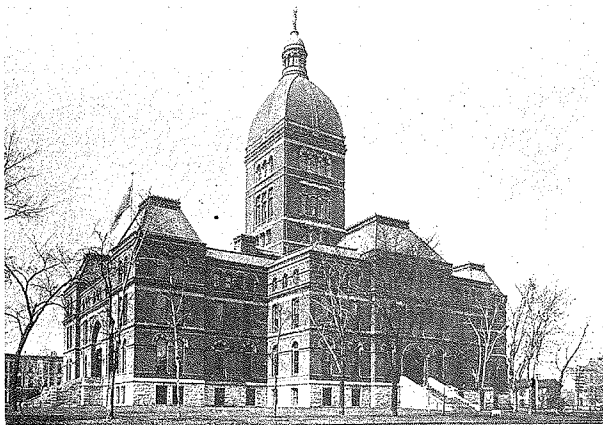


MINNESOTA STATE SENATE

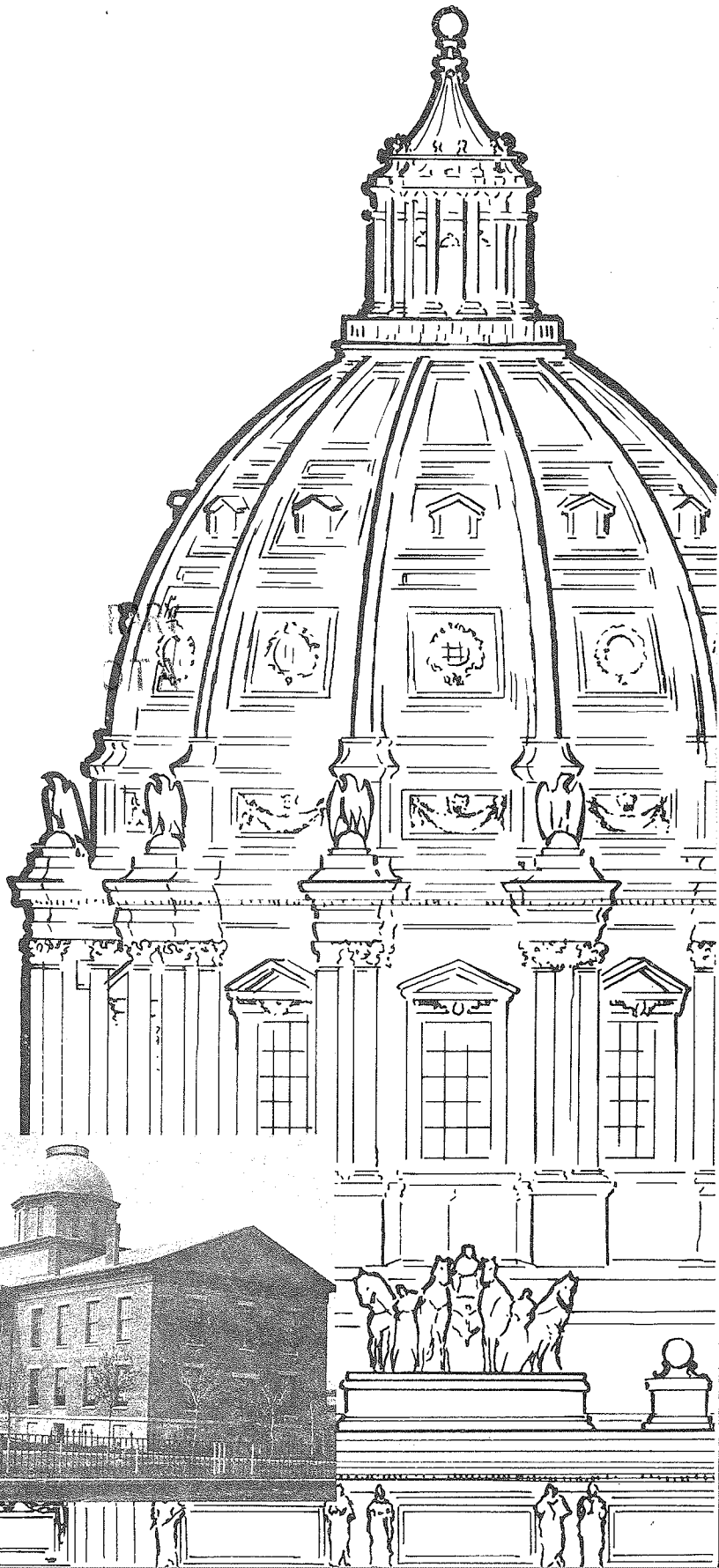
A FISCAL REVIEW
OF THE 1976
LEGISLATIVE SESSION



Second Capitol Building
1873 – 1905



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MINNESOTA STATE SENATE

A FISCAL REVIEW
OF THE
1976 LEGISLATIVE SESSION



JULY, 1976

F O R E W A R D

This publication is designed to augment and update the fiscal information provided in the Legislative Fiscal Review 1975 prepared by the staff of the Finance Committee and published by the State Senate.

As we pointed out in 1975, it is our belief that the Legislature must make an accounting of its actions to the people of this state. This publication is intended to help fulfill that purpose.

It is our hope that the document will both provide you with current information about government spending and answer most questions about major state programs.

Open meetings and public testimony have increased participation in the decisions regarding the allocation of state resources. We intend to continue to expand participation in order to assure both the effective use of public dollars and responsiveness of government to human needs.



Nicholas D. Coleman
Majority Leader
Minnesota State Senate

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I. HIGHLIGHTS OF THE 1976 SESSION, 69TH MINNESOTA LEGISLATURE

The 1976 Session of the Minnesota Legislature appropriated about \$180 million for new and expanded programs during this biennium. Some of this is not new spending, but revised estimates of spending for programs authorized under prior laws. About \$9.7 million was added for the semi-state appropriations bill which was not passed in 1975 because the Legislature ran out of time.

The Legislature passed a major housing bill and appropriated \$34.2 million to carry it out. This bill provides incentives for the building of affordable homes; subsidies for rehabilitation grants and loans to low and moderate income persons; and moneys for building homes for native Americans. Besides providing aid to low and moderate income persons who want to rehabilitate their homes or buy new affordable homes, this bill is expected to generate jobs in the home construction field.

Many construction jobs will also be created by the passage of a bridge bonding and appropriations bill that provides \$50 million for the building and fixing of bridges on the state, county, municipal and township road systems.

The Legislature also passed a bill authorizing the sale of about \$54 million in bonds for building and capital improvement projects at the University of Minnesota, the state colleges; the community colleges and a number of other state institutions.

The 1976 Legislature also passed a \$6.1 million alcohol and drug abuse appropriation primarily designed to identify persons with addiction problems.

State aids to elementary and secondary education were also increased by the 1976 Legislature -- the major change being an addition of \$3.9 million for special education (the teaching of students with various disabilities).

In yet another action, the 1976 Legislature appropriated \$21.2 million for increased retirement benefits to public employees who retired three or more years ago. These retirees lost out on some retirement benefit changes. The appropriation and law provides a formula for increased benefits and funds that formula for the life of all the beneficiaries.

The Legislature passed three bills that extended tax benefit to citizens and one bill that patched the circuit-breaker law to avoid a leakage of state revenues to the federal government.

Two aspects of the circuit breaker law were changed. One new provision allows senior citizens residing in subsidized public housing to claim circuit breaker credits. The other change takes AFDC recipients off the circuit breaker and puts them on a special housing subsidy program. Under the 1975 law, these circuit breaker payments would have reduced the grants to individuals and the federal government would have withdrawn more than \$2.5 million in aids from Minnesota. Under the amended law the recipients will get the equivalent of the circuit breaker credit and the federal government will pay some of this cost.

A new inheritance tax substantially increased the value of exemptions for surviving spouses and minor and dependent children. Inheritance of a homestead valued up to \$45,000 is exempt for surviving spouses and minor and dependent children. It used to be \$30,000. By eliminating sex discrimination, the exemption for surviving spouses was increased ten-fold to \$60,000. The exemption for surviving widows and surviving minor or dependent children was doubled to \$60,000 and \$30,000 respectively.

A change in income tax deductions allowed for dependents in non-public schools will provide more than \$2 million in benefits to parents. The former deduction was to a maximum of \$200 per student. The new law allows a deduction of up to \$500 for dependents in kindergarten and the first six grades and up to \$700 for dependents in junior or senior high schools.

The 1976 Legislature also passed a bill providing a tax break to Minnesota breweries. The tax break came in the form of an increased tax credit for beer produced and sold in Minnesota.

No new taxes were imposed by the 1976 Session of the Legislature. The Senate passed a bill to provide income tax rebates to individual income taxpayers, but the bill failed to survive a conference committee.

New spending and altered estimates added \$180,050,652¹ to the biennial budget for total state spending of \$6,221,193,519. Another \$1,185,563,294 of federal aids and grants will be spent through state government. The Legislature and the Governor also authorized the sale of \$78,923,829 in bonds.

All in all, the session between January 27 and April 7, 1976, resulted in the enactment of 348 laws.

One major reorganizational change was enacted with the passage of the Department of Transportation (DOT) bill. The new department takes over the functions of the Highway and Aeronautics Departments as well as transportation-related functions of the State Planning Agency and Public Service Commission.

¹Interim adjustments to open appropriations amount to \$19,427,183 over the estimates at the close of the 1975 Session.

