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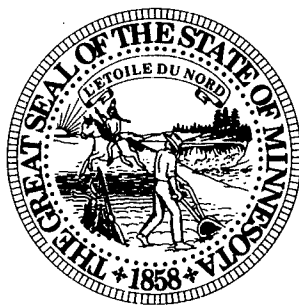


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A
FISCAL REVIEW
of the
1988 LEGISLATIVE SESSION

Prepared by: Staff of Senate Counsel and Research

Edited by William Riemerman



Minnesota Senate
Senate Counsel and Research

Daniel A. Salomone, Director

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Foreword

Fiscal Review 1988 continues a series of state appropriation reports that was begun in 1975. This report provides extensive financial information on the 1988 session.

This report provides a broad accounting of actions of the Minnesota Legislature which have a substantial fiscal impact. Major programs funded by the Legislature are explained. Programs are grouped by major function so that appropriation trends can be reviewed and evaluated.

The report is designed to be used by State Senators, Representatives, and others in providing a public accounting of legislative actions. Copies are available through the state's public library system or through the Office of Senate Counsel and Research, G-17 State Capitol, St. Paul, Minnesota 55155.

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Dates of 1988 Session

February 9 to April 25, 1988

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HIGHLIGHTS

The 1988 Legislature recognized \$170.5 million in increased general fund spending *estimates* and also legislated \$129.4 million in additional general fund appropriations for the current biennium.

The session began by dealing with an adjustment in revenues and appropriations dictated by a provisional clause in the tax bill passed in 1987. That law provided that projected surpluses in fiscal year 1988-89 revenues would be allocated among the Greater Minnesota Corporation, a reduction in the property tax shift for education funding, and the Budget Reserve.

In January 1988, the Commissioner of Finance issued an official revenue estimate declaring a \$223 million surplus. According to the provisions of the 1987 tax law, that surplus was allocated as follows:

- \$32 million to reduce the property tax shift for education;
- \$95.5 million to the Greater Minnesota Corporation; and
- \$95.5 million to the Budget Reserve.

Actions of the 1988 Legislature changed these allocations. The reduction of the property tax shift for education was canceled; the allocation to the Budget Reserve was reduced from \$95.5 million to \$15 million; and the appropriation to the Greater Minnesota Corporation was reduced to \$15 million. This made \$193 million available for other appropriations.

Major appropriations increases were a \$59.7 million appropriation of Motor Vehicle Excise Tax collections to the Department of Transportation; a separate \$11.9 million general fund appropriation to the Department of Transportation; a \$53.8 million appropriation to reimburse homeowners and renters for the 33 percent reductions in their 1987 property tax relief entitlements (circuit breaker); \$77 million for elementary and secondary education funding (this includes changes in estimates on the cost of aids appropriated by the 1987 session); and \$24 million for increases in higher education funding.

Transportation received an additional \$78.5 million appropriation financed in part by a three-cent-per-gallon increase in the gasoline excise tax, for a total increase of \$150.1 million, split between highway programs and transit. A total of \$132.3 million went for highways—\$87.2 million for trunk highways; \$34.6 million for county state highway aid; and \$10.5 million for municipal state street aids. Of the \$17.8 million in transit appropriations, \$6 million went to Metro Mobility; \$4.2 million was provided to plan for light rail transit; \$4 million for metropolitan transit assistance; and \$3.6 million was for non-metropolitan transit assistance.

The 1988 Legislature placed three constitutional amendments on the November ballot. One calls for the creation of an environmental trust fund. A second amendment would legalize a Minnesota state lottery. The third amendment would overrule a 1988 Minnesota Supreme Court decision that invalidated the 1971 law providing for six-member juries in non-felony criminal trials.

The proceeds from the state lottery during its first five years of operation would be divided equally between the environmental trust fund and the Greater Minnesota Corporation. After that, the distribution of lottery revenues would be determined by law. The trust fund would receive revenues from the lottery and royalties, etc., from projects supported by the trust fund.

The 1988 session made significant changes in the Minnesota property tax system. The new law replaced the classification system with a new set of tax capacity percentages and revised most property tax relief and aid programs to reflect the new system.

The individual income tax law was adjusted to provide an income exclusion for elderly and disabled taxpayers. The Legislature repealed a provision that would have taxed distributions from Individual Retirement Accounts (IRAs), *if the contributions were taxed by the state when they were made to the IRA.*

A new sales tax provision exempts aspirin and other non-prescription analgesics and also purchases made by the University of Minnesota, the University of Minnesota Hospital, and state universities, community colleges and technical institutes.

In other relatively significant actions the 1988 Legislature:

- Provided for compulsory school attendance until age 18 for students enrolling in kindergarten this fall.

- Enacted a metropolitan area vehicle emissions testing program that must be in place by 1991 (buses and heavy trucks were excluded). The cost of the test cannot exceed \$10.

- Enacted a requirement for motor vehicle license plate replacements after seven years.

- Provided a penalty for failure to wear a seat belt.

- Appropriated \$5 million to the Department of Natural Resources for payment to the Grand Portage, Boise Forte, and Fond du Lac bands of Chippewa Indians. The payment would compensate these bands for giving up special treaty rights for fishing, hunting, and trapping.

THE TAX LAWS

The 1988 Legislature enacted a major restructuring of the state's property tax system. For taxes payable in 1989, the property tax will be based on a system of tax capacity percentages applied to the market value of property, rather than the old system of applying assessment ratios to the various classes of property. The homestead credit is retained for taxes payable in 1989 and is incorporated into the tax capacity system beginning for taxes payable in 1990.

A new exclusion for pension or other income of elderly persons was added to the individual income tax and the elderly credit was eliminated. The double taxation of IRA contributions was ended and the trigger tax was repealed.

The gasoline excise tax was increased from 17 cents to 20 cents per gallon. The transfer of motor vehicle excise tax collections from the general fund to the transportation fund was increased from five percent to 30 percent.

Income Tax

The 1988 individual income tax changes included updating Minnesota law to reflect 1987 federal law changes and restoring several of the exclusions that were eliminated by the 1987 state income tax reform law. The federal law changes adopted by Minnesota included the new federal rules on home mortgage interest deductions, new rules on expenses qualifying for the dependent care credit, and changes in accounting provisions relating to business income and deductions. The federal update increased Minnesota individual income tax revenues by about \$11.4 million for the 1987-89 biennium.

The 1987 income tax reform eliminated the pension income exclusion and replaced it with a tax credit for the elderly and disabled. The 1988 Legislature adopted a new income exclusion for the elderly and disabled based on the elderly credit formula

and eliminated the elderly and disabled tax credit. In order to qualify for the exclusion, a taxpayer must be either age 65 or above or have retired on permanent and total disability. The amount of the subtraction is determined starting with the initial base amount as follows:

Married Joint	\$10,000
Single	8,000
Married Separate	5,000

The initial base amount must be reduced by the sum of the taxpayer's nontaxable retirement and disability benefits and one-half of federal adjusted gross income exceeding the following thresholds:

Married Joint	\$15,000
Single	12,000
Married Separate	7,500

The amount remaining after the above subtraction of retirement and disability benefits and excess federal adjusted gross income is the elderly exclusion. The exclusion applies to income from all sources except that in the case of disabled taxpayers it only applies to the amount of disability benefits. The elderly exclusion is estimated to cost \$14 million in fiscal year 1989.

The 1988 legislative session also reinstated the subtraction for Individual Retirement Accounts (IRA) and public pension distributions for which the contributions were taxed by the state at the time they were made. By eliminating the subtraction for these distributions, the 1987 tax reform caused these contributions to be taxed twice—both when the contribution is made to the IRA or pension fund and also when the distribution is received from the fund. The cost of reinstating this subtraction is estimated to be \$10.8 million for IRA contributions and \$2.2 million for public pension contributions in fiscal year 1989.

A subtraction was also added which will allow taxpayers who were required to add back part of their federal Accelerated Cost Recovery System (ACRS) allowance in prior years to deduct the amount added back beginning in tax year 1988 or the first year after the end of the federal recovery period, whichever is first. This deduction is allowed in five equal annual installments. The cost of the deduction is estimated to be \$1.6 million in fiscal year 1989.

The subtraction for income realized on the sale of agricultural production property was also reinstated. The exclusion applies to the extent that the property or equipment was used in a farm business and the proceeds of the sale were used solely to discharge indebtedness of the property sold. The gain must have been included in federal taxable income. The exclusion is further limited to the excess of the taxpayer's liabilities over assets. The cost of reinstating this exclusion is estimated to be \$200,000 in fiscal year 1989.

The state corporate franchise tax law was updated to reflect 1987 federal changes affecting corporate income taxes. The federal law changes were primarily technical in nature, including changes to corporate accounting rules, the reporting of installment sales, and recognition of capital gains and losses, among others. Conformity to federal law is expected to increase corporate tax revenues by \$22.5 million in the 1987-89 biennium.

The rules which determine when a corporation is subject to Minnesota tax were revised. In general, corporations with a place of business, employees, independent contractors, or property (leased or owned) in Minnesota will be subject to the state's jurisdiction to tax. If a corporation regularly solicits business in Minnesota, it is also subject to tax. The enforcement of the revised rules is expected to raise \$15 million in fiscal year 1989.

The provisions relating to the taxation of foreign source income were substantially modified. The exclusion for foreign royalties, fees, and rentals was increased from 35 percent to 50 percent beginning in tax year 1989 and from 50 percent to 80 percent beginning in tax year 1991. The exclusion applies to transactions within a unitary group. The net income from a foreign

operating corporation of a unitary group is deemed to be a dividend paid to the shareholders of the group, and an 80 percent exclusion is allowed for the deemed dividend. The dividend received deduction was updated to the new federal rules which reduced the exclusion from 80 percent to 70 percent if the recipient owns less than 20 percent of the payor. The changes to the taxation of foreign source income are expected to cost \$2.3 million in fiscal year 1989.

Sales and Use Tax

Sales and use tax legislation passed during the 1988 legislative session restricted many base-broadening measures passed during the 1987 session. The following items were among those exempted from the sales tax: non-prescription analgesics; purchases made by the University of Minnesota, the University of Minnesota Hospital, and state universities, community colleges, and technical institutes; cross country ski permits; used motor oil; state fair admissions; bullet proof vests purchased by peace officers; and motor vehicles sold for driver training by nonprofit or governmental educational institutions. Also exempted were meals provided to inmates or residents of correctional and detoxification facilities; meals furnished without charge to employees of hospitals, nursing homes, and group homes, if the employees are required to eat with residents or patients; and security services provided by off-duty police officers in the jurisdiction they serve. These exemptions will result in an estimated revenue loss of \$11.3 million in fiscal year 1989.

The apportionment of sales tax on railroad rolling stock was revised and will now be based on revenue ton miles rather than simple mileage. The exemption of dock sales picked up by the purchaser for use outside of the state was also restricted to include only those sales that would be exempt in the state of destination. Sales shipped out of state by common carrier remain exempt.

The 1988 legislation also included numerous provisions extending requirements for collection of sales and use tax by out-of-state retailers. These requirements apply primarily to retailers that systematically solicit sales in the state, making 100 or more sales within the state over a consecutive 12-month period. The nexus and compliance provisions are expected to result in a revenue gain of \$26 million in fiscal year 1989.

Excise Taxes

The gasoline and special fuels excise tax rate was increased by three cents to a total of 20 cents per gallon. This rate increase is estimated to raise \$63.3 million in fiscal year 1989.

The transfer of the motor vehicle excise tax (MVET) from the general fund to the highway user fund and the transit assistance fund was increased from five percent of MVET collections to 30 percent of collections. This additional 25 percent transfer reduces the general fund balance by \$59.7 million for the 1987-89 biennium. An additional \$11.9 million was appropriated from the general fund to supplement the MVET transfer.

The excise tax on railroad and barge fuels was repealed at a cost of \$800,000 in fiscal year 1989.

Gross Earnings Taxes

The insurance gross premiums tax rate on the property and casualty premiums of mutual insurance companies was reduced from two percent to 1.5 percent for premiums paid in 1988. The tax rate is further reduced to one percent for premiums paid in 1989, 1990, and 1991. For premiums paid in 1992 and subsequent years, the tax rate is reduced to 0.5 percent. Companies that principally write workers' compensation insurance, write life insurance, or whose total assets exceed \$1.6 billion, are excluded from the rate reduction. The cost of this provision is estimated to be \$4.3 million in the 1987-89 biennium.

The writing carrier for the Minnesota Comprehensive Health Association (MCHA) was exempted from the insurance gross premiums tax. The cost of this exemption is estimated to be \$400,000 in fiscal years 1988 and 1989.

Property Tax

Property tax legislation passed during the 1988 legislative session supersedes the legislation passed during the 1987 session for taxes payable in 1989, and makes major changes in the property tax relief system for taxes payable in 1990. The 1988 law replaces current classification rates with a set of "tax capacity" percentages. The tax capacity percentages are revised for taxes payable in 1990 to reflect the changes in delivery of property tax relief. The tax capacity percentages are as follows:

Property Class	Tax Capacity Percentage	
	1989	1990
Residential Property		
Blind/Disabled Homestead		
First \$32,00087%	.40%
Homestead		
First \$68,000	2.17	1.00
\$68,000 to \$100,000	2.50	2.50
Over \$100,000	3.30	3.30
Non-Homestead	3.50	3.50
Agricultural Property		
Blind/Disabled Homestead		
First \$32,00087	.40
Homestead		
First \$65,000 (house, garage, and one acre of land)	1.75	.805
Excess to 320 acres	1.75	1.120
Over 320 acres	1.75	1.295
Over \$65,000 (house, garage, and one acre of land)	2.20	2.200
Excess to 320 acres	2.25	1.440
Over 320 acres	2.25	1.665
Non-Homestead		
House, garage, and one acre	2.70	2.70
Land	1.70	1.70
Timberland	2.25	1.665
Commercial/Industrial/Utility Property		
First \$100,000	3.30	3.30
Over \$100,000	5.25	5.25
Employment Property		
Competitive Zone		
First \$50,000	2.50	2.50
Over \$50,000	3.50	3.50
Border City		
First \$100,000	3.30	3.30
Over \$100,000	4.80	4.80
Rental Property		
Apartments	4.10	4.10
FmHA buildings	1.50	1.50
Title II, MHFA, Section 8	2.50	2.50
Seasonal Property		
Cabins	2.30	2.30
Resorts	2.60	2.60
Small, family-owned resorts90	.90
Public Utility Machinery	4.60	4.60
All Other Property	5.25	5.25

The county auditor will determine the tax capacity, gross or net, of each parcel of property in the district. The local unit's tax capacity rate will be determined by dividing the local levy amount by the total tax capacity of all property located in the local unit. This rate will then be applied to the tax capacity of each parcel to determine the gross tax (payable 1989) or net tax (payable 1990 and subsequent years).

The legislation provides that the homestead credit and agricultural credit will be retained for taxes payable in 1989. The maximum homestead credit is increased from \$700 to \$725. The agricultural credit will remain unchanged for farm property, but seasonal recreational property will no longer receive the credit. The credit will also be distributed proportionately to all taxing districts, rather than to school districts exclusively.

A new disparity reduction aid is established for taxes payable in 1989 and subsequent years. The aid is available to taxing districts which have an effective tax rate greater than one percent on the first \$68,000 of homestead market value for taxes

payable in 1988. The one percent effective rate translates to an equalized mill rate of approximately 125 mills.

The disparity reduction aid is computed as the greater of the following:

- 1) The jurisdiction's payable 1988 gross tax minus its gross tax capacity; or
- 2) twenty percent of the difference between (a) the payable 1988 gross tax and (b) 23 percent of the gross tax capacity.

The aid will be distributed to local government units in proportion to their gross levy and will be frozen for taxes payable in 1990 and subsequent years.

A disparity reduction credit is also established for taxes payable in 1989 in defined border cities. The credit is equal to the amount which will reduce the effective tax rate to three percent of market value on apartment property and to 3.3 percent of market value for commercial and industrial property. Local governments will be reimbursed for revenue losses resulting from the credit.

Effective with taxes payable in 1990, the transition aid will replace the homestead credit and the agricultural credit. The transition aid will be equal to the payable 1989 gross levy minus the product of (a) net tax capacity, (b) homestead effective rate, and (c) 103. The aid will be distributed in proportion to the local unit's levy for taxes payable in 1989, but county aids will be offset by the amount of the state takeover of unreimbursed income maintenance program costs. Unreimbursed income maintenance costs which exceed the amount of the county transition aid will be paid by the state for taxes payable in 1990.

The law also guarantees each taxing jurisdiction that the total amount received in education aid, transition aid, disparity reduction aid, local government aid, and income maintenance aid will equal or exceed the total homestead and agricultural credit which would be received if computed under current law. In districts where these credits are less than the guaranteed amount, the state will provide the difference.

Property Tax Refund

Two major property tax refund provisions passed during the 1987 session were superseded by 1988 legislation. First, the 33 percent reduction in calendar year 1987 property tax refund claims was restored at a cost of \$53.8 million in fiscal year 1988. The restoration payments were to be made by June 15, 1988. Second, the \$125 million appropriation cap for calendar year 1988 claims was repealed.

The structure of the property tax refund system was also significantly revised for claims based on rent paid in 1988 or taxes payable in 1989. All claimants will then use a single schedule, and income will be modified to include scholarships and to allow a deduction equal to the federal exemption amount for up to five dependents or a single deduction if the claimant or spouse is 65 or older or disabled. The exemption amount for dependents will be weighted by the following factors:

Dependent	Factor
First	1.4
Second	1.3
Third	1.2
Fourth	1.1
Fifth	1.0

As a result, the deduction for the first dependent on 1989 claims will equal \$2,730 (\$1950 x 1.4). The exemption amounts for senior citizen and disabled filers will not be factored.

Other changes include the adoption of the federal definition of dependent and a provision that AFDC grants will not be considered in determining the 50 percent support test.

