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FISCAL REVIEW



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Fiscal Review

of the

1989 Legislative Sessions

Minnesota Senate
Office of Senate Counsel and Research

Edited by Bill Riemerman and Dan Salomone

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Introduction

This report represents the 15th edition of an annual report of actions taken by the Minnesota Legislature.

This is not an accounting of all legislative actions, but only those with significant fiscal effect. While the text does not include a discussion of every bill with fiscal impact, the tables found in the statistical appendix are all-inclusive and reconcile with the fund statements prepared by the Department of Finance.

This is a report on "appropriations", not actual spending. Spending is affected by many factors including accounting conventions and unexpected participation in programs. In a sense, this is a report on legislative "intentions" for spending as expressed by appropriations levels at the time of passage.

Some appropriations are open-ended, with the actual spending amount determined by funding formulas and the size of eligible client populations. These "open and standing" appropriations are based on estimates of program participation made during the legislative process. Actual participation determines actual spending. In contrast, "direct" appropriations set limits on spending. Actual spending may be less than the direct appropriation, but never

more than the appropriation without further legislative involvement.

The report is organized by large functional groupings of spending. The functional categories do not strictly correspond to agencies or major spending bills (eg. the function of "public safety" includes appropriations to the Department of Corrections, the Minnesota Sentencing Guidelines Commission, and other entities involved in the provision of public safety, including the Department of Public Safety).

Where they exist, this report identifies federal dollars by functional category, as well as appropriations which are directly offset by payments to the State from user fees and other "dedicated revenues." For example, total appropriations for health and human services totaled over \$5.19 billion for the budget biennium. Of that amount, \$2.32 billion will come from federal funds, and \$459 million will be offset with payments from counties and hospitals. As a result, the net state cost for health and human services is expected to be \$2.41 billion for the biennium. Similarly, the higher education appropriation includes amounts to be repaid with tuition and fee revenue. To avoid overstating net state costs, this report identifies these offsetting reimbursements.

Highlights

The 1989 Legislature appropriated \$20.57 billion from all funds for fiscal years 1990 and 1991. This amount represents an increase of 18.4 percent over the appropriations made for the fiscal years 1988 and 1989.

Revenues

The 1989 legislation increased taxes by a net of \$90 million. The increases result from the taxation of lottery prizes; the sales taxation of lottery tickets and waste collection and disposal services; and an increase in the lawful gambling tax. Tax decreases will result from an increase in the dependent care credit; a restructuring of the corporate alternative minimum tax; and additional sales tax exemptions for capital equipment purchases.

Expenditures

Aids and Credits

A total of \$2.65 billion was appropriated for direct property tax relief (non-programmatic). This 9.7 percent increase over the 1987-89 biennium includes \$1.45 billion for Homestead and Agricultural Credit Aid (HACA), \$102.8 million in disparity aid, \$301.6 million for property tax refunds, and \$764.5 million in aid to local governments. These amounts do not include programmatic aids of over \$6.8 billion paid for education, human services, and transportation. These amounts are shown with the functional category in which they belong. A complete list of property tax relief and local aid payments can be found on page ten.

Elementary and Secondary Education

The 1989 Legislature provided \$3.91 billion for elementary and secondary education, up 25.8 percent from the amount appropriated for the 1987-89 biennium. Three-fourths of this amount is general education aid at \$2.9 billion. The basic per pupil unit revenue amounts used in the equalization formula for general education aid will be \$2,755, \$2,838, and \$2,953 for school years 1989, 1990, and 1991 respectively. In addition to the state funds appropriated, \$343.3 million in federal funds will be available for elementary and secondary education, up

27.5 percent over the previous biennium.

The Legislature also shifted \$328 million from HACA, which would ultimately be paid to school districts, to School Aids, making the payments more direct.

Further, \$100 million was shifted from city Local Government Aid (LGA) to school aid. This shift provides new aid dollars to school districts with the requirement that local education levies be reduced, dollar for dollar. Cities, on the other hand, are expected to raise their levies to replace the \$100 million reduction in aid. The swap of state aid for local revenues raises the state's share of education financing to 65 percent.

Higher Education

Higher education was funded to the extent of \$2.56 billion. This is an increase of 12.6 percent over the previous biennium and this includes \$53.6 million in federal funds. In order of magnitude, the higher education systems were funded as follows: \$903.8 million for the University of Minnesota, \$346.6 million for the State University System, \$340.7 million for the Technical College System, and \$187.7 million for the Community College System. In addition, the Higher Education Coordinating Board was appropriated \$180 million, of which \$160.3 million is used for state scholarships, grants, and interstate tuition reciprocity. The monies appropriated to the various higher education institutions is offset by tuition and fees which are expected to total \$542.6 million, ten percent more than in the previous biennium.

Health and Human Services

State funding for human services will total \$2.77 billion for the 1989-91 biennium. An additional \$2.22 billion in federal funds will be available for human services. The state appropriation represents an increase of 20.1 percent over the 1987-89 biennial appropriation.

The largest items include: \$1.05 billion for Medical Assistance and General Assistance Medical Care, \$408.7 million for family support programs, including AFDC, General Assistance, Work Readiness, and Minnesota Supplemental Aid, \$376.8 million for Regional Treatment Centers, and \$244.8

million for Social Services.

These appropriations will be offset by county and hospital payments totaling \$459.1 million.

An additional \$199.1 million, \$102.9 million of which are federal funds, was appropriated for the Department of Health and health-related boards.

Transportation

Various transportation programs were appropriated \$1.81 billion of state money and \$995.6 million in federal funds for the 1989-91 budget biennium. The biggest share of these funds, \$1.56 billion, was provided for highway development and operations, of which \$667.8 million consists of state aids for county and municipal roads. Other categories include \$198.1 million for general support services, technical services, and program management, \$74.1 million for public transit, and \$27.3 million for aeronautics.

The Legislature increased the share of the state's Motor Vehicle Excise Tax allocated to transportation from 30 percent to 35 percent, bringing the projected total allocation to \$176 million for the biennium.

Public transit received \$74.1 million which includes \$6.8 million for light rail transit, \$16.3 million for transit assistance in Greater Minnesota, and \$49.8 million for metropolitan transit assistance.

Higher motor vehicle license fees will provide an additional \$68.4 million for transportation needs.

Gambling

In response to voter approval of a 1988 constitutional amendment allowing for the creation of a state lottery, the Legislature established a state lottery and appropriated \$8.5 million for the start-up costs, \$750,000 for the creation of a Division of Gambling Enforcement in the Department of Public Safety, and \$800,000 for a compulsive gambling treatment program. The \$8.5 million for start-up costs will be reimbursed to the General Fund out of the lottery proceeds.

Legislation also created a new Department of Gaming which includes a Lottery Division, a Gambling Control Division, and a Pari-Mutuel Racing Division.

Groundwater Protection

Actions of the 1989 Legislature included a major initiative to protect Minnesota's groundwater

from contamination. The Legislature appropriated \$14 million from the General Fund for groundwater protection. Of that amount, \$4.7 million will be offset with new revenues from various fees.

The new law requires a multi-agency approach to groundwater protection. The Departments of Agriculture and Health, and the Pollution Control Agency are given new roles in monitoring water contamination and in acting when contamination is detected. A Legislative Water Commission will oversee new water research and education efforts, well drilling and sealing will be regulated, the location of wells will be disclosed, the use and disposal of pesticides and fertilizers will be more strongly regulated, and a new Agricultural Chemical Response and Reimbursement Account is created to allow the Department of Agriculture to respond quickly when contamination involving agricultural chemicals is detected.

Recycling

A Comprehensive Recycling and Solid Waste Act that appropriates \$30 million for recycling programs was enacted. Of the \$30 million, \$22.3 million is provided to the Office of Waste Management for a county block grant program that distributes funds on a per capita basis with a minimum grant of \$55,000 for each county. An additional \$7.7 million was provided to various agencies for state recycling programs and administration costs.

Under the recycling act, non-metropolitan counties must recycle at least 25 percent of their wastes by July 1, 1993. Metropolitan counties must recycle at least 35 percent.

Funds for recycling programs are provided by extending the state's six percent sales tax to waste collection and disposal services.

Crime

The 1989 Legislature passed an Omnibus Crime Control Bill (Ch. 290) in which \$59.8 million was appropriated for new crime control efforts. The bill increases sentences for certain crimes, changes drug laws, and establishes sex offender treatment programs.

Included in the funding for new crime control initiatives is \$17 million to convert the Faribault Regional Treatment Center to a medium-security correctional facility.

Other Initiatives

Other significant actions of the 1989 Legislature included: \$7.7 million to fund a pension benefit formula change for certain public employees; \$4.9 million to cover the net cost of a state takeover of trial courts and county district costs in the eight judicial districts; \$750,000 for a new grasshopper control program; a reduction of \$1.95 million in funds for

the Greater Minnesota Corporation; and a total of \$158.4 million in bonding, including \$11.2 million to remodel and expand the Memorial Library at Mankato State University, and \$10.3 million to construct a new Health and Applied Science Building at Winona State University. Once again the Legislature passed a comprehensive workers' compensation bill, and again it was vetoed by the governor.

**Summary of Appropriations by Major Function
1987-89 and 1989-91 Bienniums**
(dollars)

	<u>1987-89</u>	<u>1989-91</u>
Aids and Credits	\$ 2,426,104,400	\$ 2,659,643,000
State Funds:		
Elementary and Secondary Education	3,109,583,200	3,910,538,400
Higher Education	2,205,923,000	2,503,603,000
Human Services	2,310,657,800	2,774,203,000
Health	88,377,000	96,125,000
Veterans	35,000,900	45,597,000
Transportation	1,415,336,925	1,809,160,000
Agriculture	37,383,500	39,206,000
Economic Development	82,183,300	80,903,000
Housing	19,203,400	28,267,000
Natural Resources	267,942,500	317,635,750
Pollution Control	51,753,200	99,642,000
Protection of Workers	115,571,200	109,509,000
Public Employment	208,326,400	297,906,102
Industry Regulation	52,158,300	51,195,000
Public Safety	388,147,692	480,944,000
Governance	191,901,780	252,671,400
Other Departments, Boards, Commissions	252,065,100	269,881,000
Direct Capital Appropriations and Debt Service	328,467,100	415,276,000
Miscellaneous	<u>5,448,181</u>	<u>12,013,200</u>
Total State Appropriations (Gross)	\$ 13,591,534,878	\$ 16,253,918,852
Indirect Cost Receipts	(21,383,700)	(17,800,000)
Total State Appropriations (Net)	\$ 13,570,151,178	\$ 16,236,118,852
Federal Funds	3,841,982,000	4,335,769,000
Total Appropriations--All Funds	\$ 17,412,133,178	\$ 20,571,887,852
Budget and Cash Flow Reserves		\$ 550,000,000

Revenues

State Taxes

While the Omnibus Tax Bill contained provisions related to nearly all state taxes, the fiscal emphasis was on property tax relief. As passed, the bill will provide approximately \$278 million in new property tax relief, primarily through increases in the Homestead and Agricultural Credit Aid, enhanced targeting provisions and through a new tax base equalization aid.

Sales and gross receipts tax changes will increase biennial revenues by nearly \$84 million, with approximately \$44.9 million derived from the graduated combined receipts tax on lawful gambling, nearly \$30 million from extension of the sales tax to solid waste collection and disposal services and \$14.2 million from a six percent gross receipts tax on lottery ticket revenues. Tax expenditure items totaling \$5.7 million included sales tax exemptions for certain capital equipment purchases and for meals furnished to hotel, motel or resort employees free or at a reduced charge.

Individual and corporate income tax revenues will decrease by \$8.5 million through an expansion of the child care credit, adjustments to the alternative minimum tax for corporations, and elimination of the apportionment requirement for recipients of railroad retirement benefit refunds. Projected income tax increases from reduced property tax deductions, lottery prizes and the taxation of unrelated business income will offset the increase in tax expenditures.

Individual Income Tax

The income limit for the dependent care credit was increased, allowing more taxpayers to take advantage of the credit. Previously, taxpayers could claim the entire amount of their federal dependent care credit on their state return up to \$12,200 of income. The credit was phased out between \$12,200 and \$24,000. The threshold for the phase-out of the

dependent care credit was increased from \$12,200 to \$13,350. The credit will now be phased out between \$13,350 and \$27,000. The cost of the increased dependent care credits claimed is estimated to be \$5.2 million for the 1989-1991 biennium.

The taxation of railroad retirement benefits was eliminated in response to a recent court decision which held that railroad retirement benefits are not subject to state income taxes. The elimination of the tax on these retirement benefits is estimated to cost \$2.1 million for the biennium.

A provision was added requiring the state lottery to withhold state income taxes on lottery winnings. It is estimated that this provision will raise \$8.3 million for the biennium.

Because of the increased property tax aids included in the special session tax law, individual income tax collections are expected to increase by \$5.8 million for the biennium due to reduced itemized deductions claimed for property taxes.

Sales Tax

Sales tax exemptions were provided for capital equipment used in the establishment of a new or the physical expansion of an existing manufacturing, fabricating or refining facility, and for meals provided to employees of hotels, motels and resorts at less than full price.

Other provisions included the extension of the sales tax to telephone access charges imposed by hotels, and the explicit exemption of certain therapeutic devices used by diabetics.

The bill also increased the maximum rate for local lodging taxes from three percent to six percent, and requires that 95 percent of the revenue generated by the first three percent be used for tourism and convention promotion.

Gambling Taxes

The tax bill provided for the establishment of a graduated receipts tax on the gross receipts from all lawful gambling other than bingo. The rates and brackets are:

<u>Combined Receipts</u>	<u>Bracket Tax Rate</u>
\$ 0 - 500,000	0
500,001 - 700,000	2%
700,001 - 900,000	4
900,001 and Over	6

These provisions also expanded the legal expenditures from lawful gambling receipts to include payment of property taxes on licensed gambling facilities, construction and maintenance of approved athletic fields and outdoor ice rinks, and erection and acquisition of real property to replace, with a comparable structure, a building destroyed by fire or other natural disaster.

Taxes on tipboards and pull-tabs were also changed from ten percent of net to two percent of gross revenues. The tax is in addition to the new graduated receipts tax for receipts in excess of \$500,000. Lottery tickets were also exempted from the general sales tax. The state lottery division of the Department of Gaming will, instead, pay a tax of six percent of the gross receipts from lottery ticket sales.

Corporation Franchise Tax and Insurance Gross Premium Tax

The corporate alternative minimum tax was restructured, eliminating the tax on the payroll, property and sales factors (factors tax).

The new alternative minimum tax is equal to the amount by which seven percent of Minnesota alternative minimum taxable income exceeds the regular income tax. If the revenue from the new alternative minimum tax is less than the amount that would have been raised by the factors tax, a surtax is applied to the new alternative minimum tax. These changes to the alternative minimum tax are assumed to be revenue neutral. A new credit is provided that prevents the double taxation of deferral tax preferences. This credit is estimated to cost \$3 million for the biennium.

The income taxation of insurance companies was updated by requiring that their taxable income be determined under the Internal Revenue Code of 1988 rather than under the Revenue Act of 1936. This change is estimated to cost \$2 million for the biennium.

The reduced insurance gross premiums tax rate of 0.5 percent for domestic mutual insurance companies was extended to companies principally writing workers' compensation insurance. These companies had previously been required to pay the normal two percent insurance gross premiums tax rate. This change is estimated to cost \$1.2 million for the biennium.

Fund Consolidation

The 1989 Legislature instructed the Department of Finance to consolidate a number of special revenue funds and other accounts in the statewide accounting system for the purpose of providing a more meaningful, less complex, and more efficient financial reporting system.

The net result of these consolidations is expected to increase the general fund balance by \$63.5 million. This results from the transfer of balances from certain non-general funds to the general fund as those funds are "closed-out."

The statewide accounting system consists of three broad classes of funds: Governmental Funds, Proprietary Funds, and Fiduciary Funds. Much of what is normally thought of as state revenues and expenditures are accounted for in Governmental Funds which consist of the "general fund," numerous "special revenue funds," a few "capital projects funds," and a "debt service fund."

Since the last consolidation in 1958, the number of funds has risen from 29 to 85. The proliferation of funds, particularly special revenue funds, has caused concern among those who prepare and use state financial reports. Generally Accepted Accounting Principles

(GAAP) require that the number of funds be minimized, and be consistent with the legal and operational requirements of government. Extraneous funds complicate the accounting system, make it more difficult to achieve effective legislative oversight, make year-to-year comparisons of financial statements difficult, and destroy the functional basis of financial reporting.

Biennial Revenues Shifted
From Special Revenue Funds
to the State General Fund
(dollars)

	1989-91
Cigarette Tax Revenues from Water Pollution Control Fund	\$ 30,378,000
Cigarette Tax Revenues from Public Health Fund	24,390,000
Other Fund Consolidation (net)	8,700,000
	\$ 63,468,000

Local Property Tax and State Aids

Local Property Tax

Many of the major provisions of the tax bill contained refinements to the new property tax system put in place by the 1988 omnibus tax bill. These include both adjustments in the new property tax relief programs, to better coordinate the aid programs and relieve local administrative burden, and changes in the class rates applied to market values to limit a significant projected property tax increase.

Significant changes in the class rates for taxes payable in 1990 were as follows:

Property Tax Classification Percentages

<u>Class</u>	<u>Taxes Payable 1990</u>	
	<u>Old Rate</u>	<u>New Rate</u>
Residential Homestead		
First \$68,000	1.0%	1.0%
\$68,000 - \$100,000	2.5	2.0
Over \$100,000	3.3	3.0
Agricultural Homestead		
First \$68,000 House & One Acre	0.805	1.0
Excess to 320 Acres	1.12	0.4
Excess over 320 Acres	1.295	0.4
\$68,000 - \$100,000	2.2	2.0
Excess to 320 Acres	1.44	0.4
Excess over 320 Acres	1.665	0.4
Over \$100,000	2.2	3.0
Excess to 320 Acres	1.44	1.3
Excess over 320 Acres	1.665	1.7
Timberland	1.665	1.7
Agricultural Nonhomestead		
House & One Acre	2.7	3.0
Remainder	1.665	1.7
Seasonal Residential (Cabins)	2.3	2.4
Seasonal Commercial		
(Homestead Resorts)	0.9	0.4
(Resorts)	2.6	2.4
Residential Nonhomestead (1-3 Unit)	3.5	3.0
Apartment (4 or More Units)	4.1	3.6
Commercial, Industrial and Utility		
Less than \$100,000	3.3	3.3
Over \$100,000	5.25	5.06
Mineral	5.25	5.06
Railroad	5.25	5.06

Further reductions in class rates are scheduled for certain property classes for taxes payable in 1991 through 1993 and a target rate of four percent was established for all properties with a payable 1990 class rate of 5.06 percent. Effective for taxes payable in 1991 the "effective tax rate" for these properties will be the weighted average of the four percent target rate and the 5.06 percent rate, with the phase-in percentage determining the weight of the target rate. The phase-in percentage is established at ten percent for taxes payable in 1991.

These provisions also extended the number of seasonal commercial operating days from 200 to 225, and allowed the homestead resort classification for property owned by a small business corporation or partnership if one of the shareholders homesteaded the property.

Other provisions placed additional restrictions on qualification for leasehold cooperative property classification and exempted from the property tax certain refuse-derived fuel facilities and property leased to school districts for kindergarten to grade 12 instruction.

Property Tax Refund and Targeting

The omnibus tax bill expanded the property tax refund schedule to extend eligibility to homeowners with household incomes between \$35,000 and \$60,000. Refunds will be calculated on net property taxes, eliminating the homestead credit offset to reflect the change to Homestead and Agricultural Credit Aid (HACA). As a result, the maximum refund was reduced to \$400.

Targeting

The bill eliminated the \$250 credit maximum from the targeting provisions for taxes payable in 1989 and established a credit for taxes payable in 1990 and 1991 equal to 75 percent of any homestead tax increase in excess of 10 percent over the previous year, up to \$250, and 90 percent of any increase beyond the \$250. The refund is only allowed if the tax increase exceeds \$40. For taxes payable in 1992 through 1994, the minimum increase and the

portion subject to the 75 percent reimbursement are increased. Total appropriations for the targeting provisions are limited to \$7 million for taxes payable in 1991 and are reduced by \$500,000 each year through taxes payable in 1994.

An additional provision established a similar credit for seasonal recreational residential property, paying 75 percent of the 1990 tax increase in excess of ten percent over taxes payable in 1989, up to a \$250 increase. The increase must exceed \$40 and the maximum credit is \$187.50 ($\$250 \times .75$).

A commercial/industrial (C/I) equalization refund is also established for taxes payable in 1990 and 1991. The program applies only to second tier C/I property and will refund 75 percent of the difference between the tax at the statutory class rate and the tax at any higher effective tax rate. The refund appropriation is limited to \$10 million for each year, requiring a proportionate reduction in all claims if total claims exceed \$10 million in either year.