II. TAX RELIEF, SHARED TAXES, AND OTHER AIDS TO LOCAL GOVERNMENT

(See Page 2 of 1975 Fiscal Review)

Property tax relief, shared taxes, and aids to local units of government were increased \$65,116,076 -- a reduction of \$1,664,906 by reason of interim adjustments in open appropriations and an increase of \$66,780,982 by specific actions of the 1976 Legislature -- raising the estimated total to \$3,749,389,639 for the 1975-77 biennium. This sum continues to represent nearly 61 percent of estimated total state disbursements, excluding federal funds, during the current biennium.

Tax relief items increased \$18,480,556 and now amount to \$1,313,766,151. Shared taxes were reduced by \$4,835,897 and now total \$75,061,103 for the biennium. State aids and grants -- in a variety of forms -- were increased \$51,471,417 bringing the biennial total to \$2,360,562,385.

Tax Relief

It is now estimated that the income adjusted property tax credit ("circuit breaker") will require \$4,985,000 less in state funds bringing the 1975-77 total to \$192,400,000. Agricultural land tax differential aid is estimated to be \$794,817 higher -- up to \$43,894,817 for the current biennium. Personal property tax reimbursements are estimated to be \$5,930,764 lower, making the biennial total \$11,669,236.

Payment of teachers' pensions and state debt charges are expected to be \$28,601,503 higher, raising the biennial total to \$362,603,601.

Shared Taxes

Taxes shared with local units of government are expected to be reduced a net \$4,835,897 during the biennium -- \$6,455,897 less from taconite occupation and production taxes, and \$1,620,000 more from inheritance taxes. The adjusted biennial totals will be \$75,297,000 from taconite occupation and production taxes, and \$6,220,000 from inheritance taxes.

Other State Aids

Other grants and aids to local governments were increased \$51,471,417, bringing the total for the 1975-77 fiscal period to \$2,360,562,385.

The largest segment of the increase is the \$25,000,000 made available for construction and reconstruction of bridges and bridge approaches on county highway, municipal street and township road systems.

State aids for welfare, corrections and health purposes were increased \$13,508,000 -- \$5,958,000 for alcohol and drug abuse programs, \$3,050,000 for community health treatment and services grants, \$3,100,000 for state aid for general assistance, and \$1,400,000 for public assistance - medical.

Educational grants-in-aid of \$3,925,600 for special education, \$296,425 for adult education, \$300,000 for emergency aid, \$50,000 for Southeast Asian student aid, \$191,442 in additional gross earnings aid, \$90,000 for career study centers program (I.S.D. 625, St. Paul), \$499,950 for educational cooperative service units, \$100,000 for learning disabled and retarded pupils, and \$60,000 for curriculum planning grants together amount to \$5,513,417.

Grants of \$240,000 for Bicentennial projects; \$2,500,000 for land use planning; \$75,000 for local government training; \$10,000 for an airport at Orr; \$225,000 for real estate taxes (Department of Natural Resources); \$250,000 for floodwater retention structures; \$200,000 for public waters - drainage; \$390,000 for recreational trails - law enforcement; \$60,000 for environmental permits, and \$3,500,000 for aid to police departments, raise the total for various executive branch functions by \$7,450,000, making the biennial total for the group \$55,418,739.

III. FUNCTIONS OF STATE GOVERNMENT

A. EDUCATION

The 1976 Legislature provided \$8,952,928 in new and supplemental funds for education.

Interim adjustments in the estimated sums required for payment of open appropriation authorities covering the agricultural land tax aid, the mining tax apportionment, the EDA work study program and tuition reciprocity amount to \$5,087,565. Direct appropriations by the 1976 Legislature amount to \$8,952,928 -- bringing the total of state funds allocated to education to \$2,516,692,033 for the 1975-77 biennium. With the addition of \$203,891,342 in estimated federal funds, the grand total becomes \$2,720,583,375. (See Open Appropriations analysis for details of changes enumerated above.)

STATE DEPARTMENT OF EDUCATION

Twelve specific appropriations, totalling \$1,724,950, were made to the Department of Education by the 1976 Legislature -- \$150,000 for special education programs and budget review; \$90,000 for payment to Independent School District No. 625 (St. Paul) for its career study centers programs; \$10,000 for payment to the Teen Corps of America-Minnesota Teen Corps for the purpose of taking referrals of youth under age 20 from school districts or juvenile courts; \$50,000 for services to Southeast Asian children; \$30,000 for the transfer of the Minnesota School for the Deaf and the Minnesota Braille and Sight-Saving School to the jurisdiction of the State Board of Education from the Department of Welfare; \$250,000 for implementation of the uniform financial accounting and reporting system for Minnesota school districts; \$30,000 for the Board of Teacher Standards and Certification; \$200,000 for curriculum planning, evaluation and reporting, and \$25,000 for a newly-created advisory task force on non-public schools (Chap. 271).

The department also received \$499,950 for development of educational cooperation services units (Chap. 8), \$100,000 for a pilot program for mildly learning disabled and retarded pupils (Chap. 8), and \$290,000 for the right-to-read program (Chap. 194).

AID TO ELEMENTARY AND SECONDARY SCHOOLS

Appropriations for special education aids were increased \$3,925,600 -- \$1,000,000 for an anticipated fiscal 1976 deficiency, and \$2,925,600 in supplementation for fiscal year 1977. Adult education was granted an increase of \$296,425. The sum of \$300,000 was added for emergency aid. To provide additional aid for Brainerd, Net Lake, and Lake County the gross earnings appropriation for fiscal year 1977 was increased \$191,442.

The special education aid formula was changed to pay 55 to 75 percent but not more than \$11,000 of salaries of essential personnel, the exact percentage depends on the appropriation. An additional 10 percent of the salary cost is paid with no dollar limitation, the salaries funded will now be the salaries for the year in which the payments are made rather than the previous year.

Beginning in 1977-78 adult vocational aids will be based on current year's costs instead of the previous year's.

The same change will be made beginning in 1978-79 for secondary vocational aids. New formulas may also be developed for both of these aids.

Beginning in 1977-78 non-public school students will be guaranteed special education services from the public schools.

Additional expenditures were authorized to be funded within the limits of current 1975-77 appropriations. These include -- \$667,400 for transportation aid, \$95,978.75 in foundation aid adjustments, and \$5,501.58 for adjustments in shared time aid for Hastings, Osakis, Austin and Minnetonka School Districts.

HIGHER EDUCATION

Appropriations by the 1976 Legislature for repairs and betterments amount to \$1,164,511 for the state universities and \$750,000 for the community colleges (Chap. 347).

In addition, the General Contingent Account was provided supplemental appropriations, two of which involve higher education, \$100,000 for monitoring and testing of the UNIVAC 1110 Computer, and \$500,000 for backup computer services for MECC users (Chap. 331).

B. WELFARE

State appropriations for public welfare, corrections, and health purposes were supplemented to the extent of \$20,516,128, making the total of state funds available for the 1975-77 biennium, \$710,472,130. With the addition of an estimated \$705,432,916 in federal funds, the total spending for welfare, corrections, and health purposes during the current biennium adds up to \$1,415,905,046¹.

¹Includes sum of \$1,620,000 for Criminal Justice Contingent Account, transferred from Legislative section to Corrections.

Interim adjustments in open appropriations amount to an estimated \$4,500,000 -- \$1,400,000 increase in medical assistance, and \$3,100,000 in general assistance - medical.

Direct appropriations by the 1976 Legislature account for the balance of \$16,016,128. Of this total, appropriations to the Department of Welfare total \$10,213,000. They include \$6,113,000 for the alcohol and drug abuse program (Chap. 125), \$400,000 for a pilot dental care program for senior citizens (Chap. 305), \$100,000 for the senior companion program (Chap. 323), \$350,000 for a pilot program involving community mental health centers (Chap. 327), and \$3,250,000 for repairs and betterments to institutions under the jurisdiction for the Department of Public Welfare (Chap. 347).

C. CORRECTIONS

Appropriations to the Department of Corrections total \$2,410,000 -- \$10,000 in supplementation to funds available to the corrections ombudsman (Chap. 318), and \$2,400,000 for repairs and betterments to institutions under the jurisdiction of the Department of Corrections (Chap. 347).

D. HEALTH

The State Department of Health was provided additional state funds of \$3,393,128, including \$2,700,000 for subsidies and grants and \$50,000 for administration of community health services (Chap. 9).

Also included was \$125,000 for the Minnesota Hospital Administration Act of 1976 (Chap. 296), \$67,000 to establish and operate the Office of Health Facilities Complaints (Chap. 325), \$249,826 for preventive and personal health services, \$164,302 for health system quality assurance, and \$37,000 for the Board of Dentistry (Chap. 331).

E. HIGHWAYS AND MASS TRANSIT

Direct appropriations totalling \$26,955,000 were made by the 1976 Legislature for highways and mass transit purposes, raising the estimated total spending from all funds for the 1975-77 biennium to \$830,481,600, including an estimated \$215,000,000 in federal funds. In addition, \$25,000,000 was made available through borrowing authority for the construction and reconstruction of bridges and bridge approaches.

The sum of \$150,000 was provided for bicycle ways and lanes (Chap. 199), \$750,000 for construction of an access road to the Zoological Gardens (Chap. 80), \$905,000 for equipment storage and interstate rest area construction (Chap. 347), and \$150,000 to the Department of Transportation to organize the new department and to institute a statewide transportation plan (Chap. 166)..

The sum of \$25,000,000 was appropriated from the general fund of the state for bridge construction, with \$12,500,000 to be allocated to the trunk highway system and interstate routes, and \$12,500,000 to county highway, municipal street and township road systems (Chap. 339).