Included in the 1988 property tax refund legislation is a new targeting provision for homestead property taxes payable in 1989. This provision will reimburse homeowners for 75 percent of any property tax increase in excess of 10 percent over their

taxes payable in 1988. Increases of less than \$40 will not qualify, and the maximum reimbursement will be \$250.

Tax Increment Financing

While most of the tax increment financing (TIF) legislation passed during the 1988 session was restrictive in nature, the creation of hazardous waste subdistricts within other TIF districts was authorized. These subdistricts consist of hazardous substance sites and contiguous parcels which would not be developed without TIF (the "but for" test). The original assessed value of a subdistrict is to be determined by the Commissioner of Revenue and reduced by the cost of clean-up certified by the development authority. After the clean-up costs have been recovered, the original assessed value is increased by the amount of the reduction for clean-up costs. The subdistricts are allowed durations equal to the lesser of (1) 25 years after collection of the first increase in increment after certification, or (2) the length of time necessary to pay for the clean-up costs.

"Soils condition" districts were removed from the provisions governing redevelopment districts and were redefined with shorter duration limits. In addition to meeting all conditions previously required for soils condition redevelopment districts, new districts must meet the following requirements:

- (1) The development agreement must provide for preservation of any wetland contained in the district.
- (2) The development agreement must be consistent with the city's comprehensive plan.

Tax increments from soils condition districts may be used solely for site acquisition, soils correction, or allocated administrative expenses. The duration of new soils condition districts is limited to 12 years.

A related provision allows counties to require the development authority to pay for county road costs caused by a tax increment project in a soils condition district. If the projected increment is not sufficient to cover the additional road costs, the county and development authority must agree on modifications or the plan cannot be approved.

The legislation requires that the original assessed value of a district reflect classification ratio changes if the district is converted to another use or if deferred assessment rules cease to apply. Original mill rate is defined as the rate imposed in the tax year in which the TIF district was first certified, or the weighted average mill rate if more than one rate applied. The tax increment is the lesser of the captured value multiplied by either the original mill rate or the actual mill rate. If application of the actual mill rate against captured value results in an amount greater than application of the original mill rate, the excess is to be distributed to the city, county, and school district, in proportion to their share of the increase in the total actual mill rate over the original mill rate.

School district referendum levies against TIF captured value may provide revenue to school districts, rather than additional increment to TIF districts, under certain circumstances. If the referendum was approved after certification of the TIF district, the district was certified prior to April 1, 1988, and any of the following conditions are met, the revenue will be paid to the school district.

- (1) No bonds were outstanding on April 1, 1988, for the TIF district.
- (2) The referendum occurs after April 1, 1988, and no bonds are outstanding at the time of the referendum.
- (3) The referendum was approved after the last bond issue and the city agrees to the payment to the school district.

The termination date of pre-1979 districts is changed to the later of April 1, 2001, or the term of bonds secured by increments that are outstanding on April 1, 1990. Towns are prohibited from using TIF unless they exercise the powers of an urban town, are located in the metropolitan area, and have a population of more than 5,000.

Levy Limits and Truth in Taxation

Counties, cities with populations of at least 2,500, and any cities or towns receiving taconite municipal aid are subject to levy limitations for taxes payable in 1989. The revised levy limit base for all local government units is the sum of the payable 1988 levy and the 1988 certified local government aid amount. This total is reduced by the amount of the following special levies for taxes payable in 1988: (1) debt service; (2) social service programs; (3) income maintenance programs; and (4) unfunded accrued liability of public pension funds. Local government units which exceeded the payable 1988 levy limitation will use the levy limit amount, rather than the actual payable 1988 levy, in determining the revised base. The base for payable 1990 will be the 1989 adjusted base plus any income maintenance reimbursement received by counties in 1988.

All local units will receive levy limit base adjustments for inflation and growth. The inflation increase will be four percent for payable 1989 and three percent for payable 1990 and subsequent years. Beginning with payable 1989, the growth adjustment will be the greater of the percentage increase in population or households. The adjusted levy limit base minus the certified local government aid amount will determine the unit's levy limitation. For payable 1989, local units may appeal for a levy limit base adjustment for the use of reserve funds to reduce payable 1988 levies subject to limitations.

Special levies allowed for payable 1989 and subsequent years are as follows:

- (1) County levies for costs of social services (including administrative costs) and income maintenance programs (excluding administrative costs). The income maintenance portion of this special levy is eliminated for payable 1990 to reflect the state takeover of income maintenance costs.
- (2) Levies to pay principal and interest on certificates of indebtedness.
- (3) Levies to pay principal and interest on bonded indebtedness.
- (4) Levies to pay principal and interest on state-issued armory construction bonds.
- (5) Levies to pay the bonded indebtedness on payments made to another political subdivision.
- (6) Levies to reduce the unfunded accrued liability of public pension funds to the extent of the increase over 106 percent of the payable 1977 levy.
- (7) Levies to correct a county auditor's error of omission.
- (8) Levies to correct a clerk's error of omission.
- (9) Levies to reimburse the state for a state-ordered reassessment.
- (10) Levies to pay debt service on tax increment revenue bonds to the extent that revenues are not sufficient to pay bonds or maintain bond reserves.

A "truth in taxation" provision was also passed during the 1988 session to take effect with taxes payable in 1990. Basically, this provision requires the county auditor to compute two tax rates for each taxing authority. The "no increase" rate is a rate which would generate the previous year's levy amount when applied to the current year tax capacity exclusive of new construction. The "proposed" rate will be computed by dividing the proposed levy by the taxing authority's tax capacity including new construction.

If the proposed rate shows a percentage increase over the no increase rate, the auditor must notify each taxpayer of the proposed tax on the taxpayer's property. The taxing authority must then advertise its intention to adopt a budget and levy at a public hearing and must hold the public hearing prior to October 15. Failure to comply with all truth in taxation provisions requires the taxing authority to use the no increase rate.

Cities or counties with ten or more employees must submit a pay equity compliance report to the Department of Employee Relations by October 1, 1988. Failure to submit this report will subject the local government unit to special levy limitation provisions regardless of the size of the city or other general levy limitation provisions. Cities and counties which are not in compliance will receive a three percent inflation adjustment rather than the four percent allowed under the general levy limit law.

Local Government Aid

A new city formula was established for local government aid paid in 1989. Cities are guaranteed a base revenue of \$160 per household for the first ten households and an additional \$150 per household for each ten-fold increase in the number of households in the city. For first class cities within the metropolitan area and all cities outside the metropolitan area, the base revenue guarantee is increased by \$190 per household. Cities with declining population receive an additional 15 percent revenue guarantee increase. For 1989 aids, the total city revenue guarantee is the base revenue guarantee plus the revenue guarantee increase multiplied by 108 percent. The initial local government aid is equal to the city revenue guarantee minus 23 percent of the city's net tax capacity determined using the net tax capacity rates and the city's equalized market value. The increase in local aid for the city is determined by dividing the previous year's aid plus levy by the current year city revenue guarantee. The percentage increase in aid is determined from the resulting ratio as follows:

Ratio	Percent Increase
Less than .75	9.0
.75 to .95	8.5
.95 to 1.0	7.5
1.0 to 1.05	7.0
1.05 to 1.1	6.0
1.1 to 1.2	5.0
1.2 to 1.3	4.0
1.3 to 1.4	3.0
1.4 to 1.5	2.5
Greater than 1.5	2.0

The appropriate percentage is multiplied by the city's aid plus levy to arrive at the increase in local government aid over the previous year. The minimum aid increase for a city is two percent and the maximum aid is limited to 20 percent of the city's gross tax levy for the prior year.

An additional aid increase is provided for cities with population greater than 2,500. The city's tax capacity per household is divided by 435 to determine a ratio which is subtracted from the number 1. The difference is multiplied by 50 percent of the lesser of the city revenue guarantee or the city revenue. The resulting product minus the disparity reduction aid and the local government aid increase under the regular formula is the additional 1989 local government aid increase.

For county governments, the local government aid is fixed at the 1988 level. Townships which levied at least one mill on their total assessed value for taxes payable in 1988 will receive 106 percent of their 1988 local government aid. Towns which levied less than one mill for payable 1988 will not receive aid.

Cities or counties which employ ten or more people and which do not fully implement a pay equity compliance plan by December 31, 1991, will have their 1992 local government aid reduced by five percent.

Budget and Cash Flow Reserve

The amount of the budget and cash flow reserve account was set at \$265 million. The allocation of surplus general fund revenues to the reduction of the school property tax recognition shift and to the Greater Minnesota Corporation was repealed. Surplus general fund revenues are now allocated to the budget and cash flow reserve account until the account reaches \$550 million. The appropriation for the property tax recognition shift was reduced to zero, and the Greater Minnesota Corporation was required to return \$80.5 million of the \$95.5 million transferred to it under the 1987 law.

The trigger tax, which automatically increased individual and corporate income tax rates in the event of a budget shortfall, was repealed.

PROPERTY TAX RELIEF AND LOCAL AIDS

Net local aids to local governmental units and individuals were increased by about \$178 million between the end of the 1987 session and the end of the 1988 session.

The difference is a net change that included some changes in estimates of local aids and some legislative actions.

Generally, estimates for state welfare aids decreased and transit and transportation aids, renter and homeowner credits, and school aids increased.

The total aid payments by the state to local governmental units and individuals over the current biennium is \$8,037,251,548; of that, \$7,351,136,548 is from the general fund and \$686,115,000 is from non-general funds.

Significant changes include:

A \$53.8 million appropriation to restore renter and homeowner property tax credits that were taken away in the 1987 session;

A \$76 million increase in education aids;

And increased highway and transit aids coming from an increase in the state gasoline tax and general fund sources.

The percentage of general fund revenues going to local and individual aids remained at about 69 percent. The percentage of total local and individual aids from state-generated revenues is at 59 percent.

PROPERTY TAX RELIEF AND LOCAL AIDS 1987-89 General Fund

Aids and Credits	\$2,416,655,400
Elementary and Secondary Education Aid (including Teacher Retirement)	3,003,843,300
Income Maintenance	1,506,535,000
Social Services	113,876,900
Mental Health Grants	34,207,000
Human Services Administrative Aids	3,450,000
Miscellaneous Welfare	1,100,000
Community Corrections Aids	29,392,000
Community Health Aids	23,656,000
Pension Aids	115,411,448
Aid to Mass Transit	39,730,500
City-County Highway Aids	27,100,000
Trial Courts	36,179,000
Total	\$7,351,136,548

Non-General Funds

Highway County State Aids	\$ 382,965,000
Highway Municipal State Aids	123,200,000
Mortgage Registry and Deed Revenue Fund for AFDC	114,000,000
Permanent School Fund	58,000,000
Transit Assistance Fund	8,950,000
Total	\$ 686,115,000

FUNCTIONS OF STATE GOVERNMENT

EDUCATION

Elementary and Secondary Education

The 1988 legislative session approved an additional \$38 million in education expenditures for fiscal years 1988 and 1989. Of this amount, \$9 million comes from additional property tax shift amounts, and the remaining \$29 million is from direct appropriations.

The general education formula received the largest portion of this appropriation to fund a \$20 per pupil unit increase in the formula for all districts and an additional \$10 per pupil increase for districts receiving supplemental revenue. The formula allowance for the 1988-89 school year was increased from \$2,735 to \$2,755. The funding for this increase was \$15.9 million, with \$9 million from the property tax shift and \$6.9 million from the appropriation.

Funding for integration grants to the three cities of the first class - Duluth, Minneapolis, and St. Paul - was set at \$12 million for fiscal year 1989. Seventy-five thousand dollars was provided for hiring a consultant to do a complete programmatic and fiscal study of the funding requirements for integration and desegregation.

The Department of Education received an additional \$1.9 million for agency activities, including the integration study mentioned above.

The deficiency in special education funding for 1987 was funded at \$6 million.

An appropriation of \$1 million was provided for a new program for adults who have completed at least grade 10 to finish their high school education.

The remaining \$1.2 million was appropriated for a variety of small programs. The largest of these was \$500,000 for grants to school districts to begin programs for 3, 4, and 5 year olds who have significant developmental delays.

Three new formulas were enacted which will not be started until the 1990 fiscal year and received no appropriations this session. The capital expenditure formula now provides \$153 per student from a three-mill levy plus state aid. This formula was split into two parts: a capital expenditure facilities formula of \$137 per pupil unit equalized at 75 percent and a capital expenditure equipment formula of \$70 per pupil unit, also equalized at 75 percent. In addition, districts will be permitted to make a down payment levy for up to five years before a construction project. A formula to fund education districts at \$60 per pupil unit with a related levy of 1.3 mills and a formula to fund vocational cooperatives that offer programs outside the vocational area at \$20 per pupil unit with a related levy of .4 mills were also adopted. A levy of 1 mill for districts with inter-district cooperation agreements was also approved.

Significant programmatic change occurred in the compulsory attendance age. Students entering kindergarten this fall will be required to attend school until age 18 instead of age 16.

Higher Education

Higher education supplemental appropriations for operations in fiscal years 1988 and 1989 totaled about \$24 million. The amount of funding provided for each system was as follows:

Community Colleges	\$ 6,014,400
Technical Institutes	1,907,800
State Universities	7,799,300
University of Minnesota	1,400,000
Higher Education Coordinating Board (HECB)	6,935,000
TOTAL	\$24,056,500

Over half of the new funding is for enrollment increases projected for 1988-89. Appropriations for unfunded enrollments included \$7.3 million to State Universities, \$5 million to Community Colleges, and \$1 million to Technical Institutes. To the extent that actual enrollments are higher or lower than projected, funding will be adjusted accordingly next session.

HECB appropriations were largely for increasing the monies available for state scholarships and grants; \$6.2 million was provided for this purpose. HECB was also given \$375,000 for studies, \$350,000 of which was for a study of the post-secondary needs of the state. The study is to consist of two phases. The first phase, to be undertaken in 1988, must concentrate on the needs of the population corridor extending from St. Cloud to Rochester. The second phase, to be undertaken in 1989, must concentrate on the other regions of the state. The HECB appropriation also includes \$25,000 for a study, to be conducted simultaneously with the first phase, on the necessary procedures, fiscal implications, and effects of implementing alternative governance arrangements for two-year public post-secondary institutions.

The Legislature made \$1.1 million available to the University of Minnesota if it enters into an agreement to purchase or lease a second supercomputer. The University also received \$300,000 to provide graduate degree programs in the Rochester area. To the extent possible, the programs are to include electrical engineering, computer science, and technology management. The University was required to report its plans for Rochester area programs to the House Appropriations and Senate Finance Committees by February 1, 1989. HECB was required to do an independent review and report its findings by February 1, 1990.

The Legislature established a regent candidate advisory council to assist in determining criteria for, and identifying and recruiting, qualified candidates for membership on the board of regents.

The Legislature also required the University of Minnesota to make available to the Commissioner of Finance all books, accounts, documents, and property that the commissioner desires to inspect.

In addition, the Legislature requested the University to undertake certain actions to improve its management and accountability, including the following: establishing a committee to plan for and oversee the needs and uses of the president's house; formally adopting policies for review of capital projects; developing an accurate and complete reporting system for capital projects in progress; and establishing policies that improve control over the use of unrestricted funds. The University is required to report the actions it has taken to the House Appropriations and Senate Finance Committees by January 1, 1989. As part of its 1989 biennial budget presentation to the Legislature, the University is requested to report its income and expenditures from all public and private sources.

An additional \$8.3 million was appropriated for capital projects. Capital appropriations to the Technical Institutes totaled \$2.7 million, including \$1 million for statewide parking projects. Community Colleges received \$2.8 million, including \$1 million for Minneapolis Community College and \$1.6 million for systemwide roof repair, code compliance, and asbestos removal. \$2.9 million was given to State Universities; \$1.3 million was for Metropolitan State University to purchase a site for a consolidated administrative and student center, and \$1.4 million was for systemwide roof repair.

HUMAN SERVICES

The omnibus health and human services appropriations bill provided \$23.1 million from the general fund for the Department of Human Services (DHS), including \$4 million for the Minnesota Veterans Homes which were under temporary control of the department. However, biennial spending forecasts for the Medical Assistance (MA), General Assistance Medical Care (GAMC), Alternative Care Grants, General Assistance (GA), and Work Readiness programs were reduced by \$28.9 million, for a net reduction in DHS appropriations of \$5.8 million.

Income Maintenance

Total income maintenance appropriations were \$17.8 million. However, this amount was offset by reductions in the MA forecast of \$16.4 million; in the GAMC forecast of \$2.5 million; in the Alternative Care Grants forecast of \$4.2 million; in the GA forecast of \$2.8 million; and in the Work Readiness forecast of \$3 million, for a net reduction of \$11.1 million.

MA coverage was extended to certain disabled children under age 19 who require the level of care provided in a hospital, nursing home, or intermediate care facility but for whom home care is appropriate. The cost of this benefit is estimated at \$252,200 for the remainder of the biennium. MA eligibility was also extended to pregnant women and children up to age one in families with income up to 185 percent of the poverty level, at a cost of \$3.6 million. The cost of this benefit will be financed through appropriations of \$2 million from the general fund and \$1.6 million from the public health fund. The five percent reduction in MA provider payments enacted by the 1987 Legislature was eliminated effective October 1, 1988, at a cost of \$1.35 million, and \$800,000 was provided to increase MA reimbursement to small hospitals.

An appropriation of \$5.9 million was provided to add 175 positions at the regional treatment centers to meet federal mental health treatment standards. This will be partially offset by an estimated \$2 million increase in collections for regional treatment center mental health services.