Non-Programmatic Aids

A number of technical adjustments are made in the computation of the disparity reduction aid and HACA and an indexing factor is established to be applied to HACA to compensate for increased taxes on farms and homesteads due to tax shifts onto those property classes. A new "manufactured homestead and agricultural credit aid" is also established. The aid computation mirrors that of the current HACA, but pertains only to the tax paid on manufactured homes.

The bill also establishes a new tax base equalization aid to aid in reducing tax base disparities among cities.

The most significant Local Government Aid (LGA) change reduces 1990 LGA distributions (including the new equalization aid) to cities and towns by 3.4 percent of each city's or town's adjusted net tax capacity. If the subtraction exceeds

their LGA, the remaining amount is to be subtracted from their HACA. Other LGA changes include towns with populations of 5,000 or more in the city LGA distribution and place additional limits on the LGA increase a city can receive.

Towns levying a tax capacity rate of at least .008 in 1989 will receive 106 percent of their 1989 LGA in 1990. In 1991 and subsequent years, towns levying at least the .008 rate in the preceding year will receive their 1990 distribution less an adjustment for the aid shift to school districts.

An offset was also provided against county local government aid and HACA for the costs incurred in the state takeover of the district court administration and operation of the trial court information system. In Hennepin and Ramsey Counties, the offset will also reflect the takeover of public defender services in juvenile and misdemeanor cases.

All State Aids

The 1989 session of the Legislature adopted a general fund budget of nearly \$13 billion -- of which \$8.7 billion was for aids to local governments and individuals. Another \$745.9 million was appropriated from non-general fund sources for total aids of nearly \$9.5 billion.

This analysis is based on general fund data handled somewhat differently than the Finance Department's data. The fiscal review adjusts state appropriations data to exclude tuition payments at state colleges, state universities and the University of Minnesota. It also excludes human service appropriations from the dedicated general fund. Further, the Fiscal Review's analysis counts the property tax refund (circuit breaker) payments as an item of state property tax relief, rather than as an income tax offset.

The relief package totals 66.9 percent of the general fund budget and 62 percent of total non-federal spending from all funds.

The largest aid expenditure is for school districts. The education aid package totals \$3.8 billion in general fund money and \$58 million from the permanent school fund. These aids are for educational programs. Other aids go to school districts as relief for property taxpayers and are counted in the tax relief category.

Tax relief is the next largest aid expenditure. These aids total nearly \$2.6 billion. Most of these aids go for Homestead Credit Agriculture Credit Aid (HACA) and \$1.5 billion; other major aid appropriations include local governmental aid, \$764 million; property tax refund to individuals, \$302 million; and disparity reduction aid, \$103 million.

The next largest aid program is the state share of medical and family support welfare programs at nearly \$1.7 billion in general fund money and \$64 million in off-budget appropriations from mortgage and registry tax collection. Medical welfare aid is expected to cost nearly \$1.4 billion and family support programs costing \$344 million in general fund money and about \$64 million in non-general fund money. The table below shows \$34 million of the \$344 million general fund money as an AFDC appropriation from mortgage registry tax receipts.

The medical programs include vendor payments for hospitals, physicians, dentists, nursing homes, etc., paid for under medical assistance of General Assistance Medical Care; family support includes AFDC, General Assistance and Minnesota Supplemental Aid for the aged and handicapped.

Other general fund aid program appropriations are pension aids (mostly for fire and police employees), \$131 million; social services aid, \$101 million; mass transit aid, \$78 million; mental health clinic grants, \$47 million; county-municipal highway aids from the Motor Vehicle Excise Tax, \$43 million; community corrections aid, \$39 million; community health aid, \$28 million; and about \$63 million in appropriations for the county trial court system (\$6.6 million of this will be offset by a county aid reduction).

Property Tax Relief and Local Aids Biennial Appropriations (dollars)	
General Fund	
	<u>1989-91</u>
Non-programmatic Aids	
Aids and Credits	\$ 2,654,671,000
Programmatic Aids	
Elementary and Secondary Education Aid (including Teacher Retirement)	3,804,349,000
Income Maintenance	1,682,477,000
Social Services	101,264,000
Mental Health Grants	47,127,000
Mortgage Registry AFDC	34,140,000
Community Corrections Aids	38,609,000
Community Health Aids	27,656,000
Pension Aids	131,085,000
Aid to Mass Transit	77,920,000
City-County Highway Aids from MVET	43,000,000
Trial Courts	<u>63,350,000</u>
Total General Fund	\$ 8,705,648,000
Non-General Funds	
Non-programmatic Aids	
Highway County State Aids	\$ 476,200,000
Highway Municipal State Aids	147,800,000
Mortgage Registry and Deed Revenue Fund for AFDC	63,860,000
Permanent School Fund	<u>58,000,000</u>
Total Non-General Funds	\$ 745,860,000
Total All Funds	\$ 9,451,508,000

Levy Limits

The Omnibus Tax Bill establishes the levy limit base for taxes levied in 1989 as the prior year's adjusted base plus the amount of administrative reimbursement aid received in 1988. Additional adjustments are included to reflect state takeover of specified county court costs.

The adjusted levy limit base for taxes levied in 1989 and subsequent years will be equal to the levy limit base increased by the following:

- (a) three percent of the previous year's base;
- (b) (1) the greater of one-half of the percentage increase in a city's or town's population or households or (2) the lesser of the percentage increase in a county's population or households;
- (c) permanent increases approved by referendum;
- (d) an amount which a county incurred for litigating federal land claims for levy year 1989;

- (e) for levy years 1989 - 1991, for Ramsey County, an amount to implement the local government pay equity act; and
- (f) for levy year 1989, an amount equal to the decrease in a county's 50 percent share of power line taxes extended between payable years 1988 and 1989.

Levy limits will be equal to the adjusted levy limit base less local government aid (excluding equalization aid) and taconite aids.

Special levies for public assistance payments and social services will be limited to a 12 percent maximum increase in the seven metropolitan area counties and St. Louis County and to 15 percent in all other counties.

Levy limits are repealed beginning with taxes levied in 1991 for cities and towns, and in 1992 for counties.

Tax Increment Financing

Tax increment provisions in the bill are generally restrictive in nature. The bill clarifies several provisions governing the creation and expansion of hazardous substance sites or subdistricts and the determination of the original gross tax capacity of the site or subdistrict. It also requires that at least 90 percent of the tax increment generated in a redevelopment district must be used to correct the conditions underlying the area's designation as a redevelopment district.

Municipalities will be authorized to impose shorter limits on the duration of their districts than are imposed under state statute, and income requirements will be imposed on housing projects. The bill also clarifies that the provisions governing payments of tax increment attributable to school referendum levies apply to pre-1979 districts.

Appropriations

Elementary and Secondary Education

The 1989 Legislature appropriated \$3.9 billion for elementary and secondary education for the 1990 and 1991 fiscal years. This represents an increase of \$800 million, or 25.8 percent, over the appropriations for the previous biennium of \$3.1 billion.

The table below summarizes the appropriations for the two bienniums. The largest category-- General Education Aid--accounts for approximately three-fourths of all appropriations for elementary-secondary education. The greatest percentage increases are in appropriations for District Organization and Capital Expenditures; both of these categories include major new programs.

Elementary and Secondary Education Biennial Appropriations (dollars)			
	<u>1987-89</u>	<u>1989-91</u>	Percent Change
Department of Education and Arts Center	\$ 45,289,000	\$ 60,315,000	33.2%
General Education Aid	2,338,626,000	2,896,548,000	23.9
Transportation Aid	183,331,000	206,336,000	12.5
Special Programs	374,943,000	406,673,000	8.5
Community and Adult Education	31,671,000	45,908,000	45.0
Capital Expenditures	36,191,000	180,023,000	397.4
District Organization	1,650,000	9,909,000	500.5
Educational Improvement	9,417,000	11,496,000	22.1
Other Educational Aids	<u>88,465,000</u>	<u>93,331,000</u>	5.5
Total	\$ 3,109,583,000	\$ 3,910,539,000	25.8%

The appropriations for General Education Aid, Transportation Aid and Capital Expenditure Aid were increased by action during the special session over appropriations made during the regular session.

These increases have two sources. The first was a shift of about \$328 million from Homestead and Agricultural Credit Aid. This is not new money to education since the aid would have been paid to school districts under the program. The second is a shift of about \$100 million from the Local Government Aid Program. This is new state aid to education that increases the state's share of education funding.

Department of Education and Arts Center

The 1989 Legislature appropriated \$48.3 million for administration of the state Department of Education (including the Faribault residential academies). This was an increase of \$8 million, or 19.8 percent, over the previous biennium. An additional \$12 million was appropriated for the Minnesota Center for Arts Education. This will allow the center to become fully operational as a secondary school in the fall of 1989.

General Education Aid

The General Education Aid program is the largest category of aid paid to school districts. Unlike "categorical" aids, General Education Aid may be used to pay for a variety of a district's operating expenses. General Education revenue includes a series of complicated aid and levy formulas which have been modified many times. For fiscal years 1985 through 1988 it included basic foundation aid and levy, which guarantees every district a specified amount of revenue per pupil unit, and five "tiers" of discretionary aid and levy, which provide districts with varying amounts of revenue.

For fiscal year 1989 and thereafter, the Legislature enacted a new "general education aid and levy" formula, which replaced foundation revenue, teacher retirement aid, and a number of other smaller categorical aid programs.

The new formula is intended to simplify the state's education finance system and to reduce disparities among districts in revenue and tax rates.

General education revenue consists of four separate components:

1. *Basic revenue* is \$2,755 per actual pupil unit for all school districts in fiscal year 1989. This amount will be \$2,838 in fiscal year 1990 and \$2,953 in fiscal year 1991.
2. *Compensatory education revenue* is additional revenue for districts in which the number of children receiving AFDC is greater than six percent of the actual pupil units. This revenue may be used only to provide services for children whose achievement is below the age-appropriate level.
3. *Training and experience revenue* is provided to districts in which the teachers have, on average, high levels of education and experience. It is intended to partially compensate for the relatively high salaries in these districts.
4. *Sparsity revenue* is provided to districts which are both small and geographically isolated. There is a secondary component for districts with less than 400 secondary students and an elementary component, added during the 1989 session, for schools under 140 elementary students.

To receive general education revenue, each district must levy property taxes up to an amount equal to a specified tax capacity rate times the district's adjusted tax capacity. State aid will make up the difference between the district's total general education revenue and the proceeds of the levy.

The general education revenue formula has three additional provisions. The first is a *supplemental revenue* provision which guarantees that every district's revenue per pupil unit will equal at least its 1988 revenue per pupil unit (for all of the revenue categories which were replaced by general education revenue) plus a minimum guarantee. If a district's general education revenue is less than this guaranteed minimum, the district receives supplemental revenue equal to the difference. The minimum guarantee is \$143 per pupil unit for fiscal year 1990 and \$258 for fiscal year 1991. The second provision is a *fund balance* reduction provision. If a district's operating fund balance exceeds \$600 per pupil unit, the district's general education revenue will be reduced by the amount of the excess, up to a maximum reduction of \$150 per pupil unit. The third provision is a *levy equity* provision, which increases local tax levies in districts with high property values per pupil unit. Once fully phased in, this provision will require all districts to levy the same general education tax capacity rate.

Transportation Aid

The 1989 Legislature appropriated \$206 million for Transportation Aid in fiscal years 1990 and 1991, up \$23 million from the prior two years. State aid was authorized for transportation in a mobility zone, for respite care facilities and for between school, home, and day care facilities for teen mothers still in school. The basic formula also was adjusted in a number of minor ways.

Special Programs

The 1989 Legislature modified the funding formulas for special education, and secondary vocational handicapped students, reducing the state's share of funding for these programs. The special education and secondary vocational handicapped formulas were reduced from 66 percent of salary up to \$18,400 per teacher to 60 percent of salary up to \$16,727 per teacher. Despite these formula reductions, the amounts appropriated for these programs increased from \$330 million for fiscal years 1988 and 1989 to \$353 million for fiscal years 1990 and 1991. Two new programs were added during the 1989 session. The first, Assurance of Mastery, is an expanded version of a existing program to aid students who are not performing at grade level. The program provides \$45 per pupil in grades kindergarten to 8. One-half of this amount is state aid with local districts contributing the remainder. The second new initiative is the Individualized Learning and Development Program. The intent of this program is to reduce class-sizes in kindergarten and grade 1 and to develop individualized learning plans for students in these grades.

Community and Adult Education

The 1989 Legislature appropriated \$45.9 million for community and adult education programs in fiscal years 1990 and 1991. This was an increase of \$14.2 million, or 45 percent, over the total for the previous biennium. Appropriations for general community education, early childhood family education, and handicapped adult programs were increased, due both to formula increases and increased participation. Appropriations for adult education aid were increased from \$1 million to over \$2.8 million.

Capital Expenditures

The Legislature appropriated \$180 million to

fund district expenditures on capital. This includes \$107.3 million for facilities, \$50.8 million for equipment and \$18.9 million for health and safety improvements. An additional \$3 million was appropriated for debt service for maximum effort school loans.

Educational Organization

Appropriations for Education Organization increased significantly. Eight million dollars was for education districts, \$700,000 was for secondary vocational cooperation, and \$75,000 was for a new cooperation and combination program.

Educational Improvement

The 1989 Legislature appropriated \$11.5 million for a variety of educational technology and educational improvement programs in fiscal years 1990 and 1991. This was an increase over the \$9.4 million appropriated for similar purpose in fiscal years 1988 and 1989. Three new programs received funding. A minority faculty program was funded at \$1 million. This program provides salary subsidies for

minority teachers. A second, also funded at \$1 million, is a career teacher program. This provides for salary and benefits subsidies for extended contracts for teachers who provide lead roles in a school. A third new program was a restructuring initiative funded at \$1.6 million. This will allow up to 10 demonstration sites to implement and evaluate outcome based education.

Other Education Aids

A total of \$93.3 million was appropriated for other education aids for fiscal years 1990 and 1991. This represents a 5.5 percent increase over the \$88.5 million appropriated for the previous biennium.

Included in this amount is \$29.9 million for desegregation grants to the Minneapolis, St. Paul, and Duluth school districts, to assist with the additional costs of mandatory school desegregation.

Other continuing appropriations included regional management information centers (\$6.8 million), abatement aid (\$11.1 million), school lunch aid (\$9.2 million), library grants (\$11.1 million), aid to non-public school students (\$17.4 million), and \$11 million to supplement the federal Head Start Program.

Higher Education

Appropriations for higher education totaled almost \$2 billion, an increase of about 18 percent over the previous biennium. The following table summarizes the appropriations.

Higher Education Biennial Appropriations (dollars)			
	<u>1987-89</u>	<u>1989-91</u>	<u>Percent Change</u>
Higher Education Coordinating Board (HECB)	\$ 156,862,600	\$ 180,046,000	14.8%
Technical Colleges	322,799,500	340,700,000	5.5
Community Colleges	150,832,600	187,747,000	24.5
State Universities	289,062,800	346,630,000	19.9
University of Minnesota	791,501,800	903,805,000	14.2
Mayo Medical	<u>1,760,200</u>	<u>2,115,000</u>	20.2
Total	\$ 1,712,819,500	\$ 1,961,043,000	14.5%

Higher Education Coordinating Board (HECB)

The HECB was instructed to undertake the second phase of the study of higher education needs in the state. This phase is to concentrate on those parts of the state outside the St. Cloud to Rochester population corridor. The HECB must report the study findings to the Education and Finance Committees of the Senate and the Education and Appropriations Committees of the House by December 1, 1990.

The Legislature also required the HECB to analyze and make recommendations on plans submitted for providing undergraduate and practitioner-oriented graduate programs in the metropolitan area. The HECB is to report its recommendations by February 1, 1990.

The bulk of the funds appropriated to the HECB are for the state scholarship and grant program. The HECB received \$152 million for the program, a 23 percent increase over the previous biennium.

Other appropriations to the HECB included \$7 million for agency administration, \$9 million for

interstate tuition reciprocity, \$11 million for state work study, and \$2 million for the Minitex Library Program.

The Legislature established a child care grant program under the supervision of the HECB. The program makes money available to eligible students to reduce the costs of child care while attending college. Four million dollars was appropriated for the program.

Technical Colleges

The State Board of Vocational Technical Education was appropriated \$340 million, of which \$3.8 million is for repair and replacement and \$5.6 million is for improving student support services.

Community Colleges

Of the \$188 million appropriated to the State Board for Community Colleges, \$9.9 million is for increased enrollments. The appropriation is based on estimated enrollments of 32,000 in 1990 and 33,500 in 1991. If the actual enrollments are different, the Commissioner of Finance is to calculate the effect on the general fund and include an adjustment in the budget for the next fiscal year.

State Universities

Appropriations to the State University Board included \$7 million for increased enrollments. The appropriation assumes enrollments of 51,735 in 1990 and 51,998 in 1991. The Commissioner of Finance is to determine the effect on the general fund due to the difference between the estimated and actual enrollments and include an adjustment in the budget for the next fiscal year.

University of Minnesota

The Legislature's appropriation to the University of Minnesota for instructional expenditures assumes that the regular session enrollment is 35,679 full-year equivalent undergraduate nonprofessional school students for the first year. Tuition income resulting from students in excess of projections reduces the general fund appropriation by a like dollar amount. If the university attains its enrollment targets, the calculation for the average cost funding formula will not reduce the budget base.

The State University Board and the University of Minnesota are permitted to develop programs to exchange faculty between colleges or schools of education and school districts.

Human Services

The Omnibus Human Resources Appropriations Bill provided \$2.31 billion for the Department of Human Services (DHS). This amount can be broken down into seven major categories as shown in the adjacent table.

**Department of Human Services
Biennial Appropriations
(dollars)**

	<u>1989-91</u>
Omnibus Human Resources Bill	
Administration	\$ 24,160,000
Legal and Intergovernmental Program	8,460,000
Social Services	244,800,000
Mental Health	47,130,000
Family Support Programs	468,920,000
Health Care Programs	1,146,830,000
State Residential Facilities	<u>422,710,000</u>
Total Omnibus Appropriations	\$ 2,363,010,000
Other Bills	
Lottery Bill	600,000
Crime Bill	900,000
Healthspan Bill	<u>425,000</u>
Subtotal All Bills	\$ 2,364,935,000
Federal Offset	(51,662,000)
Total Department of Human Services	\$ 2,313,313,000

Human Services funding also includes \$489.1 million in revolving fund appropriations.

A brief description of the fiscal impact of significant elements in each category is provided below.

Administration

Equalization aid, designed to provide assistance to counties with high income maintenance costs and low property wealth, was funded at \$1 million the first year, the same level as in the previous two years, but was not funded in the second year.

The appropriation to reimburse Beltrami and Clearwater counties for the county costs of providing human services to members of the Red Lake Band of Chippewa Indians was increased by \$200,000 in the second year of the biennium.

Legal and Intergovernmental Programs

Additional funding of \$606,000 was approved to implement background studies on license applicants and their employees who have direct contact with children or vulnerable adults in licensed programs. Applicants will not be charged a fee for the background studies.

Social Services

The social services appropriation included \$101.3 million for Community Social Services Act (CSSA) block grants to counties. This amount included \$2.4 million to help counties provide case management services to persons with developmental disabilities.

Funding for children's services grants increased by \$15 million to a biennial total of \$52.4 million. Funding for subsidized child care was increased by \$10 million, from \$25.6 million to \$35.6 million. A transfer of \$2 million to the Higher Education Coordinating Board was approved. The board will administer child care grants to post-secondary students.

The appropriation for Semi-Independent Living Services (SILS) for adults with developmental disabilities was increased by \$1.6 million. This money is used to purchase training, counseling, instruction, and supervision services for persons living in their own home, apartment, or rooming house.

The Legislature appropriated \$8.5 million for aging programs, including the aging ombudsman,

home delivered meals, foster grandparents, Retired Senior Volunteer Program (RSVP), and senior companions. The appropriation included \$50,000 for a study of congregate housing and \$250,000 for a new state subsidy of the federal home delivered meals program.

The Legislature approved \$175,000 for inhalant abuse demonstration projects.

The Legislature also provided \$400,000 for grants to providers of independent living services for persons with epilepsy who do not qualify for any other program. An appropriation of \$2.3 million was approved for the family subsidy program. Funding for hearing impaired services was \$4.2 million.

Mental Health

The mental health appropriation included \$37.4 million in base level funding for local grants. The Legislature provided \$1.5 million to provide a 2.7 percent annual inflation adjustment for community-based mental illness programs. An additional \$2.8 million was approved to enhance community support services for adults with serious and persistent mental illness. The Legislature approved \$3 million to relocate persons with mental illness who are determined to be inappropriately placed in nursing homes. It is anticipated that up to 300 persons with mental illness will need to be relocated during the next three years to comply with federal nursing home reform legislation.