F. OTHER EXECUTIVE BRANCH FUNCTIONS

The 1976 Legislature appropriated \$79,811,333 for Executive Branch functions of the State Government other than education, welfare, highways and mass transit, and tax relief and aids to local governments, raising the biennial spending total for 1975-77 to \$517,018,942, including an estimated \$61,135,726 in federal funds.

The estimated open appropriation for Environmental Quality Council (EQC) power siting has been reduced during the interim since the close of the 1975 Session from \$872,000 to \$782,100 -- a reduction of \$89,900.

THE GOVERNOR

Two appropriations totalling \$303,085 were made to the Governor, bringing the total to this office for the 1975-77 biennium to \$3,457,683.

The sum of \$300,000 was granted to the Minnesota Bicentennial Commission, and \$3,085 to the National Governor's Conference (Chap. 331).

GENERAL STATE GOVERNMENT

Various departments and agencies of the general state government received \$57,722,834 in supplemental funding for new activities which, together with the open appropriation reduction mentioned above, brings the 1975-77 total for this group of state activities to \$157,880,333.

The larger appropriations to state departments and activities in this grouping include \$34,200,000 to the Minnesota Housing Finance Agency (Chap. 254), \$5,741,367 to the Minnesota Historical Society (Chap. 3), \$3,000,000 for rail line rehabilitation (Chap. 204), \$2,500,000 for land use planning (Chap. 167), \$2,000,000 for acquisition of Mechanic Arts High School (Chap. 331),

\$1,400,000 for a copper-nickel regional environmental impact study - Phase II (Chap. 331), \$1,000,000 to the Minnesota State Arts Board (Chap. 3) and \$1,360,449 to the Minnesota Veterans Home (Chap. 3).

Appropriations for new programs include \$100,000 for car pooling of state employees (Chap. 233), \$165,000 for aid to legal assistance corporations (Chap. 260), \$195,400 for energy standards and survey of state buildings (Chap. 333), \$800,000 for improvements to the North Capitol Area (Chap. 331), \$500,000 for tort claims (Department of Finance) (Chap. 331), \$150,000 for administration of a rail service improvement program (Chap. 264), \$75,000 for training of local government officials (Chap. 331), \$50,000 for study of local government fiscal problems (Chap. 331), \$150,000 for energy demonstration projects and information center (Chap. 333), \$50,000 for infrared aerial photographs of metro area by Energy Agency (Chap. 333), \$120,000 for instructional television station grants (Chap. 201), and \$200,000 to be added to General Contingent Account to be available for grants for demonstration projects of alternative energy systems and methodology particularly appropriate to Minnesota (Chap. 333).

The remainder of the appropriations classified as "general state government" can be found in the detailed listing under Section VII, STATISTICS.

PROTECTION TO PERSONS AND PROPERTY

Appropriations for the protection of persons and property were increased \$2,081,014 by the 1976 Legislature, bringing the total of such appropriations for the 1975-77 biennium to \$119,365,269.

Appropriations for new activities or services include \$10,000 for operations and maintenance of an airport at Orr, Minnesota, (Chap. 331), \$43,000 for the Minnesota Hospital Administration Act (Chap. 296), \$107,000 for the comprehensive health insurance act (Chap. 296), \$243,000 to the Department of Public Safety for their responsibilities in connection with the bicycle registration program (Chap. 199), \$250,000 for the alcohol safety program (Chap. 298), \$159,300 for the DWI-license revocation hearings (Chap. 341), \$290,000 for graphic design license plates (Chap. 343), and \$25,000 in supplementation to the General Contingent Account for use in dealing with prevailing wage administration by Commissioner of Labor and Industry (Chap. 331).

The remainder of the appropriations classified as "protection to persons and property" can be found in the detailed listing under Section VII, STATISTICS.

NATURAL RESOURCES

Appropriations for the development and conservation of natural resources were increased \$8,145,750 by actions of the 1976 Legislature, bringing the biennium total to \$129,590,329.

Various divisions of the Department of Natural Resources were provided supplemental appropriations totalling \$973,750 (Chap. 331). The sum of \$1,300,000 was provided for an environmental impact statement regarding the Reserve Mining Company disposal site, and \$100,000 for a peat information program -- both in Chapter 331. In addition, \$2,500,000 was appropriated from the general fund as a contingent appropriation for the benefit of the game and fish fund. Such transfers, as are necessary, may be made when authorized by the Governor after consultation with the Legislative Advisory Committee -- to be repaid to the general fund prior to June 30, 1978 (Chap. 331).

In separate appropriation measures \$1,040,000 was provided requiring the Department of Natural Resources to catalog all lake basins of more than 10 acres in the state on a county-by-county basis (Chap. 83), \$100,000 for the department's responsibilities in connection with bicycle trail program (Chap. 199), \$1,300,000 for the snowmobile and recreational trails program (Chap. 319), \$147,000 for mineland reclamation (Chap. 322), \$300,000 for deer habitat improvement, and \$250,000 for floodwater retention structure grants in the "Southern Minnesota River Basin Area II" (Chap. 82).

Appropriations of \$55,000 to the Great Lakes Commission, and \$80,000 to the Southern Minnesota River Basin Commission -- both in the Omnibus Semi-State Activities Bill -- complete the additional funding provided by the 1976 Legislature.

AGRICULTURE

Appropriations in the Omnibus Semi-State Activities Bill to societies and associations for the development and conservation of natural resources totalled \$684,350. With the addition of the Family Farm Security Act (Chap. 210) in the sum of \$10,874,300, total spending for the 1975-77 biennium was increased to \$25,666,159.

Under the Family Farm Security Act \$10,000,000 was appropriated through the State Investment Board to guarantee loans through lending institutions for the purchase of land by young farmers; \$800,000 for payment adjustments of four percent per year on the outstanding balance of farm security loans. Such payments are to be based on the outstanding balance at the beginning of the year; and will continue for the first ten years of the loan. The loan applicant will pay the balance during each of the first ten years and the full amount according to the stated interest rate after that time. The balance of \$74,300 is to cover administrative expenses in fulfilling provisions of the act (Chap. 210).

G. LEGISLATIVE

Appropriations totalling \$325,000 were provided in the 1976 Session for the purposes of the Legislature, bringing the total of appropriations for the 1975-77 biennium to \$26,808,462¹ -- or slightly over four-tenths of one percent (.0043) of estimated total state expenditures for the biennium, exclusive of federal funds.

The Legislative Joint Committee was granted a supplemental appropriation of \$30,000 (Chap. 331).

The Legislative Audit Commission was given \$200,000 -- \$100,000 for an audit of St. Paul School District No. 625 (Chap. 20), and \$100,000 for an audit of the Housing Finance Agency (Chap. 254).

For a study on the Economic Status of Women, the 1976 Legislature provided \$95,000 (Chap. 337).

H. JUDICIAL

There were no additional appropriations made by the 1976 Legislature for judicial purposes so the total estimated spending for the 1975-77 biennium remains at \$9,506,151, including an estimated \$103,310 from federal funds.

I. MISCELLANEOUS

Miscellaneous appropriations by the 1976 Legislature totalled \$2,755,624. Together with interim open appropriation adjustments of \$11,003,241, the total of miscellaneous state spending for the current biennium becomes \$530,394,506².

Direct appropriations by the 1976 Legislature include \$160,000 for the Duluth Port Authority (Chap. 3), \$121,659 for interim claims (Chap. 101), \$72,365 for supplemental claims (Chap. 172), and \$1,600 for a study to merge the port authorities of Duluth, Minnesota, and Superior, Wisconsin, (Chap. 270). An open appropriation in the estimated amount

¹ Appropriations for Criminal Justice Contingent Account (\$1,620,000), and General Contingent Account (\$4,000,000) transferred to Corrections and Miscellaneous categories respectively -- in the Summary of Legislative Appropriations - By Function (VII-STATISTICS).

² Includes sum of \$4,000,000 for General Contingent Account transferred from Legislative section.

of \$2,400,000 was authorized to cover an increase in income tax deductions for school expenses of children attending non-public elementary and secondary schools -- from \$200 to \$500 for each student in grades K-6 and \$200 to \$700 for each student in grades 7-12 covering tuition, textbooks, and transportation.

Interim adjustments in open appropriation authorities amount to a net increase of \$11,003,241 and include \$5,250,000 for individual income tax refunds, \$12,000,000 for corporate tax refunds, \$2,933,241 for non-department of revenue refunds, and \$120,000 for campaign fund checkoffs. Also included are two reductions in open appropriation estimates -- \$200,000 for peace officers' survivors benefits, and \$9,100,000 in the estimate of the economic package for state employees.

IV. RETIREMENT PROGRAMS

Supplemental appropriations from the general fund made by the 1976 Legislature for the benefit of various retirement systems amount to \$21,207,456 (Chap. 326), distributed as follows:

| | |
|---|----------------------------|
| .. to the highway patrolmen's retirement fund | \$ 237,356 |
| .. to the public employees police and fire fund | 359,302 ¹ |
| .. to the public employees retirement fund | 8,668,197 ¹ |
| .. to the state employees retirement fund | 2,216,377 |
| .. to the teachers retirement fund | 5,612,272 ¹ |
| .. to the Minneapolis municipal employees retirement fund | 2,740,752 ¹ |
| .. to the executive director of the Minnesota state retirement system for plan participants of the legislators' retirement plan | 43,375 |
| .. to the executive director of MSRS for surviving spouses of plan participants of the legislators' retirement plan | 783 |
| .. to the Duluth teachers retirement fund association | 386,905 ¹ |
| .. to the St. Paul teachers retirement fund association | <u>942,137¹</u> |
| TOTAL | \$21,207,456 |

These sums represent the calculated amounts necessary to cover increased benefits and annuities for retirees and/or survivors who began receiving benefits prior to July 1, 1973.