An additional \$7.2 million was provided for nursing home services. Major changes included \$4.2 million for a 3.5 percent increase in reimbursement for wages, salaries, fringe benefits, and payroll taxes for all staff except administrators and central office personnel to increase employee wages, benefits, and hours; \$782,000 to increase the care-related operating cost limits to 125 percent of the median from the current 115 percent; \$1.2 million to increase the other operating cost limits to 110 percent of the median from the current 105 percent; \$521,000 to increase the investment-per-bed limit by \$5,000 for a bed in a multiple-bed room and by \$6,450 for a bed in a single room, to reduce the occupancy factor to 95 percent from the current 96 percent, and to increase the rental factor by 6.2 percent; and \$422,000 to increase the equipment allowance by 10 cents from the current 85 cents. The Legislature provided \$140,000 to eliminate the spousal contribution when one spouse is admitted to a nursing home and the other remains in the community. A \$988,200 appropriation was approved to increase the personal needs allowance for institutionalized persons to \$45 a month from the current \$40 and provide for future cost-of-living increases in the allowance at the same rate as increases in Social Security and Supplemental Security Income.

Social Services

An appropriation of \$1.2 million was provided for social services. The major spending item was a \$750,000 increase in child care funding. Of that amount, \$150,000 is for child services grants for facility improvement expenses, interim financing, resource and referral programs, and staff training expenses. Also, \$150,000 of the child care money is for a grant under the Community Initiatives for Children program, to be awarded in the seven-county metropolitan area. The grant will help fund a demonstration program that enlists the resources of a community to promote the healthy physical, educational, and emotional development of children who live in poverty by providing support services that enable the family to offer the child a nurturing home environment. The child care funding also includes an additional \$450,000 for the sliding fee day care program. In addition, the Legislature provided \$200,000 for expansion of the semi-independent living services (SILS) program and \$100,000 for an epilepsy demonstration program.

Mental Health

The Legislature mandated establishment of a unified, accountable, comprehensive children's mental health services system by February 15, 1992. A report is due from DHS by February 15, 1989, outlining recommendations for full implementation. The Legislature provided \$65,000 for the costs of developing the system.

Veterans Homes

The Legislature appropriated \$4 million to DHS for staff and physical improvements at the Minnesota veterans homes. The money will be transferred to the newly-established veterans homes board of directors when the board is licensed by the Commissioner of Health. Of the appropriation, \$1,380,300 is to continue 58 positions previously approved by the Legislative Advisory Commission; \$1,770,500 is for 26 additional staff; \$410,000 is for the replacement of electrical transformers and for steam retrofitting; and \$425,000 is for repairs and replacements.

Ombudsman for Mental Health and Mental Retardation

An appropriation of \$200,000 was provided to cover staff costs and related expenses of the ombudsman's office for fiscal year 1989.

The 1988 Legislature revised and clarified the duties and powers of the ombudsman for mental health and mental retardation. The \$120,000 appropriation provided in 1987 for the Welsch consent decree monitor's office for fiscal 1989 was transferred to the ombudsman, who will be assuming certain duties previously performed by the monitor.

Miscellaneous Appropriations

Chapter 623 permits the courts to commit mentally ill, mentally retarded, and chemically dependent persons to outpatient treatment programs if those programs can meet the person's treatment needs. The Legislature appropriated \$60,000 to DHS for departmental costs associated with outpatient commitment. This legislation is effective on January 1, 1989.

JOB AND TRAINING

The omnibus health and human services appropriations bill provided \$1.8 million for the Department of Jobs and Training (DJT).

Rehabilitation Services

The Legislature provided \$200,000 for a demonstration program on rehabilitation of injured workers and \$150,000 for grants to certified rehabilitation facilities to provide services to eligible persons who are on a waiting list for community-based employment services.

Employment and Training

The Legislature transferred to DJT from the Department of Human Services responsibility to develop an Inventory, Referral, and Intake System to coordinate delivery of employment, training, and income maintenance programs, and provided \$100,000 for this effort.

Community Services

The Legislature increased community services funding by \$1.35 million for three programs. Headstart funding was increased by \$1 million. Funding for Minnesota economic opportunity grants was increased by \$300,000, of which \$200,000 is for the Olmsted and Freeborn county community action agencies. If those agencies become federal-eligible entities, the discretionary state funds being held in reserve for them would be distributed to all community action agencies. A \$50,000 appropriation was provided for development and administration of life skills and employment plans for homeless individuals.

The Legislature also appropriated \$8.3 million received in settlement of litigation relating to oil company overcharges to the Department of Jobs and Training for the low-income weatherization assistance program. The appropriation for this purpose by the 1987 Legislature was vetoed by the Governor, but later negotiations resulted in an agreement that was put into effect by the 1988 appropriations.

CORRECTIONS

The omnibus health and human services appropriations bill provided \$529,500 for the Department of Corrections.

Correctional Institutions

A \$360,000 appropriation was approved to replace a boiler at the Red Wing correctional facility.

Community Services

The Legislature provided \$130,000 to establish a battered women's shelter for American Indian women and \$39,500 for juvenile probation services.

HEALTH

The omnibus health and human services appropriations bill provided \$3.7 million for the Minnesota Department of Health (MDH), including \$2.8 million from the general fund and \$900,000 from a variety of other funds.

Preventive and Protective Health Services

The Legislature provided \$2 million for activities designed to prevent disease and protect public health. An appropriation of \$700,000 was made for grants designed to prevent AIDS in high-risk populations. Of that amount, \$350,000 was allocated for communities of color, \$250,000 for adolescents at highest risk, and \$100,000 for intravenous drug abusers. The Legislature provided \$750,000 for the safe drinking water program but directed the Commissioner of Health to recommend an alternative funding mechanism for the program by January 1, 1989. An appropriation of \$200,000 was approved to establish the Minnesota Institute for Addiction and Stress Research designed to conduct clinical and basic scientific investigation of addictive disorders and stress-related diseases. The Legislature also approved \$150,000 to screen a sample of former employees of the Conwed Corporation plant in Cloquet and their families. The screening will involve persons employed at the plant between 1958 and 1974 and is designed to study the existence of asbestos-related diseases among former employees, evaluate their health care needs, and provide medical and scientific data for future health screening, counseling, and treatment of former employees and their families. The Legislature also provided \$140,000 to test newborns for hemoglobinopathy, an inborn metabolic error that can indicate a predisposition to sickle cell anemia. From the special revenue fund the Legislature provided \$55,000 for the startup costs of an environmental laboratory certification program and \$74,500 for the program's ongoing costs. The \$55,000 must be repaid from the laboratory certification account to the special revenue fund by June 30,

1992. The Legislature also provided \$90,800 from the special revenue fund for the restaurant inspection program.

Health Delivery Systems

The Legislature provided \$790,000 from the general fund for health delivery systems. The appropriation included \$400,000 for grants to poison information centers and \$200,000 for the special supplemental food program for women, infants, and children (WIC). The department was directed to implement an infant formula cost reduction system to reduce the cost of formula, which accounts for a large portion of WIC expenditures, so that by October 1, 1988, additional mothers and children will be served. The Legislature also provided \$100,000 to fund a project to demonstrate the impact on blood lead levels in children of (1) lead cleanup efforts and (2) educational materials on proper lead paint removal and cleanup. Another \$65,000 was provided for a demonstration project to establish an effective method of monitoring, education, and intervention to prevent or reduce high blood lead levels in pregnant women. A \$25,000 appropriation was provided to study the financial condition of rural hospitals. Out of the special revenue fund \$100,000 was provided to establish a system to issue permits to hearing aid sellers. The legislation lists prohibited practices, provides enforcement power, and requires the department to establish a consumer information center.

Health Support Services

The Legislature appropriated \$376,000 out of the public health fund, \$159,900 out of the trunk highway fund, and \$41,300 out of the metro landfill contingency fund to the department to cover the administrative support costs provided by MDH to programs supported by the three funds.

TRANSPORTATION

The 1988 Legislature increased highway and transit funding, funded light rail transit, created special road accounts, established a fine for seat belt violations, enacted a vehicle emissions inspection program, and required replacement of license plates every seven years.

The gasoline excise tax was raised from 17 cents to 20 cents per gallon. This is expected to raise an additional \$63.3 million in fiscal year 1989. Another \$71.6 million was made available for highways and transit as follows: (1) the percentage of the motor vehicle excise tax (MVET) transferred from the general fund to highway and transit purposes was increased to 30 percent from five percent, making an additional \$59.7 million available, and (2) \$11.9 million was appropriated from the general fund for highways and transit for fiscal year 1989.

Seventy-five percent of the additional \$71.6 million was deposited in the Highway Users Tax Distribution (HUTD) fund and 25 percent went to the Transit Assistance fund. As a result, \$53.7 million goes to highways and \$17.9 million to transit in fiscal year 1989. Thirty percent of MVET will continue to be allocated to the HUTD fund and the Transit Assistance fund through June 30, 1991, on a 72-25 split. After that date the 30 percent share of MVET will be transferred into the Trunk Highway and Transit Assistance funds by the 72-25 split. Permit fees for motor vehicles using alternate fuels, such as compressed natural gas or propane, were increased about 18 percent.

The Legislature appropriated \$117 million for highway development. Of this amount, \$71.9 million was appropriated for trunk highways; \$34.6 million for county state aid highways; and \$10.5 million for municipal state aid streets. In addition, \$4.8 million and \$10.5 million were appropriated from the Trunk Highway fund for construction support and program delivery, respectively.

A 21-member Transportation Board was created to study Minnesota's surface transportation needs into the 21st century and recommend ways to meet the needs. A preliminary report to the Legislature is due March 15, 1989, and the final report to the Legislature and the Governor will be submitted by January 15, 1991. The board received a \$300,000 appropriation from the HUTD fund.

Non-metropolitan transit assistance was increased by \$3.6 million for fiscal year 1989. MnDOT was appropriated \$4.2 million in matching funds for planning, preliminary engineering, design, and construction of light rail transit by metropolitan Regional Rail Authorities.

The Regional Transit Board (RTB) was appropriated \$1.7 million to replace reductions in federal operating assistance for regular route service. The Legislature appropriated an additional \$6 million for Metro Mobility for the current biennium. The RTB is required to report to the Legislature on Metro Mobility by June and December 1, 1988. Also appropriated to the board for fiscal year 1989 were \$700,000 for social fares and \$1.6 million for new service.

The 1988 Legislature created the Special Town Road, the State Forest Road, and the County Forest Access Road accounts.

Before the MVET is transferred to the HUTD fund in fiscal year 1989 only, \$250,000 must be credited to the Special Town Road account to maintain town roads that provide substantial access to state parks or institutions. The State Forest Road account was appropriated \$400,000, and \$275,000 was appropriated to the County Forest Access Road account annually from the HUTD fund for state forest roads and county forest access roads. These are estimated to be the amounts of unrefunded fuel tax generated on these roads. A study to determine the percentage of unrefunded fuel revenue on these roads from May 1, 1988, to April 30, 1989, must be submitted to the Legislature by October 1, 1989.

In other transportation-related actions, the Legislature established a \$10 fine for failure of a driver, front seat passenger, or a child aged 4 to 10 to use a seat belt. Persons 15 years of age or older may be fined if found not wearing a seat belt when stopped for another violation. Fines for the driver's children under 15 years old and any child under 11 years old are the responsibility of the driver. Violation of the seat belt law will not be recorded on a driving record. One-half of the fines collected, up to \$750,000 per year, will be credited to the Emergency Medical Services Relief account. The Legislature appropriated \$750,000 from the Emergency Medical Services Relief account for fiscal year 1989.

The 1988 Legislature mandated a vehicle emissions testing program for the metropolitan area by July 1, 1991. Exempt from testing are:

Motor vehicles manufactured, or with engines manufactured, before the 1976 model year;

Buses and heavy trucks;

Motor vehicles registered as classic, pioneer, collector, or street rod;

Motor vehicles exempted by Pollution Control Agency rule because, although registered to a metropolitan area owner, they are domiciled elsewhere;

Motor vehicles exempted by Pollution Control Agency rule because they present prohibitive inspection problems.

An annual vehicle inspection fee not to exceed \$10 will be paid when a vehicle's registration is renewed and be credited to the Vehicle Inspection account. For the biennium, \$210,000 was appropriated from the Motor Vehicle Transfer fund for transfer to the Vehicle Inspection account. This money must be repaid to the Motor Vehicle Transfer fund.

The Legislature passed a law requiring license plates to be replaced when they are seven years old. The replacement fee for regular plates is \$2. The replacement cost for personalized plates will be calculated by the Commissioner of Public Safety. The law specifies that the initial \$100 fee for personalized plates is a one-time cost. In separate action, the Legislature allowed veterans of military service to purchase special license plates for a one-time \$10 fee above applicable registration and licensing costs.

LEGISLATIVE

Supplemental appropriations to the Legislature for fiscal years 1988 and 1989 totaled \$690,000. The new funding includes \$100,000 to the legislative auditor to cover the cost of auditing

the University of Minnesota's physical plant operations. The University is required to reimburse the state for the costs of the study.

JUDICIAL

Supplemental appropriations to the Supreme Court for fiscal years 1988 and 1989 totaled \$546,200. The bulk of the money—

\$521,200—is for the trial courts information system.

GOVERNOR

Supplemental appropriations to the Governor for fiscal years 1988 and 1989 totaled \$115,000. The entire appropriation is for

the Office of Jobs Policy. That office was independent and will be transferred to the Governor's office.

AGRICULTURE

The 1988 Legislature appropriated funds for farm relief, restricted the ownership of farmland by limited partnerships, and increased the penalties for violating the corporate farmland ownership laws. Under the limited partnership restrictions on owning farmland, only specified limited partnerships categorized as a "family farm partnership" or an "authorized farm partnership" may purchase or own agricultural land. Existing land owned by limited partnerships is grandfathered in and will not be in violation. Exceptions to the ownership restrictions for limited partnerships were enacted which are similar to the exceptions under the existing corporate farm law. The penalty for late reporting for corporations, pension funds, investment funds, and limited partnerships required to submit an annual report on farmland ownership has been increased by a civil fine of \$200 which will be a lien against the agricultural land owned.

Farm Relief

The 1988 Legislature altered the approach to farm relief and appropriated funds for more long-term approaches to improving farming in Minnesota. The Legislature appropriated \$6 million for farm relief.

Specific farm relief appropriations are as follows:

Agricultural Product Use Report	\$ 35,000
Organic Food Certification	150,000
Bluegrass Seed and Turf Production	35,000
Alfalfa Extraction Process	300,000
Sweet Sorghum Demonstration	94,000
Energy Reduction in Agriculture Demonstration Grant Program*	2,000,000

Sustainable Agricultural Revolving Loan Program	1,000,000
Sustainable Agriculture Demonstration Grant Program	300,000
Rural Health and Safety Program	75,000
Minnesota Grown WIC Coupons	85,000
Minnesota Grown Labeling	20,000
Soil Testing Laboratory Certification	15,000
Plant Pest Survey Program	171,000
Grain Standards Testing	100,000
Soil Buffering Demonstration Program	70,000
Amaranth Processing Feasibility	125,000
Soil and Water Stewardship Education	80,000
Soybean Oil Ink Study	2,500
Beginning Farmer Education Program	50,000
Purple Loosestrife Eradication	50,000
Kindergarten School Milk Program	800,000
Degradable Plastics Report	50,000
Agricultural Society Aid	120,000
Farm Advocates	200,000
Farm Business Management	75,000
Total	\$6,002,500

*Appropriated from the money received by the state as a result of federal litigation on oil overcharges.

Department of Agriculture

In addition to the funds received for farm relief, the department received \$60,000 for oak wilt control.

Board of Water and Soil Resources

The 1988 Legislature appropriated \$215,000 to the Board of Water and Soil Resources for technical assistance and other duties related to comprehensive local water planning.

RESOURCE MANAGEMENT

Department of Natural Resources

The 1988 Legislature appropriated \$11.2 million to the Department of Natural Resources (DNR). Of this total, \$5 million is for payment to the Grand Portage, Bois Forte, and Fond du Lac Bands of Chippewa Indians. An 1854 treaty among these bands and the U.S. government gave the Indians fishing, hunting, and trapping rights which were broader than those allowed under state law. In return for the annual state payment of \$5 million, the three bands will forego many of the activities allowed under the treaty.

Forestry received \$5.3 million, of which \$3.4 million is the estimated cost of a new open appropriation for emergency forest fire fighting and \$675,000 for forest roads is from the Highway User Tax Distribution (HUTD) fund. The money from the HUTD fund is an estimate of the amount of gas tax paid by vehicles driving on forest roads. Unless a study required by October 1, 1989, comes up with a different estimate, the same amount will be automatically transferred to state and county

forest road accounts in future years. The county forest access roads receive \$275,000 of the transfer. The remaining parts of the appropriations for forestry are: \$890,000 for forest nurseries; \$80,000 for hybrid aspen operational studies; and \$270,000 for a statewide forest inventory.

The remaining DNR appropriations are: \$178,000 for wildlife management areas; \$353,000 for parks and trails; \$109,200 for conservation officers salary needs; \$150,000 for site selection, planning, and preparation for an international wolf center; and \$23,300 for non-ferrous minerals strategic planning.

Environmental Trust Fund

The 1988 Legislature authorized a constitutional amendment which would create an Environment and Natural Resources Trust Fund. The fund is created if approved by the voters in the 1988 general election. All money placed in the fund will become part of the principal of the fund except that up to 25 percent of the annual revenue deposited in the fund in years

prior to 1997 may be spent. Also, low-interest loans may be made to municipalities for water system improvements that total no more than five percent of the principal. Except for the stated exceptions, the principal of the trust fund may not be spent.

Expenditures from earnings by the trust fund will be appropriated by the Legislature according to recommendations by the Minnesota Future Resources Commission which is composed of 16 legislators. By law, one-half of the net lottery proceeds from the first five years of operation of the lottery (if approved by the voters) must be credited to the trust fund. Gifts, grants, or other legislative appropriations may also be placed in the fund.