Family Support Programs

The Legislature provided \$372,000 and two additional staff positions to revise the General Assistance/Minnesota Supplemental Aid residential rate setting process. A \$350,000 appropriation was approved for pilot projects designed to improve access to school services for AFDC recipients lacking high school diplomas, including the "joining forces" national pilot project designed to build models of school district human services cooperation. The Legislature provided \$218,000 for pilot projects in several counties that will institute improved eligibility verification investigations at the time an application is taken.

The Legislature provided \$1.8 million to increase employment and training services and grants. An additional \$2.6 million was provided for the federally mandated Food Stamp Employment and Training Program in which certain Food Stamp recipients are required to participate. In addition,

\$375,000 was appropriated to continue the AFDC self-employment demonstration project.

A total appropriation of \$618,000 was made available for refugee assistance, including \$150,000 for mental health services, \$350,000 for bicultural case managers, and \$118,000 for Asian youth child welfare services.

The commissioner was directed to issue a request for proposals to operate the child support enforcement clearinghouse information system and, after reviewing the proposals, to issue a contract to operate the system or continue processing through the Department of Administration. It is anticipated that using an outside contractor will result in savings of \$2.5 million annually. The Legislature provided \$85,000 to expand the pilot project currently operating in Dakota County in which administrative hearing officers rather than judges hear child support cases. In addition, \$99,000 was approved to phase in income withholding statewide in child support cases, as required by federal law.

The Legislature approved \$9.7 million to develop, implement, and operate MAXIS, the statewide automated eligibility system to be used in the administration and supervision of family support and medical care programs. The state will assume 100 percent of the nonfederal share of operating the system.

Aid to Families With Dependent Children

The appropriation for the Aid to Families With Dependent Children (AFDC) program was \$132.2 million, a reduction of \$10.6 million from the base level. This appropriation assumes that state AFDC costs will be reduced by \$98 million by collections from the mortgage registry and deed taxes. About \$34.1 million of that tax will be transferred to a Department of Revenue general fund appropriation to be used for AFDC. The other \$63.9 million will come from the off-budget portion of the mortgage registry and deed tax. AFDC costs will be further offset by \$2.8 million through increased child support collections; by \$220,000 through increased paternity adjudications; by \$512,000 through increasing child support collections from workers' compensation benefits; by \$803,000 from increasing child support collections through expanded use of administrative law judges to hear child support cases; and by \$408,000 from the pilot projects to verify eligibility at the time of application. The Legislature increased the AFDC appropriation by \$2.2 million to implement federal welfare reform legislation which allows working AFDC recipients an increased earned income disregard, an increased deduction for child

care expenses, and a total disregard of the earned income tax credit.

General Assistance

The Legislature appropriated \$67.9 million, for General Assistance (GA). A major reduction in the second year funding occurs because of legislation to transfer from GA to the Work Readiness (WR) program a number of client groups who will be better served under WR. The groups include displaced homemakers; persons unable to communicate in English; persons completing a secondary education program; and persons with substantial barriers to employment. Savings of \$1.9 million were assumed through continuation of a project to move eligible persons from the GA program to the federally funded Supplemental Security Income (SSI) program.

Work Readiness

The Legislature provided \$30.2 million for WR. The major change was a \$9.2 million increase the second year to provide benefits to clients being transferred to WR from the GA program.

Minnesota Supplemental Aid

The Legislature provided \$80.5 million for the Minnesota Supplemental Aid (MSA) program. The appropriation includes \$3.5 million to provide exceptions to the MSA negotiated rate cap for facilities that have been declared "institutions for mental disease" under federal regulations. These facilities are no longer eligible for Medical Assistance payments and must rely on MSA payments, but they would not be able to continue serving these clients at the lower MSA capped rate. In order to avoid disruptions of service and abrupt transfers of clients, the Legislature allowed these facilities to receive per diem rates in excess of the MSA rate cap. The MSA budget assumes savings of \$999,000 by limiting new MSA negotiated rate providers to 90 percent of the capped rate. The Legislature provided \$514,000 the second year to simplify and make uniform MSA payments to individuals.

Health Care Programs

Health Care Management

The appropriation for health care management

includes an increase of \$1.2 million for the Medicare Advocacy Project which is designed to assist Medicare beneficiaries in securing the maximum amount of benefits they are entitled to from the federally funded Medicare program, thereby reducing state Medical Assistance costs. An appropriation of \$400,000 was provided for case management services for persons identified as inappropriate users of medical services. The Legislature provided \$50,000 for a media campaign to encourage early prenatal care. An appropriation of \$850,000 was provided for case management services for persons with AIDS.

Medical Assistance

The Medical Assistance (MA) appropriation totaled \$881.2 million. The appropriation assumes savings of \$435,000 by limiting MA payments for organ and tissue transplants to procedures that are covered by the Medicare program, are reimbursed under federal Medicaid requirements, and are covered by the MA program. Savings of \$3 million are assumed from enhanced child support collections. The Legislature provided \$529,000 to increase MA reimbursement to dentists by 7.5 percent for diagnostic and routine preventive services and by 5 percent for all other dental services.

The appropriation includes \$3.1 million to implement the federal welfare reform legislation. The new federal law will increase MA costs by extending eligibility for up to 12 months for families leaving AFDC due to work and by increasing the income deductions allowed for working AFDC recipients, thus expanding AFDC (and MA) eligibility. The Legislature also provided \$3.1 million to reinstate separate asset exclusions for prepaid burial contracts and the cash surrender value of life insurance, in order to comply with federal regulations.

The appropriation assumes savings of \$5.3 million by phasing in a requirement that 100 percent of a Medicaid-certified nursing home's beds also be certified for Medicare participation. The 100 percent certification requirement takes effect July 1, 1991. The budget includes anticipated inflationary increases for nursing homes of \$31.1 million. In addition, the Legislature provided \$3.4 million for nursing homes, with the major increase being \$2.7 million over the biennium to upgrade staffing in nursing homes to meet increased federal standards.

The Legislature revised the reimbursement system for hospitals providing services to MA and General Assistance Medical Care recipients effective January 1, 1991. The major change is the updating of operating and property rates using each hospital's

most recent Medicare cost report, with rates to be updated every two years in the future. The Legislature appropriated \$1.1 million to provide rateable increases for MA admissions at small, rural hospitals from July 1989 through December 1990, and \$410,000 for several other changes in hospital reimbursement.

The Legislature provided \$301,000 the second year to increase the income limit for MA recipients who are aged, blind, or disabled to 120 percent of the AFDC income standard. Savings of \$1.4 million are assumed from the provision of case management services to inappropriate users of medical care. MA was reduced by \$1.3 million from implementation of federal nursing home reform legislation which requires mental health assessments of nursing home residents and applicants and alternative placement options for persons in need of mental health services. While reducing MA costs, implementation of these reforms will increase state costs in other areas. Increased MA costs of about \$1 million are anticipated through conversion of clients from the GA program to the SSI program, because SSI clients also qualify for MA services.

General Assistance Medical Care

The appropriations for General Assistance Medical Care (GAMC) totaled \$171.5 million. The Legislature provided automatic GAMC eligibility for persons over age 18 who would be eligible for MA except that they reside in facilities determined to be institutions for mental disease. This change is expected to cost \$3.2 million. Limitations on payments for organ and tissue transplants will save \$215,000. Raising the income eligibility limit to 120 percent of the AFDC payment standard for aged, blind, and disabled GAMC recipients is expected to cost \$239,000 the second year. Converting GA recipients to the SSI program, which also converts them from GAMC to MA, is expected to reduce GAMC expenditures by \$2.5 million.

Preadmission Screening/Alternative Care Grants

The Legislature provided an additional \$6 million for this program, bringing total funding to \$33 million.

Children's Health Plan

A general fund appropriation of \$11 million

was provided for the Children's Health Plan, which had been financed from the special revenue fund. The Legislature provided \$500,000 to study and implement cost-effective outpatient mental health benefits under the plan in the second year. Also, \$1.4 million was provided to increase the age eligibility for the plan up to age 18, effective January 1, 1991.

Long Term Care Management

Appropriated funds for this activity totaled \$10.2 million. The appropriation includes \$1.4 million to establish training and testing programs for nursing assistants employed in nursing homes as required by federal nursing home reform legislation.

Audits

The audit function was provided an appropriation of \$5.3 million, including \$718,000 to modify the hospital reimbursement system and the utilization review contract.

State Residential Facilities

The Legislature appropriated \$422.7 million for state residential facilities which consist of eight regional treatment centers (RTC), the state security hospital, and two state nursing homes.

The appropriation for RTC systemwide changes, which totaled \$17.5 million, included \$13.6 million to cover costs due to population counts that were higher than projected. Fuel and utility costs were projected to be reduced by \$1 million. The Legislature provided \$1 million improve meals, and \$750,000 to improve infection control safeguards. A \$2 million appropriation was provided in the second year for employee mitigation measures for employees affected by RTC downsizing.

For the biennium, the Legislature authorized 24 state-operated, community-based residential programs and 14 day programs for persons with mental retardation. This will reduce RTC campus staff by 436 in the second year. The hiring of 345 state employees to work in these state-operated community based programs is expected to cost \$6.9 million the second year to be financed from reductions in RTC mental retardation treatment costs.

The appropriations for residential facilities management totaled \$4.1 million. An appropriation of \$170,000 was authorized to fund community

groups in each community with an RTC to assist in the planning and development of local services for persons with developmental disabilities. An additional \$948,000 was provided for residential program administration, and an appropriation of \$761,000 was approved to implement a quality assurance system at the RTCs and state nursing homes.

Appropriations for the eight RTCs and the state security hospital at St. Peter totaled \$359.3 million. The appropriations bill established target populations of persons with developmental disabilities to be served at RTCs in the future. The target for July 1, 1999, is 254 persons, down from about 1,400 currently. In addition, 570 persons would be served in 95 state-operated, community-based residential programs.

Policy changes for nursing homes designed to improve meals and infection control safeguards were funded at \$96,000 and \$350,000, respectively.

The Legislature appropriated \$41.3 million for the state nursing homes at Ah-Gwah-Ching and Oak Terrace. The appropriation includes a reduction of \$1.7 million predicated on the closure of Oak Terrace, ordered by the Legislature no later than July 1, 1992.

Ombudsman for Mental Health and Mental Retardation

The Legislature provided \$1.8 million for the ombudsman's office. The appropriation includes \$167,000 for three additional staff.

Miscellaneous Appropriations

In other action, Ch. 327 established the Health Care Access Commission to develop and recommend to the Legislature a plan to provide access to health care for all state residents and appropriated \$800,000 to the commission for this effort. The commission must deliver a preliminary report by February 15, 1990, and a final report and implementation plan by January 1, 1991. The legislation also provided \$50,000 to the Commissioner of Human Services to provide one-time subsidies to community-based clinics. In addition, the law provided \$375,000 to increase Medical Assistance and Children's Health Plan payments by 20 percent for services provided by public health clinics and community health clinics.

Ch. 334, the lottery bill, appropriated \$600,000 to the Department of Human Services to implement a compulsive gambling treatment program.

Ch. 290, the omnibus crime bill, appropriated

\$900,000 to the Department of Human Services to provide chemical dependency treatment to pregnant

women and mothers.

Health

The Omnibus Human Resources Appropriations Bill provided \$84.9 million for the Department of Health, including \$80.8 million from the general fund; \$334,000 from the metro landfill fund; \$3 million from the trunk highway fund; and \$810,000 from special revenue. The total appropriations for the various activities within the department were as follows: preventive and protective health services, \$24.3 million; health delivery systems, \$53 million; and support services, \$7.6 million. In addition, the Legislature authorized \$9.9 million for the operation of the health-related licensing boards, all of which is to be recovered through fees, and provided \$75,000 from the general fund for the Unlicensed Mental Health Providers Board.

Preventive and Protective Health Services

Appropriations for this category included \$250,000 to conduct a follow-up study of asbestos-related lung disease among Conwed Corporation employees and spouses. The Legislature appropriated \$840,000 to start a pilot comprehensive case management system for persons with AIDS.

Health Delivery Systems

Appropriations for health delivery systems included \$10.6 million for maternal and child health

programs. The Legislature amended the allocation formula for the federal maternal and child health block grant to establish minimum allocations of \$1.6 million per year to the Minneapolis Community Health Service Area; \$820,000 per year to the St. Paul Community Health Service Area; and at least \$30,000 per county per year, or the 1988-89 calendar year's allocation amount, whichever is less, to all other community health service areas. This appropriation also provided an additional \$100,000 to supplement the federal Special Supplemental Food Program for Women, Infants and Children.

An appropriation of \$200,000 was approved for activities designed to reduce lead contamination. The Legislature also provided \$348,000 to investigate the reasons for lack of improvement in Minnesota's infant mortality rate and to establish an on-going surveillance system to identify and remedy causes of infant mortality. The Legislature provided \$800,000 to help subsidize the poison information centers at St. Paul Ramsey Medical Center and Hennepin County Medical Center. The Community Health Services (CHS) subsidy was increased by \$4 million, bringing the total subsidy, which is distributed to community health boards on a formula basis, to \$27.6 million.

Veterans

The Omnibus Human Resources Appropriations Bill provided \$39.9 million to the Veterans Nursing Homes Board for the operation of the state veterans homes. In addition, the State Departments Omnibus Appropriations Bill provided \$5.7 million for the Veterans Affairs Department.

Veterans Nursing Homes

The Legislature appropriated \$32.4 million to operate the Minneapolis Veterans Home. An

increase of \$2 million was authorized to hire 80 new staff at the facility. Other major spending increases were \$500,000 for current expense; \$850,000 for special equipment; and \$675,000 for repairs and replacement.

Funding for the Hastings Veterans Home totaled \$6.1 million, including \$621,000 for 15 new staff. Other funding items approved for the home above the base funding level were \$60,000 for current expense; \$155,000 for special equipment; and \$175,000 for repairs and replacement.

The Legislature appropriated \$1.8 million to

open a new veterans nursing home at Silver Bay. The appropriation authorized 90 staff positions at the facility in the second year.

The Legislature funded the salary roster for the homes at 97 percent, resulting in a \$670,000 savings and appropriated \$290,000 for the expenses of the Veterans Nursing Homes Board.

Veterans Affairs Department

The appropriation to the Department of Veterans Affairs included \$300,000 to create a Minnesota Vietnam veterans' memorial on the Capitol mall. The Capitol Area Architectural and Planning Board must select a site and conduct a selection process to award contracts for design and construction of the memorial. The appropriation also included \$1.1 million each year for emergency financial and medical needs of veterans; \$200,000 for a grant to the Vinland Center; and \$60,000 for bronze star grave markers.

Miscellaneous Appropriations

In other action, Ch. 332 provided \$200,000 to the Commissioner of Administration to determine the need for additional veterans homes in the state. The study, to be conducted in cooperation with the Veterans Nursing Homes Board and the Interagency Board for Quality Assurance, must be completed by February 1, 1990. Also approved was the establishment of a home to provide at least 60 skilled nursing beds in Luverne for veterans in Health Systems Agencies Region 6 provided that federal funding is available for 65 percent of acquisition and construction costs and the other 35 percent is paid by non-state sources. If federal funding is not approved by December 1, 1989, the future authorization of the siting of the Luverne facility must be considered in the study. If the study determines that a veterans home is needed in southwest Minnesota, the site must be in Luverne.

Transportation

Highways

The Legislature appropriated \$1.6 billion to the Department of Transportation for highway development. This included \$877 million for trunk highways, \$509 million for county state-aid highways and \$158.8 million for municipal state-aid streets. These appropriations include federal funds and motor vehicle excise tax (MVET) moneys.

The Legislature increased the MVET distribution for transportation purposes to 35 percent of the total collections. The previous distribution was 30 percent of the MVET total. The MVET transfer is estimated at \$176 million, a \$25 million increase over the 1987-89 biennium. The additional \$25 million is to be distributed 75 percent to the trunk highway fund and 25 percent to the transit assistance fund.

Vehicle license fees were increased. The fee formula is:

**Motor Vehicle
License Fee Schedule**

Percent of Value on Which
License Fee is Computed

Age of Vehicle (years)	Old Law	Ch. 268
1	100%	100%
2	90	100
3	75	90
4	60	90
5	45	75
6	35	75
7	30	60
8	20	40
9	15	30
10	10%	10%
11+	\$25	\$25

The 1989 Legislature reallocated the 5 percent portion of the highway user revenues which it controls. The redistribution of this "5 percent set-aside" is changed as follows:

Trunk highways - decreased from 51 percent to 28 percent.

County state-aid highways - increased from 41 to 64 percent.

Municipal state-aid streets - remains at 8 percent.

The Legislature also broadened the use of funds in the state park road account. Prior to the 1989 session, the account was for county roads providing immediate access to a public lake. As a result of Ch. 268, the funds may be used for county roads, city streets, and town roads that provide access to public lakes, rivers, state parks, and state campgrounds.

Public Transit

Public transit received \$74.1 million, which included \$49.8 million for the Regional Transit Board, \$6.8 million for light rail, and \$16.3 million for transit assistance in Greater Minnesota. The Regional Board's appropriation included \$23 million for Metro Mobility.

Airport Planning

The 1989 Legislature also passed a metropolitan airport planning bill which initiated a seven-year planning process to ensure future aviation demands will be met.

The bill requires the Metropolitan Airports Commission (MAC) to do a long term

comprehensive plan for the current airport and to select a site for a potential replacement airport within a search area to be designated by the Metropolitan Council.

In 1996, the two agencies are required to compile a report to the Legislature making recommendations on future development at the current airport and on the need to acquire a replacement airport site.

Current law prohibits the MAC from buying the land for a new major airport without specific authorization from the Legislature.

In addition, the bill created a State Advisory Council on Metropolitan Airport Planning. It has 21 voting members including lawmakers, aviation representatives, members of the MAC and Metropolitan Council, the commissioners of transportation and state planning, the director of the pollution control agency, and members of the public.

The legislation also added four commissioners to the 11-member MAC. The new commissioners must reside outside the seven-county metropolitan area. Two must come from a city, town, or county with a "key" airport and two from a city, town, or county with an "intermediate" airport.

Miscellaneous

Department of Transportation appropriations also include \$20.2 million for aeronautics, and \$94.8 million for transportation administration and support. The department received \$9.4 million for work on a number of buildings.

In other action, the Legislature appropriated \$480,000 to the Department of Public Safety for record keeping, implementation and administration of the Commercial Motor Vehicle Driver's License Act, which puts the state in compliance with federal law regulating commercial motor vehicle licenses.

Agriculture

Department of Agriculture

The 1989 Legislature appropriated \$25.5 million to the Department of Agriculture, a 2.8 percent decrease from the last biennium. The table below shows specific appropriation amounts by purpose for the Department of Agriculture.

Department of Agriculture Biennial Appropriations (dollars)	
Purpose	1989-91
Protection Service	\$ 8,538,000
Promotion and Marketing	1,514,000
Family Farm Security	2,518,000
Farm Crisis Assistance	600,000
Administrative Supports and Grants	9,393,000
Groundwater Act - Chapter 326	550,000
Omnibus Agriculture Act - Chapter 350	<u>2,362,000</u>
Total	\$ 25,475,000

Farm Relief

A major part of the farm relief effort (Ch. 350) is a grasshopper control program. Under the program, landowners who are in a grasshopper control zone are responsible for eradication of grasshoppers on their lands. The program also provides a cost-share of up to 50 percent for control costs incurred by a private landowner. The program received a \$75,000 appropriation.

Another major component of the farm relief program provides for reimbursement to farmers for crop insurance. To be eligible a farmer must have had at least a 65 percent loss on an eligible crop during the 1988 season and be required to purchase federal crop insurance for the 1989 season. Eligible farmers may receive up to 20 percent of the costs of the crop insurance with a maximum of \$300 per farmer.

Farm relief appropriations are as follows:

Farm Relief (Ch. 350) Biennial Appropriations (Dollars)

	1989-91		1989-91
I. General Fund			
Department of Agriculture		Board of Water and Soil Resources	
Federal crop insurance	\$ 700,000	Karananzi-Little Rock Watershed District	\$ 50,000
Grain inspection costs - Duluth	70,000	Board of Animal Health	
Marketing Minnesota products	150,000	Pseudorabies control	175,000
By-product soil buffering	100,000	Trade and Economic Development	
Agriculture land preservation and conservation	100,000	Community needs assessment	150,000
Grasshopper control	75,000	Aerospace Exploratorium Study	10,000
Agricultural data collection task force	30,000	University of Minnesota	
Agricultural contract task force	50,000	Farmer-Lender mediation	300,000
Organic certification	100,000	On-farm computer fertilizer rate application	75,000
Aquiculture	150,000	Small ruminant specialist	40,000
Shade tree advisory committee	20,000	Pseudorabies research	175,000
Health screening	150,000	Bluegrass research	45,000
Agriculture information centers	200,000	Forage and turf seed specialist	<u>50,000</u>
County and district agricultural societies	112,000	Total University of Minnesota	\$ 685,000
Barley referendum	20,000	Board of Vocational Technical Education	
Ethanol promotion	75,000	Vocational programs	<u>700,000</u>
Minnesota Grown Women, Infants and		Total General Fund	\$ 4,102,000
Children (WIC) coupons	125,000		
Task force on farm safety	5,000	II. Non-General Fund (Dairy Unfair Trade Practices Account)	
Farm advocates	<u>100,000</u>	Department of Agriculture	
Total Department of Agriculture	\$ 2,332,000	Minnesota Dairy Task Force	<u>30,000</u>
		Total All Funds	\$ 4,132,000

Board of Water and Soil Resources

The 1989 Legislature appropriated \$14.2 million to the Board of Water and Soil Resources (BOWSR) for the 1989-91 biennium, an 82.5 percent increase over the last biennium. Appropriations for BOWSR's new duties under the Groundwater Protection Act and the transfer of the Reinvest in Minnesota (RIM) Conservation Reserve Program (\$4.3 million and \$1.8 million respectively) constitute the major reason for the large increase.