With these supplemental appropriations, total state funding to the various retirement funds for the current biennium are increased from \$246,281,140 to \$267,488,596.

¹These appropriations, totalling \$18,709,565, have been treated as Property Tax Relief (Elimination of State Mill Levy) in Section II, Tax Relief, Shared Taxes, and Other Aids to Local Government.

V. STATE BORROWING

The 1976 Legislature authorized the issuance and sale of \$53,934,000 in general obligation building bonds for the acquisition and betterment of land, buildings, and other capital improvements (Chap. 348). This action raises the total of state building bonds authorized by the 69th Legislature to \$135,809,000. In addition, the issuance of \$25,000,000 in Minnesota state transportation bonds was authorized for the construction and reconstruction of key bridges and bridge approaches on the trunk highway system (including interstate routes) and on the county highway, the municipal street, and township road systems.

State Building Program

The \$53,934,000 in general obligation bonds authorized by the 1976 Legislature are to mature serially within 20 years from date of issuance. In addition, \$1,800,000 was reappropriated from available unencumbered balances for use in the Mankato Campus consolidation.

Major items in the building program include:

- .. at the University of Minnesota -- a \$21,336,639 program, representing 39.6 percent of the total new borrowing authorized for buildings. Included is \$4,897,489 to complete library learning resource center (St. Paul); \$1,435,500 to complete home economics building; \$1,996,000 for boiler and baghouse (St. Paul); \$1,000,000 for pollution control and heating plant modification (Minneapolis); \$4,937,150 for basic sciences remodeling; \$1,422,400 to construct and equip basic sciences building (Duluth), and \$1,118,150 for learning resources center addition (Crookston). A host of smaller projects at both the Twin Cities and coordinated campuses, totalling \$4,529,950, makes up the balance of the new borrowing authorized.
- .. at the State Universities -- \$8,586,470, including \$2,414,000 for construction of a center for the arts building at Moorhead State University; \$1,502,470 for remodeling of facilities at Bemidji, St. Cloud, and Winona State Universities; \$3,500,000 for consolidation of the campus at Mankato State University, and \$800,000 for the construction of maintenance facilities within the university system. Two smaller projects total \$370,000.

- .. at the Community Colleges -- \$3,745,570, including \$2,497,870 to plan, construct and equip facilities at Lakewood Community College. A group of smaller projects, totalling \$1,247,700 make up the balance of the new borrowing authorized.
- .. for the Capitol Complex -- \$4,005,150, including \$1,165,000 for rehabilitation and remodeling of the 1246 University Avenue building; \$809,000 for improvements to the 117 University Avenue building, and \$1,925,000 as the state share for construction and equipping of a nursing care facility at the Veterans Home. Two small items, totalling \$106,150 make up the balance of the new borrowing authorized for the Veterans Home.
- .. for institutions under the jurisdiction of the Department of Public Welfare -- \$13,600,000, including \$3,500,000 for the construction of buildings at Willmar and Anoka State Hospitals; \$5,500,000 for life safety modifications at all institutions, and \$3,500,000 for major remodeling and renovation at all institutions. The balance of the new borrowing authorized is to be used as follows -- \$800,000 for air conditioning, and \$300,000 for carpeting.
- .. for institutions under the jurisdiction of the Department of Corrections -- \$1,700,000 for security modifications, new construction and major remodeling at the Minnesota Metropolitan Training Center, the St. Cloud Reformatory for Men, the State Prison, and the State Training School.

Repairs and Alterations

In addition to the authorized new borrowing, \$9,868,011 was appropriated for alteration, repairs, equipping and equipment replacement to state public buildings. Of this sum, \$8,963,011 will be funded from the state general fund, and \$905,000 from the trunk highway fund.

STATE BUILDING BILL - 1976 SESSION

| <u>Department or Agency</u> | <u>New Borrowing (Chap. 348)</u> | <u>Repairs and Replacements (Chap. 347)</u> | <u>Reappropriated Balance (Chap. 348)</u> | <u>Total</u> |
|--|--|---|---|----------------------|
| Department of Public Welfare | \$13,600,000 | \$3,250,000 | \$ -- | \$16,850,000 |
| Department of Corrections | 1,700,000 | 2,400,000 | -- | 4,100,000 |
| Community Colleges | 3,745,570 | 750,000 | -- | 4,495,570 |
| State Universities | 8,586,470 | 1,164,511 | 1,800,000 | 11,550,981 |
| University of Minnesota | 21,336,639 | -- | -- | 21,336,639 |
| To Commissioner of Administration | | | | |
| ..For Capitol Complex | 1,974,000 | 898,500 | -- | 2,872,500 |
| ..For Minnesota Veterans Home | 2,031,150 | -- | -- | 2,031,150 |
| ..For Minnesota Historical Society | -- | 500,000 | -- | 500,000 |
| ..For Administration, Building Program | 150,000 | -- | -- | 150,000 |
| ..For State Building Contingent Account | 500,000 | -- | -- | 500,000 |
| ..For State Building Assistance Account | 50,000 | -- | -- | 50,000 |
| ..For Plans to Convert Major State Institutional Heating Plants From Gas-Oil to Coal | 200,000 | -- | -- | 200,000 |
| To Commissioner of Finance | | | | |
| ..For Bond Sale Expenses | 50,000 | -- | -- | 50,000 |
| To Commissioner of Highways | | | | |
| ..For Equipment Storage Building and Interstate Safety Rest Area | -- | 905,000 ¹ | -- | 905,000 ¹ |
| Total | \$53,923,829 | \$9,868,011 | \$1,800,000 | \$65,591,840 |

¹Financed from Trunk Highway Fund

VI. THE TAX LAWS

INHERITANCE TAX

The amendments to the inheritance tax laws in Chapter 320 eliminates sex discrimination against surviving husbands and increases inheritances exempted from taxation.

Under Chapter 320, homestead value of up to \$45,000 will be exempt from inheritance tax if inherited by a surviving spouse or a minor or dependent child of the deceased. If no homestead is passed on, the surviving spouse and the minor and dependent children can split a \$10,000 exemption among them in lieu of the homestead exemption. The previous homestead exemption was \$30,000. There were no provisions for exemptions in lieu of homesteads.

Other exemptions were increased as follows:

From \$30,000 to \$60,000 for the surviving wife.

From \$6,000 to \$60,000 for the surviving husband.

From \$15,000 to \$30,000 for the surviving minor or dependent child.

The surviving spouse with an inheritance of \$500,000 or less can choose to exempt 50 percent of the inherited value instead of using the above exemption schedule.

Chapter 320 also allows an inheritor with an inheritance tax liability of \$5,000 or more to pay the liability in five annual installments, without interest; and gives authority to the Commissioner of Revenue to extend payment of inheritance for two years on the basis of hardship.

PROPERTY TAX

A 1976 amendment to the circuit breaker law (Chap. 245) provides that senior citizens and disabled residents of subsidized public housing are eligible for circuit breaker relief. The same chapter also provides that senior citizens and disabled will receive at least as much property tax relief as they were entitled to under the old senior citizens low income property tax credit.

INCOME TAX

Chapter 37 substantially increases the deduction allowed for expenses of sending dependents to non-public schools. The former exemption was limited to \$200 per year per pupil. The new exemption is \$500 for elementary pupils (kindergarten through 6) and \$700 for junior high and high school students.

BEER TAX

Minnesota brewers currently receive a tax credit equal to \$2 per barrel on the first 40,000 barrels of strong beer and \$1 per barrel on the first 40,000 barrels of 3.2 beer produced in a year. The 1976 amendment allows a \$2 per barrel credit on the first 75,000 barrels of all beer produced and sold in Minnesota (Chap. 189).

VII. STATISTICS

A. SUPPLEMENTAL AND NEW APPROPRIATIONS - 1976 SESSION

BY APPROPRIATION MEASURES

OMNIBUS APPROPRIATIONS BILLS

The 1976 Legislature provided \$28,693,864 in new and supplemental appropriations in three omnibus appropriation bills -- Semi-State Activities, \$9,745,362 (Chap. 3)¹; School Aid Bill, \$5,548,467 (Chap. 271); and for Deficiencies and Supplemental Appropriations, \$13,400,035 (Chap. 331).

With these additions, the spending authorized in omnibus appropriation bills for the 1975-77 biennium becomes \$3,348,435,796. (See Page 28 of 1975 Fiscal Review).