Pollution Control Agency

The 1988 Legislature appropriated \$848,200 to the Pollution Control Agency. The following are specific appropriation amounts: \$63,000 for upgrading health laboratories; \$35,000 for emergency responder training; \$238,500 for hazardous waste investigations; \$126,700 for non-ferrous minerals; \$100,000 for municipal litigation loans; \$50,000 for correction of well water contamination problems in Thompson Township in Carlton County; \$210,000 for development of motor vehicle emission standards; and \$25,000 for a chlorofluorocarbon study and administrative costs of enforcing a ban on state and local governments purchasing packaging produced with chlorofluorocarbons.

The 1988 Legislature also set aside \$6 million of the funds appropriated in 1987 for wastewater treatment to be used for supplemental grants of five percent. Cities eligible for the supplemental grants are those with populations of 25,000 or less that received wastewater treatment grants between October 1, 1984, and September 30, 1987. The supplemental grant is the first phase in an attempt to equalize grant amounts between eligible cities and cities of the same size that received grants prior to October 1, 1984, and after September 30, 1987.

The 1988 Legislature established a vehicle inspection program which is planned to start in 1991. All passenger cars and light trucks manufactured after 1975 and owned by a resident of the Twin Cities metropolitan area will be inspected annually. The vehicle owner will be required to pay an annual fee no greater than \$10 for the inspection. The program was established because many areas in the Twin Cities, usually near heavily used intersections, are out of compliance with federal standards for carbon monoxide.

Waste Management Board

The 1988 Legislature appropriated \$821,300 to the Waste Management Board for waste tire and used oil programs.

Economic Development

Economic development actions include adjustments in the funding of the Greater Minnesota Corporation, creation of a Celebrate Minnesota 1990 program, and tightening of tax increment financing laws.

Greater Minnesota Corporation

In 1987, the Greater Minnesota Corporation (GMC) was established to foster economic growth through cooperative research, development, and investment in new products and businesses. The GMC was initially funded with \$6.5 million in new appropriations and a \$3.5 million appropriation transferred from the rural rehabilitation revolving fund. In addition, the GMC was appropriated up to \$120 million of any projected general fund surplus.

In 1988 the GMC received \$95.5 million appropriated from a projected revenue surplus. The Legislature later required the GMC to transfer \$80.5 million of this money back to the general fund, leaving the remaining \$15 million in the GMC fund. In addition, if the constitutional amendment legalizing the lottery is adopted in November, half of the lottery's net proceeds for the first five years will be credited to the GMC fund. Starting with year six, up to one-half of net proceeds may be credited to the GMC fund. The percentage must be established by the Legislature.

Celebrate Minnesota 1990

The Celebrate Minnesota 1990 grant program will provide grants to local communities for cleanup, beautification, and community improvement activities. The Legislature appropriated \$1 million for the program, which is a cooperative program among state agencies and coincides with the Olympic Festival to be held during the summer of 1990.

Tax Increment Financing

Tax increment financing pays for current infrastructure improvements and development costs with the increased tax revenue from new business development. The 1988 Legislature tightened various requirements for local government use of this tool. In addition, local governments will be allowed to use tax increment financing to clean up hazardous waste sites.

Parks

The 1988 Legislature appropriated \$2.15 million for three regional park and open space projects in the Twin Cities metropolitan area. Specific projects and amounts are: \$600,000 for the Mississippi Regional Park; \$750,000 for the Great River Road project; and \$800,000 for the Como Park Conservatory.

In related action, the Legislature forgave debt owed to the state from the cities of Minneapolis and St. Paul for loans received by the cities to correct problems with combined sewer overflow. The debt is forgiven when the cities of St. Paul and Minneapolis issue general obligation bonds totalling \$10.5 million and \$3.5 million, respectively. Revenue from the St. Paul bonds must go to remodel and refurbish the Como Park Conservatory (\$5 million) and for reconstruction of Sheppard Road (\$5.5 million). Revenue from the Minneapolis bonds must be used to acquire and develop land within the Great River Road project.

PROTECTION OF PERSONS AND PROPERTY

Interstate Banking

Bank holding companies may only acquire banks in other states as allowed by the states in question. In 1988 Minnesota expanded the region into which Minnesota bank holding companies can buy and from which other bank holding companies can enter Minnesota. The 1987 region included Iowa, Wisconsin, North Dakota, and South Dakota; the 1988 region has added Colorado, Idaho, Illinois, Kansas, Missouri, Montana, Nebraska, Washington, and Wyoming.

The legislation also placed a cap of 30 percent on the market share of Minnesota financial deposits that may be acquired by interstate bank holding companies. Finally, the Commissioner of Commerce is called upon to recommend ways to measure community investment by bank holding companies.

Oil Overcharge Money

The Legislature determined how oil overcharge monies received by the state will be expended. Of the amounts received from the stripper well litigation, \$8.3 million was appropriated to the Commissioner of Jobs and Training for the low-income weatherization assistance program. Additional appropriations included the following:

- \$2 million to the Commissioner of Administration for the Agricultural Utilization Research Institute for grants for projects to develop or demonstrate practices that minimize the use of energy in production agriculture.
- \$2 million to the Commissioner of Administration for the Minnesota Cold Climate Building Research Center for projects that promote energy savings in buildings.
- \$2 million to the Commissioner of Administration for the Center of Transportation Studies for research and technology transfer projects that promote energy efficiency in transportation systems.
- \$2 million to the Commissioner of Administration for the Center for the Science and Application of Superconductivity, for research and technology projects that promote energy efficiency in the generation and transportation of electricity.

Used Car Lemon Law

A consumer protection bill providing warranties for used car buyers became law in the 1988 session. The law establishes a warranty of 60 days or 2,500 miles, for specified parts, for used cars with less than 36,000 miles. For cars with between 36,000 and 75,000 miles, the warranty covers fewer parts and lasts 30 days or 1,000 miles. Some cars are excluded, including those selling for less than \$3,000 or over eight years old. Notice of warranty coverage must be given to prospective buyers.

Workers' Compensation

The Legislature passed two major workers' compensation insurance reform bills, but both of them were vetoed by the

Governor. The House also passed a third bill which failed to pass the Senate.

The two vetoed bills were very similar. Each of them cut benefits by about \$130 million; fees, etc., by about \$20 million; and transferred \$10 million a year of administrative costs to the state general fund. Furthermore, both bills made long-range cuts of \$40 million to \$50 million a year in supplementary benefits. These savings would be realized slowly until they exceeded \$40 million in about 30 years. The major difference in the House bill involved prior approval regulation of workers' compensation insurance premium rates. Benefit cuts were less in the House bill than in the two vetoed bills.

One relatively significant change was enacted this session in the area of workers' compensation self-insurance. The Legislature created a Workers' Compensation Self-Insurance Fund to indemnify the workers' compensation insurance system for benefits to injured workers from self-insured companies that are declared bankrupt.

The impetus for this action came as a result of bankruptcies of two major self-insurers—Murphy Motor Freight and LTV/Erie Mining. These bankruptcies resulted in a 1987 law requiring security bonds covering 110 percent of outstanding liabilities by self-insurers, and, subsequently, the creation of the new fund. Before passage of this law, the benefit costs for injured employees from bankrupt self-insured companies were paid out of the Special Compensation Fund. This cost was recovered with assessments on all insurers and self-insurers. It will now be paid from a fund totally financed by self-insurers.

Veterans Affairs

The omnibus health and human services appropriations bill provided \$4 million to the Department of Human Services for staff and physical improvements at the Minnesota veterans homes. The money will be transferred to the newly-established veterans homes board of directors when the board is licensed by the Commissioner of Health. For details see the Human Services section.

Veterans Homes Board

Chapter 699 established the board of directors of the Minnesota veterans homes to govern the facilities. The board consists of nine members appointed by the Governor, including the chair, three public members experienced in policy formulation with professional health care delivery experience, and five members experienced in policy formulation with professional health care delivery experience who are members of Congressionally-chartered veterans organizations or their auxiliaries. The Legislature appropriated \$30,000 for fiscal year 1988 and \$125,000 for fiscal year 1989 to the board.

PUBLIC EMPLOYEES' COMPENSATION, PENSIONS

Salaries

The 1988 Legislature ratified the labor contracts entered into in 1987 by the state and the exclusive representatives of state employees. It also ratified the managerial plan which covers employees in all positions identified as "managerial" by the Department of Employee Relations and the commissioners plan which covers all unrepresented, non-managerial, executive branch state employees.

The Governor's recommendations for agency head salaries were approved by the 1988 Legislature. In addition, the Legislature approved salary increases for the administrator of each of four state higher education systems and an increase for the executive director of the Board of Medical Examiners.

AGENCY HEAD SALARIES

	1988 Ratified Salary	Percentage Increase over Period 7/1/86 to 6/30/87
State University System Chancellor ...	\$86,268	9.2%
State Community College Chancellor ..	84,455	9.2
State AVTI Director	80,535	8.5
Finance	73,500	5
Human Services	73,500	5
Investment Board	73,500	5
Transportation	73,500	5
Education	72,072	5
HECB Director	66,500	2.3
Revenue	63,000	5
Administration	63,000	5
Labor and Industry	63,000	5
State Planning Agency	63,000	5
Trade and Economic Development ...	63,000	5
Waste Management Board	63,000	5
Metropolitan Council	63,000	5
Agriculture	62,763	5
Commerce	62,763	5
Corrections	62,763	5
Employee Relations	62,763	5
Health	62,763	5
Housing Finance Agency	62,763	5
Jobs and Training	62,763	5
Natural Resources	62,763	5
Pollution Control Agency	62,763	5
Public Employees Retirement Assn. ...	62,763	5
Public Safety	62,763	5
State Retirement System	62,763	5
Teachers Retirement Assn.	61,950	5
Board of Medical Examiners	60,000	9.09
Administrative Hearings	59,913	5
Public Service	55,125	5
Bureau of Mediation Services	54,600	5
Human Rights	54,600	5
Regional Transit Board	54,600	5
Veterans Affairs	50,505	5
Public Utilities Commission	47,093	5
Transportation Regulation Board	47,093	5
Metropolitan Waste Control Comm. ...	25,000	20.19
Metropolitan Airport Commission	17,472	5

Retirement Programs

Two new programs were established in 1988. The first was a defined-contribution plan for new state university and community college faculty members. The second, to be established through collective bargaining between public employers and employees, permits employers to match employee contributions to the State Deferred Compensation Plan.

The new plan for faculty members covers persons hired after June 30, 1988. Teachers hired before that date will remain in the Teachers Retirement Association (TRA). Contributions to the new plan will be identical to the employee and matching employer contributions paid to TRA. Although faculty members covered by the new plan will not be TRA members, employers will pay TRA, on their behalf, the additional employer contributions designed to eliminate TRA's unfunded liability.

The law authorizing bargaining over contributions to the deferred-compensation plan is intended to enable public employers and employees to set aside money to cover employee health care needs after retirement. Employers may agree to match employee contributions on a dollar-for-dollar basis, up to an annual maximum of \$2,000 in matching funds for each employee. Although contributions to the plan are a subject for collective bargaining, an impasse over the issue may not be resolved through arbitration.

In 1987, the vesting period to qualify for retirement benefits from the statewide systems and the first-class city teacher plans was reduced from ten years to five. In 1988, five-year vesting was extended to the Judges Retirement Fund and the optional retirement plan for local correctional service employees. In addition, the correctional employee plan, authorized last year for five metropolitan-area counties, was extended to employees of a joint-powers correctional agency in St. Louis County, if the agency's governing board chooses to participate.

The Minneapolis Police Relief Association and the Fire Department Relief Association were authorized to pay annual post-retirement increases to benefit recipients based on investment gains. To trigger an increase, investment earnings must be greater than five percent a year and must exceed any salary increase rates by at least 1.5 percent.

The State Board of Investment, which invests the assets of the statewide retirement systems and the post-retirement fund, was given expanded investment authority. The new law eliminates a three-year maturity requirement for investments in money-market accounts and enables the board to purchase international securities. The board was also required to list each year the companies in which it invests that do business in Northern Ireland. The board must then determine whether those companies have taken affirmative action to eliminate religious or ethnic discrimination in Northern Ireland and must initiate or support shareholder actions encouraging affirmative action.

STATE DEBT AND CAPITAL EXPENDITURES

The 1988 Legislature authorized \$8 million in bonds for school districts for cooperative secondary facilities grants. For fiscal year 1989, \$608,900 was appropriated from the general fund for debt service on general obligation bonds issued for the cooperative secondary facilities grant program.

The Legislature also authorized up to \$11.7 million in capital loans for the Milaca, Holdingford, and Redwood Falls school

districts under the Maximum Effort School Loans program. Up to an additional \$20 million in bonds were authorized to provide the loans.

The Legislature directly appropriated \$8.4 million from the general fund for capital improvements for higher education facilities.

PROPOSED CONSTITUTIONAL AMENDMENTS

The Legislature decided to submit to the voters three proposals to amend the state constitution. One would create a permanent Minnesota environment and natural resources trust fund, to be used for protecting and enhancing the state's air, water, land, fish, wildlife, and other natural resources. A second proposed amendment would permit the Legislature to authorize a lottery operated by the state. The third amendment would overrule a 1988 Minnesota Supreme Court decision that invalidated the 1971 law providing for six-member juries in non-felony criminal trials.

The environment and natural resources trust fund would

receive money from two sources. First, it would be entitled to the percentage of a royalty, copyright, or patent resulting from a project supported by the trust fund equal to the percentage of the project's total funding provided by the trust fund.

The trust fund would also receive a portion of proceeds from the state lottery. The net proceeds from the lottery, during the first five years of its operation, would be divided evenly between the trust fund and the Greater Minnesota Corporation. After the first five years, the Legislature would determine how much of the lottery proceeds to give each, but could not allocate more than 50 percent of the proceeds to either.

STATISTICS

TABLE A
Summary of Appropriations by Function - All Funds

	1987 Legislature FY 1988-89	Estimate Changes	1988 Legislature FY 1988-89	Adjusted Appropriation FY 1988-89
Aids and Credits	\$ 2,482,958,300	\$ (4,138,800)	\$ 54,420,000	\$ 2,533,239,500
Education				
Elementary and Secondary Education	\$ 3,029,740,810	\$ 79,329,290	\$ (2,190,400)	\$ 3,106,879,700
Higher Education Coordinating Board	149,878,500	49,100	6,935,000	156,862,600
Vocational Technical Education	310,277,200	7,792,500	4,729,800	322,799,500
Community Colleges	136,097,300	5,929,700	8,805,600	150,832,600
State Universities	270,452,400	7,761,100	10,699,300	288,912,800
University of Minnesota	790,101,800		1,450,000	791,551,800
Mayo Medical Foundation	1,760,200			1,760,200
Dedicated Revenues	437,369,600	42,628,800	13,105,100	493,103,500
Subtotal Education	\$ 5,125,677,810	\$ 143,490,490	\$ 43,534,400	\$ 5,312,702,700
Federal Funds	\$ 334,116,600			\$ 334,116,600
Total Education	\$ 5,459,794,410	\$ 143,490,490	\$ 43,534,400	\$ 5,646,819,300
Human Services, Corrections and Health				
Human Services	\$ 1,896,092,600	\$ (41,645,400)	\$ (11,367,500)	\$ 1,843,079,700
Dedicated Revenues	470,452,400	(3,233,300)		467,219,100
Ombudsman for Mental Health	39,000		320,000	359,000
Jobs and Training	68,250,200	(774,900)	10,100,000	77,575,300
Corrections	197,700,100	563,200	591,200	198,854,500
Health	79,477,300	4,418,200	4,439,500	88,335,000
Subtotal Human Services, Corrections and Health	\$ 2,712,011,600	\$ (40,672,200)	\$ 4,083,200	\$ 2,675,422,600
Federal Funds	\$ 2,620,181,800			\$ 2,620,181,800
Total Human Services, Corrections and Health	\$ 5,332,193,400	\$ (40,672,200)	\$ 4,083,200	\$ 5,295,604,400

	1987 Legislature FY 1988-89	Estimate Changes	1988 Legislature FY 1988-89	Adjusted Appropriation FY 1988-89
Transportation				
Highway Development and Operations	\$ 1,104,142,500		\$ 121,793,625	\$ 1,225,936,125
Technical Services	76,787,600		10,500,000	87,287,600
Public Transportation Assistance	53,570,500		17,780,000	71,350,500
Program Management and General Support ...	67,872,800		36,600	67,909,400
Aeronautics	22,333,300			22,333,300
Less Federal Funds included above	(60,000,000)			(60,000,000)
Subtotal Transportation	<u>\$ 1,264,706,700</u>		<u>\$ 150,110,225</u>	<u>\$ 1,414,816,925</u>
Federal Funds				
Trunk Highway Development	\$ 429,000,000			\$ 429,000,000
County Road and Bridge	229,000,000			229,000,000
Federal Funds included in Highway Operations, Technical Services and Program Management	60,000,000			60,000,000
Other Transportation	51,351,900			51,351,900
Total Federal Funds	<u>\$ 769,351,900</u>			<u>\$ 769,351,900</u>
Total Transportation	<u>\$ 2,034,058,600</u>		<u>\$ 150,110,225</u>	<u>\$ 2,184,168,825</u>
Other State Government Functions				
Legislative	\$ 74,777,300	\$ 616,400	\$ 540,000	\$ 75,933,700
Judicial	72,359,500		686,200	73,045,700
Constitutional Officers	51,935,080	12,300	115,000	52,062,380
Administrative Services	194,366,500	1,425,000	23,923,600	219,715,100
Agriculture	33,854,600	136,900	3,200,000	37,191,500
Resource Management	400,075,000	89,947,400	(59,770,700)	430,251,700
Protection of Persons and Property	301,441,892	11,322,900	9,575,800	322,340,592
Semi-State Activities	27,718,700		230,000	27,948,700
Subtotal Other State Government Functions	<u>\$ 1,156,528,572</u>	<u>\$ 103,460,900</u>	<u>\$ (21,500,100)</u>	<u>\$ 1,238,489,372</u>
Federal Funds	<u>\$ 115,001,700</u>			<u>\$ 115,001,700</u>
Total Other State Government Functions	<u>\$ 1,271,530,272</u>	<u>\$ 103,460,900</u>	<u>\$ (21,500,100)</u>	<u>\$ 1,353,491,072</u>
Miscellaneous	\$ 390,494,676	\$ (33,517,900)	\$ 694,500	\$ 357,671,276
Miscellaneous Federal Funds	3,300,000			3,300,000
Total Miscellaneous	<u>\$ 393,794,676</u>	<u>\$ (33,517,900)</u>	<u>\$ 694,500</u>	<u>\$ 360,971,276</u>
Total Appropriations - State Funds	\$13,132,377,658	\$ 168,622,490	\$ 231,342,225	\$13,532,342,373
Total Appropriations - Federal Funds	3,841,952,000			3,841,952,000
Total Appropriations	<u>\$16,974,329,658</u>	<u>\$ 168,622,490</u>	<u>\$ 231,342,225</u>	<u>\$17,374,294,373</u>