The 1989 Legislature also appropriated \$3.5 million in the Emergency Bonding Act for RIM

conservation reserve payments. The \$3.5 million is to be targeted for sensitive groundwater recharge areas.

Board of Animal Health

The 1989 Legislature appropriated \$4.3 million to the Board of Animal Health for the 1989-91 biennium, a 28.4 percent increase over the last biennium. Of this total, \$625,000 is for a pseudorabies control program (including \$175,000 in the Farm Relief Act).

Economic Development

Department of Trade and Economic Development

The Department of Trade and Economic Development (DTED) received appropriations of \$77.5 million for the 1989-91 biennium. The major components of the appropriations are shown in the table below:

Department of Trade and Economic Development
Biennial Appropriations
(dollars)

	<u>1989-91</u>
Minnesota Trade Office	\$ 4,626,000
Business Promotion	8,726,000
Tourism	16,290,000
Administration	2,982,000
Community Development	42,976,000
Policy Analysis, Science and Technology	2,382,000
Base Cut	(420,000)
Total	\$ 77,562,000

The Minnesota Trade Office will establish a branch in Canada. Additional money was appropriated for the Celebrate 1990 grant program. The "Can-Do" Program was established to give small community improvement grants to Minnesota cities. Can-Do was appropriated \$700,000 over the biennium. The Capital Access Program was created to encourage banks to lend money to new ventures, but the governor vetoed the program's funding source.

The 1989 Legislature also placed control of a major portion of the governor's Year of the Cities Program under DTED. The Urban Revitalization

Action Program was appropriated \$11.1 million.

The 1989 Legislature made three structural changes in DTED. The Policy Analysis and the Science and Technology Divisions were combined into a single division. The state's Washington, D.C. office was transferred from DTED to the State Planning Agency, and the Job Skills Partnership was transferred to DTED.

Greater Minnesota Corporation

The Capital Access Program was to be one of three programs funded by diverting money appropriated by earlier Legislatures to the Greater Minnesota Corporation (GMC). These transfers from GMC, which were item vetoed by Governor Perpich, were to be as follows: \$800,000 to Capital Access; \$1 million to Minnesota Project Innovation, an existing program designed to aid inventors in technology development; and \$150,000 to the Western Five Community Development Corporation. Although the governor vetoed the provisions giving money to these programs, he did not veto a provision taking the money away from the GMC. Therefore the GMC lost \$1.95 million, which was returned to the general fund.

In a separate action, GMC powers and responsibilities were placed more in line with the rules governing the actions of state agencies.

Amateur Sports Commission

The Amateur Sports Commission was appropriated \$1 million for programs to establish amateur

Housing

The 1989 Legislature passed significant portions of the housing programs suggested by the Governor's Commission on Affordable Housing. A total of \$34.5 million was appropriated for major housing initiatives, with \$31.4 million coming from the general fund, and \$3.1 million from oil overcharge funds. Another \$9 million is being spent by the Minnesota Housing Finance Agency from its own funds. Ten new programs were funded, and 16 existing programs were continued. The following table lists the ten housing programs that were newly created or implemented by the 1989 Legislature.

New Housing Programs Biennial Appropriations (dollars)

<u>Program</u>	<u>1989-91</u>
Transitional Housing	\$ 1,338,000
Urban and Rural Homesteading	375,000
Housing Calendar Consolidation (Pilot)	500,000
Housing Preservation	1,500,000
Capacity Building Grants	100,000
Home Equity Loan Counseling	50,000
Accessible Housing Information Grants	50,000
Migrant Housing	100,000
Low-Income Rental	3,000,000
Youth Employment and Housing	<u>200,000</u>
Total	\$ 7,213,000

The 1989 Legislature also appropriated additional money for existing programs. The Governor's Year of the Cities initiative received \$5.5 million for housing efforts. Additional funds were appropriated for neighborhood preservation, homeownership assistance, and Indian housing programs. Oil overcharge funds were appropriated for home energy loans.

The following table lists a total of \$36.2 million appropriated by the 1989 Legislature for existing housing programs.

Existing Housing Programs Biennial Appropriations (dollars)

<u>Program</u>	<u>1989-91</u>
Home Sharing	\$ 500,000
Homeownership Assistance Fund	4,230,000
Tribal Indians	3,774,000
Urban Indians	466,000
Rehabilitation Loans	9,684,000
Urban Revitalization Action Program	5,537,000
Home Energy Loans	<u>3,100,000</u>
Total	\$ 27,291,000

Biennial Appropriations Made by the Minnesota Housing Finance Agency (dollars)

<u>Program</u>	<u>1989-91</u>
Debt Capital Subsidies	\$ 1,000,000
Nonprofit Revolving Loan Fund	750,000
Existing Home Purchase/Rehabilitation Program	1,500,000
Capital Availability for Lower Priced Homes	1,000,000
Private Mortgage Coinsurance Program	500,000
Low-Interest Rehabilitation Program	2,000,000
Neighborhood Preservation Program	2,000,000
Receivership Revolving Loan Program	<u>250,000</u>
Total	\$ 9,000,000

Natural Resources

The 1989 Legislature appropriated \$289.8 million to the Department of Natural Resources, a 21.6 percent increase over the last biennium. The two major sources of funding for the department are the

general fund (50.4 percent) and the game and fish fund (29.4 percent). The following table provides a list of the funds along with the amounts and percentage of funding:

Appropriations Natural Resources

Department of Natural Resources Biennial Appropriations by Fund (dollars)

Fund	1989-91	Percent of Total
General	\$ 146,071,000	50.4%
All Terrain Vehicle	1,538,000	0.5
Consolidated Conservation	500,000	0.2
Forest Management	11,905,000	4.1
Nongame Wildlife	2,526,000	0.9
Snowmobile	9,034,000	3.1
State Parks Maintenance and Operation	11,229,000	3.9
Water Recreation	17,376,000	6.0
Wild Rice	60,000	0.0
Wildlife Acquisition	2,466,000	0.9
Game and Fish	85,175,750	29.4
Permanent School	525,000	0.2
Trunk Highway	<u>1,350,000</u>	0.5
Total	\$ 289,755,750	100%

The three major areas of spending for the department are fish and wildlife management, forest management, and parks and recreation. Included in fish and wildlife management is \$2 million of general fund appropriations for the Reinvest in Minnesota (RIM) program. The following table provides a list of appropriations by purpose.

Department of Natural Resources Biennial Appropriations by Purpose (dollars)

Purpose	1989-91	Percent of Total
Mineral Resources Management	\$ 9,588,000	3.3%
Water Resources Management	13,429,000	4.6
Forest Management	51,395,000	17.7
Parks and Recreation Management	34,515,000	11.9
Trails and Waterways	18,876,000	6.5
Fish and Wildlife Management	61,905,000	21.4
Enforcement	25,583,000	8.8
Field Operations Support	19,430,000	6.7
Regional Operations Support	9,773,000	3.4
Special Services and Programs	10,027,000	3.5
Administrative Management Services	11,836,000	4.1
Leech Lake - White Earth Reservation	3,288,750	1.1
Indian Treaty of 1854	10,145,000	3.5
DNR Firefighting	8,000,000	2.8
Groundwater - (Ch. 326)	<u>1,965,000</u>	0.7
Total	\$ 289,755,750	100%

The 1989 Legislature also appropriated \$560,000 for emergency deer feeding in fiscal year 1989.

Based on an expected shortfall in revenue to the game and fish fund after 1990, the Legislature increased all license fees by ten percent beginning in 1991. The following table shows the old fees and the new fees (including surcharges and issuing fees) for major fee sources.

Annual Hunting and Fishing License Fees*

License	Old Fee	New Fee
Resident Small Game--Under Age 65	\$ 14.00	\$ 15.00
Resident Small Game--Age 65 & Older	9.50	10.00
Resident Turkey Hunting	12.50	14.00
Resident Deer Hunting	21.00	22.00
Resident Family Deer Hunting**	--	85.00
Resident Moose Hunting	250.00	275.00
Resident Bear Hunting	31.00	34.00
Resident Elk Hunting	200.00	220.00
Resident Turkey Hunting	13.50	15.00
Resident Sporting--Individual	21.00	22.50
Resident Sporting--Married Couple	27.00	29.00
Nonresident Small Game	56.00	61.00
Nonresident Miscellaneous***	125.00	137.50
Nonresident Deer Hunting	101.00	111.00
Nonresident Bear Hunting	151.00	166.00
Nonresident Turkey Hunting	30.00	33.00
Resident Fishing--Under Age 65	13.00	14.00
Resident Fishing--Age 65 & Over	4.00	4.50
Resident Fishing--Married Couple	17.00	18.50
Resident Spearing	13.00	14.00
Resident Fishing--24 Hour	8.00	8.50
Nonresident Fishing--Annual	21.50	24.00
Nonresident Fishing--7 Day	18.50	20.00
Nonresident Fishing--3 Day	15.50	17.00
Nonresident Fishing--24 Hour	8.00	8.50
Nonresident Fishing--Family Annual	34.00	37.00
Nonresident Fishing--Married Couple 14 Day	26.00	28.50
Resident Fish House--Nonrental	8.00	9.00
Resident Fish House--Rental	18.00	20.00
Nonresident Fish House	22.00	24.00
Netting Whitefish & Ciscoes	7.50	8.00
Trapping--Ages 14-17	6.00	6.50
Trapping--Age 18 & Over	17.00	19.00

* Includes fishing surcharge (\$2.50), small game surcharge (\$4.00), and issuing fee (\$1.00) where applicable.

** Effective for the 1990 season.

*** Special nonresident license which must be purchased in addition to the small game license to take raccoon, bobcat, fox, coyote, or lynx. Residents are only required to have a small game license to take these animals.

Appropriations Natural Resources • Pollution Control

The 1989 Legislature also appropriated \$6.9 million from general obligation bond funds to the department as part of an emergency bonding bill. Of that total, \$3.4 million is for trail acquisition, and \$3.5 million is for the RIM program, of which \$1 million is for the Critical Habitat Private Sector Matching Account.

Minnesota Future Resources Fund Biennial Appropriations (dollars)

	<u>1989-91</u>	<u>Percent of Total</u>
Legislative Commission on Minnesota Resources	\$ 680,000	3.7%
Department of Natural Resources	4,278,000	23.0
Pollution Control Agency	2,932,000	15.8
Department of Trade and Economic Development	1,250,000	6.7
State Planning Agency	560,000	3.0
Department of Health	738,000	4.0
Department of Agriculture	590,000	3.2
Minnesota Historical Society	694,000	3.7
Science Museum of Minnesota	510,000	2.7
University of Minnesota	4,928,000	26.5
State University Board	430,000	2.3
Contingent Account	<u>1,000,000</u>	5.4
Total	\$ 18,590,000	100%

Minnesota Future Resources Fund

The 1989 Legislature appropriated \$18.6 million from the Minnesota Future Resources Fund for natural resource projects, a 20.6 percent increase over the last biennium. The Minnesota Future Resources Fund is the new name for the fund receiving the two cents per pack tax on cigarettes. The fund was formerly called the Minnesota Resources Fund which was to be used for natural resource development. The following table shows the amount and the percentage of total funding each agency received.

Pollution Control

Pollution Control Agency

The 1989 Legislature appropriated \$54.4 million to the Pollution Control Agency (PCA), a 18.7 percent increase over the last biennium. Of the total appropriations to the PCA, \$25.6 million is from the general fund, a 102 percent increase over the last biennium. The large increase in funding from the general fund reflects a shift in funding sources, from the water pollution control account to the general fund. The following table provides a list of funds along with the amounts and percentage of total funding to the PCA.

Pollution Control Agency Biennial Appropriations by Fund (dollars)

<u>Fund</u>	<u>1989-91</u>	<u>Percent of Total</u>
General	\$ 25,614,000	47.1%
Special Revenue	8,066,000	14.8
Environmental	7,054,000	13.0
Metro Landfill Abatement	3,400,000	6.3
Metro Landfill Contingency	1,356,000	2.5
Petroleum Cleanup	2,857,000	5.3
Motor Vehicle Transfer	<u>6,017,000</u>	11.0
Total	\$ 54,364,000	100%

Three major areas of spending for the PCA are groundwater and solid waste pollution control (29.6 percent), water pollution control (17.9 percent), and hazardous waste pollution control (14.8 percent). Appropriations by major area within the PCA and the percentage of total appropriations are given in the following table.

Pollution Control Agency Biennial Appropriations by Purpose (dollars)		
Purpose	1989-91	Percent of Total
Water Pollution Control	\$ 9,733,000	17.9%
Air Pollution Control	6,562,000	12.1
Groundwater and Solid Waste Pollution Control	16,126,000	29.6
Hazardous Waste Pollution Control	8,048,000	14.8
Regional Support	104,000	0.2
General Support	6,347,000	11.7
Waste Tire Management	4,129,000	7.6
Groundwater - Ch. 326	500,000	0.9
Infectious Waste - Ch. 337	265,000	0.5
Recycling - Special Session	<u>2,550,000</u>	4.7
Total	\$ 54,364,000	100%

The 1989 Legislature also appropriated \$22.8 million in bond funds for programs related to wastewater treatment. Of this total, \$10.1 million is for programs administered by the Pollution Control Agency -- \$6.75 million for the combined sewer overflow grants program, \$2.5 million for the state match to federal wastewater treatment grants, and \$875,000 for grant administration. The remaining \$12.7 million was appropriated to the Public Facilities Authority for the Independent Grants Program (\$8 million) and the state match of federal grants to capitalize the state water pollution control revolving loan account (\$4.7 million). Included in the funding for the Independent Grants Program is an additional funding adjustment of up to 2.5 percent of the total eligible costs of construction for municipalities with a population of less than 25,000 which received state matching or independent grants between October 1, 1984 and September 30, 1987.

Infectious Waste

In Ch. 337 the Legislature established requirements for disposal of infectious waste. All infec-

tious waste must be clearly labeled for collection and transportation as infectious waste and contain the biohazard symbol. All generators, transporters, and disposal or decontamination facilities for infectious waste must prepare and submit an infectious waste management plan to the commissioner of health. Except for generators with fewer than 25 employees, the plans must be submitted with a fee of \$225. The fee for generators with fewer than 25 employees is \$40. Ch. 337 also appropriated \$475,000 for state agency oversight of infectious waste. Of this amount the Pollution Control Agency received \$265,000 and the Department of Health received \$210,000.

Office of Waste Management

Prior to the 1989 legislative session, the governor transferred all the duties of the Waste Management Board to the PCA. The 1989 Legislature created the Office of Waste Management (OWM) to take over some of the duties which were transferred to the PCA. Remaining in the PCA is the Waste Tire Program. Appropriations to the new OWM for FY 1990-1991 totaled \$31.4 million. Of this total, \$27.1 million is from revenues derived from the new sales tax on waste disposal services under the Comprehensive Recycling and Solid Waste Act and includes \$22.3 million which is to be passed through to counties for recycling programs.

Recycling

The 1989 Special Session of the Legislature funded the Comprehensive Recycling and Solid Waste Act with a six percent sales tax on waste collection and disposal services that began January 1, 1990. The legislation provides that counties are the focus for implementing recycling programs. Each county outside of the metropolitan area will have as a goal to recycle at least 25 percent of the waste generated by July 1, 1993. Each county in the metropolitan area will have a goal of 35 percent.

The Legislature appropriated \$30 million for recycling programs of which \$22.3 million is appropriated to the Office of Waste Management (OWM) for the county block grant program. Under the county block grant program, counties will receive recycling block grants on a per capita distribution. The minimum amount a county will receive is \$55,000. In fiscal year 1990 the minimum is \$27,500 because the tax will be in effect for only one-half of the year. If a later revenue estimate for the six percent sales tax on waste collection and

disposal services is different than the estimate at the time of passage of the legislation, 75 percent of the excess or shortfall is added to or subtracted from the appropriation for the county block grant program. The appropriation of excess revenue for the block grant program is capped at \$5 million.

The remaining 25 percent of the revenue collected under the six percent sales tax (\$7.7 million) is appropriated to the OWM, the Pollution Control Agency, the Department of Administration, and the Department of Revenue for state programs for recycling and tax administration. Included is a market development program which will make grants and loans available for projects that develop markets or end uses for recyclable materials. The grants and loans are restricted to a maximum of \$500,000 and \$2 million, respectively. At least 50 percent of any funds appropriated for market development in the current biennium must be used for support of county market development efforts.

The following table shows the appropriation amounts for the state agency programs funded by the six percent sales tax.

Comprehensive Recycling and Solid Waste Act (S.S. Ch. 1) Biennial Appropriations (dollars)	
<u>Programs</u>	<u>1989-91</u>
County Block Grant Distribution	\$ 22,281,000
Office of Waste Management (OWM)	
Solid Waste Reduction Programs	525,000
Solid Waste Recycling Programs	750,000
Market Development Program	2,400,000
Litter Prevention and Control Grants	150,000
Public Education Programs	750,000
Problem Materials Collection and Disposal	<u>225,000</u>
Subtotal OWM	\$ 4,800,000
Pollution Control Agency (PCA)	
Problem Materials Management	1,500,000
Recycling Programs	<u>1,050,000</u>
Subtotal PCA	\$ 2,550,000
Department of Administration	
Waste Reduction, Procurement, and Recycling	\$ 300,000
Department of Revenue	
Tax Administration	\$ <u>37,000</u>
Total Appropriations	\$ 29,968,000

Groundwater Protection

The Groundwater Protection Act (Ch. 326) passed by the 1989 Legislature provides an extensive multi-agency approach to groundwater protection.

The act provides for protection measures where groundwater contamination is detected. The responsibility for groundwater protection measures is given to the commissioner of agriculture for agricultural chemicals and to the Pollution Control Agency for other pollutants. When pollutants are detected in groundwater the commissioner or the agency must develop voluntary "best management practices" and may adopt water resource protection requirements (WRPRs) which are regulatory protection measures. If the groundwater contamination exceeds or is likely to exceed health risk limits, the commissioner or the agency are required to develop WRPRs.

Chapter 326 also provides programs and funding for water research and education. Included in the process is a Legislative Water Commission to oversee research and programs. A large part of the research will be on regional aquifer studies, county geological atlas development, continued groundwater monitoring, and agricultural practices.

A major rewrite of the well code in Ch. 326 included many new requirements for drilling and sealing wells, and required notification of well property transfers. Well construction after January 1, 1990, requires a notification to the Department of Health and payment of a notification fee. The fee for a well that produces 50 gallons per minute or less is \$50. The fee on a well that produces over 50 gallons per minute is \$100. Wells may be sealed only by well contractors. A well sealing cost share program was established, with the state share of the well sealing limited to 75 percent or \$2,000. After July 1, 1990, a seller must disclose the location of all known wells before signing an agreement to transfer real property. The seller is liable for the costs of sealing a well not disclosed in the agreement.

As part of the Groundwater Protection Act, water conservation provisions on ground and surface water were included. One of the conservation provisions placed a ban on new once-through heating gallons per day of groundwater. For existing once-through systems the annual permit fee was increased from .05 cents per 1,000 gallons to 5 cents per 1,000 gallons in 1990 and 1991; 10 cents per 1,000 gallons in 1992-1996; and 15 cents per 1,000 gallons thereafter. The water conservation provisions of the

act also included a prohibition on appropriating water from small streams and lakes within Hennepin and Ramsey counties without a permit. Permits for appropriations of over 10,000 gallons per day or one million gallons per year must be obtained from the Department of Natural Resources (DNR). Permits for water below the required levels for a DNR permit must be obtained from the local water management organization.

Another major component of Ch. 326 is stronger pesticide and fertilizer regulations. These regulations include the requirement that after June 30, 1994, pesticide dealers must accept the return of the unused portion of pesticides which remain in the original container unless a designated place exists in the county to return the unused portion. A waste pesticide collection program was established. Fees were increased to fund waste pesticide collection. The following table shows the fee increases.