MISCELLANEOUS APPROPRIATION BILLS

Miscellaneous appropriations enacted in the 1976 Session amount to \$124,929,605 -- bringing the total for the 1975-77 biennium to \$197,865,044. (See Page 29 of the 1975 Fiscal Review).

| <u>Items</u> | <u>Amounts</u> |
|--|----------------|
| Housing Finance Agency | \$34,300,000 |
| Bridges and Bridge Approaches - Construction and Reconstruction | 25,000,000 |
| Retirement Funds, Supplements | 21,207,456 |
| Family Farm Security Program (loans for farm real estate) | 10,874,300 |
| State Buildings | 9,868,011 |
| Alcohol and Drug Abuse | 6,113,000 |
| Rail Service Improvement Program | 3,150,000 |
| Community Health Services | 2,750,000 |
| Land Use Planning Grants | 2,500,000 |

¹Transferred from 1975 to 1976 Session - when conference report was passed.

| | |
|--|-----------|
| Snowmobile and Recreational Trails - (unrefunded gas tax) | 1,300,000 |
| Public Waters - Drainage | 1,040,000 |
| Zoo Road | 750,000 |
| Regional Education Cooperative Service | 599,950 |
| Energy Conservation | 595,400 |
| Bicycle Ways and Lanes | 493,000 |
| Pilot Program of Dental Care for Senior Citizens | 400,000 |
| Pilot Program for Community Mental Health Treatment | 350,000 |
| Deer Habitat Improvement | 300,000 |
| Graphic Design License Plates | 290,000 |
| Right-to-Read | 290,000 |
| Comprehensive Health Insurance | 275,000 |
| DWI - Alcohol Safety Program | 250,000 |
| Flood Plain Management | 250,000 |
| Miscellaneous Claims | 194,024 |
| State Aid to Certain Legal Assistance Corporations | 165,000 |
| DWI - Driver's Licenses and Permits | 159,300 |
| Indian Affairs Intertribal Board | 155,550 |
| Department of Transportation | 150,000 |
| Mineland Reclamation | 147,000 |
| Environmental Permits | 140,000 |
| Public Television | 120,000 |
| Auto Licensing - Dealers | 114,014 |
| Car Pooling of State Employees | 100,000 |
| I.S.D. No. 625 - St. Paul (Audit) | 100,000 |
| Senior Companion Program | 100,000 |
| Council on Economic Status of Women | 95,000 |

| | |
|--|---------------|
| Historic Sites | 75,000 |
| Health Facilities Complaints, Office of | 67,000 |
| Changing Precinct Boundaries (Census Data) | 50,000 |
| Indemnification of Diseased Cattle | 40,000 |
| Corrections Ombudsman | 10,000 |
| Study to Merge Port Authorities at Duluth, MN, and Superior, WI | <u>1,600</u> |
| TOTAL | \$124,929,605 |

OPEN AND STANDING APPROPRIATIONS - STATE FUNDS

In the interim since the close of the 1975 Session, numerous changes -- totalling a net increase of \$19,427,183 -- have been made in the amounts estimated to cover the several general fund open appropriation authorities for the 1975-77 biennium.

In addition, actions of the 1976 Session resulted in supplementation to three existing open appropriations - \$3,500,000 for state aid to policeman's relief associations (Chap. 315), \$1,100,000 for additional debt service payments (Chaps. 339 and 348), and \$2,400,000 for an increase in income tax deduction for children in elementary and secondary grades in non-public schools (Chap. 37).

A comparative analysis of open appropriations financed out of the state general fund follows.

OPEN APPROPRIATION ANALYSIS

1975-77 Biennium

| <u>General Fund</u> | <u>Close of 1975 Session</u> | <u>As of July 1, 1976</u> | <u>Increase or (Decrease)</u> |
|--|----------------------------------|-------------------------------|-----------------------------------|
| Income Tax Refunds - Individual | | | |
| Regular | \$ 307,550,000 | \$ 310,800,000 | \$ 4,250,000 |
| Working Poor | 31,400,000 | 31,400,000 | -- |
| Senior Citizen "Freeze" | 0 | 2,000,000 | 2,000,000 |
| Circuit Breaker | 197,385,000 | | |
| - Renters | | 84,000,000 | 4,985,000 |
| - Sr. Citizens and Disabled | | | |
| - Homeowners | | | |
| Corporate Income Tax Refunds | 28,000,000 | 40,000,000 | 12,000,000 |
| Sales Tax Refunds | 1,600,000 | 4,600,000 | 3,000,000 |
| Other Tax Refunds | 4,540,000 | 4,603,100 | 63,100 |
| Non-Department of Revenue Tax Refunds | 2,600,000 | 2,470,141 | (129,859) |
| Agricultural Land Tax Differential Aid | 43,100,000 | 43,894,817 | 794,817 |
| Aid to Local Governments | 306,800,000 | 306,840,937 | 40,937 |
| Exempt Property Reimbursement | 17,600,000 | 17,539,547 | (60,453) |
| Mining Taxes Apportionment | 75,297,000 | 68,841,103 | (6,455,897) |
| Homestead Credit | 425,000,000 | 418,723,007 | (6,276,993) |
| Aid to Police and Fire Departments | 14,683,851 | 15,049,596 | 365,745 |
| Peace Officer's Survivors Benefits | 800,000 | 600,000 | (200,000) |
| Inheritance Tax Apportionment | 4,600,000 | 6,220,000 | 1,620,000 |

LEGISLATIVE RESOURCE LIBRARY
 STATE OF MINNESOTA

| <u>General Fund</u> | <u>Close of 1975 Session</u> | <u>As of July 1, 1976</u> | <u>Increase or (Decrease)</u> |
|--|----------------------------------|-------------------------------|-----------------------------------|
| Retirements | | | |
| Supreme and District Court Judges | \$ 5,200,000 | \$ 5,200,000 | \$ -- |
| Legislative Retirement | 831,853 | 831,853 | -- |
| Constitutional Officers | 100,249 | 100,249 | -- |
| Minnesota State Retirement System | 245,000 | 245,000 | -- |
| Teachers - Supplemental | 20,000 | 20,000 | -- |
| Public Employees - Supplemental | 190,400 | 190,400 | -- |
| Teachers - State Universities and Community Colleges | 2,767,519 | 2,767,519 | -- |
| Teachers - Cities of the First Class | 29,823,765 | 29,823,765 | -- |
| Teachers - Statewide | 157,336,830 | 166,128,768 | 8,791,938 |
| Debt Service and Interest | 118,240,000 | 118,240,000 | -- |
| EDA Work Study | 1,120,000 | 1,265,810 | 145,810 |
| Security Protection - Governor, and Others | 800,000 | 800,000 | -- |
| EQC Power Plants | 872,000 | 782,100 | (89,900) |
| 24 Economic Package - Salary Increases and Fringe Benefits | 106,000,000 | 96,900,000 | (9,100,000) |
| Tuition Reciprocity | 4,200,000 | 14,232,938 | 10,032,938 |
| Medical Assistance | 69,000,000 | 70,400,000 | 1,400,000 |
| General Assistance - Medical | 23,900,000 | 27,000,000 | 3,100,000 |
| Campaign Fund Check-off | 630,000 | 750,000 | 120,000 |
| All Other | <u>647,580</u> | <u>647,580</u> | <u>--</u> |
| Total | \$1,982,881,047 | \$2,002,308,230 | \$19,427,183 |
| 1976 Session - Police and Fire (Chap. 315) | | 3,500,000 | 3,500,000 |
| - Debt Service ¹ | | 1,100,000 | 1,100,000 |
| - Increase Deduction - nonpublic school | | <u>2,400,000</u> | <u>2,400,000</u> |
| Grand Total | | \$2,009,308,230 | \$26,427,183 |

¹Estimated interest payments - \$687,500 for Bridge Bonding, Chapter 339, and \$412,500 for State Building Bonding Bill, Chapter 348. Source: Revised estimates supplied by Department of Finance.

With the addition of \$665,584,450 in other-than-general fund open appropriations, the total of open and standing appropriations from all funds is \$2,674,892,680 for the 1975-77 biennium. (See Pages 30 and 31 of 1975 Fiscal Review).

RECAPITULATION

| | |
|-------------------------------------|----------------------|
| Omnibus Appropriation Bills | \$3,348,435,796 |
| Miscellaneous Appropriation Bills | 197,865,044 |
| Open and Standing Appropriations | <u>2,674,892,680</u> |
| | \$6,221,193,519 |
| Federal Funds | <u>1,185,563,294</u> |
| Estimated Total Spending 1975-77 | \$7,406,756,813 |

(See Page 32 of 1975 Fiscal Review)

SUMMARY OF LEGISLATIVE APPROPRIATIONS-BY FUNCTION
1973, 1974, 1975, and 1976 Sessions-Plus Interim Adjustments