TABLE A - SUMMARY
Summary of Appropriations by Function - All Funds

	1987 Legislature FY 1988-89	Estimate Changes	1988 Legislature FY 1988-89	Adjusted Appropriation FY 1988-89
Aids and Credits	\$ 2,482,958,300	\$ (4,138,800)	\$ 54,420,000	\$ 2,533,239,500
Education	5,459,794,410	143,490,490	43,534,400	5,646,819,300
Human Services, Corrections and Health	5,332,193,400	(40,672,200)	4,083,200	5,295,604,400
Transportation	2,034,058,600		150,110,225	2,184,168,825
Other State Government Functions	1,271,530,272	103,460,900	(21,500,100)	1,353,491,072
Miscellaneous	393,794,676	(33,517,900)	694,500	360,971,276
Total Appropriations	<u>\$16,974,329,658</u>	<u>\$ 168,622,490</u>	<u>\$ 231,342,225</u>	<u>\$17,374,294,373</u>

TABLE B
Itemized Appropriations by Function - All Funds

	1987 Legislature FY 1988-89	Estimate Changes	1988 Legislature FY 1988-89	Adjusted Appropriation FY 1988-89
Aids and Credits				
Property Tax Refund				
Renters	\$ 165,400,000	\$ (12,300,000)	\$ 53,800,000	\$ 206,900,000
Homeowners	74,800,000	(1,104,600)		73,695,400
Agricultural Credit	221,294,000	1,375,500		222,669,500
Aid to Local Governments	648,890,000	(1,083,100)		647,806,900
Attached Machinery Aid				
School Districts	1,672,000	(100)		1,671,900
Cities, Towns, Counties	4,764,000	(400)		4,763,600
Homestead Credit				
School Districts	564,361,000	(5,231,100)		559,129,900
Cities, Towns, Counties	646,793,000	7,934,000		654,727,000
Supplemental Homestead Property Tax Relief	1,822,000	(31,500)		1,790,500
Aid to Police and Fire Departments	59,490,000	11,393,200	600,000	71,483,200
Local Police and Fire Amortization Aid	15,074,000	(40,600)		15,033,400
Winona Police Relief Amortization		123,100	20,000	143,100
Minneapolis Employees Retirement Fund	22,029,000	(2,073,600)		19,955,400
Wetlands Credit and Reimbursement				
School Districts	517,000	132,100		649,100
Cities, Towns, Counties	584,000	157,600		741,600
Native Prairie Credit and Reimbursement				
School Districts	137,000	(3,400)		133,600
Cities, Towns, Counties	210,000	(13,600)		196,400
Payments in Lieu of Taxes - DNR Lands	9,000,000	44,500		9,044,500
Agricultural Preservation Credit				
School Districts	47,000	58,600		105,600
Cities, Towns, Counties		197,500		197,500
Enterprise Zone Credit				
School Districts	784,000	(30,200)		753,800
Cities, Towns, Counties	3,318,000	(1,973,700)		1,344,300
Small Business Credit				
School Districts	10,837,000	(212,000)		10,625,000
Cities, Towns, Counties	12,750,000	(250,000)		12,500,000
Income Maintenance Tax Disparity Aid	12,444,000	(1,804,800)		10,639,200
Regional Transit Board Levy Reduction	4,052,000	(8,300)		4,043,700
Ethanol Development Fund	520,000			520,000
Campaign Fund Checkoff	800,000	600,000		1,400,000
Region 3 Occupation Tax Distribution	569,300	6,100		575,400
Total Aids and Credits	\$ 2,482,958,300	\$ (4,138,800)	\$ 54,420,000	\$ 2,533,239,500
Education				
Elementary and Secondary Education				
Department of Education	\$ 38,310,700		\$ 1,870,000	\$ 40,180,700
Arts School and Resource Center	4,855,700			4,855,700
Foundation and General Education Aid	1,940,840,600	\$ 45,032,800	6,903,400	1,992,776,800
Apportionment - Permanent School Fund	58,000,000			58,000,000
Summer Programs	8,177,800			8,177,800
Transportation Aid	177,961,800		85,000	178,046,800
Transportation Desegregation Aid	5,234,200			5,234,200
Transportation Open Enrollment Aid			50,000	50,000
Special Programs				
Special Education Aid	315,506,300		6,000,000	321,506,300
Limited English Proficiency	5,884,600			5,884,600
Indian Education Programs	6,482,610	90	246,000	6,728,700
Secondary Vocational - Handicapped	8,382,800			8,382,800
Secondary Vocational Education	32,440,600			32,440,600
Teacher Retirement	272,475,000	600,000		273,075,000
Community and Adult Education				
Community Education Aid	5,410,600			5,410,600
Adult Education Aid	7,307,900		1,000,000	8,307,900
Early Childhood Family Education	15,403,400		500,000	15,903,400
Handicapped Adult Programs	1,120,000			1,120,000
Technology and Educational Improvement				
Educational Effectiveness Programs	1,380,600			1,380,600
Assessment Programs	773,000			773,000
Planning, Evaluation and Reporting	2,072,100			2,072,100

	1987 Legislature FY 1988-89	Estimate Changes	1988 Legislature FY 1988-89	Adjusted Appropriation FY 1988-89
Educational Technology	2,127,000			2,127,000
Program Improvement Grants	1,500,000			1,500,000
NE Minnesota Technology Consortium			50,000	50,000
NW Educational Technology Cooperative			100,000	100,000
Miscellaneous Educational Improvement	2,839,000		150,000	2,989,000
Other Education Aids				
Venture Fund Grants	63,900			63,900
Teacher Mobility Incentives	196,900			196,900
Educational Cooperative Service Units	1,496,000			1,496,000
Regional Management Information Centers	6,821,400			6,821,400
Capital Expenditure Equalization	32,550,800			32,550,800
Abatement Aid	13,185,600			13,185,600
School Lunch Aid	9,250,000			9,250,000
Gifted and Talented Students	1,578,400			1,578,400
Chemical Use Programs	1,177,300			1,177,300
Interdistrict Cooperation Aid	2,666,000			2,666,000
Desegregation Aid	11,557,300		12,013,600	23,570,900
Library Grants	10,562,800			10,562,800
Aid to Non-Public Students	17,100,000			17,100,000
Arts Education Aid and Grants	1,123,700			1,123,700
Early Childhood Screening	865,800			865,800
Maximum Effort Loan Fund	3,640,300			3,640,300
Tobacco Use Prevention	1,292,600			1,292,600
School Milk Program			800,000	800,000
Property Tax Recognition Shift		31,990,400	(31,990,400)	
Miscellaneous	125,700		32,000	157,700
FY 1987 Carryforward		1,706,000		1,706,000
Total Elementary and Secondary Education	\$ 3,029,740,810	\$ 79,329,290	\$ (2,190,400)	\$ 3,106,879,700
Higher Education Coordinating Board				
Agency Administration	\$ 5,959,600			\$ 5,959,600
State Scholarships and Grants	123,250,000		\$ 6,200,000	129,450,000
Interstate Tuition Reciprocity	8,000,000			8,000,000
State Work Study	9,182,200			9,182,200
Income Contingent Loans	268,100			268,100
Minitex Library Program	1,518,600			1,518,600
Enterprise Development Partnerships	200,000			200,000
Job Skills Partnership Program	1,000,000			1,000,000
Dislocated Rural Worker Grant Program	500,000			500,000
Needs Study			375,000	375,000
Quality Assessment			150,000	150,000
Minority Education Partnership			10,000	10,000
Enterprise Development Centers			200,000	200,000
FY 1987 Carryforward		\$ 49,100		\$ 49,100
Total Higher Education Coordinating Board	\$ 149,878,500	\$ 49,100	\$ 6,935,000	\$ 156,862,600
Vocational Technical Education	\$ 308,527,200		\$ 1,907,800	\$ 310,435,000
Farm Business Management Programs	1,450,000			1,450,000
Sweet Sorghum Research	300,000			300,000
Beginning Farmer Education Program			125,000	125,000
Capital Improvements			2,697,000	2,697,000
FY 1987 Carryforward		\$ 7,792,500		7,792,500
Total Vocational Technical Education	\$ 310,277,200	\$ 7,792,500	\$ 4,729,800	\$ 322,799,500
Community Colleges	\$ 135,697,300		\$ 5,964,400	\$ 141,661,700
Fond du Lac Higher Education Center	400,000			400,000
Wolf Center			50,000	50,000
Capital Improvements			2,791,200	2,791,200
Fy 1987 Carryforward		\$ 5,929,700		5,929,700
Total Community Colleges	\$ 136,097,300	\$ 5,929,700	\$ 8,805,600	\$ 150,832,600
State Universities	\$ 270,452,400		\$ 7,349,300	\$ 277,801,700
Arrowhead Upper Division			50,000	50,000
Southwest Science and Technology Center			400,000	400,000
Capital Improvements			2,900,000	2,900,000
FY 1987 Carryforward		\$ 7,761,100		7,761,100
Total State Universities	\$ 270,452,400	\$ 7,761,100	\$ 10,699,300	\$ 288,912,800

	1987 Legislature FY 1988-89	Estimate Changes	1988 Legislature FY 1988-89	Adjusted Appropriation FY 1988-89
University of Minnesota				
Operations and Maintenance	\$ 638,391,100			\$ 638,391,100
Rank Funding Adjustment	4,120,500			4,120,500
Agricultural Extension Service	28,996,300			28,996,300
Rural Health and Safety Program			\$ 50,000	50,000
Agricultural Research	49,111,700			49,111,700
Wild Rice Research	38,000			38,000
Dairy Sheep Demonstration Project	35,000			35,000
Sustainable Agriculture Chair	75,000			75,000
Veterinary Diagnostic Laboratory	2,678,300			2,678,300
Coleman Leukemia Research Center	490,800			490,800
Indigent Patients	700,000			700,000
Rural Physicians Associates Program	1,152,000			1,152,000
Medical Research	4,748,900			4,748,900
Special Hospitals, Service and Educational Offset	19,603,300			19,603,300
Fellowships - Minority and Disadvantaged	111,200			111,200
General Research	4,305,700			4,305,700
Intercollegiate Athletics	6,063,400			6,063,400
Student Loans Matching Money	106,400			106,400
Talented Youth Mathematics	519,400			519,400
Geological Survey	1,928,000			1,928,000
Mineral Resources Research Center	1,544,300			1,544,300
Natural Resources Research Institute	4,900,000			4,900,000
Sea Grant College Program	637,400			637,400
Underground Space Center	449,600			449,600
Biotechnology Center	1,706,800			1,706,800
Industrial Relations Education	1,466,900			1,466,900
Institute for Human Genetics	1,006,800			1,006,800
Microelectronics and Information Science	1,339,200			1,339,200
Productivity Center	674,500			674,500
Supercomputer Institute	12,456,000		1,100,000	13,556,000
St. Anthony Falls Hydraulics Project	745,300			745,300
Rochester Graduate Education			300,000	300,000
Total University of Minnesota	<u>\$ 790,101,800</u>		<u>\$ 1,450,000</u>	<u>\$ 791,551,800</u>
Mayo Medical Foundation	<u>\$ 1,760,200</u>			<u>\$ 1,760,200</u>
Education Dedicated Expenditures				
Tuition and Course Fees				
University of Minnesota	\$ 252,679,000	\$ 2,410,800		\$ 255,089,800
State University Board	125,112,900	20,414,100	\$ 7,325,500	152,852,500
Community Colleges	59,577,700	19,803,900	5,779,600	85,161,200
Total Dedicated Expenditures	<u>\$ 437,369,600</u>	<u>\$ 42,628,800</u>	<u>\$ 13,105,100</u>	<u>\$ 493,103,500</u>
Subtotal Education	<u>\$ 5,125,677,810</u>	<u>\$ 143,490,490</u>	<u>\$ 43,534,400</u>	<u>\$ 5,312,702,700</u>
Federal Funds	334,116,600			334,116,600
Total Education	<u>\$ 5,459,794,410</u>	<u>\$ 143,490,490</u>	<u>\$ 43,534,400</u>	<u>\$ 5,646,819,300</u>
Human Services, Corrections and Health				
Department of Human Services				
Human Services Management	\$ 15,198,700	\$ 349,900		\$ 15,548,600
Policy and Program Support Services	8,376,000			8,376,000
Social Services				
Community Social Services Subsidies	99,398,000			99,398,000
Social Services Support	58,071,700		\$ 1,220,200	59,291,900
Income Maintenance				
Public Assistance (AFDC, GA, MSA)	278,155,800	(19,575,500)	(4,928,100)	253,652,200
MA, GAMC	882,349,100	(422,300)	(5,680,300)	876,246,500
Preadmission Screening and Alternative Care	29,494,000	100,000		29,594,000
Income Maintenance Administration	59,218,100	548,000	(494,300)	59,271,800
Long Term Care Management	9,582,600			9,582,600
Chemical Dependency and Protection Service	12,667,800	3,755,100		16,422,900
Children's Health Plan	7,907,500			7,907,500
Mental Health				
Regional Treatment Centers	350,729,600			350,729,600
Nursing Homes	39,850,800			39,850,800
Mental Health Support	35,676,000		65,000	35,741,000
Other Reimbursements and Facilities	9,416,900			9,416,900

	1987 Legislature FY 1988-89	Estimate Changes	1988 Legislature FY 1988-89	Adjusted Appropriation FY 1988-89
County Food Stamps (CH 719)			(1,040,000)	(1,040,000)
Outpatient Commitment (CH 623)			60,000	60,000
Federal Reimbursement		(44,305,600)	(450,000)	(44,755,600)
Transfer to Mental Health			(120,000)	(120,000)
FY 1987 Carryforward		17,905,000		17,905,000
Subtotal Human Services Department	\$ 1,896,092,600	\$ (41,645,400)	\$ (11,367,500)	\$ 1,843,079,700
Dedicated Expenditures				
County Share of Payments	\$ 132,717,000	\$ 1,447,800		\$ 134,164,800
Hospital Revolving Account	312,104,300			312,104,300
Miscellaneous	25,631,100	(4,681,100)		20,950,000
Total Dedicated Expenditures	\$ 470,452,400	\$ (3,233,300)		\$ 467,219,100
Total Department of Human Services	\$ 2,366,545,000	\$ (44,878,700)	\$ (11,367,500)	\$ 2,310,298,800
Ombudsman for Mental Health and Retardation ...	\$ 39,000		\$ 320,000	\$ 359,000
Department of Jobs and Training				
Employment and Training	\$ 5,910,000		\$ 100,000	\$ 6,010,000
Minnesota Employment and Economic Development Wage Subsidies	18,000,000	\$ (785,000)		17,215,000
Rehabilitation Services	40,676,000		350,000	41,026,000
Community Services	3,441,000		1,350,000	4,791,000
Client Advisory Committees	70,000			70,000
Oil Overcharge Money			8,300,000	8,300,000
FY 1987 Carryforward		10,100		10,100
Total Department of Jobs and Training	\$ 68,097,000	\$ (774,900)	\$ 10,100,000	\$ 77,422,100
Office of Full Productivity and Opportunity	\$ 153,200			\$ 153,200
Department of Corrections				
Management Services	\$ 7,642,900			\$ 7,642,900
Community Services Support	20,112,100		\$ 169,500	20,281,600
Community Corrections Act	28,158,000			28,158,000
Correctional Institutions	140,726,000		360,000	141,086,000
FY 1987 Carryforward		\$ 563,200		563,200
Claims Bill (CH 706)			61,700	61,700
Total Department of Corrections	\$ 196,639,000	\$ 563,200	\$ 591,200	\$ 197,793,400
Sentencing Guidelines Commission	\$ 399,100			\$ 399,100
Corrections Ombudsman	\$ 662,000			\$ 662,000
Department of Health				
Preventive and Protective Health Services	\$ 15,806,200		\$ 2,222,300	\$ 18,028,500
Health Delivery Systems	18,443,800		890,000	19,333,800
Community Health Services Subsidy	23,656,000			23,656,000
Health Support Services	6,180,000		577,200	6,757,200
Public Health Programs	6,839,700			6,839,700
Asbestos Abatement Regulation	23,800			23,800
Employer Drug Testing Regulation	47,000			47,000
Home Health Care Regulation	516,600			516,600
Commission on Health Plan Regulatory Reform ..	25,000			25,000
Emergency Medical Services (CH. 648)			750,000	750,000
FY 1987 Carryforward		\$ 2,401,600		\$ 2,401,600
Total Department of Health	\$ 71,538,100	\$ 2,401,600	\$ 4,439,500	\$ 78,379,200
Health-Related Boards	\$ 7,050,200			\$ 7,050,200
Chiropractor's Peer Review Committee	44,000			44,000
Social Work Office and Mental Health Board	835,000			835,000
Council on Disability	10,000			10,000
FY 1987 Carryforward		\$ 2,016,600		2,016,600
Total Health-Related Boards	\$ 7,939,200	\$ 2,016,600		\$ 9,955,800
Subtotal Human Services, Corrections and Health	\$ 2,712,011,600	\$ (40,672,200)	\$ 4,083,200	\$ 2,675,422,600
Federal Funds	2,620,181,800			2,620,181,800
Total Human Services, Corrections and Health	\$ 5,332,193,400	\$ (40,672,200)	\$ 4,083,200	\$ 5,295,604,400