Item	Old Fee	New Fee
Pesticide Registration	\$ 125.00	1990: 0.1% of gross sales (\$150 min.) 1991: 0.2% of gross sales (\$150 min.)
Pesticide Applicator Employee	\$ 25.00	\$ 50.00
Specialty Fertilizer tonnage fee	-	0.15
Soil/Plant Amendment tonnage fee	-	0.15
Fertilizer tonnage fee	0.10	0.15
Commercial Lawn Care	-	100.00
Alteration of Bulk Storage	-	50.00

As part of the Groundwater Protection Act the newly enacted Agricultural Chemical Response and Reimbursement Account provides funding for the commissioner of agriculture to respond to agricultural chemical incidents and for reimbursement of costs to persons responsible for cleanup of agricultural chemical incidents. Beginning in 1991, eligible persons will receive 90 percent of corrective action costs between \$1,000 and \$100,000 plus 100 percent of the costs equal to or greater than \$100,000 but less than \$200,000. Eligibility and reimbursements will be determined by the newly created Agricultural Chemical Response Compensation Board. Funding for the Agricultural Chemical Response and Reimbursement Account is from a surcharge on registration and license fees in 1991. The following table shows the fee sources and amounts.

Source	Amount
Surcharge on Pesticide Registration	0.1% of gross sales
Agricultural Chemical Dealer and Distribution Sites	\$ 150.00
Structural Pesticide Applicators	50.00
Commercial Lawn Care	50.00
Commercial and Noncommercial Applicators	20.00
Fertilizer Fee - tonnage fee	0.10

The table on page 31 shows appropriations from the general fund, general fund offsets in the bill from fees, and unappropriated funding to the department of agriculture from fees on agricultural chemicals:

**Appropriations
Pollution Control**

Groundwater Protection
Biennial Appropriations
(dollars)

<u>Program</u>	<u>1989-91</u>	<u>Program</u>	<u>1989-91</u>
General Fund		State Planning Agency	
Health		Groundwater Data Integration	\$ 200,000
Water Well Management Program	\$ 1,840,000	University of Minnesota	
Safe Drinking Water Program	2,600,000	Integrated Pest Management	350,000
Water Pollution Limits Information	<u>250,000</u>	Experiment Station Research	300,000
Total Health	\$ 4,690,000	Total University of Minnesota	\$ 650,000
Agriculture		Total General Fund (Gross)	\$ 13,000,000
Sustainable Agriculture	100,000	Health - Water Well Permit and License Fees	\$ 2,036,000
Monitoring/Technical Support/Laboratory	<u>450,000</u>	DNR - Water Appropriation Permit Fees	<u>2,688,000</u>
Total Agriculture	\$ 550,000	Total Revenue Offsets	\$ 4,724,000
Board of Water and Soil Resources		Total General Fund (Net)	\$ 8,276,000
Comprehensive Local Water Management	100,000	Dedicated Funds Not Requiring Appropriation	
Local Water Resources Protection	3,220,000	Agriculture	
Environmental Agricultural Program	400,000	Fertilizer Regulation	\$ 500,000
Well Sealing Cost Share Program	530,000	Pesticide Regulation	1,641,000
Metropolitan Watershed Task Force	<u>25,000</u>	Waste Pesticide Collection	600,000
Total Board of Water and Soil Resources	\$ 4,275,000	Total Agriculture	\$ 2,741,000
Legislative Water Commission		Agriculture Chemical Response and Reimbursement Account	<u>1,134,000</u>
General Operations and Administration	170,000	Total Dedicated	\$ 3,875,000
Department of Natural Resources		Total All Funds	\$ 16,875,000
County Atlas Development	365,000		
Groundwater Assessment, Gauging, and Tech. Asst.	<u>1,600,000</u>		
Total Department of Natural Resources	\$ 1,965,000		
Pollution Control Agency			
Develop and Implement BMPs and Tech. Assist.	250,000		
Integrated Groundwater Information System	<u>250,000</u>		
Total Pollution Control Agency	\$ 500,000		

Protection of Workers

Workers' Compensation

The Legislature for the second straight session passed a major workers' compensation bill that was vetoed by the governor.

The vetoed bill was similar to the 1988 bill in many respects.

Major changes to existing law included:

- A change in the benefit level from two-thirds of the pre-injury wage to 80 percent of the pre-injury after-tax wage. Essentially, this change altered payments based on size of families. Injured workers with more dependents would benefit and those without dependents would lose benefits.
- Establishment of new maximum benefits at 110 percent of the Statewide Average Weekly Wage (SAWW). The current maximum is 100 percent of SAWW.
- Establishment of new minimums at 20 percent of SAWW or the actual pre-injury wage, whichever is lower. Current minimums are 50 percent of SAWW, or the actual wage, whichever is less, but never below 20 percent of SAWW.
- Elimination of the two-tier payment schedule for permanent partial injuries.
- Reduction of the cost of living escalator maximum from the current six percent of SAWW to four percent of that figure.
- Establishment of fee schedules for attorneys, qualified rehabilitation consultants, and medical vendors employed in workers' compensation.
- Extension of the exemption for family farms from workers' compensation coverage, if these farms are covered by liability insurance.
- Coordination of supplemental benefits and Social Security benefits.
- Changes in the Workers' Compensation Court of Appeals; and
- Authorization to the governor to phase in prior approval insurance regulation as of July 1, 1991.

Jobs and Training

The Omnibus Human Resources Appropriations Bill provided \$70.1 million for the Department of Jobs and Training, including \$36.7 million for rehabilitation services; \$6.8 million for services for the blind; \$14.5 million for economic opportunity; and \$12.1 million for employment and training.

The Legislature approved \$6.4 million for youth programs, including \$100,000 for youth intervention and \$1 million for programs for at-risk youth. The employment and training appropriation also included \$4 million the first year for the Minnesota Employment and Economic Development (MEED) Wage Subsidy Program. The \$1.1 million appropriation for employment programs included \$250,000 to expand the Opportunities Industrialization Center Program and \$400,000 to expand the Hospitality Host Program. A \$150,000 appropriation was approved to implement the inventory, referral, and intake system. The Legislature provided \$530,000 for services for dislocated workers.

The fee for marriage dissolution was increased from \$55 to \$75, and the portion of this fee dedicated to the Displaced Homemakers Program was increased from \$8.25 to \$18.25. The marriage fee was increased from \$45 to \$65, with \$33.25 of that amount dedicated for the Displaced Homemakers Program, a \$10 increase. These fee increases were expected to generate an additional \$952,000 annually for that program. However, the Omnibus State Departments Appropriations Bill provided that the fees would be paid directly to the general fund, and that the Displaced Homemakers Program would be supported by the general fund. For the 1989-91 biennium general fund appropriations for the Displaced Homemakers Program are \$2.8 million.

Rehabilitation Services

The appropriation for rehabilitation services included \$12 million for vocational rehabilitation; \$1.4 million for independent living services; \$3.4 million for workers' compensation services; \$20 million for extended employment; and a department-wide reduction in travel and salaries amounting to \$88,000. The appropriation for independent living

services included \$75,000 the second year to establish a new independent living center and \$376,000 to insure statewide access to independent living services for persons with severe disabilities. The appropriation for workers' compensation services included

\$400,000 to continue a grant program for rehabilitation services for injured workers. The extended employment appropriation included an additional \$1 million to provide more community-based employment opportunities for severely disabled persons.

Public Employees

Retirement Programs

Major changes in retirement benefits for state and local government employees and teachers were enacted in 1989. The changes affect members of the Minnesota State Retirement System, the Public Employees Retirement Association, the Teachers Retirement Association, and the teacher retirement systems in Minneapolis, St. Paul, and Duluth.

For new employees covered by those retirement plans, the formula for determining pension benefits will be 1.5 percent of the high five years of salary (successive) for all years of service, rather than one percent for the first 10 years and 1.5 percent of subsequent years. The normal retirement age will be the age determined by the Social Security system. Benefits will be actuarially reduced for early retirement.

For existing employees covered by the affected plans, the normal retirement age will remain 65. These employees may choose between two formulas for determining retirement credits. The choice will be between:

- a level-benefit formula (1.5 percent for each of successive high five salary years of service) with an actuarial reduction for early retirement;
- or the current benefit formula (one percent for the first 10 years of service and 1.5 percent for subsequent years) with a three percent annual reduction for early retirement.

Also, existing employees whose age and years of service total 90 may retire early with no reduction in benefits, an option that previously was available only to PERA members.

Other changes in the affected plans:

- Reduce the vesting period from five years to three;
- Increase the interest on refunds from five percent to six percent; and
- Increase the annual augmentation of deferred annuities from three percent to five percent after the deferring member reaches age 55.

Bounce Back Annuity

Finally, for members who have chosen a joint and survivor annuity, and whose designated survivors die before the members do, the 1989 legislation provides an increase in benefits to the level they would have been had the members chosen a straight-life annuity instead of a joint and survivor annuity. This is referred to as the "bounce back" provision.

Other Provisions

Other significant changes made by the 1989 Omnibus Retirement Act are:

- An increase in benefits for legislators including use of per diem as well as salary to compute pension benefits,
- A benefit floor for pre-1973 retirees,
- An amended defined-contribution plan for state university and community college faculty members,
- An improvement in benefits for police officers, firefighters, and correctional employees,
- Combined service benefits for judges, and
- Codified fiduciary responsibilities for officials of public pension plans.

The bill appropriated \$10.6 million to help cover the increased employer contributions required to pay for benefit improvements for Minnesota State Retirement System members working for state agencies and the University of Minnesota. The act also appropriated \$1.8 million for the biennium to fund post-retirement benefits for pre-1973 retirees of the Minneapolis Employees Retirement Fund. Both appropriations were from the general fund.

Compensation

The 1989 Legislature passed a salary supplement of \$43.7 million for the first year of the biennium and \$89 million for the second year to fund salary and benefit increases for state classified and unclassified employees.

Appropriations Public Employees • Industry Regulation

The Legislature followed the recommendations of the Compensation Council and gave the constitutional officers five percent increases each year of the biennium, and lawmakers and judges six percent increases each of the two years.

The Legislature also approved the collective bargaining contract with the State Residential Schools Education Association, and approved increases of five percent effective January 1, 1989, for state agency heads. In addition, lawmakers approved increases for the heads of the higher education institutions.

Increases for the managers covered by the state's Managerial Plan and those employed by the metropolitan agencies were limited to five percent for each year of the 1989-91 biennium.

The Legislature directed the commissioner of employee relations to study the compensation levels of managers, officials, and administrators of the state, cities, counties, towns, school districts and metropolitan agencies, and the increases granted to these officials between January 1, 1985, and January 1, 1990.

The Legislature also required the commissioner of employee relations to study the impacts on state agencies resulting from the current schedule for negotiating collective bargaining agreements covering state employees. That report must be completed April 1, 1990.

Salaries for the constitutional officers, judges and legislators were recommended by the Compensation Council and approved by the 1989 Legislature. They are listed below with the 1990 salaries for comparison.

Salaries of Constitutional Officers, Judges, and Legislators

	<u>1990</u>	<u>1991</u>	<u>1992</u>
Governor	\$ 103,867	\$ 109,053	\$ 114,506
Attorney General	81,137	85,194	89,454
Lieutenant Governor	57,125	59,981	62,980
Auditor	62,321	65,437	68,709
Secretary of State	57,125	59,981	62,980
Treasurer	54,042	59,981	62,980
Chief Justice, Supreme Court	90,521	97,957	103,835
Associate Justice, Supreme Court	84,011	89,052	94,395
Chief Judge, Court of Appeals	80,818	88,106	93,392
Judge, Court of Appeals	77,502	83,910	88,945
Chief Judge, Trial Court	74,309	82,706	87,669
Judge Trial Court	74,309	78,768	83,494
Workers' Compensation Court of Appeals	66,877	70,891	75,145
Compensation Judge	55,732	59,076	62,621
Tax Court Judge	74,309	78,768	83,494
Legislators*	26,395	27,979	29,657

* House and Senate leadership receive additional compensation up to 140% of the salary of a member.

Industry Regulation

Commerce Department

The 1989 Legislature appropriated \$21.1 million for the operation of the Department of Commerce. Most of these appropriations were from the general fund, with small amounts from the Petroleum Cleanup Fund and from the special revenue fund.

Department of Commerce Biennial Appropriations (dollars)

<u>Program</u>	<u>1989-91</u>
Financial Examinations	\$ 8,332,000
Registration and Analysis	3,726,000
Administrative Services	3,239,000
Enforcement and Licensing	5,265,000
Other Programs	<u>489,000</u>
Total	\$ 21,051,000

The Petroleum Tank Release Cleanup Board is funded with an appropriation of \$56,000 each year from the petroleum tank release cleanup fund. The enforcement and licensing programs are supported with general fund money and with \$587,000 from the real estate education, research, and recovery account in the special revenue fund.

Legislation was passed regulating currency exchanges, and cosmetology licensing. Regulations for the advertising of interest rates were adopted. Omnibus life and health and property-casualty bills were passed, making a number of changes in the regulation of these lines of insurance.

Energy

The Legislature appropriated \$4.1 million to the Public Utilities Commission and \$13.2 million to the Department of Public Service. Funding for the Department of Public Service included \$3.9 million for utility regulation and \$3.9 million for energy.

The Legislature also enacted a bill addressing low-income energy needs. The bill tightened restrictions on disconnecting residential utility customers who are unable to pay for utility service during cold weather. It also designates the Department of Public Service as the agency responsible for coordinating energy policy for low-income Minnesotans and requires the department to gather information on low-income energy programs.

The bill further specifies that of the money received by the state as a result of federal oil overcharge litigation, \$3.1 million is appropriated to the housing development fund for home energy loans. One-half of the remainder of any money received must be appropriated to the commissioner of jobs and training for energy conservation projects that directly serve low-income Minnesotans.

Other legislation passed in 1989 allowed utilities to apply to the Environmental Quality Board to exempt the construction of a proposed electric power generating plant with a capacity between 50 and 80 megawatts from power plant siting requirements.

Gambling

The 1989 Legislature passed a number of provisions concerning gambling. It created a Department of Gaming and Division of State Lottery and made a number of changes relating to charitable gambling and pari-mutuel horse racing.

The new Department of Gaming is headed by a commissioner appointed by the governor. The commissioner is a voting member on the Charitable

Gambling Control Board, the Lottery Board, and the Horse Racing Commission. The commissioner is required to conduct a study on the status of legal and illegal gambling in Minnesota. The appropriation for the department is \$370,000 for the biennium, allowing for a staff of three persons.

Lottery

The Legislature created a state lottery in response to voter approval of the 1988 constitutional amendment. The Lottery Division will be headed by a director appointed by the Governor. The lottery is subject to review by a seven-member lottery board, appointed by the Governor. The director has the authority to hire all personnel and establish a budget. All expenses of the lottery are to be paid out of lottery proceeds, with a limit of 15 percent of gross revenue to be used for operations (operations do not include retailer compensation). The Legislature appropriated \$8.5 million from the general fund as start-up money. It must be repaid, with interest, to the general fund by June 30, 1990.

Lottery tickets will be sold through retailers selected by the director. The director can advertise and promote the lottery, present information on games and programs supported by the lottery, present the lottery as entertainment, and identify the winners of prizes and winning numbers. After June 30, 1992, the advertising budget of the lottery is limited to 2.75 percent of gross revenues.

The lottery is required to pay minimum prizes as follows: (1) for on-line games which include lotto-type games, 45 percent of gross revenues; and (2) for non-on-line games, usually referred to as the instant scratch-off games, (a) through June 30, 1991, at least 50 percent of gross revenues; (b) between July 1, 1991, and June 30, 1992, at least 55 percent of gross revenues; (c) and after July 1, 1992, at least 60 percent of gross revenues.

Charitable Gambling

The name of the Charitable Gambling Board was changed to the Lawful Gambling Control Board, and the number of board members was reduced from 13 to 6, plus the commissioner of gaming. License fees were increased for organizations conducting lawful gambling and for manufacturers, distributors, and bingo hall operators. Further, organizations will be able to spend profits derived from lawful gambling to repair and maintain buildings that they own or lease if the building is used extensively as a meeting place by these organizations.

Legislation also voided the 1988 governor's reorganization order which transferred charitable gambling control activities to the Department of Revenue. Thirteen positions that had been transferred to Revenue by the reorganization order were returned to the Lawful Gambling Control Board.

Racing Commission

The Minnesota Racing Commission was given the authority to allow a licensed racetrack to conduct wagering at a racetrack on races conducted outside of Minnesota on days when no live races are being held at the Minnesota racetrack. The commission was also given the authority to permit the Minnesota track to commingle its betting pools with the pools of the racetrack that is transmitting the race.

Enforcement

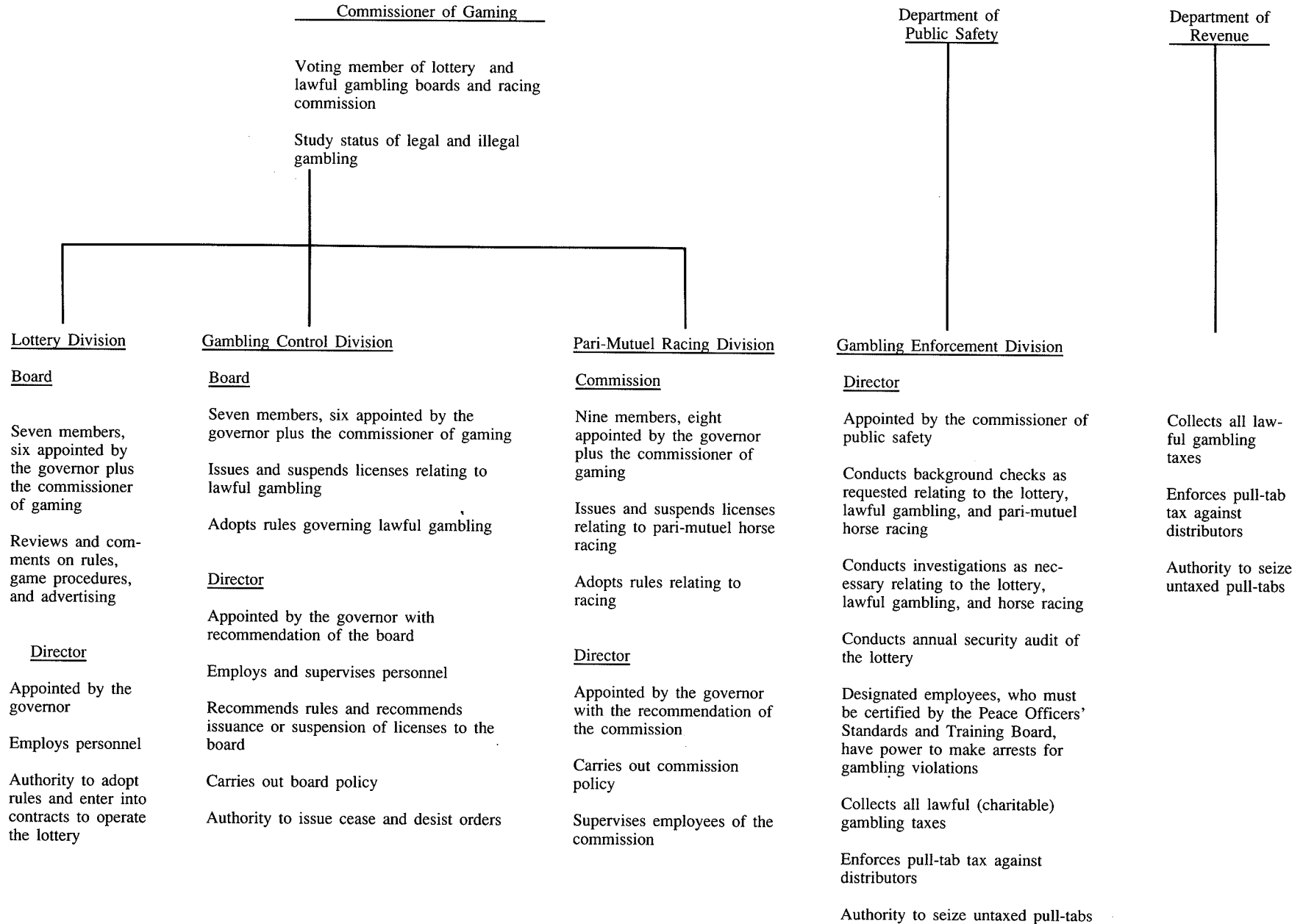
The Legislature also created a Division of Gambling enforcement within the Department of Public Safety. That division is given the authority to enforce all gambling laws. The law requires that certain employees of the division be certified peace officers with the power to make arrests for gambling law violations.

The appropriation for the new division is \$750,000 for the biennium. The staff of the division is ten persons with at least six of the positions to be filled by certified peace officers. In addition to this appropriation and complement, two other positions currently funded in the Department of Revenue are transferred to this new division.