| | 1973 and 1974 Sessions | 1975 Session | Interim Adj. and 1976 Session | Total-Interim Adj. & 1975 & 1976 Sessions | Increase over 1973 & 1974 | Percentage Increase |
|--|---------------------------|------------------------|-------------------------------------|---|------------------------------|------------------------|
| Property Tax Relief, Shared Taxes and Other Aids to Local Government | \$ 936,358,913 | \$1,319,904,446 | \$ 22,235,842 | \$1,342,140,288 | \$ 405,781,375 | 43.34% |
| Education | | | | | | |
| Department of Education | \$ 22,550,880 | \$ 31,119,666 | \$ 1,549,950 | \$ 32,669,616 | \$ 10,118,736 | 44.87% |
| School Aids | 1,341,177,475 | 1,680,669,000 | (569,158) | 1,680,099,842 | 338,922,367 | 25.27 |
| Special School Aids | 2,972,000 | 5,949,000 | 241,442 | 6,190,442 | 3,218,442 | 108.29 |
| State Community Colleges | 38,910,163 | 48,973,058 | 801,022 | 49,774,080 | 10,863,917 | 27.92 |
| State Universities | 89,446,520 | 113,339,648 | 1,259,299 | 114,598,947 | 25,152,427 | 28.12 |
| University of Minnesota | 237,319,156 | 302,482,465 | -0- | 302,482,465 | 65,163,309 | 27.46 |
| Higher Ed. Coord. Board | 21,551,556 | 44,449,791 | 10,632,938 | 55,082,729 | 33,531,173 | 155.59 |
| Aid to Private Schools | -0- | 24,000,000 | -0- | 24,000,000 | 24,000,000 | N.M. |
| Miscellaneous Education | 2,098,000 | 4,067,000 | 125,000 | 4,192,000 | 2,094,000 | 99.81 |
| Total Education | \$1,756,025,750 | \$2,255,049,628 | \$ 14,040,493 | \$2,269,090,121 | \$ 513,064,371 | 29.22% |
| Welfare, Corrections & Health | | | | | | |
| Dept. of Public Welfare | \$ 233,530,154 | \$ 382,918,065 | \$ 4,500,000 | \$ 387,418,065 | \$ 153,887,911 | 65.90% |
| Institutions | 129,996,782 | 157,563,150 | 3,250,000 | 160,813,150 | 30,816,368 | 23.71 |
| All Other Welfare | 29,254,118 | 58,792,325 | 6,963,000 | 65,755,325 | 36,501,207 | 124.77 |
| Dept. of Corrections | 16,235,130 | 27,271,745 | 10,000 | 27,281,745 | 11,046,615 | 68.04 |
| Institutions | 31,720,635 | 38,844,300 | 2,400,000 | 41,244,300 | 9,523,665 | 30.02 |
| Board of Health | 9,491,600 | 19,819,500 | 3,356,128 | 23,175,628 | 13,684,028 | 144.17 |
| Miscellaneous | 844,500 | 2,355,800 | 37,000 | 2,392,800 | 1,548,300 | 183.34 |
| Total | \$ 451,072,919 | \$ 687,564,885 | \$ 20,516,128 | \$ 708,081,013 | \$ 257,008,094 | 56.98% |
| Highways and Mass Transit | | | | | | |
| Department of Highways | \$ 183,784,941 | \$ 221,000,000 | \$ 26,655,000 | \$ 247,655,000 | \$ 63,870,059 | 34.75% |
| Other Transit Appropri. | 6,032,500 | 28,025,000 | 150,000 | 28,175,000 | 22,142,500 | N.M. |
| Dept. of Transportation | -0- | -0- | 150,000 | 150,000 | 150,000 | N.M. |
| Total | \$ 189,817,441 | \$ 249,025,000 | \$ 26,955,000 | \$ 275,980,000 | \$ 86,162,559 | 45.39% |
| Other Executive Branch Functions | | | | | | |
| Governor | \$ 2,197,350 | \$ 3,154,598 | \$ 303,085 | \$ 3,457,683 | \$ 1,260,333 | 57.36% |
| General State Government | 72,278,506 | 100,247,400 | 57,632,934 | 157,880,334 | 85,601,827 | 118.43 |
| Protection to Persons & Property | 95,521,043 | 117,284,255 | 2,081,014 | 119,365,269 | 23,844,226 | 24.96 |
| Natural Resources | 76,841,708 | 121,444,579 | 8,145,750 | 129,590,329 | 52,748,621 | 68.65 |
| Agriculture | 6,110,320 | 14,107,509 | 11,558,650 | 25,666,159 | 19,555,839 | N.M. |
| Total | \$ 252,948,927 | \$ 356,238,341 | \$ 79,721,433 | \$ 435,959,774 | \$ 183,010,846 | 72.35% |
| Legislature | \$ 19,753,641 | \$ 26,483,462 | \$ 325,000 | \$ 26,808,462 | \$ 7,054,821 | 35.71% |
| Judicial | \$ 7,543,821 | \$ 9,402,841 | \$ -0- | \$ 9,402,841 | \$ 1,859,020 | 24.64% |
| Retirements | \$ 5,439,460 | \$ 11,420,545 | \$ 2,497,891 | \$ 13,918,436 | \$ 8,478,976 | 155.88% |
| Miscellaneous | \$ 353,077,027 | \$ 488,729,263 | \$ 13,758,865 | \$ 502,488,128 | \$ 149,411,101 | 42.32% |
| Total--All Functions | \$3,972,037,902 | \$5,403,818,415 | \$180,050,652 | \$5,583,869,069 | \$1,611,831,167 | 40.58% |

| | <u>Total-Interim Adj. & 1975 & 1976 Sessions</u> |
|--|--|
| Additional Open Appropriations (State) | \$ 637,324,450 |
| Total State Funds | \$6,221,193,519 |
| Federal Funds | <u>\$1,185,563,294</u> |
| Grand Total | \$7,406,756,813 |

Note: This table has been prepared as a supplement to "Summary of Legislative Appropriations" found in A Fiscal Review of the 1975 Legislature, page 33. 1976 Session figures include 1976 legislative actions and increases or decreases in 1975 open appropriation estimates made by the Department of Finance since May, 1975.

N.M. = Not Meaningful

Columns may not add due to dropping of cents.

SUMMARY OF LEGISLATIVE APPROPRIATIONS--BY FUNCTION
1975 and 1976 SESSIONS

This table has been prepared as a supplement to "Summary of Legislative Appropriations--by Function" found in A Fiscal Review of the 1975 Legislative Session, pages 33 through 41. The "1976 Legislature" figures include 1976 legislative action. Increases or decreases in 1975 open appropriation estimates were made by the Department of Finance. These adjusted amounts are identified by an asterisk and referred to as "interim adjustments" in the text.

For comparative purposes, the semi-state appropriations bill had been included in the 1975 amounts when the Fiscal Review was published. They have now been eliminated from the 1975 amounts and included in the 1976 amounts in this supplement.

| | | |
|--|--|----------------------|
| Property Tax Relief, Shared Taxes & Aids to Local Governments | | |
| Property Tax Relief | | |
| Elimination of State Mill Levy | | \$ 8,791,938 * |
| Teachers Retirement - Benefit Increase | | 6,941,314 |
| New Debt Service | | 1,100,000 |
| Income-Adjusted Property Tax Credit (Circuit Breaker) | | (4,985,000) * |
| Exempt Personal Property Reimbursement | | (5,930,764) * |
| Certain Public Employee & Municipal Retirement Systems - Benefit Increase | | 11,768,251 |
| Apportionments | | |
| Inheritance Tax | | 1,620,000 * |
| Taconite Occupation Production Taxes | | (569,897) * |
| Aid to Police Departments (Chap. 315) | | |
| Interim Adjustments (Open Approp.) | | \$ 3,500,000 |
| 1976 Legislature | | (1,073,723) |
| 1975 Legislature | | 23,309,565 |
| | | <u>1,319,904,446</u> |
| | | \$1,342,140,288 |
| Education | | |
| Department of Education | | |
| Educational Cooperative Service Units | | \$ 499,950 |
| Pilot Program for Learning Disabled & Retarded Pupils | | 100,000 |
| Right to Read | | 290,000 |
| Transfer of School for Deaf and the Braille and Sight Saving School | | 30,000 |
| UFARS Implementation | | 250,000 |
| Special Education Program and Budget Review | | 150,000 |
| Teacher Standards and Certification Board | | 30,000 |
| Curriculum Planning, Evaluation and Reporting | | 200,000 |
| School Aids | | |
| Special Education Aid | | 3,925,600 |
| Adult Education Aid | | 296,425 |
| Emergency Aid | | 300,000 |
| Agricultural Land Tax Differential Aid | | 794,817 * |
| Taconite Apportionment to School Districts | | (5,886,000) * |
| Special School Aids | | |
| S. E. Asian Students | | 50,000 |
| Gross Earnings Aid | | 191,442 |
| Advisory Task Force on Non-Public Schools | | 25,000 |
| Teen Corps of America-Minnesota Teen Corp | | 10,000 |
| ISD #625 -- Career Study Centers | | 90,000 |
| State Universities | | |
| Repairs and Betterments | | 1,164,511 |
| Economic Opportunity Act | | 94,788 * |
| Community Colleges | | |
| Repairs and Betterments | | 750,000 |
| Economic Opportunity Act | | 51,022 * |
| Higher Education Coordinating Board-Tuition Reciprocity | | |
| Monitoring and Testing UNIVAC 1110 Computer & for Backup Services | | 10,032,938 * |
| Interim Adjustments (Open Approp.) | | \$ 600,000 |
| 1976 Legislature | | 5,087,565 |
| 1975 Legislature | | 8,952,928 |
| | | <u>2,706,542,882</u> |
| | | \$2,720,583,375 |