	1987 Legislature FY 1988-89	Estimate Changes	1988 Legislature FY 1988-89	Adjusted Appropriation FY 1988-89
Transportation				
Department of Transportation				
Highway Development				
Trunk Highway Development	\$ 258,178,200		\$ 71,900,000	\$ 330,078,200
County State Aids	368,465,000		34,600,000	403,065,000
Municipal State Aids	118,000,000		10,500,000	128,500,000
Highway Debt Service	20,765,000			20,765,000
Special Town Roads			250,000	250,000
Claims Bill (CH 706)			31,625	31,625
Highway Operations				
Maintenance	238,486,400		(288,000)	238,198,400
Tourist Information Centers	75,000			75,000
Construction Support	100,172,900		4,800,000	104,972,900
Total Highway Development and Operations	<u>\$ 1,104,142,500</u>		<u>\$ 121,793,625</u>	<u>\$ 1,225,936,125</u>
Technical Services				
Program Delivery	\$ 70,023,000		\$ 10,500,000	\$ 80,523,000
State Aid Technical Assistance	1,821,800			1,821,800
Electronic Communications	4,942,800			4,942,800
Total Technical Services	<u>\$ 76,787,600</u>		<u>\$ 10,500,000</u>	<u>\$ 87,287,600</u>
Public Transportation Assistance				
Nonmetropolitan Transit Assistance	\$ 11,520,000		\$ 3,580,000	\$ 15,100,000
Light Rail			4,170,000	4,170,000
Metropolitan Transit Assistance	25,800,000		4,030,000	29,830,000
Regional Transit Board	2,600,000			2,600,000
Metro Mobility	12,500,000		6,000,000	18,500,000
Transit Administration	1,150,500			1,150,500
Total Public Transportation Assistance	<u>\$ 53,570,500</u>		<u>\$ 17,780,000</u>	<u>\$ 71,350,500</u>
Program Management				
Highway Programs	\$ 3,573,700			\$ 3,573,700
Motor Carrier Safety and Compliance	2,121,800			2,121,800
Railroads and Waterways	1,814,100			1,814,100
Transportation Information and Support	5,967,200			5,967,200
Total Program Management	<u>\$ 13,476,800</u>			<u>\$ 13,476,800</u>
General Support				
Finance and Administration	\$ 17,087,100			\$ 17,087,100
General Services	14,780,200			14,780,200
Equipment	19,336,300			19,336,300
Attorney General Legal Services	1,976,400			1,976,400
Hazardous Waste Transport Licensing	153,000			153,000
Total General Support	<u>\$ 53,333,000</u>			<u>\$ 53,333,000</u>
Aeronautics				
Operations	\$ 2,246,300			\$ 2,246,300
Development and Assistance	19,862,800			19,862,800
Pine Creek Airport	16,000			16,000
Air Transportation Services	78,200			78,200
Civil Air Patrol	130,000			130,000
Total Aeronautics	<u>\$ 22,333,300</u>			<u>\$ 22,333,300</u>
Transportation Regulation Board	\$ 1,063,000		\$ 36,600	\$ 1,099,600
Federal Funds included in Highway Operations, Technical Services and Program Management ^(a)				
	<u>\$ (60,000,000)</u>			<u>\$ (60,000,000)</u>
Subtotal Transportation	<u>\$ 1,264,706,700</u>		<u>\$ 150,110,225</u>	<u>\$ 1,414,816,925</u>
Federal Funds				
Federal Trunk Highway Development Funds ..	\$ 429,000,000			\$ 429,000,000
Federal County Road and Bridge Funds	229,000,000			229,000,000
Federal Funds in Highway Operations, Technical Services and Program Management ^(a)				
	60,000,000			60,000,000
Federal Funds - Other Transportation	51,351,900			51,351,900
Total Federal Funds	<u>\$ 769,351,900</u>			<u>\$ 769,351,900</u>
Total Transportation	<u>\$ 2,034,058,600</u>		<u>\$ 150,110,225</u>	<u>\$ 2,184,168,825</u>

	1987 Legislature FY 1988-89	Estimate Changes	1988 Legislature FY 1988-89	Adjusted Appropriation FY 1988-89
Other State Government Functions				
Legislative				
Legislature				
Senate	\$ 24,247,900	\$ (100)		\$ 24,247,800
House	30,773,000			30,773,000
Legislative Coordinating Commission	758,800		\$ 60,000	818,800
Soil and Water Stewardship Education			80,000	80,000
Legislative Reference Library	1,484,700			1,484,700
Revisor of Statutes	4,019,100			4,019,100
Legislative Audit Commission	30,500			30,500
Legislative Auditor	5,880,000		100,000	5,980,000
Legislative Commissions				
Economic Status of Women	253,800			253,800
Employee Relations	192,000			192,000
Great Lakes	79,400			79,400
Minnesota Resources	500,000			500,000
Mississippi River Parkway	50,200			50,200
Pensions and Retirement	1,119,300			1,119,300
Public Education	100,000		150,000	250,000
(shown in Elementary and Secondary Education)			(150,000)	(150,000)
Review of Administrative Rules	240,500			240,500
Waste Management	232,100			232,100
Tax Study	300,000			300,000
Committee on Planning and Fiscal Policy	200,000			200,000
Transportation Study Board			300,000	300,000
Legislative Retirement Contribution	4,316,000			4,316,000
FY 1987 Carryforward		616,500		616,500
Total Legislative	\$ 74,777,300	\$ 616,400	\$ 540,000	\$ 75,933,700
Judicial				
Supreme Court	\$ 8,705,700			\$ 8,705,700
State Court Administrator	5,989,100		\$ 25,000	6,014,100
State Law Library	1,471,500			1,471,500
Family Farm Legal Assistance	1,700,000			1,700,000
Trial Court Information System			521,200	521,200
Court of Appeals	6,903,200			6,903,200
Trial Courts	34,981,700			34,981,700
District Court Administrators	1,197,900			1,197,900
Board on Judicial Standards	309,500			309,500
Board of Public Defense	1,847,500		70,000	1,917,500
Public Defender	2,924,100			2,924,100
Tax Court	804,300			804,300
Contributions to Judges Retirement	5,525,000		70,000	5,595,000
Total Judicial	\$ 72,359,500		\$ 686,200	\$ 73,045,700
Constitutional Officers				
Governor				
Executive Operations	\$ 4,576,500			\$ 4,576,500
Interstate Representation and Cooperation	163,100			163,100
Office of Jobs Policy			\$ 115,000	115,000
FY 1987 Carryforward		\$ 1,800		1,800
Total Governor	\$ 4,739,600	\$ 1,800	\$ 115,000	\$ 4,856,400
Lieutenant Governor	\$ 552,500			\$ 552,500
Secretary of State				
Elections and Publications	\$ 805,200			\$ 805,200
Uniform Commercial Code	350,500			350,500
Business Services	1,548,900			1,548,900
Administration	711,800			711,800
Fiscal Operations	282,100			282,100
Data Services	306,300			306,300
School District Elections	25,000			25,000
Uniform Commercial Code Computerized Filing	500,000	\$ (500,000)		1,053,500
Computerized Central Voter Registration	1,053,500			1,053,500
Total Secretary of State	\$ 5,583,300	\$ (500,000)		\$ 5,083,300
State Auditor	\$ 1,094,600			\$ 1,094,600

	1987 Legislature FY 1988-89	Estimate Changes	1988 Legislature FY 1988-89	Adjusted Appropriation FY 1988-89
State Treasurer	\$ 1,026,500			\$ 1,026,500
Attorney General				
Public Administration	\$ 2,720,900			\$ 2,720,900
Public Resources	9,988,900			9,988,900
Public Assistance	5,241,700			5,241,700
Public Protection	9,387,200			9,387,200
Legal Policy and Administration	8,442,900			8,442,900
Consumer Protection Education	20,000			20,000
Health Club Registration	36,000			36,000
Charitable Organization Registration	99,480			99,480
General Reduction	(500,400)			(500,400)
FY 1987 Carryforward		\$ 510,500		510,500
Total Attorney General	\$ 35,436,680	\$ 510,500		\$ 35,947,180
Constitutional Officers Retirement	\$ 299,000			\$ 299,000
Investment Board	\$ 3,202,900			\$ 3,202,900
Subtotal Constitutional Officers	\$ 51,935,080	\$ 12,300	\$ 115,000	\$ 52,062,380
Federal Funds	\$ 633,500			\$ 633,500
Total Constitutional Officers	\$ 52,568,580	\$ 12,300	\$ 115,000	\$ 52,695,880
Administrative Services				
Office of Administrative Hearings	\$ 5,723,100			\$ 5,723,100
Department of Administration				
Operations Management	\$ 7,148,400			\$ 7,148,400
Information Management	12,226,500		\$ 790,200	13,016,700
Property Management	13,192,700			13,192,700
Administrative Management	9,843,300	\$ (15,000)	92,500	9,920,800
World Trade Center Conference Center	315,000			315,000
Capitol Space Planning			350,000	350,000
State Office Building			75,000	75,000
Capitol Restoration			220,000	220,000
Rent Differential			1,711,000	1,711,000
Oil Overcharge Money			8,369,000	8,369,000
Revolving Funds Loan	1,000,000	650,000		1,650,000
Total Department of Administration	\$ 43,725,900	\$ 635,000	\$ 11,607,700	\$ 55,968,600
Capitol Area Architectural and Planning Board ..	\$ 339,000		\$ 675,000	\$ 1,014,000
Department of Finance				
Accounting Operations	\$ 9,548,700			\$ 9,548,700
Budget Analysis and Operations	3,418,400			3,418,400
Fiscal Management and Administration	2,628,300			2,628,300
Rural Finance Administration	300,000			300,000
FY 87 Carryforward		\$ 790,000		790,000
Total Department of Finance	\$ 15,895,400	\$ 790,000		\$ 16,685,400
Department of Employee Relations				
Administration	\$ 3,869,100			\$ 3,869,100
Equal Opportunity	410,000			410,000
Labor Relations	928,900			928,900
Personnel	5,437,200		\$ 116,000	5,553,200
Teacher's Benefits Study	50,000			50,000
Health Insurance			6,450,000	6,450,000
Total Department of Employee Relations	\$ 10,695,200		\$ 6,566,000	\$ 17,261,200
Department of Revenue				
Revenue Administration	\$ 23,990,000			\$ 23,990,000
Tax Policy	5,689,500			5,689,500
Taxpayer Services	15,146,100			15,146,100
Operations	22,231,500			22,231,500
County Property Tax Data Systems	3,900,000		\$ 4,000,000	7,900,000
Omnibus Tax Bill - Administrative	672,000		473,000	1,145,000
Delinquent Taxes and Seized Property	1,066,000			1,066,000
Tax Compliance Initiatives	45,206,800		194,300	45,401,100
Income Tax Model	30,000		49,000	79,000
Computerized Voter Registration	56,000			56,000
Board of Assessors			260,000	260,000
Metropolitan Landfill Administration			98,600	98,600
Total Department of Revenue	\$ 117,987,900		\$ 5,074,900	\$ 123,062,800

	1987 Legislature FY 1988-89	Estimate Changes	1988 Legislature FY 1988-89	Adjusted Appropriation FY 1988-89
Total Administrative Services	\$ 194,366,500	\$ 1,425,000	\$ 23,923,600	\$ 219,715,100
Agriculture				
Department of Agriculture				
Agricultural Protection Services	\$ 7,143,600			\$ 7,143,600
Agricultural Promotion and Marketing	858,000			858,000
Family Farm Security Program	4,189,600			4,189,600
Farm Crisis Assistance	577,800			577,800
Administration and Financial Aids Services	7,973,400			7,973,400
Ethanol Fuel Use Promotion	200,000			200,000
Agricultural Data Task Force	50,000			50,000
Minnesota Grown Program	360,000			360,000
Agricultural Land Preserve and Conservation ..	30,000			30,000
Interstate Compact and Grain Marketing	50,000			50,000
Livestock Productivity Study	50,000			50,000
Reinvest in Minnesota	1,800,000			1,800,000
General Reduction	(380,000)			(380,000)
Oak Wilt Control			\$ 60,000	60,000
Agricultural Product Use Report			35,000	35,000
Organic Food Certification			150,000	150,000
Bluegrass Seed and Turf Production			35,000	35,000
Alfalfa Extraction			300,000	300,000
Sweet Sorghum Demonstration			94,000	94,000
Sustainable Agriculture			1,300,000	1,300,000
Dairy Task Force			30,000	30,000
Minnesota Grown WIC Coupons			85,000	85,000
Minnesota Grown Labeling			20,000	20,000
Soil Testing Laboratory Certification			15,000	15,000
Plant Pest Survey			171,000	171,000
Grain Standards Testing			100,000	100,000
Industrial By-Products Soil Buffering			70,000	70,000
Amaranth Processing Feasibility			125,000	125,000
Purple Loosestrife			50,000	50,000
Agricultural Society Aid			145,000	145,000
Mediation			200,000	200,000
FY 1987 Carryforward		\$ 136,900		136,900
Total Department of Agriculture	\$ 22,902,400	\$ 136,900	\$ 2,985,000	\$ 26,024,300
Board of Water and Soil Resources	\$ 7,576,800		\$ 215,000	\$ 7,791,800
Board of Animal Health	\$ 3,180,400			\$ 3,180,400
Pseudorabies Control	185,000			185,000
Animal Kennel and Dealer's Regulation	10,000			10,000
Total Board of Animal Health	\$ 3,375,400			\$ 3,375,400
Federal Funds	\$ 1,562,800			1,562,800
Total Agriculture	\$ 35,417,400	\$ 136,900	\$ 3,200,000	\$ 38,754,300
Resource Management				
Department of Natural Resources				
Administrative Management Services	\$ 11,057,100			\$ 11,057,100
Regional Operations Support	6,961,900			6,961,900
Field Operations Support	16,421,400			16,421,400
Water Resources Management	8,757,100			8,757,100
Mineral Resources Management	7,555,600			7,555,600
Forest Management	41,397,000		\$ 4,640,000	46,037,000
Fish and Wildlife Management	51,720,200	\$ (50,000)	178,000	51,848,200
Parks and Recreation Management	28,184,500		318,000	28,502,500
Enforcement	22,090,200		109,200	22,199,400
Trails and Waterways Management	16,026,000		35,000	16,061,000
Special Services and Programs	8,197,100			8,197,100
Youth Programs	528,000			528,000
Leech Lake - White Earth Reservation	1,016,300	149,400		1,165,700
Flood Hazard Mitigation Grants	1,000,000			1,000,000
Permanent School Trust Fund Reimbursement ..	95,000	(95,000)		
Reinvest in Minnesota	1,200,000			1,200,000
Rural Development				
Geological Mapping and Mineral Evaluation ..	1,000,000			1,000,000
County Forestry Assistance Program	1,750,000			1,750,000
Forestry Management	250,000			250,000

	1987 Legislature FY 1988-89	Estimate Changes	1988 Legislature FY 1988-89	Adjusted Appropriation FY 1988-89
General Reduction	(1,261,300)			(1,261,300)
Non-Ferrous Mineral Strategic Planning			23,300	23,300
International Wolf Center			150,000	150,000
Forest Roads			675,000	675,000
Indian Treaty of 1854 Adjustments			5,050,000	5,050,000
Total Department of Natural Resources	\$ 223,946,100	\$ 4,400	\$ 11,178,500	\$ 235,129,000
Iron Range Resources and Rehabilitation Board ..	\$ 4,000,000		\$ 100,000	\$ 4,100,000
Zoological Board	\$ 9,302,600		\$ 1,400,000	\$ 10,702,600
Pollution Control Agency				
Water Pollution	\$ 5,392,800		\$ 63,000	\$ 5,455,800
Clean Water Partnership Act	2,000,000			2,000,000
Air Pollution	3,646,700			3,646,700
Solid and Hazardous Waste	26,425,200		35,000	26,460,200
Solid and Hazardous Waste Management ...	791,800		238,500	1,030,300
Petroleum Tank Release Clean-up	1,383,900			1,383,900
General Support	4,549,400			4,549,400
Municipal Litigation Loans			100,000	100,000
Non-Ferrous Mineral Strategic Planning			126,700	126,700
Thompson Township			50,000	50,000
Chlorofluorocarbons			25,000	25,000
Motor Vehicle Emissions Inspection			210,000	210,000
FY 1987 Carryforward		\$ 490,000		490,000
Total Pollution Control Agency	\$ 44,189,800	\$ 490,000	\$ 848,200	\$ 45,528,000
Waste Management Board	\$ 4,324,900			\$ 4,324,900
Non-Hazardous/Industrial Waste Grants	800,000			800,000
Waste Management			\$ 821,300	821,300
Total Waste Management Board	\$ 5,124,900		\$ 821,300	\$ 5,946,200
Department of Trade and Economic Development				
Economic Development	\$ 6,111,200			\$ 6,111,200
Tourism	11,704,500		\$ 888,000	12,592,500
Administration	1,681,300			1,681,300
Community Development	17,283,700			17,283,700
Science and Technology	1,813,000			1,813,000
Financial Management	100,000			100,000
Policy Analysis	1,702,900			1,702,900
Minnesota Trade Office	3,656,700		50,000	3,706,700
Council on Productivity and Quality	200,000			200,000
Industrial Development Bond Application				
Deposit Refunds	60,000			60,000
Aitkin County Growth Fund	500,000			500,000
Rural Development				
Rural Development Board Administration ...	600,000			600,000
Rural Challenge Grants	1,200,000			1,200,000
Greater Minnesota Corporation	10,000,000	\$ 89,000,000	(80,500,000)	18,500,000
Public Facilities Authority	800,000			800,000
Urban Revitalization Program	9,000,000			9,000,000
Agriculture and Economic Development				
Board	400,000			400,000
Degradable Plastics			50,000	50,000
Integrated Manufacturing Center			500,000	500,000
Symposium on International Technical				
Innovation and Entrepreneurship			200,000	200,000
Celebrate Minnesota 1990			1,000,000	1,000,000
Minnesota Marketplace			350,000	350,000
Invention and Innovation			100,000	100,000
Mississippi Regional Park			600,000	600,000
Great River Road			750,000	750,000
Como Park Conservatory			800,000	800,000
Trout Lake			50,000	50,000
Total Trade and Economic Development	\$ 66,813,300	\$ 89,000,000	\$ (75,162,000)	\$ 80,651,300
World Trade Center Board			\$ 430,300	\$ 430,300
FY 1987 Carryforward		\$ 453,000		453,000
Total World Trade Center Board		\$ 453,000	\$ 430,300	\$ 883,300
Amateur Sports Commission	\$ 330,700		\$ 318,000	\$ 648,700