Compulsive Gambling

The Legislature appropriated \$600,000 for the biennium to the commissioner of human services to develop a treatment program for compulsive gamblers. Another \$200,000 for this purpose was appropriated from lottery receipts.

Organization of Gaming Regulation



Appropriations
 Industry Regulations

Public Safety

Department of Corrections

The Department of Corrections was appropriated \$258.2 million, including \$182.2 million for correctional institutions, \$66.7 million for community services, and \$9.3 million for management services.

Correctional Institutions

Base level funding for correctional institutions was \$151.2 million. In addition, the omnibus crime bill allocated \$31 million for institutions. This amount included \$2 million to pay start-up costs associated with converting a portion of the Faribault Regional Treatment Center to a medium-security correctional facility. The Legislature allocated \$15 million to operate the new facility. Also authorized were 245 additional staff positions in the Department of Corrections. The appropriation included \$395,000 to establish two additional sex offender treatment programs at state correctional facilities.

Community Services

Base level funding for community services totaled \$50 million. The commissioners of corrections and human services were directed to study General Assistance per diem payments for battered women's shelters. The commissioner of corrections was encouraged to direct a portion of the increase in funding for battered women's programs to increase pay for shelter employees. Also, \$34,000 in the first year was provided to pay startup costs for an American Indian battered women's shelter. The fee for marriage dissolution was increased from \$55 to \$75, and the portion of this fee dedicated to programs for battered women was increased from \$26.75 to \$36.75. The marriage fee was increased from \$45 to \$65, and \$16.75 of this amount, rather than the previous \$6.75, was dedicated to battered women's programs. These fee increases were expected to generate an additional \$476,000 annually for these programs. However, the Omnibus State Departments Appropriations Bill provided that these fees would be paid directly to the general fund, and the battered women's programs would receive appropriations from the general fund. The 1989-91 biennium general fund appropriations for battered women's programs are \$6.4 million.

Community services funding in the crime bill

totaled \$16.8 million. The appropriation included \$300,000 for residential and outpatient sex offender treatment and after care when required, and \$1 million in the second year for juvenile and adult sex offender treatment pilot programs. Also included was \$150,000 for a grant to an existing statewide combination of sexual assault programs, providers, and agencies.

Management Services

The human resources funding bill provided \$8.1 million for management services, and the crime bill allocated an additional \$1.2 million for this activity.

Sentencing Guidelines Commission

The Omnibus Human Resources Appropriations Bill provided base level funding of \$436,000 for the Sentencing Guidelines Commission. The crime bill allocated an additional \$58,000 for the commission, of which \$20,000 in the first year was for the local correctional resource data collection study and \$38,000 the second year was for a study, with a report due February 1, 1991 of the mandatory minimum sentencing law.

Corrections Ombudsman

The Omnibus Human Resources Appropriations Bill allocated \$733,000 for the Corrections Ombudsman's activities.

Crime Bill

The Omnibus Crime Control Bill (Ch. 290) increased sentences for a number of crimes, changed drug laws and established sex offender treatment programs.

The legislation requires that an individual convicted of murder who previously had been convicted of first, second, or third degree murder, or aggravated criminal sexual conduct, serve a life sentence without parole. The law also raised the minimum sentence for first degree murder from 17 to 30 years, and increased penalties for dangerous and career offenders and repeat criminal sexual conduct

offenders.

Ch. 290 creates five degrees of controlled substance crimes, requires various sex offender treatment programs and provides avenues for addressing the problem of "cocaine babies."

The crime control legislation appropriated \$59.8 million for crime control efforts, including \$48.9 million to the Department of Corrections.

The Legislature appropriated \$30.9 million for correctional institutions, which included \$15.1 million for the operating costs and almost \$2 million for start-up costs at the newly converted medium security correctional facility at Faribault. Two additional sex offender treatment programs at state correctional facilities received \$395,000 in funding.

The Legislature also appropriated \$16.8 million for community services, and \$7.1 million to the State Planning Agency for the community resources program. The Sentencing Guidelines Commission was

appropriated \$38,000 to study the mandatory minimum sentencing law and submit a report by February 1, 1991 and \$20,000 for a local correctional resource data collection study.

The Department of Public Safety was appropriated \$2.8 million. Of this, \$1.3 million was appropriated to the Bureau of Criminal Apprehension to establish a DNA analysis laboratory and \$350,000 was earmarked for the Drug Abuse Resistance Education Training Program. The Legislature created the Office of Drug Policy and Drug Abuse Prevention in the Department of Public Safety, funding it with \$350,000. The Soft Body Armor Reimbursement Program was appropriated \$300,000.

The Department of Human Services was appropriated \$900,000 for grants to agencies providing chemical dependency treatment to mothers and pregnant women.

Governance

Legislature

Biennial appropriations for the Legislature totaled \$88,928,400, an increase of 17 percent over the previous biennium, representing 0.6 percent of total state appropriations. The appropriations included \$29.0 million for the Senate, \$39.9 million for the House, \$13.3 million for the Legislative Coordinating Commission, and \$6.8 million for the Legislative Audit Commission.

Appropriations for the Legislative Coordinating Commission included \$6.9 million for the Revisor of Statutes, \$1.6 million for the Legislative Reference Library, and \$4.8 million for other legislative commissions.

Courts

The Omnibus State Departments Appropriations Bill included \$23.6 million to the Supreme Court; \$8.8 million to the Court of Appeals; \$326,000 to the Board on Judicial Standards; and \$22.2 million to the Board of Public Defense.

The trial courts were appropriated \$52.8 million. The appropriation includes the \$4.9 million state cost of the state takeover of the trial court and county district costs in the eight judicial districts.

While the total state cost is \$28.4 million, \$16.8 million and \$6.6 million are offset by fees and local government aid, respectively.

Of the takeover costs \$4.2 million is provided for an 18-month pilot study of takeover costs in the eighth judicial district, consisting of Wilkin, Traverse, Grant, Stevens, Pope, Big Stone, Lac Qui Parle, Swift, Chippewa, Kandiyohi, Meeker, Renville and Yellow Medicine Counties.

Governor and Constitutional Officers

Appropriations to the governor and lieutenant governor were \$5.8 million, compared with \$4.7 million for the governor and \$552,000 for the lieutenant governor for the previous biennium. The appropriations included \$184,000 for membership dues to the National Governors Association.

Other appropriations included \$36.9 million for the attorney general, compared with \$35.4 million for the previous biennium; \$5.9 million for the secretary of state compared with \$5.6 million for the previous biennium; \$1.1 million for the state auditor, the same as the previous biennium, and \$1.1 million for the state treasurer, compared with \$1 million for the previous biennium.

1989 Deficiency and Emergency Appropriations

The 1989 Legislature appropriated \$4.98 million to be available in fiscal year 1989 to cover unexpected spending needs. The table below provides a detailed listing of those appropriations.

Deficiency and Emergency Appropriations For Fiscal Year 1989 (dollars)

<u>Item</u>	<u>Amount</u>	<u>Fund</u>
Emergency Deer Feeding (Ch. 8)	\$ 300,000	Game and Fish
Red River Valley Flooding (Ch. 41)	250,000	General Fund
Red River Valley Flooding (Ch. 315)	645,000 *	General Fund
Inspection of Motor Vehicles (Ch. 342)	125,000	General Fund
Claims Against the State (Ch. 225)	38,544	General Fund
Bonding Bill (Ch. 300)		
Education Aids-Litigation	116,000	General Fund
Health and Human Services--MA Replacement	957,000	General Fund
Health-related Boards	42,000	Special Rev.
Public Safety--Disaster Relief	212,000	General Fund
Agriculture--Haylift, misc.	227,000	General Fund
Court of Appeals--Disability Retirement	78,000	General Fund
Trial Courts--Workers' Comp	146,000	General Fund
Board of Public Defense--Trial Transcripts	160,000	General Fund
Attorney General--Litigation	136,000	General Fund
Administration--Volunteer Services	70,000	General Fund
Finance-BBS, College Savings Bonds	172,000	General Fund
Employee Relations--Applicant Processing	40,000	General Fund
Natural Resources--Drought Emergency	201,000	General Fund
Natural Resources--Park Operations	600,000	Special Rev.
Natural Resources--Deer Feeding	260,000	Game and Fish
Pollution Control--Waste Management Board Audit	279,000	General Fund
Veterans' Affairs--Veterans' Relief	<u>55,000</u>	General Fund
Total	\$ 5,109,544	

* This amount is available through fiscal year 1990

State Debt and Capital Expenditures

The bonding and capital spending program adopted by the 1989 Legislature totaled \$160.5 million. This includes \$142.6 million in general obligation bonding; \$5 million in RIM bonding; \$10.8 million in the Crime Bill; and \$2.1 million in direct appropriations from the general fund.

The Crime Bill provides \$10.8 million in bonding to convert portions of the regional treatment center at Faribault for use as a medium security correctional facility for adult males.

The bonding bill set the debt retirement limit for the biennium at \$369 million for general obligation funds; the Crime Bill added \$1.6 million to the above limitation. Beyond that, the open and standing special revenue fund allocation for debt retirement is \$42.6 million, most of it from the non-general fund cigarette tax.

The Legislature also authorized an additional \$2 million in school loan bonds for the maximum

effort school loan program. At the same time, the bonding authority for the cooperative secondary facilities grant program was reduced by \$2 million. The Legislature authorized \$2 million in bonds to provide grants under the Desegregation Capital Improvement Grant Act. The Legislature also repealed provisions that would have ended the cooperative secondary facilities grant program June 30, 1989.

The \$50 million 1981 bonding authorization for various district heating projects and specified school districts' development of wood fuel conversion facilities was reduced by \$37.9 million.

Capital loans of up to \$4.9 million and \$11.3 million were approved for the Foley and Ogilvie school districts, respectively.

The table on the following pages show the details of the bonding authorizations.

Capital Expenditures
Funded by the 1989 Legislature
(dollars)

<u>Item</u>	<u>Bonding Amount</u>	
Technical Colleges		
Systemwide Improvements and Miscellaneous	\$ 5,485,000	
Community Colleges	5,805,000	
Including:		
Brainerd		\$ 360,000
Fergus Falls		200,000
Fond du Lac		100,000
Hibbing		25,000
Lakewood		320,000
Normandale		580,000
Rainy River		155,000
Southeast Education Center		825,000
Willmar		185,000
Systemwide Improvements		3,055,000
State University System	27,830,000	
Including:		
Bemidji		150,000
Mankato		11,700,000
Metropolitan Campus		600,000
Moorhead		210,000
St. Cloud		295,000
Southwest		365,000
Winona		10,310,000
Systemwide Improvements and Miscellaneous		4,200,000
University of Minnesota	14,415,000	
Including:		
Walter Library		2,270,000
Twin Cities Track		5,114,000
Statewide Projects and Miscellaneous		7,031,000
Elementary and Secondary Education	2,703,000	
Including:		
Desegregation		2,000,000
Miscellaneous		703,000
Human Services		
Institutional Improvements	11,751,000	
Corrections	13,400,000	
Including:		
Red Wing		300,000
St. Cloud		1,100,000
Shakopee		250,000
Stillwater		350,000
Systemwide		600,000
Faribault Conversion (RTC to Corrections)*		10,800,000
Health Department	390,000	
Veterans Home Board	165,000	
Department of Jobs and Training (Minneapolis Office)	1,000,000	

* This authority is found in the Crime Bill (Ch. 290)

Capital Expenditures
 Funded by the 1989 Legislature
 (dollars)

(Continued)

<u>Item</u>	<u>Bonding Amount</u>
Board of Water and Soil Resources	1,500,000
Historical Society	301,000
Including:	
Red Lake Tribal Information	165,000
Red Wing Archaeological Site	136,000
Department of Administration	38,312,000
Including:	
Statewide Handicapped Access Projects	29,000,000
Capital Remodeling	3,575,000
Asbestos Removal	1,500,000
Office Relocations	1,160,000
House Space Renovation	2,200,000
Public Radio, Appleton	393,000
Miscellaneous	484,000
Capitol Area Architectural and Planning Board	450,000
Department of Natural Resources	6,857,000
Including:	
Reinvest in Minnesota	3,500,000
Trail Development	1,200,000
Flood Control	1,032,000
Miscellaneous	1,125,000
Pollution Control Agency	10,125,000
Including:	
Sewer Separation	6,750,000
Waste Water Facilities	2,500,000
Grant Administration	875,000
Public Facilities Authority	12,700,000
Department of Trade and Economic Development	6,780,000
Including:	
Duluth Harbor Dredging	6,100,000
Shooting Sports, Biwabik	400,000
Kayaking Center, Carlton County	280,000
Military Affairs	
Camp Ripley	400,000
Bond Sale Expenses	<u>119,000</u>
Total Capital Expenditures	\$ 160,488,000

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Table A

Summary of Biennial Appropriations by Fund
1989 Regular and Special Sessions

<u>Fund</u>	<u>1989-91</u>
County-State Aid Highway	\$ 476,281,000
Environmental Response	7,120,243
Game and Fish	89,553,460
General	13,018,583,690
General Dedicated	1,001,674,000
Highway User Tax Distribution	26,513,662
Metro Landfill Abatement	3,482,000
Metro Landfill Contingency	1,773,714
Minnesota Resources	18,590,000
Mortgage Registry	63,860,000
Motor Vehicle Transfer	8,147,000
Municipal-State Aid Street	148,646,000
Natural Resources	31,667
Permanent School	58,525,000
Petroleum Tank Release Cleanup	2,969,000
Special Revenue	96,936,200
State Airports	28,043,411
State Departments Special Revenue	27,162
Transit Assistance	2,814,000
Trunk Highway	1,111,823,977
Water Recreation	17,376,000
Workers' Compensation	28,527,666
Total State Appropriations	16,253,918,856
Indirect Cost Receipts	(17,800,000)
Federal Funds Appropriations	4,335,769,000
Total Appropriations	\$ 20,571,887,852

Table B

**General Fund Resources and Appropriations
1989-1991 Biennium**

(dollars)

	<u>1989-91</u>
I. RESOURCES	
A. Balance Forward	\$ 989,616,000
B. Taxes and Receipts (before 1989 law changes)	
Individual Income Taxes	6,567,100,000
Corporate Franchise Tax	1,088,900,000
Sales Tax	3,863,900,000
Motor Vehicle Tax	502,800,000
Estate Tax	33,635,000
Liquor, Wine, Beer	109,352,000
Cigarette and Tobacco Products Tax	209,090,000
Iron Ore/Taconite Occupation	5,640,000
Royalty Tax	1,277,000
Deed and Mortgage Tax	34,140,000
Insurance Gross Premiums	265,900,000
Telephone, Telegraph, and Other Gross Earnings	86,138,000
Lawful Gambling Tax	47,727,000
Departmental Earnings	134,435,000
Investment Income	115,000,000
Income Tax Reciprocity	42,427,000
Other Non-dedicated Receipts	<u>72,000,000</u>
Total Taxes and Receipts (before 1989 law changes)	\$ 13,179,461,000
C. Revenue Refunds	
Individual Income Tax	(581,600,000)
Corporate Franchise Tax	(172,000,000)
Sales Tax	(41,137,000)
Other Refunds	<u>(34,021,000)</u>
Total Refunds	\$ (828,758,000)
D. Transfers From Other Funds	
Other Special Revenue Funds	7,482,000
All Other Transfers	2,063,000
New Legislation Transfers	<u>32,181,000</u>
Total Transfers	\$ 41,726,000
E. Dedicated Revenues	
State University Board	165,783,000
State Community College System	90,566,000
University of Minnesota	286,209,000
Human Services County Reimbursement	147,526,000
Human Services Hospital Receipts	285,623,000
All Other	<u>25,967,000</u>
Total Dedicated Revenues	\$ 1,001,674,000

	<u>1989-91</u>
F. Taxes and Receipts -- 1989 Law Changes	
Individual Income Tax	2,400,000
Corporate Franchise Tax	1,600,000
Sales Tax	39,868,000
Cigarette and Tobacco Products Tax	47,158,000
Taconite Production Tax	110,000
Insurance Gross Premium Tax	(1,400,000)
Lawful Gambling Tax	49,800,000
Departmental Earnings	<u>31,824,000</u>
Total Taxes and Receipts -- Law Changes	\$ 171,360,000
II. APPROPRIATIONS	
A. Major Spending Categories	
Elementary and Secondary Education	
General Education Aid	2,838,548,000
Other	1,012,809,000
Higher Education	1,961,645,000
Human Services, Health, Corrections	2,708,269,000
Transportation and Semi-States	208,283,000
State Departments	<u>901,424,000</u>
Total Major Spending Categories	\$ 9,630,978,000
B. Dedicated Appropriations	
State University Board	165,783,000
State Community College System	90,566,000
University of Minnesota	286,209,000
Human Services County Reimbursement	147,526,000
Human Services Hospital Receipts	285,623,000
All Other	<u>25,967,000</u>
Total Dedicated Expenditures	\$ 1,001,674,000
C. Transfers to Other Funds	181,503,000
D. Open and Standing Appropriations	
Aids and Credits	2,659,642,000
Debt Service	370,553,000
Capital Expenditure Appropriations	2,103,000
Retirements	136,057,000
Other Open and Standing	<u>23,346,000</u>
Total Open and Standing Appropriations	\$ 3,191,651,000
TOTAL REVENUES AND RECEIPTS	14,555,079,000
TOTAL APPROPRIATIONS -- GROSS	14,009,806,000
Less Cancellations	(20,000,000)
TOTAL APPROPRIATIONS -- NET	\$ 13,989,806,000
Budget and Cash Flow Reserve	550,000,000
UNRESTRICTED BUDGETARY BALANCE	\$ 19,273,000

Table C

Detailed Appropriations by Function - All Funds
Comparison of 1987-89 and 1989-91 Bienniums

	1987-1989 <u>Biennium</u>	1989-1991 <u>Biennium</u>	Increase <u>(Decrease)</u>	Percent <u>Change</u>
<u>Aids and Credits</u>				
Homestead and Agricultural Credit Aid (HACA)				
School Districts ¹	\$	138,275,000		%
Cities, Towns, Counties ¹		496,831,000		
Homestead Credit				
School Districts ¹	559,129,900	358,839,000		
Cities, Towns, Counties ¹	654,727,000	342,892,000		
Agricultural Credit				
School Districts ¹	Breakdown	64,729,000		
Cities, Towns, Counties ¹	Not Available	45,748,000		
Subtotal HACA, Homestead and Agricultural Credit Aid. ^{1,2}	1,436,526,400	1,447,314,000	10,787,600	0.8
Property Tax Refund				
Renters ¹	206,900,000	202,900,000	(4,000,000)	-1.9
Homeowners ¹	73,695,400	84,800,000	11,104,600	15.1
Targeting. ¹		13,900,000	13,900,000	
Supplemental Homestead Property				
Tax Relief ¹	1,790,500	1,824,000	33,500	1.9
Aid to Local Governments ¹	647,806,900	764,451,000	115,691,100	17.9
Attached Machinery Aid				
School Districts ¹	1,671,900	1,672,000	100	
Cities, Towns, Counties ¹	4,763,600	4,764,000	400	
Wetlands Credit and Reimbursement				
School Districts ¹	649,100	37,000	(612,100)	-94.3
Cities, Towns, Counties.	741,600		(741,600)	
Native Prairie Credit and Reimbursement				
School Districts ¹	133,600	8,000	(125,600)	-94.0
Cities, Towns, Counties.	196,400		(196,400)	
Payments in Lieu of Taxes - DNR Lands ¹	9,044,500	9,071,000	26,500	100.3
Agricultural Preservation Credit				
School Districts	105,600		(105,600)	
Cities, Towns, Counties	197,500		(197,500)	
Enterprise Zone Credit				
School Districts ¹	753,800	54,000	(699,800)	-92.8
Cities, Towns, Counties ¹	1,344,300	1,412,000	67,700	5.0
Small Business Credit				
School Districts ¹	10,625,000	1,294,000	(9,331,000)	-87.8
Cities, Towns, Counties	12,500,000		(12,500,000)	
Income Maintenance Tax Disparity Aid	10,639,200		(10,639,200)	
Regional Transit Board Levy Reduction ¹	4,043,700	4,972,000	928,300	23.0
Region 3 Occupation Tax Distribution	575,400	738,000	162,600	28.3