| | | |
|--|------------------|------------------------|
| Welfare, Corrections & Health | | |
| Department of Public Welfare | | |
| Alcohol and Drug Abuse | | \$ 6,113,000 |
| Dental Care for Senior Citizens | | 400,000 |
| Senior Companion Program | | 100,000 |
| Community Health Centers -- Pilot Programs | | 350,000 |
| Institutions--Repairs and Betterments | | 3,250,000 |
| State Aid for General Assistance | | 3,100,000 |
| Public Assistance | | 1,400,000 * |
| Department of Corrections | | |
| Corrections Ombudsman | | 10,000 |
| Institutions--Repairs and Betterments | | 2,400,000 |
| Board of Health | | |
| Community Health Services--Subsidies & Grants | | 2,700,000 |
| --Administration | | 50,000 |
| Minnesota Hospital Administration Act | | 125,000 |
| Office of Health Facilities Complaints | | 67,000 |
| Preventative and Personal Health Services | | 249,826 |
| Health System Quality Assurance | | 164,302 |
| Health Related Boards--Board of Dentistry | | 37,000 |
| Interim Adjustments (Open Approp.) | | \$ 4,500,000 |
| 1976 Legislature | | 16,016,128 |
| 1975 Legislature | | 1,395,388,918 |
| | | <u>\$1,415,905,046</u> |
| Highways and Mass Transit | | |
| Department of Highways | | |
| Zoo Road Construction | | \$ 750,000 |
| Bridge Construction | | |
| Trunk Highway System & Interstate Routes | | 12,500,000 |
| County Highway, Municipal Street & Township Road Systems | | 12,500,000 |
| Equipment Storage & Interstate Rest Area Construction | | 905,000 |
| Other Transit | | |
| Bicycle Ways and Lanes | | 150,000 |
| Department of Transportation | | |
| | | 150,000 |
| | 1976 Legislature | \$ 26,955,000 |
| | 1975 Legislature | 803,526,600 |
| | | <u>\$ 830,481,600</u> |
| Other Executive Branch Functions | | |
| Governor | | |
| Bicentennial Commission | | \$ 300,000 |
| National Governor's Conference | | 3,085 |
| | | <u>303,085</u> |
| | 1976 Legislature | 303,085 |
| | 1975 Legislature | 3,154,598 |
| | | <u>\$ 3,457,683</u> |
| General State Government | | |
| State Treasurer -- Unclaimed Property | | \$ 15,000 |
| Department of Administration | | |
| Interstate Cooperation Commission | | 50,000 |
| Car Pooling of State Employees | | 100,000 |
| Aid to Legal Assistance Corporations | | 165,000 |
| Energy Standards and Survey of State Bldgs. | | 195,400 |
| Utility Services | | 632,500 |
| Statewide Licensing System | | 113,000 |
| North Capitol Area Improvements | | 800,000 |
| Acquisition of Mechanic Arts High School | | 2,000,000 |
| Repairs and Betterments | | 898,500 |
| Indian Affairs Intertribal Board | | 165,500 |
| Department of Finance - Tort Claims | | 500,000 |
| Department of Personnel -- Labor Negotiator | | 98,414 |
| Department of Revenue | | |
| Administration of Circuit Breaker Tax Law | | 400,000 |
| State Board of Assessors | | 57,730 |
| State Planning Agency | | |
| Census Study and Precinct Boundary Changes | | 50,000 |
| Land Use Planning | | 2,500,000 |
| Rail Line Rehabilitation | | 3,000,000 |
| Administration of Rail Service Improvement Program | | 150,000 |
| Environmental Permit Coordination | | 140,000 |
| Training of Local Government Officials | | 75,000 |
| Local Government Fiscal Problems Study | | 50,000 |
| Copper-Nickel Environ. Impact Statement (Phase II) | | 1,400,000 |
| Environmental Quality Council | | |
| Power Plant Siting | | (89,900) * |

| | | |
|---|------------------------------------|-----------------------|
| Energy Agency | \$ | 250,728 |
| Alternative Energy Systems and Methodology | | 200,000 |
| Demonstration Projects & Information Center | | 150,000 |
| Infrared Aerial Photographs of Metro Area | | 50,000 |
| Minnesota Historical Society | | 5,741,367 |
| Science Museum Extension Program | | 200,000 |
| Unemployment Compensation | | 11,318 |
| Historic Sites | | 75,000 |
| Repairs and Betterments | | 500,000 |
| Minnesota Academy of Science | | 32,400 |
| Minnesota Safety Council | | 95,000 |
| Minnesota State Arts Board | | 1,000,000 |
| Instructional T.V. Station Grants | | 120,000 |
| Minnesota Humane Society | | 30,000 |
| Minnesota Housing Finance Agency | | 34,200,000 |
| Minnesota Veterans Home | | 1,360,449 |
| Workmen's and Unemployment Compensation | | 11,478 |
| Miscellaneous Veterans Associations | | 41,000 |
| Minnesota-Wisconsin Boundary Area Commission | | 93,200 |
| Sibley House | | 30,000 |
| Uniform Laws Commission | | 19,800 |
| | | <u>19,800</u> |
| | Interim Adjustments (Open Approp.) | \$ (89,900) |
| | 1976 Legislature | 57,722,834 |
| | 1975 Legislature | 100,247,399 |
| | | <u>\$157,880,333</u> |
| | | |
| Protection to Persons and Property | \$ | 295,000 |
| Attorney General | | |
| Department of Aeronautics | | 10,000 |
| Airport Operation and Maintenance -- Orr | | 102,000 |
| Department of Commerce | | |
| Insurance Division | | 43,000 |
| Minnesota Hospital Administration Act | | 107,000 |
| Comprehensive Health Insurance Act | | 123,200 |
| Department of Labor and Industry | | |
| Department of Public Safety | | 243,000 |
| Bicycle Registration | | 250,000 |
| Alcohol Safety Program | | 159,300 |
| DWI - License Revocation Hearings | | 114,014 |
| Automobile Licensing Dealers | | 290,000 |
| Graphic Design License Plates | | 200,000 |
| Crime Reparations Board | | 4,500 |
| Fire Service Advisory Council | | 40,000 |
| Livestock Sanitary Board -- Indemnification | | 100,000 |
| County Attorneys Council | | |
| | | <u>100,000</u> |
| | | |
| | 1976 Legislature | \$ 2,081,014 |
| | 1975 Legislature | 117,284,255 |
| | | <u>\$ 119,365,269</u> |
| | | |
| Development and Conservation of Natural Resources | \$ | 973,750 |
| Department of Natural Resources | | 1,040,000 |
| Drainage | | 100,000 |
| Bicycle Trail Program | | 1,300,000 |
| Snowmobile and Recreation Trails | | 147,000 |
| Mineland Reclamation | | 300,000 |
| Deer Habitat Improvement | | 1,300,000 |
| Reserve Mining Environ. Impact Statement | | 100,000 |
| Peat Information Study | | 2,500,000 |
| Game and Fish Contingent | | |
| Soil and Water Conservation Commission | | 250,000 |
| Floodwater Retention Structures Grants | | 55,000 |
| The Great Lakes Commission | | 80,000 |
| Southern Minnesota River Basin Commission | | |
| | | <u>80,000</u> |
| | | |
| | 1976 Legislature | \$ 8,145,750 |
| | 1975 Legislature | 121,444,579 |
| | | <u>\$ 129,590,329</u> |
| | | |
| Agriculture | | |
| Department of Agriculture | | |
| Family Farm Security Act | | |
| Administration | \$ | 74,300 |
| Payment Adjustments | | 800,000 |
| Loan Default Security | | 10,000,000 |
| Societies and Association for the Development and Conservation of Natural Resources | | 684,350 |
| | | <u>684,350</u> |
| | | |
| | 1976 Legislature | \$ 11,558,650 |
| | 1975 Legislature | 14,107,509 |
| | | <u>\$ 25,666,159</u> |

Summary -- Other Executive Branch Functions

| | | |
|---|--|-----------------------|
| | Interim Adjustments (Open Approp.) | \$ (89,900) |
| | 1976 Legislature | 79,811,333 |
| | 1975 Legislature | 437,297,509 |
| | | <u>\$ 517,018,942</u> |
| Legislative | | |
| Legislature | | |
| Legislative Joint Committee | | \$ 30,000 |
| Legislative Audit Commission | | |
| St. Paul School District Audit | | 100,000 |
| Housing Finance Agency Audit | | 100,000 |
| Study on Economic Status of Women | | <u>95,000</u> |
| | 1976 Legislature | \$ 325,000 |
| | 1975 Legislature | 26,483,462 |
| | | <u>\$ 26,808,462</u> |
| Judicial | 1975 Legislature | \$ 9,506,151 |
| Retirement | | |
| Retirement Increased Benefits | | |
| Highway Patrolmen's Retirement Fund | | \$ 237,356 |
| State Employees Retirement Fund | | 2,216,377 |
| Legislators and Surviving Spouse Retirement Plan | | <u>44,158</u> |
| | 1976 Legislature | 2,497,991 |
| | 1975 Legislature | <u>\$ 11,420,545</u> |
| | | \$ 13,918,436 |
| Miscellaneous | | |
| Income Tax Refunds | | |
| Individuals - Credit a/c Non-public Schools | | \$ 2,400,000 |
| Individuals - All Other | | 5,250,000 |
| Corporate | | 12,000,000 * |
| Non-Department of Revenue Refunds | | 2,933,241 * |
| Peace Officers, Survivors Benefits | | (200,000) * |
| Economic Package - State Employees | | (9,100,000) * |
| Campaign Fund Checkoff | | 120,000 * |
| Duluth Port Authority | | 160,000 |
| Interim Claims | | 121,659 |
| Supplemental Claims | | 72,365 |
| Study to Merge Duluth and Superior Port Authorities | | 1,600 |
| | Interim Adjustments (Open Approp.) | \$ 11,003,241 |
| | 1976 Legislature | 2,755,624 |
| | 1975 Legislature | 516,635,641 |
| | | <u>\$ 530,394,506</u> |
| | Total - Interim Adjustments (Open Approp.) | \$ 19,427,183 |
| | Total - 1976 Legislature | 160,623,469 |
| | Total - 1975 Legislature | <u>7,226,706,161</u> |
| | Grand Total | \$7,406,756,813 |

Note: *These figures reflect changes in the open appropriations estimates found in FISCAL REVIEW. The figures represent increases and decreases in the 1975 figures and not the total estimated appropriation for the 1975-77 biennium.