	1987 Legislature FY 1988-89	Estimate Changes	1988 Legislature FY 1988-89	Adjusted Appropriation FY 1988-89
Minnesota Housing Finance Agency	\$ 19,053,400		\$ 150,000	\$ 19,203,400
State Planning Agency	\$ 10,505,000		\$ 50,000	\$ 10,555,000
Low-level Radioactive Waste Siting	1,320,000			1,320,000
Pipeline Safety	73,000			73,000
Youth Employment			80,000	80,000
Cold Weather Testing Task Force			15,000	15,000
Total State Planning Agency	\$ 11,898,000		\$ 145,000	\$ 12,043,000
Natural Resources Acceleration				
Department of Natural Resources	\$ 6,017,000			\$ 6,017,000
Pollution Control Agency	983,000			983,000
State Planning	1,025,000			1,025,000
Department of Agriculture	490,000			490,000
University of Minnesota	3,856,000			3,856,000
Aeromagnetic Mapping	800,000			800,000
Accelerate Soil Survey	1,400,000			1,400,000
State University Board	100,000			100,000
Minnesota Historical Society	350,000			350,000
Federal Reimbursement Account	1,000,000			1,000,000
General Reduction	(604,800)			(604,800)
Total Natural Resources Acceleration	\$ 15,416,200			\$ 15,416,200
Subtotal Resource Management	\$ 400,075,000	\$ 89,947,400	\$ (59,770,700)	\$ 430,251,700
Federal Funds	\$ 76,691,300			\$ 76,691,300
Total Resource Management	\$ 476,766,300	\$ 89,947,400	\$ (59,770,700)	\$ 506,943,000
Protection of Persons and Property				
Department of Public Safety				
Administration and Related Services	\$ 8,095,100			\$ 8,095,100
Emergency Services	1,773,300			1,773,300
Disaster Payment Assistance			\$ 1,940,000	1,940,000
Criminal Apprehension	22,385,300		538,000	22,923,300
Fire Safety	3,600,600			3,600,600
State Patrol	68,831,600			68,831,600
Capitol Security	2,556,500			2,556,500
Driver and Vehicle Licensing	52,394,700		5,000	52,399,700
Liquor Licensing	1,379,200			1,379,200
Ancillary Services	3,037,600			3,037,600
Child Abuse Prevention	200,000			200,000
Motorized Bicycle Safety Course	20,000			20,000
Pipeline Safety	345,300			345,300
Computerized Voter Registration	80,492			80,492
School Bus Driver Training	50,000			50,000
DWI Repeat Offenders			91,000	91,000
License Plates			103,000	103,000
General Reduction	(175,000)			(175,000)
Total Department of Public Safety	\$ 164,574,692		\$ 2,677,000	\$ 167,251,692
Department of Commerce				
Financial Examinations	\$ 7,959,400			\$ 7,959,400
Registration and Analysis	3,413,200			3,413,200
Administrative Services	3,254,900			3,254,900
Enforcement and Licensing	4,711,300			4,711,300
Farm Loan Interest Buy-down Program	62,000			62,000
87 CH 15 Farm Interest Buydown		\$ 1,500,000		1,500,000
FY 87 Carryforward		9,822,900		9,822,900
Petroleum Tank Release Clean-up	138,200			138,200
Total Department of Commerce	\$ 19,539,000	\$ 11,322,900		\$ 30,861,900
Non-Health-Related Boards	\$ 1,782,100			\$ 1,782,100
Board of Peace Officer Standards	\$ 6,900,000			\$ 6,900,000
Public Utilities Commission	\$ 3,638,500			\$ 3,638,500
Department of Public Service				
Motor Oil Retailer Inspection	\$ 12,532,800			\$ 12,532,800
Gas Utility Flexible Tariff Study	7,200			7,200
Total Department of Public Service	\$ 12,550,000			\$ 12,550,000
Racing Commission	\$ 1,772,700			\$ 1,772,700
Charitable Gambling Control Board	\$ 1,303,100		\$ 250,000	\$ 1,553,100

	1987 Legislature FY 1988-89	Estimate Changes	1988 Legislature FY 1988-89	Adjusted Appropriation FY 1988-89
Ethical Practices Board	\$ 439,600			\$ 439,600
Department of Labor and Industry				
Employment Standards	\$ 1,817,300			\$ 1,817,300
Workers' Compensation Regulation and Enforcement	8,085,200			8,085,200
Workers' Compensation State Employee Claims Workers' Compensation Special Compensation Fund	3,485,900			3,485,900
Code Enforcement	7,808,600			7,808,600
OSHA	2,705,400			2,705,400
General Support	2,472,600			2,472,600
Information Management Services	4,466,500			4,466,500
Workers' Compensation Medical Cost Study ...	2,337,000		\$ 135,000	2,337,000
Total Department of Labor and Industry	\$ 33,178,500		\$ 135,000	\$ 33,313,500
Workers' Compensation Court of Appeals	\$ 1,493,700			\$ 1,493,700
Bureau of Mediation Services	\$ 3,188,700			\$ 3,188,700
Public Employment Relations Board	\$ 121,100			\$ 121,100
Department of Military Affairs				
Maintenance of Military Training Facilities	\$ 9,972,800			\$ 9,972,800
General Support	2,631,700			2,631,700
State Cash Bonus			\$ 1,160,000	1,160,000
Tuition Reimbursement			1,040,000	1,040,000
Total Department of Military Affairs	\$ 12,604,500		\$ 2,200,000	\$ 14,804,500
Department of Veterans Affairs				
Veterans Benefits and Services	\$ 4,971,600			\$ 4,971,600
Veterans Homes	25,833,500		\$ 3,985,800	29,819,300
Veterans Homes Board			155,000	155,000
Total Department of Veterans Affairs	\$ 30,805,100		\$ 4,140,800	\$ 34,945,900
Department of Human Rights	\$ 5,167,800		\$ 95,000	\$ 5,262,800
Indian Affairs Council	\$ 638,200			\$ 638,200
Council on Affairs of Spanish-Speaking People ..	\$ 288,800		\$ 28,000	\$ 316,800
Council on Black Minnesotans	\$ 317,400			\$ 317,400
Council on Asian-Pacific Minnesotans	\$ 280,000			\$ 280,000
Council on People with Disabilities	\$ 858,400		\$ 50,000	\$ 908,400
Subtotal Protection of Persons and Property ...	\$ 301,441,892	\$ 11,322,900	\$ 9,575,800	\$ 322,340,592
Federal Funds	\$ 34,344,500			\$ 34,344,500
Total Protection of Persons and Property	\$ 335,786,392	\$ 11,322,900	\$ 9,575,800	\$ 356,685,092
Semi-State Activities				
Minnesota Municipal Board	\$ 471,100			\$ 471,100
Minnesota-Wisconsin Boundary Area Commission	\$ 198,700			\$ 198,700
Uniform Laws Commission	\$ 27,200			\$ 27,200
Voyageurs National Park Citizens Committee	\$ 140,000			\$ 140,000
Minnesota Historical Society				
Historical Society Operations	\$ 17,376,400			\$ 17,376,400
Repair and Replacement	648,000			648,000
Historic Grant-In-Aid	572,200			572,200
Fiscal Agent	474,200			474,200
State History Center	362,600			362,600
Minnesota Humanities Commission			\$ 20,000	20,000
Lindbergh Interpretive Center			25,000	25,000
Audio-Visual Conversions			40,000	40,000
St. Anthony Falls Heritage Board			40,000	40,000
Southwest Regional Development Commission			20,000	20,000
Total Minnesota Historical Society	\$ 19,433,400		\$ 145,000	\$ 19,578,400
Board of the Arts	\$ 6,060,200		\$ 75,000	\$ 6,135,200
Minnesota Horticultural Society	\$ 134,400			\$ 134,400
Minnesota Academy of Science	\$ 56,200			\$ 56,200
Science Museum of Minnesota	\$ 1,036,100			\$ 1,036,100

	1987 Legislature FY 1988-89	Estimate Changes	1988 Legislature FY 1988-89	Adjusted Appropriation FY 1988-89
Minnesota Safety Council	\$ 101,400			\$ 101,400
Veterans of Foreign Wars	\$ 60,000			\$ 60,000
Military Order of the Purple Heart			\$ 10,000	\$ 10,000
Subtotal Semi-State Activities	\$ 27,718,700		\$ 230,000	\$ 27,948,700
Federal Funds	\$ 1,769,600			\$ 1,769,600
Total Semi-State Activities	\$ 29,488,300		\$ 230,000	\$ 29,718,300
Total - Other State Government Functions	\$ 1,271,530,272	\$ 103,460,900	\$ (21,500,100)	\$ 1,353,491,072
Miscellaneous				
Salary Supplement	\$ 63,062,000			\$ 63,062,000
General Contingent Accounts				
General Fund	\$ 1,500,000			\$ 1,500,000
Trunk Highway Fund	400,000			400,000
Highway User Tax Distribution Fund	250,000			250,000
Special Revenue	500,000			500,000
Workers' Compensation	200,000			200,000
Total General Contingent Accounts	\$ 2,850,000			\$ 2,850,000
Debt Service	\$ 274,000,000			\$ 274,000,000
Refunding Savings		\$ (6,000,000)		(6,000,000)
Special Obligation Bonds Debt Service	15,103,239			15,103,239
Beginning Farmer Loan Program Debt Service	270,000			270,000
Capital Improvements(Non-Bonded)	22,339,300	(6,146,200)		16,193,100
Cooperative Secondary Facilities			\$ 608,900	608,900
Tort Claims	1,837,000			1,837,000
Claims Against the State	25,737		85,600	111,337
R. A. Weber Compensation	2,400			2,400
Retirement				
MSRS Supplemental Benefits	46,000			46,000
Public Employees Retirement Association	60,000	12,000		72,000
Pre-1973 Retirement Adjustment	10,899,000			10,899,000
Indirect Cost Receipts		(21,383,700)		(21,383,700)
Subtotal Miscellaneous	\$ 390,494,676	\$ (33,517,900)	\$ 694,500	\$ 357,671,276
Miscellaneous Federal Funds	3,300,000			3,300,000
Total Miscellaneous	\$ 393,794,676	\$ (33,517,900)	\$ 694,500	\$ 360,971,276
Total Appropriations - State Funds	\$13,132,377,658	\$ 168,622,490	\$ 231,342,225	\$13,532,342,373
Total Appropriations - Federal Funds	\$ 3,841,952,000			\$ 3,841,952,000
Total Appropriations	\$16,974,329,658	\$ 168,622,490	\$ 231,342,225	\$17,374,294,373

^(a) Appropriations for these three programs include the federal funds as indicated.
A breakdown of the distribution of these federal funds among the programs is not available.

TABLE C
Summary of Appropriations by Fund, 1987-89

FUND	May 1987 88-89 Budget	Changes in Estimates	1988 Legislative Actions	April 1988 88-89 Budget
General	\$10,488,697,227	\$ 131,097,890	\$ 116,291,200	\$10,736,086,317
General Dedicated	907,822,000	39,395,500	13,105,100	960,322,600
Special Revenue ^(a)	117,659,300	(33,700)	19,652,800	137,278,400
School Endowment	58,500,100			58,500,100
Trunk Highway ^(a)	828,255,292		54,410,025	882,665,317
County State-Aid Highway ^(a)	363,600,000		18,700,000	382,300,000
Municipal State-Aid Streets ^(a)	116,500,000		5,700,000	122,200,000
Highway Users	23,421,300		1,146,100	24,567,400
State Airports	22,617,800		41,000	22,658,800
Transit Assistance	8,950,000			8,950,000
Motor Vehicle Transfer	4,623,400		1,031,300	5,654,700
Tobacco Tax Revenue and Sports & Health Club Sales Tax	15,103,239			15,103,239
Minnesota Resources	16,241,000			16,241,000
Public Health	16,595,800		376,000	16,971,800
Water Pollution Control	15,081,600		150,000	15,231,600
Game and Fish	74,798,900		95,000	74,893,900
Water Recreation	14,613,900			14,613,900
Environmental Response	8,150,000		238,500	8,388,500
Metro Landfill Abatement	2,268,000		49,300	2,317,300
Metro Landfill Contingency	1,120,200		90,600	1,210,800
Petroleum Tank Clean-up	802,900			802,900
Solid and Hazardous Waste	1,599,000			1,599,000
Economic Development	10,713,000			10,713,000
Ethanol Development	520,000	200,000		720,000
Rural Rehabilitation	3,500,000			3,500,000
Workers' Compensation	23,821,200		135,000	23,956,200
Children's Trust	200,000			200,000
Transfers to Other Direct Appropriations	(13,397,500)		250,000	(13,147,500)
Transferred but Not Appropriated ^(b)		(2,037,200)	(119,700)	(2,156,900)
Total Appropriations - State Funds	\$13,132,377,658	\$ 168,622,490	\$ 231,342,225	\$13,532,342,373
Total Appropriations - Federal Funds	\$ 3,841,952,000			\$ 3,841,952,000
Total Appropriations	\$16,974,329,658	\$ 168,622,490	\$ 231,342,225	\$17,374,294,373

^(a) Money transferred into these funds from the general fund is shown in the general fund appropriation. Specifically, \$1,600,000 for nongame wildlife programs was subtracted from the special revenue fund in both May 1987 and April 1988, and motor vehicle excise tax receipts of \$22,300,000 in May 1987 and an additional \$71,480,000 in April 1988 were subtracted from the transportation funds.

^(b) These motor vehicle excise tax receipts were appropriated from the general fund and transferred to the highway user tax distribution fund and the transit assistance fund but were not appropriated for expenditure from those funds.

TABLE D
General Fund Resources and Appropriations, 1987-89

Fund	May 1987 88-89 Budget	Changes in Estimates	1988 Legislative Actions	April 1988 88-89 Budget
RESOURCES				
Adjusted Balance Forward	\$ 291,075,200 (5/28/87)	\$ 208,410,500		\$ 499,485,700 (4/25/88)
Taxes and Receipts				
Individual Income Tax	\$ 5,669,900,000	\$ 62,200,000	\$ (17,420,000)	\$ 5,714,680,000
(Less Income Tax Refunds)	<u>(1,109,200,000)</u>	<u>21,600,000</u>		<u>(1,087,600,000)</u>
Net Individual Income Tax Receipts	\$ 4,560,700,000	\$ 83,800,000	\$ (17,420,000)	\$ 4,627,080,000
Corporation and Bank Income Tax	\$ 1,181,900,000	\$ (52,100,000)	\$ 34,410,000	\$ 1,164,210,000
(Less Corporate Income Tax Refunds)	<u>(203,200,000)</u>	<u>(48,000,000)</u>		<u>(251,200,000)</u>
Net Corporation and Bank Income Tax Receipts ..	\$ 978,700,000	\$ (100,100,000)	\$ 34,410,000	\$ 913,010,000
Sales Tax - General	\$ 3,254,300,000	\$ 84,400,000	\$ 15,080,700	\$ 3,353,780,700
(Less Sales Tax Refunds)	<u>(39,126,500)</u>	<u>(2,116,700)</u>		<u>(41,243,200)</u>
Net Sales Tax Receipts	\$ 3,215,173,500	\$ 82,283,300	\$ 15,080,700	\$ 3,312,537,500
Motor Vehicle Excise Tax	\$ 462,000,000	\$ 15,200,000		\$ 477,200,000
Other Non-Dedicated Revenue				
Estate Tax	\$ 18,585,000	\$ 5,257,100		\$ 23,842,100
Liquor, Wine and Beer Taxes	119,035,600	(3,008,800)		116,026,800
Cigarette and Tobacco Products Taxes	213,924,300	(4,789,200)		209,135,100
Iron Ore Occupation	450,000	346,400		796,400
Taconite Occupation	7,000,000	1,000,000		8,000,000
Royalty Taxes	5,804,500	109,400		5,913,900
Insurance Gross Premiums	224,639,000	21,461,000	\$ (4,300,000)	241,800,000
Telephone, Railroad and Other Gross Earnings ..	161,812,600	24,492,100		186,304,700
Railroad and Barge Fuel Excise	20,100,000	(18,385,100)	(800,000)	914,900
Legalized Gambling Taxes	33,054,600	8,708,100	(114,400)	41,648,300
Departmental Earnings	97,194,200		1,251,500	98,445,700
Investment Income	67,000,000	34,000,000		101,000,000
Income Tax Reciprocity	34,300,000	3,869,300		38,169,300
Other Non-Dedicated Revenue	71,600,000	(16,000,000)		55,600,000
DHS-Federal Reimbursement	38,108,100	(38,108,100)		
Tax Compliance	78,403,200	(78,403,200)		
(Less Refunds of Other Non-Dedicated Revenue)	<u>(30,421,000)</u>	<u>5,410,000</u>		<u>(25,011,000)</u>
Net Other Non-Dedicated Revenue	\$ 1,160,590,100	\$ (54,041,000)	\$ (3,962,900)	\$ 1,102,586,200
Transfers from Other Funds				
Other Special Revenue Funds	\$ 24,212,800	\$ 922,700	\$ 1,897,200	\$ 27,032,700
All Other Transfers	272,000			272,000
Admin. Revolving Fund Retained Earnings	<u>1,560,600</u>	<u>405,100</u>		<u>1,965,700</u>
Total Transfers from Other Funds	\$ 26,045,400	\$ 1,327,800	\$ 1,897,200	\$ 29,270,400
Total Non-Dedicated Revenue	<u>\$10,403,209,000</u>	<u>\$ 28,470,100</u>	<u>\$ 30,005,000</u>	<u>\$10,461,684,100</u>
Dedicated Revenue				
U of M Tuition and Fees	\$ 252,679,000	\$ 2,410,800		\$ 255,089,800
State University Tuition and Fees	125,112,900	20,414,100	\$ 7,325,500	152,852,500
Community Colleges Tuition and Fees	59,577,700	19,803,900	5,779,600	85,161,200
Medical Assistance Reimbursements from Counties	132,717,000	1,447,800		134,164,800
Medical Assistance Payments to Hospitals	312,104,300			312,104,300
Miscellaneous Dedicated	<u>25,631,100</u>	<u>(4,681,100)</u>		<u>20,950,000</u>
Total Dedicated Revenue	\$ 907,822,000	\$ 39,395,500	\$ 13,105,100	\$ 960,322,600
Total Resources Available (Including Balance Forward)	<u>\$11,602,106,200</u>	<u>\$ 276,276,100</u>	<u>\$ 43,110,100</u>	<u>\$11,921,492,400</u>