Statistics
Table C

	<u>1987-1989 Biennium</u>	<u>1989-1991 Biennium</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Disaster Credit				
School Districts ¹ \$		4,000	4,000	%
Cities, Towns, Counties				
Border City Enterprise Zone ¹		1,900,000	1,900,000	
Commercial/Industrial Refund ¹		10,000,000	10,000,000	
Disparity Aid				
School Districts ¹		14,927,000	14,927,000	
Cities, Towns, Counties ¹		87,902,000	87,902,000	
Border City Disparity Aid				
School Districts ¹		2,655,000	2,655,000	
Cities, Towns, Counties. ¹		3,044,000	3,044,000	
Total Aids and Credits Category	2,424,704,400	2,659,643,000	234,938,600	9.7
<u>Elementary and Secondary Education</u>				
Department of Education ²	40,317,700	48,315,400 ¹	7,997,700	19.8
Litigation	116,000		(116,000)	
Minnesota Center for Arts Education . . .	4,855,700	12,000,000	7,144,300	147.1
General Education Aid	2,280,500,000	2,838,058,000 ³	557,558,000	24.4
Endowment Fund	58,000,000	58,000,000		
Exceptional Need Aid	125,700	490,000	364,300	
Transportation Aid	183,281,000	206,136,000 ⁴	22,855,000	12.5
Transportation Aid for				
Post-Secondary Enrollment Options. .	50,000	100,000	50,000	100.0
Transportation Aid for Enrollment				
Options		100,000	100,000	
Special Programs				
Special Education Aid	321,506,300	341,119,000	19,612,700	6.1
Limited English Proficiency Pupils				
Program Aid	5,884,600	6,673,000	788,400	13.4
Indian Education Programs	6,728,700	7,190,000	461,300	6.9
Secondary Vocational Handicapped . . .	8,382,800	11,518,000	3,135,200	37.4
Assurance of Mastery		10,582,000	10,582,000	
Individualized Learning and				
Development Aid.		6,400,000	6,400,000	
Secondary Vocational Education Aid . .	32,440,600	23,191,000	(9,249,600)	-28.5
Community and Adult Education				
Community Education Aid	5,410,600	8,444,000	3,033,400	56.1
Adult Education Programs	8,307,900	13,884,000	5,576,100	67.1
Early Childhood Family Education Aid	15,966,400	19,922,000	3,955,600	24.8
Adult Handicapped Program Aid.	1,120,000	1,420,000	300,000	26.8
Early Childhood Screening	865,800	2,238,000	1,372,200	158.5
Capital Expenditures				
Facilities and Equipment.	32,441,500	158,094,000 ⁵	125,652,500	
Health and Safety	109,300	18,973,000	18,863,700	
Maximum Effort Loan Fund	3,640,300	2,955,500	(684,800)	-18.8
District Organization				
Education District Aid		8,620,000	8,620,000	
Cooperation and Combination Aid . . .		75,000	75,000	
Secondary Vocational Cooperative Aid		719,000	719,000	
Program Improvement Grants	1,500,000		(1,500,000)	

**Statistics
Table C**

	<u>1987-1989 Biennium</u>	<u>1989-1991 Biennium</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Technology Grants	\$ 150,000	494,500	344,500	%
Educational Improvement				
Educational Effectiveness Programs . .	1,380,600	1,200,000	(180,600)	-13.1
State Planning, Evaluation, and Reporting Assistance	773,000	1,202,000	429,000	55.5
Local Planning, Evaluation, and Reporting	2,072,100	2,084,000	11,900	0.6
Educational Technology Services	2,127,000	1,200,000	(927,000)	-43.6
Miscellaneous Educational Improvement	2,794,000	1,960,000	(834,000)	-29.8
Career Teacher Aid		1,000,000	1,000,000	
Minority Teacher Incentives.		1,000,000	1,000,000	
Area Learning Centers	270,000	300,000	30,000	11.1
Education Restructuring		1,550,000	1,550,000	
Other Education Aids				
Venture Fund Grants	63,900		(63,900)	
Teacher Mobility Incentives	196,900		(196,900)	
Educational Cooperative Service Units	1,496,000	1,498,000	2,000	0.1
Management Information Centers . . .	6,821,400	6,822,000	600	
Abatement Aid	13,185,600	11,129,000	(2,056,600)	-15.6
School Lunch and Milk Aid	9,250,000	9,250,000		
School Milk Aid	800,000	1,600,000	800,000	
Integration Grants	23,570,900	29,888,000	6,317,100	26.8
Library Grants	10,562,800	12,746,000	2,183,200	20.7
Nonpublic Pupil Aid	17,100,000	17,371,000	271,000	1.6
Alcohol-Impaired Driver Education Grants	2,387,500	1,240,000	(1,147,500)	-48.1
Tobacco Use Prevention	1,292,600	1,237,000	(55,600)	-4.3
Miscellaneous	32,000	550,000	518,000	
FY 1987 Carryforward	1,706,000		(1,706,000)	
State Appropriations	3,109,583,200	3,910,538,400	800,955,200	25.8
Federal Appropriations	269,206,000	343,322,000	74,116,000	27.5
Total Elementary and Secondary Education Category	3,378,789,200	4,253,860,400	875,071,200	25.9
<u>Higher Education</u>				
Higher Education Coordinating Board				
Agency Administration	5,959,600	6,872,000	912,400	15.3
State Scholarships and Grants	129,450,000	151,688,000	22,238,000	17.2
Interstate Tuition Reciprocity	8,000,000	8,600,000	600,000	7.5
State Work Study	9,182,200	10,758,000	1,575,800	17.2
Income Contingent Loans	268,100		(268,100)	
Minitex Library Program	1,518,600	2,128,000	609,400	40.1
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)	

Statistics
Table C

	1987-1989 <u>Biennium</u>	1989-1991 <u>Biennium</u>	Increase (Decrease)	Percent Change
FY 1987 Carryforward \$	49,100		(49,100)	%
Subtotal Higher Education Coordinating Board	156,862,600	180,046,000	23,183,400	14.8
Technical Colleges	310,435,000	340,002,000	29,567,000	9.5
Farm Business Management Programs	1,450,000		(1,450,000)	
Agricultural Vocational Programs		700,000	700,000	
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)	
Subtotal Technical Colleges	322,799,500	340,702,000	17,902,500	5.5
Community Colleges	141,661,700	187,747,000	46,085,300	32.5
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)	
Subtotal Community Colleges	150,832,600	187,747,000	36,914,400	24.5
State Universities	277,801,700	346,605,000	68,803,300	24.8
Arrowhead Upper Division	50,000		(50,000)	
Southwest Science and Technology Center	400,000		(400,000)	
Capital Improvements.	2,900,000		(2,900,000)	
Capital Improvements. ⁴	150,000			
FY 1987 Carryforward	7,761,100		(7,761,100)	
Faculty Exchange		25,000	25,000	
Subtotal State Universities	289,062,800	346,630,000	57,717,200	20.0
University of Minnesota				
Operations and Maintenance	638,391,100	732,596,000	94,204,900	14.8
Rank Funding Adjustment	4,120,500		(4,120,500)	
Health Sciences	31,596,100	33,711,000	2,114,900	6.7
Institute of Technology	6,455,000	7,117,000	662,000	10.3
System Specials.	31,447,000	40,175,000	8,728,000	27.8
Agriculture and Extension Service.	78,256,000	87,846,000	9,590,000	12.3
Farmer-Lender Mediation Program		300,000	300,000	
Small Ruminant Specialist		40,000	40,000	
Pseudorabies Research		175,000	175,000	
Forage and Turf Seed Specialist		50,000	50,000	
Portable Computerized Fertilization.		75,000	75,000	
Bluegrass Research and Evaluation		45,000	45,000	
Coleman Leukemia Research Center	490,800		(490,800)	
St. Anthony Falls Hydraulics Project	745,300		(745,300)	
Faculty Exchange		25,000	25,000	
Offset for the Costs of Increases in Employer Contributions		1,650,000	1,650,000	
Subtotal University of Minnesota \$	791,501,800	903,805,000	112,303,200	14.2%

	1987-1989 Biennium	1989-1991 Biennium	Increase (Decrease)	Percent Change
Mayo Medical Foundation	\$ 1,760,200	2,115,000	354,800	20.2%
Higher Education Dedicated Appropriations				
Tuition and Fees				
University of Minnesota	255,089,800	286,209,000	31,119,200	12.2
State Universities	152,852,500	165,783,000	12,930,500	8.5
Community Colleges	85,161,200	90,566,000	5,404,800	6.3
Subtotal Dedicated Expenditures	493,103,500	542,558,000	49,454,500	10.0
State Appropriations	2,205,923,000	2,503,603,000	297,680,000	13.5
Federal Appropriations	64,910,600	53,612,000	(11,298,600)	-17.4
Total Higher Education Category	2,270,833,600	2,557,215,000	286,381,400	12.6
<u>Human Services</u>				
Department of Human Services				
Administration -- General	15,548,600	24,159,000	8,610,400	55.4
Legal and Intergovernmental Programs	8,376,000	8,456,000	80,000	1.0
Social Services	158,689,900	244,803,000	86,113,100	54.3
Family Support				
Aid to Families with Dependent Children, General Assistance, Work Readiness, Minnesota Supplemental Aid	253,652,200	310,736,000	57,083,800	22.5
AFDC Offset ^{1,8}	114,000,000	98,000,000	(16,000,000)	-14.0
Health Care Programs				
Medical Assistance, General Assistance Medical Care	876,246,500	1,053,058,000	176,811,500	20.2
Preadmission Screening and Alternative Care	29,594,000	33,060,000	3,466,000	11.7
Long Term Care Management	9,582,600		(9,582,600)	
Chemical Dependency and Protection Service	16,422,900		(16,422,900)	
Children's Health Plan	7,907,500	11,052,000	3,144,500	39.8
Administration -- Family Support and Health Care Programs	59,271,800	110,225,000	50,953,200	86.0
Mental Health	45,157,900	47,127,000	1,969,100	4.4
Residents of Institutions for Mental Disease ⁴	957,000		(957,000)	
State Residential Facilities				
Regional Treatment Centers	350,729,600	376,845,000	26,115,400	7.4
Nursing Homes	39,850,800	41,752,000	1,901,200	4.8
Administration Activities		4,117,000	4,117,000	
County Food Stamps	(1,040,000)		1,040,000	
Outpatient Commitment	60,000		(60,000)	
Federal Reimbursement	(44,755,600)	(51,662,000)	(6,906,400)	15.4
Transfer to Mental Health	(120,000)		120,000	
FY 1987 Carryforward	17,905,000		(17,905,000)	

**Statistics
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	<u>1987-1989 Biennium</u>	<u>1989-1991 Biennium</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Chemical Dependency Treatment for Pregnant Women and Mothers	\$	900,000	900,000	%
Subsidies to Community-Based Clinics Compulsive Gambling Treatment Programs		50,000	50,000	
		600,000	600,000	
Subtotal Non-Dedicated Appropriations . . .	<u>1,958,036,700</u>	<u>2,313,278,000</u>	<u>355,241,300</u>	18.1
Dedicated Appropriations				
County Share of Payments ⁹	134,164,800	147,526,000	13,361,200	10.0
Hospital Revolving Account ¹⁰	312,104,300	285,623,000	(26,481,300)	-8.5
Miscellaneous	20,950,000	25,967,000	5,017,000	23.9
Subtotal Dedicated Appropriations	<u>467,219,100</u>	<u>459,116,000</u>	<u>(8,103,100)</u>	-1.7
Subtotal Department of Human Services	2,310,298,800	2,772,394,000	462,095,200	20.0
Ombudsman for Mental Health and Retardation	359,000	1,809,000	1,450,000	
State Appropriations	2,310,657,800	2,774,203,000	463,545,200	20.1
Federal Appropriations	2,094,564,300	2,220,455,000	125,890,700	6.0
Total Human Services Category	4,405,222,100	4,994,658,000	589,435,900	13.4
<u>Health</u>				
Department of Health				
Preventive and Protective Health Services	18,028,500	24,283,000	6,254,500	34.7
Health Delivery Systems	42,989,800	53,038,000	10,048,200	23.4
Health Support Services	6,757,200	7,624,000	866,800	12.8
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	750,000		(750,000)	
FY 1987 Carryforward	2,401,600		(2,401,600)	
Disposal of Infectious and Pathological Wastes		210,000	210,000	
Subtotal Department of Health	<u>78,379,200</u>	<u>85,155,000</u>	<u>6,775,800</u>	8.6
Health-Related Boards	7,050,200	10,001,000	2,950,800	41.9
Deficiencies ⁴	42,000		(42,000)	
Chiropractor's Peer Review Committee	44,000		(44,000)	
Social Work Office and Mental Health Board	835,000		(835,000)	

**Statistics
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	<u>1987-1989 Biennium</u>	<u>1989-1991 Biennium</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Council on Disability	\$ 10,000		(10,000)	%
FY 1987 Carryforward	2,016,600		(2,016,600)	
Hazardous Substances Injury Board		969,000	969,000	
Subtotal Health-Related Boards.	<u>9,997,800</u>	<u>10,970,000</u>	<u>3,200</u>	
State Appropriations	88,377,000	96,125,000	7,748,000	8.8
Federal Appropriations	81,573,200	102,928,000	21,354,800	26.2
Total Health Category	169,950,200	199,053,000	29,102,800	17.1
<u>Veterans</u>				
Veterans Affairs	4,971,600	5,680,000	708,400	14.2
Veterans Relief ⁴	55,000		(55,000)	
Veterans Nursing Homes	29,819,300	39,627,000	9,807,700	32.9
Veterans Nursing Homes Board	155,000	290,000	135,000	87.1
Total Veterans Category	35,000,900	45,597,000	10,596,100	30.3
<u>Transportation</u>				
Highway Development				
Trunk Highways	330,078,200	461,132,000	131,053,800	39.7
Highway Debt Service	20,765,000	53,449,000	32,684,000	157.4
Special Town Roads	250,000		(250,000)	
Claims	31,625		(31,625)	
Highway Operations				
Maintenance ¹¹	238,198,400	257,048,000	18,849,600	7.9
Tourist Information Centers ¹¹	75,000		(75,000)	
Construction Support ¹¹	<u>104,972,900</u>	<u>119,556,000</u>	<u>14,583,100</u>	13.9
Subtotal Highway Development and Operations ¹¹	694,371,125	891,185,000	196,813,875	28.3
Transportation Aids to Local Governments				
County State Aids	403,065,000	509,000,000	105,935,000	26.3
Municipal State Aids	<u>128,500,000</u>	<u>158,800,000</u>	<u>30,300,000</u>	23.6
Subtotal Transportation Aids to Local Governments	531,565,000	667,800,000	136,235,000	25.6
Technical Services				
Program Delivery ¹¹	\$ 80,523,000	104,042,000	23,519,000	29.2
State Aid Technical Assistance ¹¹	1,821,800	1,892,000	70,200	3.9
Electronic Communications ¹¹	4,942,800	5,632,000	689,200	13.9
Subtotal Technical Services ¹¹	<u>87,287,600</u>	<u>111,566,000</u>	<u>24,278,400</u>	27.8
Public Transit Assistance				
Greater Minnesota Transit Assistance	15,100,000	16,286,000	1,186,000	7.9
Light Rail Transit	4,170,000	6,816,000	2,646,000	63.5

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	<u>1987-1989</u> <u>Biennium</u>	<u>1989-1991</u> <u>Biennium</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Metropolitan Transit Assistance \$	29,830,000		(29,830,000)	%
Regional Transit Board	2,600,000	49,846,000	47,246,000	
Metro Mobility	18,500,000		(18,500,000)	
Transit Administration	<u>1,150,500</u>	<u>1,193,000</u>	<u>42,500</u>	3.7
Subtotal Public Transit Assistance	<u>71,350,500</u>	<u>74,141,000</u>	<u>2,790,500</u>	3.9
Program Management				
Highway Program Administration ¹¹	3,573,700	3,700,000	126,300	3.5
Motor Carrier Administration ¹¹	2,121,800	2,424,000	302,200	14.2
Railroads and Waterways ¹¹	1,814,100	1,923,000	108,900	6.0
Transportation Data Analysis. ¹¹	<u>5,967,200</u>	<u>6,814,000</u>	<u>846,800</u>	14.2
Subtotal Program Management ¹¹	<u>13,476,800</u>	<u>14,861,000</u>	<u>1,384,200</u>	10.3
General Support Services				
General Administration	17,087,100	24,988,000	7,900,900	46.2
General Services	14,780,200	12,524,000	(2,256,200)	-15.3
Equipment	19,336,300	31,872,000	12,535,700	64.8
Legal Services	1,976,400	2,332,000	355,600	18.0
Hazardous Waste Transport Licensing	<u>153,000</u>		<u>(153,000)</u>	
Subtotal General Support Services	<u>53,333,000</u>	<u>71,716,000</u>	<u>18,383,000</u>	34.5
Ethanol Development Fund	520,000		(520,000)	
Buildings				
St. Paul Central Office Building		150,000	150,000	
Duluth District Headquarters		3,900,000	3,900,000	
Marshall Area Maintenance Building		2,200,000	2,200,000	
Moorhead Weigh Station		655,000	655,000	
St. Cloud Area Headquarters		90,000	90,000	
Maple Grove Truck Station		60,000	60,000	
Detroit Lakes Headquarters		100,000	100,000	
Mankato Headquarters		90,000	90,000	
Spring Lake Park		55,000	55,000	
Golden Valley Headquarters		50,000	50,000	
Arden Hills Training Center		50,000	50,000	
Thief River Falls Government				
Service Center		100,000	100,000	
Statewide		1,495,000	1,495,000	
St. Paul Downtown Airport		<u>400,000</u>	<u>400,000</u>	
Subtotal Buildings		<u>9,395,000</u>	<u>9,395,000</u>	
Aeronautics				
Administration	2,246,300	6,938,000	4,691,700	
Airport Development and Assistance . .	19,862,800	20,082,000	219,200	1.1
Pine Creek Airport	16,000		(16,000)	
Air Transportation Services	78,200	108,000	29,800	38.1
Civil Air Patrol	<u>130,000</u>	<u>130,000</u>		
Subtotal Aeronautics	<u>22,333,300</u>	<u>27,258,000</u>	<u>4,924,700</u>	148.1

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	<u>1987-1989 Biennium</u>	<u>1989-1991 Biennium</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Transportation Regulation Board	\$ 1,099,600	1,238,000	138,400	12.6%
Federal Funds included in Highway Operations, Technical Services and Program Management. ¹¹	(60,000,000)	(60,000,000)		
State Appropriations	1,415,336,925	1,809,160,000	393,823,075	27.8
Federal Appropriations	<u>769,351,900</u>	<u>995,610,000</u>	<u>226,258,100</u>	29.4
Total Transportation Category	2,184,688,825	2,804,770,000	620,081,175	28.4
<u>Agriculture</u>				
Department of Agriculture				
Protection Service	7,143,600	8,538,000	1,394,400	19.5
Promotion and Marketing	858,000	914,000	56,000	6.5
Family Farm Security	4,189,600	2,518,000	(1,671,600)	-39.9
Farm Crisis Assistance	577,800	700,000	122,200	21.1
Administrative Support and Grants	7,973,400	8,993,000	1,019,600	12.8
Ethanol Fuel Use Promotion	200,000	275,000	75,000	37.5
Agricultural Data Task Force	50,000	30,000	(20,000)	-40.0
Minnesota Grown Program	360,000	400,000	40,000	11.1
Agricultural Land Preserve and Conservation	30,000	100,000	70,000	
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	100,000	(50,000)	-33.3
Alfalfa Extraction	300,000		(300,000)	
Sweet Sorghum Demonstration	94,000		(94,000)	
Sustainable Agriculture Revolving Loans	1,000,000		(1,000,000)	
Sustainable Agriculture Grants.	300,000	400,000	100,000	
Dairy Task Force.	30,000	30,000		
Minnesota Grown WIC Coupons	85,000	125,000	40,000	47.1
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	100,000	30,000	42.9
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)	
Federal Crop Insurance		700,000	700,000	
Grain Inspection Costs		70,000	70,000	
Marketing Minnesota Products		150,000	150,000	
Grasshopper Control		75,000	75,000	

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	<u>1987-1989 Biennium</u>	<u>1989-1991 Biennium</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Agricultural Contract Task Force.	\$	50,000	50,000	%
Aquiculture		150,000	150,000	
Shade Tree Advisory Committee		20,000	20,000	
Health Screening		150,000	150,000	
Agriculture Information Centers		200,000	200,000	
County and District				
Agricultural Societies		112,000	112,000	
Barley Research and Promotion		20,000	20,000	
Task Force on Farm Safety		5,000	5,000	
Laboratory Equipment to Test for				
Aflatoxin ⁴	75,000		(75,000)	
Costs of Testing for the Varroa Mite ⁴	52,000		(52,000)	
Haylift ⁴	100,000		(100,000)	0
Subtotal Department of Agriculture	<u>26,216,300</u>	<u>24,925,000</u>	<u>(1,291,300)</u>	-4.9
Board of Water and Soil Resources	7,791,800	9,896,000	2,104,200	27.0
Kanaranzi-Little Rock Watershed District		50,000	50,000	
Subtotal Board of Water and Soil Resources	<u>7,791,800</u>	<u>9,946,000</u>	<u>2,154,200</u>	27.6
Board of Animal Health.	3,180,400	4,160,000	979,600	30.8
Pseudorabies Control	185,000	175,000	(10,000)	-5.4
Animal Kennel and Dealer's Regulation	10,000		(10,000)	
Subtotal Board of Animal Health	<u>3,375,400</u>	<u>4,335,000</u>	<u>959,600</u>	28.4
State Appropriations	37,383,500	39,206,000	1,822,500	4.9
Federal Appropriations	1,562,800	1,376,000	(186,800)	-12.0
Total Agriculture Category	38,946,300	40,582,000	1,635,700	4.2
<u>Economic Development</u>				
Department of Trade and Economic Development				
Economic Development	6,111,200		(6,111,200)	
Business Promotion		8,726,000	8,726,000	
Tourism	12,592,500	16,290,000	3,697,500	29.4
Administration	1,681,300	2,982,000	1,300,700	77.4
Community Development	17,283,700	42,976,000	25,692,300	148.7
Policy Analysis, Science, and Technology	3,515,900	2,382,000	(1,133,900)	-32.3
Financial Management	100,000		(100,000)	
Minnesota Trade Office	3,706,700	4,626,000	919,300	24.8
Base Cut		(420,000)	(420,000)	
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)	

