000,000	--
Gas Tax Reimbursement	1,500,000	1,700,000	200,000
State Park Receipts	2,000,000	2,000,000	--
Federal Reimbursement (DNR & DPW)	3,500,000	46,100,000 <sup>2</sup>	42,600,000
All Other Items	1,851,667	1,851,667	--
Total - Other Revenue	\$ 18,636,667	\$ 61,436,667	\$ 42,800,000
<u>Income Adjustments - 1978 Session</u>			
Federal Reimbursement for			
AFDC circuit breaker	--	4,000,000	4,000,000
Proposed federal tax cut	--	22,000,000	22,000,000
Total	--	\$ 26,000,000	\$ 26,000,000
<u>Omnibus Tax Bill</u>			
Home Heating Sales Tax - Removed		(23,000,000)	
Personal Credits - Increased		(42,000,000)	
Homemaker Credit		( 5,000,000)	
Individual Income Tax Rate Change		( 5,100,000)	
Employers Excise Tax repealed		(11,200,000)	
Pension Exclusion Benefit Extended		( 6,500,000)	
National Guard Income Tax Credit		( 1,300,000)	
Carry-forward of Feedlot Credit		( 300,000)	
Total Tax Bill	--	(\$94,400,000) <sup>2</sup>	(\$94,400,000)
Total Income Adjustments - Interim and 1978 Session	--	(68,400,000)	(68,400,000)
Total Taxes and Receipts	\$6,207,323,635	\$6,190,580,983	(\$16,742,652)
Total Estimated Resources - Including Adjusted Opening Balance	\$6,440,139,276	\$6,477,675,737	\$ 37,536,461
<u>ESTIMATED EXPENDITURES</u>			
Unencumbered Balances of 1977			
Appropriations Carried Forward	--	\$ 34,653,164	\$ 34,653,164
<u>Omnibus Appropriation Bills</u>			
State Departments	\$ 379,562,463	\$ 377,143,957 <sup>3</sup>	(\$2,418,506)
Semi-State Activities	15,627,883	15,613,571 <sup>3</sup>	(14,312)
Health-Welfare-Corrections	1,016,027,879	1,010,215,112 <sup>3</sup>	(5,812,767)
Education-School Aids	1,772,303,580	1,767,708,430 <sup>3</sup>	(4,595,150)
-Other than School Aids	688,909,243	688,449,966 <sup>3</sup>	(459,277)
Transportation	45,370,281	45,370,281	--
Tax Bill	14,800,000	14,800,000	--
Total	\$3,932,601,329	\$3,919,301,317	(\$13,300,012)

<u>Estimated Taxes and Receipts (cont)</u>	<u>Estimate</u>		<u>Increase or (Decrease)</u>
	<u>As of July 1, 1977</u>	<u>As of Feb. 15, 1978</u>	
Miscellaneous Direct Appropriations	\$ 281,813,788	\$ 248,389,744 <sup>3</sup>	(\$33,424,044)
Open and Standing Appropriations	\$2,250,008,572	\$2,231,551,846 <sup>4</sup>	(\$18,456,726)
<u>Expenditure Adjustments-1978 Session</u>			
<u>General Fund Only</u>			
Supplements to Omnibus Appropriations Bills	--	\$4,984,581 <sup>5</sup>	\$4,984,581
Miscellaneous Appropriations	--	17,811,724	17,811,724
Open and Standing Appropriation Adjustments (Low Income Credit, Increase)	--	7,000,000	7,000,000
Total Expenditure Adjustments 1978 Session	--	\$ 29,796,305	\$ 29,796,305
Total Appropriation Liability	\$6,464,423,689	\$6,463,692,376	(\$ 731,313)
Less - Estimated Cancellations	(50,000,000)	(45,300,000) <sup>6</sup>	4,700,000
Net Total Appropriation Liability	\$6,414,423,689	\$6,418,392,376	\$ 3,968,687
Estimated Balance June 30, 1979	\$ 25,715,587	\$ 59,283,361	\$ 33,567,774

Source: Revenue Estimates and Estimated Open Appropriation liabilities prepared by Departments of Revenue and Finance.

<sup>1</sup> Changes in Campaign Financing Law could reduce estimated individual income tax collections by up to \$1,000,000 in the biennium (Chapter 463).

<sup>2</sup> Federal Department of Public Welfare reimbursement formerly included in "Other Federal Grants," now listed under "Federal Reimbursements."

<sup>3</sup> 1977 deficiency and "immediately available" appropriations eliminated in revised totals.

<sup>4</sup> Estimated cost of non-public aid reduced from \$24 million to \$7 million.

<sup>5</sup> Supplements to Omnibus Appropriation Bills (General Fund only) total \$20,776,081 - less Schools Aids of \$15,791,500 (from unencumbered balances) - leave \$4,984,581.

<sup>6</sup> Revised cancellation estimate of \$61 million reduced \$15.7 million a/c School Aids Bill.