Fund	May 1987 88-89 Budget	Changes in Estimates	1988 Legislative Actions	April 1988 88-89 Budget
APPROPRIATIONS				
Omnibus Appropriation Bills				
Education Aids	\$ 2,970,436,810	\$ 45,032,890	\$ 29,000,000	\$ 3,044,469,700
Higher Education	1,654,024,100		32,444,700	1,686,468,800
Health and Human Services	2,216,546,800	(16,029,800)	(510,200)	2,200,006,800
Agriculture, Transportation, and Semi-State	178,925,400		2,950,000	181,875,400
State Departments	675,160,500	(2,117,300)	22,038,500	695,081,700
Total Omnibus Appropriation Bills	\$ 7,695,093,610	\$ 26,885,790	\$ 85,923,000	\$ 7,807,902,400
Miscellaneous Direct Appropriation Bills	\$ 47,283,617	\$ (11,707,500)	\$ 25,893,000	\$ 61,469,117
Open and Standing Appropriations				
Aids and Credits	\$ 2,445,335,300	\$ (1,504,600)	\$ 53,820,000	\$ 2,497,650,700
Debt Service	274,000,000	(6,000,000)	608,900	268,608,900
Other Open and Standing	26,984,700	64,467,700	(49,953,700)	41,498,700
Total Open and Standing Appropriations	\$ 2,746,320,000	\$ 56,963,100	\$ 4,475,200	\$ 2,807,758,300
Carryforward Appropriations		\$ 58,956,500		\$ 58,956,500
Total Appropriations	\$10,488,697,227	\$ 131,097,890	\$ 116,291,200	\$10,736,086,317
Less Estimated Cancellations	(40,000,000)			(40,000,000)
Net Appropriation Liability	\$10,448,697,227	\$ 131,097,890	\$ 116,291,200	\$10,696,086,317
Dedicated Appropriations				
U of M Tuition and Fees	\$ 252,679,000	\$ 2,410,800		\$ 255,089,800
State University Tuition and Fees	125,112,900	20,414,100	\$ 7,325,500	152,852,500
Community Colleges Tuition and Fees	59,577,700	19,803,900	5,779,600	85,161,200
Medical Assistance Reimbursements from Counties	132,717,000	1,447,800		134,164,800
Medical Assistance Payments to Hospitals	312,104,300			312,104,300
Miscellaneous Dedicated	25,631,100	(4,681,100)		20,950,000
Total Dedicated Appropriations	\$ 907,822,000	\$ 39,395,500	\$ 13,105,100	\$ 960,322,600
Total Spending	\$11,356,519,227	\$ 170,493,390	\$ 129,396,300	\$11,656,408,917
Funded Budget Reserve	\$ 250,000,000	\$ 95,500,000	\$ (80,500,000)	\$ 265,000,000
Unrestricted Budgetary Balance ^(a)	\$ (4,413,027)	\$ 10,282,710	\$ (5,786,200)	\$ 83,483

^(a) Budget is fully funded in spite of the apparent negative general fund balance because of the budget reserve.

TABLE E
Miscellaneous General Fund Direct Appropriations Bills
Fiscal Years 1987-1989

Chapter	May 1987 88-89 Budget	Changes in Estimates	1988 Legislative Actions	April 1988 88-89 Budget
Total 1988-89 Passed During 1987 Sessions	\$ 47,283,617	\$ (11,707,500)		\$ 35,576,117
1988 Regular Session				
525 Indian Treaty of 1854			\$ 5,050,000	\$ 5,050,000
603 Highways and Mass Transit			11,933,000	11,933,000
623 Outpatient Commitment			60,000	60,000
633 Amateur Sports Commission			180,700	180,700
671 Chlorofluorocarbons			25,000	25,000
688 Agriculture Omnibus			4,000,000	4,000,000
699 Veterans Homes Board			155,000	155,000
706 Claims			147,300	147,300
719 Tax Bill			4,342,000	4,342,000
Total	\$ 47,283,617	\$ (11,707,500)	\$ 25,893,000	\$ 61,469,117

TABLE F
General Fund Open and Standing Appropriations, 1987-89

	May 1987 88-89 Budget	Changes in Estimates	1988 Legislative Actions	April 1988 88-89 Budget
Aids and Credits				
Property Tax Refund				
Homeowners	\$ 74,800,000	\$ (1,104,600)		\$ 73,695,400
Renters	165,400,000	(12,300,000)	\$ 53,800,000	206,900,000
Subtotal	<u>240,200,000</u>	<u>(13,404,600)</u>	<u>53,800,000</u>	<u>280,595,400</u>
Agricultural Credit	221,294,000	1,375,500		222,669,500
Aid to Local Government	648,890,000	(1,083,100)		647,806,900
Attached Machinery Aid	6,436,000	(500)		6,435,500
Homestead Credit	1,211,154,000	2,702,900		1,213,856,900
Supplemental Homestead Property Tax Relief	1,822,000	(31,500)		1,790,500
Aid to Police and Fire	59,490,000	11,393,200		70,883,200
Winona Police Relief Amortization		123,100	20,000	143,100
Wetlands Property Tax Reduction	1,101,000	289,700		1,390,700
Native Prairie Credit	347,000	(17,000)		330,000
Payments in lieu on DNR Land	9,000,000	44,500		9,044,500
Agricultural Preservation Credit	47,000	256,100		303,100
Enterprise Zone Credit	2,102,000	(3,900)		2,098,100
Enterprise Zone Credit - Border Cities	2,000,000	(2,000,000)		
Small Business Credit	23,587,000	(462,000)		23,125,000
Income Maintenance Disparity Aid	12,444,000	(1,804,800)		10,639,200
Regional Transit Board Levy Reduction	4,052,000	(8,300)		4,043,700
Ethanol Development		520,000		520,000
Campaign Financing	800,000	600,000		1,400,000
Region 3 - Occupation Tax	569,300	6,100		575,400
Total Aids and Credits	<u>\$ 2,445,335,300</u>	<u>\$ (1,504,600)</u>	<u>\$ 53,820,000</u>	<u>\$ 2,497,650,700</u>
Debt Service - Capital Budget				
Capital Budget Debt Service	\$ 274,000,000	\$ (6,000,000)		\$ 268,000,000
Cooperative Secondary Facilities			\$ 608,900	608,900
Total Debt Service Open Appropriation	<u>\$ 274,000,000</u>	<u>\$ (6,000,000)</u>	<u>\$ 608,900</u>	<u>\$ 268,608,900</u>
Other Open and Standing				
Teachers Retirement Association		\$ 600,000		\$ 600,000
Property Tax Recognition Shift		31,990,400	\$ (31,990,400)	
Human Services Federal Reimbursement		(44,305,600)	(450,000)	(44,755,600)
Motor Vehicle Excise Tax	\$ 22,300,000	2,037,200	59,666,700	84,003,900
(Less Ethanol Development)		(520,000)		(520,000)
(Less Ethanol Promotion)		(200,000)		(200,000)
(Less Special Town Road Account)			(250,000)	(250,000)
Administration Loans to Revolving Funds	1,000,000	650,000		1,650,000
Department of Revenue	1,066,000			1,066,000
Forest Firefighting			3,400,000	3,400,000
Leech Lake - White Earth	1,016,300	149,400		1,165,700
Nongame Wildlife	1,600,000	(50,000)		1,550,000
IRRRB Contracts			100,000	100,000
Greater Minnesota Corporation		95,500,000	(80,500,000)	15,000,000
R. Weber Compensation	2,400			2,400
Judges' Retirement			70,000	70,000
Indirect Cost Receipts		(21,383,700)		(21,383,700)
Total Other Open and Standing	<u>\$ 26,984,700</u>	<u>\$ 64,467,700</u>	<u>(\$ 49,953,700)</u>	<u>\$ 41,498,700</u>
Total Open and Standing	<u>\$ 2,746,320,000</u>	<u>\$ 56,963,100</u>	<u>\$ 4,475,200</u>	<u>\$ 2,807,758,300</u>

TABLE G
1988 Session Direct Appropriations - by Fund, by Year

Chapter		Fiscal Year 1988	Fiscal Year 1989	Biennial Total
General Fund				
525	Indian Treaty of 1854		\$ 5,050,000	\$ 5,050,000
603	Highways and Mass Transit		11,933,000	11,933,000
623	Outpatient Commitment		60,000	60,000
633	Amateur Sports Commission		180,700	180,700
671	Chlorofluorocarbons		25,000	25,000
684	Semi-States	\$ 2,003,000	947,000	2,950,000
686	State Departments	3,542,600	18,495,900	22,038,500
688	Omnibus Agriculture Bill	230,000	3,770,000	4,000,000
689	Human Services	(17,545,900)	17,035,700	(510,200)
699	Veterans Homes Board	30,000	125,000	155,000
703	Higher Education	14,088,200	18,356,500	32,444,700
706	Claims Bill	147,300		147,300
718	Education Aids	13,470,400	15,529,600	29,000,000
719	Tax Bill	4,513,000	(171,000)	4,342,000
	Total General Fund	\$ 20,478,600	\$ 91,337,400	\$ 111,816,000
Special Revenue Fund				
633	Amateur Sports Commission		\$ (180,700)	\$ (180,700)
648	Seat Belt Bill		750,000	750,000
684	Semi States		538,000	538,000
686	State Departments	\$ 17,188,300	1,006,900	18,195,200
688	Omnibus Agriculture Bill		30,000	30,000
689	Human Services		320,300	320,300
	Total Special Revenue Fund	\$ 17,188,300	\$ 2,464,500	\$ 19,652,800
Trunk Highway Fund				
603	Highways and Mass Transit		\$ 54,200,000	\$ 54,200,000
681	DWI Repeat Offenders		22,900	22,900
684	Semi States		36,600	36,600
684	Semi States-Data Processing Transfer	\$ (20,000)	(21,000)	(41,000)
689	Human Services	74,400	85,500	159,900
706	Claims Bill	31,625		31,625
	Total Trunk Highway Fund	\$ 86,025	\$ 54,324,000	\$ 54,410,025
County, State-Aid Highway Fund				
603	Highways and Mass Transit		\$ 18,700,000	\$ 18,700,000
	Total County State-Aid Highway Fund		\$ 18,700,000	\$ 18,700,000
Municipal State-Aid Street Fund				
603	Highways and Mass Transit		\$ 5,700,000	\$ 5,700,000
	Total Municipal State-Aid Street Fund		\$ 5,700,000	\$ 5,700,000
Highway User Fund				
603	Highways and Mass Transit	\$ 300,000		\$ 300,000
647	License Plates		\$ 103,000	\$ 103,000
681	DWI Repeat Offenders		68,100	68,100
686	State Departments		675,000	675,000
	Total Highway User Fund	\$ 300,000	\$ 846,100	\$ 1,146,100
State Airports Fund				
684	Semi States-Data Processing Transfer	\$ 20,000	\$ 21,000	\$ 41,000
	Total State Airports Fund	\$ 20,000	\$ 21,000	\$ 41,000
Motor Vehicle Transfer Fund				
661	Motor Vehicle Emissions Inspection	\$ 10,000	\$ 200,000	\$ 210,000
685	Waste Management	821,300		821,300
	Total Motor Vehicle Transfer Fund	\$ 831,300	\$ 200,000	\$ 1,031,300
Public Health Fund				
689	Human Services	\$ 175,200	\$ 200,800	\$ 376,000
	Total Public Health Fund	\$ 175,200	\$ 200,800	\$ 376,000
Water Pollution Control Fund				
686	State Departments	\$ 50,000	\$ 100,000	\$ 150,000
	Total Water Pollution Control Fund	\$ 50,000	\$ 100,000	\$ 150,000
Game and Fish Fund				
686	State Departments	\$ 95,000		\$ 95,000
	Total Game and Fish Fund	\$ 95,000		\$ 95,000

Chapter		Fiscal Year 1988	Fiscal Year 1989	Biennial Total
	Environmental Response Fund			
685	Waste Management	\$ 238,500		\$ 238,500
	Total Environmental Response Fund	\$ 238,500		\$ 238,500
	Metro Landfill Abatement Fund			
686	State Departments	\$ 8,500	\$ 40,800	\$ 49,300
	Total Metro Landfill Abatement Fund	\$ 8,500	\$ 40,800	\$ 49,300
	Metro Landfill Contingency Fund			
686	State Departments	\$ 8,500	\$ 40,800	\$ 49,300
689	Human Services	19,300	22,000	41,300
	Total Metro Landfill Contingency Fund	\$ 27,800	\$ 62,800	\$ 90,600
	Workers' Compensation Fund			
686	State Departments	\$ 135,000		\$ 135,000
	Total Workers' Compensation Fund	\$ 135,000		\$ 135,000
	Total Direct Appropriations - All Funds	\$ 39,634,225	\$ 173,997,400	\$ 213,631,625

TABLE H
General Obligation Bonding Authorization - 1988 Legislature

Education		
Maximum Effort School Loan	\$ 20,000,000	
Cooperative Secondary Facilities Grant	\$ 8,000,000	
Total General Obligation Bonding Authorization	\$ 28,000,000	

APPENDIX

Rates of Principal Taxes

INCOME TAXES

Individual Income Tax

Graduated schedule of rates is applied to federal taxable income with adjustments. Federal income tax may not be deducted.

The tax brackets will be indexed for inflation beginning in 1991.

Taxable Income	Rate
Married Taxpayers Filing Jointly	
\$ 1 - \$19,000	6%
19,000-over	8%
Married Taxpayers Filing Separately	
\$ 1 - \$8,500	6%
8,501-over	8%
Single Taxpayers	
\$ 1 - \$13,000	6%
13,001-over	8%
Heads of Household	
\$ 1 - \$16,000	6%
16,001-over	8%
Corporation Franchise Tax	9.5%

(includes financial institutions)

The corporate minimum tax rate is one-tenth of one percent (one mill) applied to a corporation's payroll, property, and sales within Minnesota.

ESTATE

Estate Tax—Since 1986, a "pick up tax" equal to the amount of the state death tax credit against federal estate tax is imposed.

SALES AND EXCISE TAXES

General Sales and Use Tax	6%
Exemptions include food, clothing, prescription medicines, non-prescription analgesics, gasoline, motor vehicles, and farm machinery repair and replacement parts.	
Logging equipment (including large chainsaws), new capital equipment, and special dies	4%
Agricultural machinery	2%
Liquor, On and Off Sales—Additional	2.5%
Motor Vehicle Excise Tax	6%
Gasoline Tax —per gallon	20¢
Alcoholic Beverages	
Distilled spirits—per gallon	\$5.03
Wine—per gallon—varies with alcoholic content	\$.30 to \$3.52
Beer—per 31-gallon barrel	
3.2% alcohol or less	\$2.40
Strong beer	\$4.60
Breweries are given a credit of \$4.60 per barrel up to 25,000 barrels sold each year.	
Cigarette Tax —per pack	38¢
Tobacco Products —on wholesale price—35% (excludes cigarettes)	

GROSS EARNINGS TAXES

Telephone Companies

	Rate to Rural Subscribers	Rate to City Subscribers
Prior to Calendar 1989	4%	7%
Calendar 1989	3%	5.5%
Calendar 1990	1.5%	3%
Calendar 1991	1%	2.5%
After Calendar 1991	-0-	-0-

Locally assessed property taxes will be imposed on telephone companies beginning with taxes payable 1990.

Telegraph Companies

Prior to 1990	6%
Calendar 1990	4%
Calendar 1991	2%
After Calendar 1991	-0-

Sleeping Car Companies

Express Companies

Freight Line Companies

Insurance Companies Gross Premiums Tax

The tax rate on mutual insurance companies' property and casualty premiums was reduced as follows:

Prior to Calendar 1988	2%
Calendar 1988	1.5%
Calendar 1989 to 1991	1%
After Calendar 19915%

SEVERANCE TAXES

	1988-89
Iron Ore Occupation Tax	14%
Iron Ore Royalty Tax	14%
Taconite Occupation Tax	14%
Taconite Royalty Tax	14%
Beginning in 1990 iron ore and taconite mining companies will pay an occupation tax based on the corporate franchise tax. All royalty taxes are also eliminated in 1990.	
Taconite and Iron Sulphides Production Tax	
Per ton of concentrates; indexed to the implicit price deflator for 1988 and subsequent years.	
For 1988	\$1.90
Net Proceeds Tax	2%
Imposed on all mineral mining except sand, silica sand, building stone, horticultural peat, soil, iron ore, and taconite after 1986.	

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