TOTAL SPENDING

With interim adjustments in estimated open appropriations of \$19,427,183¹, plus additional spending authorized in the 1976 Session of \$160,623,469 (exclusive of bonding), total appropriations from state funds during the current biennium have reached \$6,221,193,519. Including federal funds estimated at \$1,185,563,294, the two-year spending total becomes \$7,406,756,813.

| | |
|--|-------------------------|
| By 1975 Session (Direct and Open Appropriations) | \$6,041,142,867 |
| Interim Adjustments (Open Appropriations) | 19,427,183 ¹ |
| By 1976 Session - (Direct Appropriations) | 153,623,469 |
| - (Open Appropriations) | 7,000,000 |
| Total State Funds | \$6,221,193,519 |
| Federal Funds | 1,185,563,294 |
| Grand Total for 1975-77 Biennium | \$7,406,756,813 |

¹Source: Department of Finance

APPROPRIATIONS BY 1975 AND 1976 LEGISLATIVE SESSIONS - BY FUND

Including Interim Adjustments

(See Page 42 of 1975 Fiscal Review)

| <u>Fund or Account</u> | <u>1975 Session</u> | <u>Adjustments and 1976 Session</u> | <u>Adjusted Total 1975-77</u> |
|---|------------------------------|---|---------------------------------------|
| General | \$5,068,198,707 ¹ | \$178,336,642 ² | \$5,246,535,349 |
| Endowment School | 28,250,000 | n.c. | 28,250,000 |
| Trunk Highway | 251,834,378 ¹ | 1,028,060 | 252,862,438 |
| Highway User Tax Distribution | 13,623,480 | 290,000 | 13,913,480 |
| State Airports | 12,099,130 | 10,000 | 12,109,130 |
| Game and Fish | 20,717,120 | 385,950 | 21,103,070 |
| State Parks Development | 1,800,000 | n.c. | 1,800,000 |
| Wildlife Acquisition | 1,200,000 | n.c. | 1,200,000 |
| Natural Resources Federal Reimbursement | 1,000,000 | n.c. | 1,000,000 |
| Social Welfare Account | <u>86</u> | <u>n.c.</u> | <u>86</u> |
| | \$5,398,722,903 ¹ | \$180,050,652 | \$5,578,773,555 |
| Portion of University's Maintenance and Improvements Appropriation to be financed from earnings of the Permanent University Trust Fund | <u>5,095,512</u> | <u>n.c.</u> | <u>5,095,512</u> |
| | \$5,403,818,415 ¹ | \$180,050,652 | \$5,583,869,067 |
| Additional Open Appropriations (Fiscal Review, 1975 Session) | <u>637,324,450</u> | <u>n.c.</u> | <u>637,324,450</u> |
| Total Appropriations | | | |
| State Funds | \$6,041,142,867 ¹ | \$180,050,652 | \$6,221,193,519 |
| Federal Funds | <u>1,185,563,294</u> | <u>n.c.</u> | <u>1,185,563,294</u> |
| Grand Total | \$7,226,706,161 ¹ | \$180,050,652 | \$7,406,756,813 |

Note: Columns may not add due to dropping of cents

n.c. - No Change

¹Omnibus Semi-State Activities Bill transferred to 1976 Session

²Includes \$19,427,183 in interim adjustments made to open appropriations.

B. GENERAL FUND PROJECTION - ESTIMATED RESOURCES AND EXPENDITURES

1975-77 Biennium

(See Pages 43 and 44 of 1975 Fiscal Review)

| <u>ESTIMATED RESOURCES</u> | <u>Estimated</u> | | |
|--|----------------------------------|-------------------------------|-----------------------------------|
| | <u>Close of 1975 Session</u> | <u>As of July 1, 1976</u> | <u>Increase or (Decrease)</u> |
| Free Balance - July 1, 1975 | \$ 403,075,012 | \$ 413,600,000 | \$ 10,524,988 |
| <u>Estimated Receipts for 1975-77</u> | | | |
| <u>Department of Revenue</u> | | | |
| Income Taxes - Gross | | | |
| Individual and Fiduciary | 2,325,900,000 | 2,352,350,000 | 26,450,000 |
| Corporation | 370,000,000 | 419,460,000 | 49,460,000 |
| Bank Excise Tax | 25,900,000 | 32,400,000 | 6,500,000 |
| Inheritance Tax | 46,000,000 | 64,000,000 | 18,000,000 |
| Employers Excise Tax | 33,700,000 | 26,700,000 | (7,000,000) |
| Sales and Use Tax | 868,800,000 | 915,840,000 | 47,040,000 |
| Liquor and Malt Beverage Taxes | 98,850,000 | 98,850,000 | -- |
| Cigarette and Tobacco Products Taxes | 163,900,000 | 163,900,000 | -- |
| Gross Earnings Taxes | 122,374,000 | 121,374,000 | (1,000,000) |
| Deed and Mortgage Registry Taxes | 16,500,000 | 19,150,000 | 2,650,000 |
| Iron Ore Occupation Tax | 16,000,000 | 16,000,000 | -- |
| Iron Ore Royalty Tax | 8,110,000 | 7,310,000 | (800,000) |
| Taconite Occupation and Production Taxes | 97,221,000 | 89,600,000 | (7,621,000) |
| Other Receipts | 6,894,000 | 6,894,000 | -- |
| Total | <u>\$4,200,149,000</u> | <u>\$4,333,828,000</u> | <u>\$133,679,000</u> |
| <u>Other Agencies</u> | | | |
| Insurance Gross Premiums Tax | 67,658,000 | 80,912,559 | 13,254,559 |
| Motor Vehicle Excise Tax | 103,250,000 | 102,160,000 | (1,090,000) |
| Motor Vehicle Recycle | 1,703,000 | 1,666,000 | (37,000) |
| Departmental Earnings | 153,422,000 | 152,860,609 | (561,391) |
| Income Tax Reciprocity (Wisc.-Dakotas) | -- | 16,000,000 | 16,000,000 |
| Investment Income | 42,000,000 | 55,800,000 | 13,800,000 |
| Federal Revenue Sharing | 87,730,000 | 87,733,852 | 3,852 |
| Other Federal Grants | 19,377,000 | 19,535,539 | 158,539 |
| All Other Receipts | 11,385,000 | 14,183,737 | 2,798,737 |
| Total | <u>\$486,525,000</u> | <u>\$530,852,296</u> | <u>\$44,327,296</u> |

| <u>ESTIMATED RESOURCES (CONTINUED)</u> | <u>Estimated</u> | | <u>Increase or (Decrease)</u> |
|--|----------------------------------|-------------------------------|-----------------------------------|
| | <u>Close of 1975 Session</u> | <u>As of July 1, 1976</u> | |
| <u>Transfers</u> | | | |
| Attributable Costs | \$ 2,400,000 | \$ 2,987,716 | \$ 587,716 |
| Motor Vehicle Transfer of Ownership | 4,400,000 | 3,868,984 | (531,016) |
| Gas Tax Collection Reimbursement | 1,300,000 | 1,700,000 | 400,000 |
| State Park Receipts | 1,720,000 | 1,781,361 | 61,361 |
| All Other Items | 11,730,000 | 2,797,855 | (8,932,145) |
| Reimbursement (Water Filt.) | 2,500,000 | 2,500,000 | -- |
| Total | <u>\$24,050,000</u> | <u>\$15,635,916</u> | <u>\$ (8,414,084)</u> |

Income Adjustments - 1976 Session

| | | | |
|--|-----------------|-----------------|---------------|
| Estimated federal reimbursement - circuit breaker for AFDC recipients | 0 | 9,000,000 | 9,000,000 |
| TOTAL TAXES and RECEIPTS | \$4,710,724,000 | \$4,889,316,212 | \$178,592,212 |
| TOTAL ESTIMATED RESOURCES (Including Opening Balance) | \$5,113,799,012 | 5,302,916,212 | 189,117,200 |

ESTIMATED EXPENDITURES

| | | | |
|--|------------------------|------------------------|------------|
| Unencumbered Balances of 1975 Appropriations Carried Forward | 3,362,594 | 8,276,936 | 4,914,342 |
| <u>Omnibus Appropriation Bills</u> | | | |
| State Departments | 256,331,804 | 256,331,804 | -- |
| Semi-State Activities | Enacted '76 Sess. | Enacted '76 Sess. | -- |
| Welfare-Corrections-Health | 583,046,500 | 583,046,500 | -- |
| Education - School Aids | 1,589,496,250 | 1,589,496,250 | -- |
| - Other-Than-School Aids | 532,090,463 | 532,090,463 | -- |
| Tax Bill | 3,700,000 | 3,700,000 | -- |
| Gasoline Excise Tax Bill | 28,110,000 | 28,110,000 | -- |
| | <u>\$2,992,775,017</u> | <u>\$2,992,775,017</u> | <u>--</u> |
| Miscellaneous Appropriations (1975 Session) | 62,203,700 | 62,203,700 | -- |
| Open and Standing Appropriations | 1,982,881,047 | 2,002,308,230 | 19,427,183 |

| <u>EXTIMATED EXPENDITURES (CONTINUED)</u> | <u>Estimated</u> | | |
|--|----------------------------------|-------------------------------|-----------------------------------|
| | <u>Close of 1975 Session</u> | <u>As of July 1, 1976</u> | <u>Increase or (Decrease)</u> |
| <u>Expenditure Adjustments - 1976 Session (General Fund only)</u> | | | |
| Supplements to Omnibus Approp. Bills | | \$ 28,504,614 | |
| Miscellaneous Appropriations | | 123,404,845 | |
| Open and Standing Appropriation Increases | | 4,600,000 | |
| Increase in deduction for non-public elementary & secondary students | | <u>2,400,000</u> | |
| | | \$158,909,459 | |
| | | | |
| Total Appropriation Liability | | \$5,224,473,342 | |
| Less - Estimated Cancellations | | <u>(50,000,000)</u> | |
| Net Total Appropriation Liability | | \$5,174,473,342 | |
| | | | |
| Estimated Balance June 30, 1977 | | \$128,442,870 | |

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