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	<u>1987-1989</u> <u>Biennium</u>	<u>1989-1991</u> <u>Biennium</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
Greater Minnesota Corporation	\$ 18,500,000		(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)	
Community Needs Assessment		150,000	150,000	
Aerospace Exploratorium		10,000	10,000	
Integrated Manufacturing Center Symposium on International Technical Innovation and Entrepreneurship	500,000		(500,000)	
Celebrate Minnesota 1990	200,000		(200,000)	
Minnesota Marketplace	1,000,000		(1,000,000)	
Invention and Innovation	350,000		(350,000)	
Mississippi Regional Park	100,000		(100,000)	
Great River Road	600,000		(600,000)	
Como Park Conservatory	750,000		(750,000)	
Trout Lake	800,000		(800,000)	
World Trade Center Corporation	50,000		(50,000)	
FY 1987 Carryforward	430,300	2,150,000	1,719,700	
Amateur Sports Commission	453,000		(453,000)	
	648,700	1,031,000	382,300	58.9
State Appropriations	<u>82,183,300</u>	<u>80,903,000</u>	<u>(1,280,300)</u>	-1.6
Federal Appropriations	<u>37,374,500</u>	<u>100,437,000</u>	<u>63,062,500</u>	168.7
Total Economic Development Category	<u>119,557,800</u>	<u>181,340,000</u>	<u>61,782,200</u>	51.7
<u>Housing</u>				
Housing Finance Agency	19,203,400	25,167,000	5,963,600	31.1
Home Energy Loans		<u>3,100,000</u>	<u>3,100,000</u>	
Total Housing Category	<u>19,203,400</u>	<u>28,267,000</u>	<u>9,063,600</u>	47.2
<u>Natural Resources</u>				
Department of Natural Resources				
Administrative Management Services	11,057,100	11,836,000	778,900	7.0
Regional Operations Support	6,961,900	9,773,000	2,811,100	40.4
Field Operations Support	16,421,400	19,430,000	3,008,600	18.3
Water Resources Management	8,757,100	13,429,500	4,672,400	53.4
Mineral Resources Management	7,555,600	9,588,000	2,032,400	26.9
Forest Management	46,037,000	51,394,500	5,357,500	11.6
Fish and Wildlife Management	51,848,200	61,905,000	10,056,800	19.4
Parks and Recreation Management	28,502,500	34,515,000	6,012,500	21.1
Enforcement	22,199,400	25,583,000	3,383,600	15.2
Trails and Waterways	16,061,000	18,876,000	2,815,000	17.5
Special Services and Programs	8,725,100	10,027,000	1,301,900	14.9
Leech Lake and White Earth Reservations	2,914,250	3,288,750	374,500	12.9

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	1987-1989 <u>Biennium</u>	1989-1991 <u>Biennium</u>	Increase <u>(Decrease)</u>	Percent <u>Change</u>
Flood Hazard Mitigation Grants	\$ 1,000,000		(1,000,000)	%
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)	
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)	
1854 Indian Treaty Settlement	5,050,000	10,145,000	5,095,000	100.9
Emergency Deer Feeding ⁴	560,000		(560,000)	
Drought Emergency ⁴	201,000		(201,000)	
Park Operations ⁴	600,000		(600,000)	
Firefighting		8,000,000	8,000,000	
Subtotal Department of Natural Resources	<u>238,238,500</u>	<u>287,790,750</u>	<u>49,552,250</u>	20.8
Emergency Relief, Red River Valley Area Flooding ⁴	895,000		(895,000)	
Iron Range Resources and Rehabilitation Board	4,100,000		(4,100,000)	
Zoological Board	10,702,600	10,887,000	184,400	1.7
Minnesota-Wisconsin Boundary Area Commission	198,700	226,000	27,300	13.7
Voyageurs National Park Citizens Committee	140,000	142,000	2,000	1.4
Minnesota Future Resources				
Department of Natural Resources	6,017,000	4,278,000	(1,739,000)	-28.9
Pollution Control Agency	983,000	2,932,000	1,949,000	198.3
State Planning	1,025,000	560,000	(465,000)	-45.4
Department of Agriculture	490,000	590,000	100,000	20.4
University of Minnesota	3,856,000	4,928,000	1,072,000	27.8
Aeromagnetic Mapping	800,000		(800,000)	
Accelerate Soil Survey	1,400,000		(1,400,000)	
State University Board	100,000	430,000	330,000	
Minnesota Historical Society	350,000	694,000	344,000	98.3
Federal Reimbursement Account	1,000,000		(1,000,000)	
General Reduction	(604,800)		604,800	
Legislative Commission on Minnesota Resources		680,000	680,000	
Department of Trade and Economic Development		1,250,000	1,250,000	
Department of Health		738,000	738,000	
Science Museum of Minnesota		510,000	510,000	
Contingent Account		1,000,000	1,000,000	
Subtotal Minnesota Future Resources	<u>15,416,200</u>	<u>18,590,000</u>	<u>3,173,800</u>	20.6

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	<u>1987-1989 Biennium</u>	<u>1989-1991 Biennium</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
State Appropriations	\$ 269,691,100	317,635,750	47,944,750	17.8%
Federal Appropriations	10,362,100	9,940,000	(422,100)	-4.1
Total Natural Resources Category	280,053,100	327,575,750	47,522,650	17.0
<u>Pollution Control</u>				
Pollution Control Agency				
Water Pollution Control	7,455,800	9,733,000	2,277,200	30.5
Air Pollution Control	3,646,700	6,562,000	2,915,300	79.9
Solid and Hazardous Waste	26,460,200		(26,460,200)	
Solid and Hazardous Waste Management	1,030,300		(1,030,300)	
Petroleum Tank Release Clean-up . .	1,383,900		(1,383,900)	
Groundwater and Solid Waste Pollution Control		16,126,000	16,126,000	
Hazardous Waste Pollution Control . .	8,048,000	8,048,000		
General Support	4,549,400	6,347,000	1,797,600	39.5
Regional Support		104,000	104,000	
Waste Tire Management		4,129,000	4,129,000	
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)	
Disposal of Infectious and Pathological Wastes		265,000	265,000	
Waste Management Board Audit. ⁴	279,000		(279,000)	
Subtotal Pollution Control Agency	45,807,000	51,314,000	5,507,000	12.0
Environmental Quality Board		55,000	55,000	
Office of Waste Management	5,946,200	1,655,000	(4,291,200)	-72.2
Recycling				
Office of Waste Management ¹		7,450,000	7,450,000	
Pollution Control Agency ¹		2,550,000	2,550,000	
Department of Administration ¹		300,000	300,000	
Department of Revenue ¹		37,000	37,000	
County Block Grants ¹		22,281,000	22,281,000	
Subtotal Recycling ¹		32,618,000	32,618,000	
Groundwater				
Health		4,690,000	4,690,000	
Agriculture		550,000	550,000	
Board of Water and Soil Resources		4,275,000	4,275,000	
Legislative Water Commission		170,000	170,000	
Natural Resources		1,965,000	1,965,000	
Pollution Control Agency		500,000	500,000	

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	<u>1987-1989 Biennium</u>	<u>1989-1991 Biennium</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
State Planning Agency	\$	200,000	200,000	%
University of Minnesota		650,000	650,000	
Agricultural Chemical Response and Reimbursement Account		<u>1,000,000</u>	<u>1,000,000</u>	
Subtotal Groundwater		14,000,000	14,000,000	
State Appropriations	51,753,200	99,642,000	47,888,800	92.5
Federal Appropriations	26,591,700	43,461,000	16,869,300	63.4
Total Pollution Control Category	78,344,900	143,103,000	64,758,100	82.7
<u>Protection of Workers</u>				
Department of Labor and Industry				
Employment Standards	1,817,300	1,874,000	56,700	3.1
Workers Compensation Regulation and Enforcement.	8,085,200	12,891,000	4,805,800	59.4
Workers Compensation State Employee Claims	3,485,900		(3,485,900)	
Workers Compensation Special Compensation Fund ¹²	7,808,600	5,000,000	(2,808,600)	-36.0
Code Enforcement	2,705,400	3,022,000	316,600	11.7
OSHA	2,472,600	2,617,000	144,400	5.8
General Support	4,466,500	4,381,000	(85,500)	-1.9
Information Management Services.	2,337,000	3,589,000	1,252,000	53.6
Workers' Compensation Medical Cost Study	135,000		(135,000)	
Elevator Inspections		<u>324,000</u>	<u>324,000</u>	
Subtotal Department of Labor and Industry	33,313,500	33,698,000	384,500	1.2
Workers Compensation Court of Appeals	1,493,700	2,152,000	658,300	44.1
Mediation Services	3,188,700	3,555,000	366,300	11.5
Department of Jobs and Training				
Employment and Training	23,225,000	12,142,000	(11,083,000)	-47.7
Economic Opportunity Office		14,514,000	14,514,000	
Rehabilitation Services	41,026,000	36,685,000	(4,341,000)	-10.6
Community Services	4,791,000		(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)	
Services for the Blind.		<u>6,763,000</u>	<u>6,763,000</u>	
Subtotal Department of Jobs and Training	77,422,100	70,104,000	(7,318,100)	-9.5
Office of Full Productivity and Opportunity	153,200		(153,200)	
State Appropriations	115,571,200	109,509,000	(6,062,200)	-5.2

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	<u>1987-1989 Biennium</u>	<u>1989-1991 Biennium</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Federal Appropriations \$	446,118,800	407,329,000	(38,789,800)	-8.7%
Total Protection of Workers Category	561,690,000	516,838,000	(44,852,000)	-8.0
<u>Public Employees</u>				
Public Employment Relations Board. . . .	121,100	130,000	8,900	7.3
Department of Employee Relations				
Administration	3,869,100	3,858,000	(11,100)	-0.3
Equal Opportunity	410,000		(410,000)	
Labor Relations	928,900	968,000	39,100	4.2
Personnel	5,553,200	14,497,000	8,943,800	161.1
Teachers' Benefits Study	50,000		(50,000)	
Health Insurance	6,450,000		(6,450,000)	
Benefits		875,000	875,000	
Base Cut		(152,000)	(152,000)	
Applicant Processing System ⁴	40,000		(40,000)	
Subtotal Department of Employee Relations	17,301,200	20,046,000	2,744,800	15.9
Salary Supplement	63,062,000	132,714,000	69,652,000	110.5
Retirement				
State Employee Supplemental Benefits Minnesota Retirement System Employer Contribution Increase	46,000	34,000	(12,000)	-26.1
Public Employees Retirement Association	72,000	28,000	(44,000)	-61.1
Minneapolis Employees Retirement Fund	19,955,400	20,890,000	934,600	4.7
Pre-1973 Retirement Adjustment	10,899,000	1,833,490	(9,065,510)	-83.2
Local Police and Fire Amortization Aid Offset for the Costs of Increases in Employer Contributions	15,033,400	12,034,000	(2,999,400)	-20.0
13th Check Reimbursement		6,389,000	6,389,000	
Winona Police Relief Amortization. . . .	143,100		(60,000)	
Aid to Police and Fire Departments	71,483,200	84,920,000	13,436,800	18.8
Legislators' Retirement	4,316,000	4,629,000	313,000	7.3
Judges' Retirement	5,595,000	11,400,000	5,805,000	103.8
Constitutional Officers' Retirement . . .	299,000	348,000	49,000	16.4
Teachers Retirement		40,000	40,000	
Subtotal Retirement	127,842,100	145,016,102	19,704,614	15.4
Total Public Employees Category	208,326,400	297,906,102	92,110,314	44.2

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	<u>1987-1989 Biennium</u>	<u>1989-1991 Biennium</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
<u>Industry Regulation</u>				
Department of Commerce				
Financial Examinations	\$ 7,959,400	8,332,000	372,600	4.7%
Registration and Analysis	3,413,200	3,726,000	312,800	9.2
Administrative Services	3,254,900	3,239,000	(15,900)	-0.5
Enforcement and Licensing	4,711,300	5,265,000	553,700	11.8
Farm Loan Interest Buy-down Program	62,000		(62,000)	
87 CH 15 Farm Interest Buy-down . .	1,500,000		(1,500,000)	
FY 87 Carryforward	9,822,900		(9,822,900)	
Petroleum Tank Release Cleanup Board	138,200	112,000	(26,200)	-19.0
License Currency Exchanges		164,000	164,000	
Real Estate Appraisers		213,000	213,000	
Subtotal Department of Commerce	<u>30,861,900</u>	<u>21,051,000</u>	<u>(9,810,900)</u>	-31.8
Nonhealth-Related Boards	1,782,100	1,919,000	136,900	7.7
Public Utilities Commission	3,638,500	4,110,000	471,500	13.0
Task Force on Electric Utility Service Areas		200,000	200,000	
Subtotal Public Utilities Commission . . .	<u>3,638,500</u>	<u>4,310,000</u>	<u>671,500</u>	18.5
Public Service	12,532,800	13,158,000	625,200	5.0
Motor Oil Retailer Inspection	7,200		(7,200)	
Gas Utility Flexible Tariff Study . . .	10,000		(10,000)	
Low-Income Energy Needs		22,000	22,000	
Subtotal Department of Public Service . .	<u>12,550,000</u>	<u>13,180,000</u>	<u>630,000</u>	5.0
Racing Commission.	1,772,700	1,865,000	92,300	5.2
Charitable Gambling Control Board . .	1,553,100		(1,553,100)	
Department of Gaming		370,000	370,000	
Lottery Division.		8,500,000	8,500,000	
Subtotal Department of Gaming		<u>8,870,000</u>	<u>8,870,000</u>	
State Appropriations	52,158,300	51,195,000	(963,300)	-1.8
Federal Appropriations	596,800	744,000	147,200	24.7
Total Industry Regulation Category	52,755,100	51,939,000	(816,100)	-1.5
<u>Public Safety</u>				
Department of Public Safety				
Administration and Related Services	8,095,100	10,547,000	2,451,900	30.3
Emergency Management	1,773,300	1,910,000	136,700	7.7

**Statistics
Table C**

	<u>1987-1989 Biennium</u>	<u>1989-1991 Biennium</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Emergency Response Commission . . . \$		258,000	258,000	%
Disaster Relief	1,940,000		(1,940,000)	
Disaster Relief ⁴	212,000		(212,000)	
Criminal Apprehension	22,923,300	27,020,000	4,096,700	17.9%
Fire Safety	3,600,600	3,792,000	191,400	5.3
State Patrol	68,831,600	77,048,000	8,216,400	11.9
Capitol Security	2,556,500	3,112,000	555,500	21.7
Driver and Vehicle Licensing	52,399,700	56,705,000	4,305,300	8.2
Liquor Control	1,379,200	1,476,000	96,800	7.0
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	1,258,000	912,700	
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	
Crime Victims Reparations Board		2,780,000	2,780,000	
Children's Trust Fund		200,000	200,000	
Private Detective and Protective Agency Licensing Board		110,000	110,000	
Transfer to Trunk Highway Fund		3,311,000	3,311,000	
Transfer to General Fund		2,021,000	2,021,000	
Crime Bill		2,779,000	2,779,000	
Traffic Regulations		480,000	480,000	
Community Right-to-Know Program		585,000	585,000	
Smoke Detectors		114,000	114,000	
Lottery		750,000	750,000	
Salvage Vehicle Inspections ⁴	125,000		(125,000)	
Salvage Vehicle Inspections		121,000	121,000	
Subtotal Department of Public Safety	<u>167,588,692</u>	<u>196,377,000</u>	<u>28,788,308</u>	17.2
Department of Corrections				
Management Services	7,642,900	9,281,000	1,638,100	21.4
Community Services	48,439,600	66,745,000	18,305,400	37.8
Correctional Institutions	141,086,000	182,199,000	41,113,000	29.1
FY 1987 Carryforward	563,200		(563,200)	
Claims Bill	61,700		(61,700)	
Subtotal Department of Corrections	<u>197,793,400</u>	<u>258,225,000</u>	<u>60,431,600</u>	30.6
Sentencing Guidelines Commission	399,100	494,000	94,900	23.8
Corrections Ombudsman	662,000	733,000	71,000	10.7
Board of Peace Officers Standards and Training	6,900,000	7,200,000	300,000	4.3
Military Affairs				
Maintenance of Training Facilities	9,972,800	11,118,000	1,145,200	11.5

**Statistics
Table C**

	<u>1987-1989</u> <u>Biennium</u>	<u>1989-1991</u> <u>Biennium</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percent</u> <u>Change</u>
General Support	\$ 2,631,700	2,792,000	160,300	6.1%
State Cash Bonus	1,160,000		(1,160,000)	
Enlistment Incentives		4,143,000	4,143,000	
Tuition Reimbursement	1,040,000		(1,040,000)	
Base Cut		(138,000)	(138,000)	
Subtotal Department of Military Affairs	<u>14,804,500</u>	<u>17,915,000</u>	<u>3,110,500</u>	<u>21.0</u>
State Appropriations	388,147,692	480,944,000	92,796,308	23.9
Federal Appropriations	31,523,200	34,669,000	3,145,800	10.0
Total Public Safety Category	419,670,892	515,613,000	95,942,108	22.9
<u>Governance</u>				
Legislature				
Senate	24,247,800	28,988,000	4,740,200	19.5
House	30,773,000	39,884,800	9,111,800	29.6
Remodel Senate Space ⁴	400,000		(400,000)	
Legislative Coordinating Commission	9,969,900	13,260,600	3,290,700	33.0
Legislative Audit Commission	6,010,500	6,795,000	784,500	13.1
Legislative Commission on Public Education	150,000	250,000	100,000	66.7
FY 1987 Carryforward	616,500		(616,500)	
Collector Compensation Report		10,000	10,000	
Subtotal Legislature	<u>72,167,700</u>	<u>89,188,400</u>	<u>17,020,700</u>	<u>23.6</u>
Courts				
Supreme Court				
Operations and Civil Surcharge . . .	8,705,700	8,640,000	(65,700)	-0.8
State Court Administrator	6,014,100	11,660,000	5,645,900	93.9
State Law Library	1,471,500	1,846,000	374,500	25.5
Family Farm Legal Assistance.	1,700,000	1,700,000		
Trial Court Information System . . .	521,200		(521,200)	
Base Cut.		(200,000)	(200,000)	
Court of Appeals	6,903,200	8,804,000	1,900,800	27.5
Disability Retirement. ⁴	78,000		(78,000)	
Trial Courts	36,179,600	52,772,000	16,592,400	45.9
Workers Compensation ⁴	146,000		(146,000)	
Board on Judicial Standards	309,500	326,000	16,500	5.3
Board of Public Defense ⁴	4,841,600	22,150,000	17,308,400	
Trial Transcripts ⁴	160,000		(160,000)	
Tax Court	804,300	873,000	68,700	8.5
Subtotal Courts	<u>67,834,700</u>	<u>108,571,000</u>	<u>40,736,300</u>	<u>60.1</u>

**Statistics
Table C**

	<u>1987-1989 Biennium</u>	<u>1989-1991 Biennium</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Constitutional Officers				
Governor and Lieutenant Governor	\$ 5,408,900	5,820,000	411,100	7.6%
Secretary of State				
Elections and Publications	805,200	905,000	99,800	12.4
Uniform Commercial Code	350,500	332,000	(18,500)	-5.3
Business Services	1,548,900	1,264,000	(284,900)	-18.4
Administration	711,800	922,000	210,200	29.5
Fiscal Operations	282,100	280,000	(2,100)	-0.7
Data Services	306,300	428,000	121,700	39.7
School District Elections	25,000		(25,000)	
Network Operations Voter Registration	1,053,500	1,476,000	422,500	40.1
Reports Renewals Registration		368,000	368,000	
Base Cut		(28,000)	(28,000)	
Nonprofit Corporations		185,000	185,000	
Interpreter Services to Communication Impaired Persons		39,000	39,000	
Subtotal Secretary of State	<u>5,083,300</u>	<u>6,171,000</u>	<u>1,087,700</u>	21.4
State Auditor	1,094,600	1,152,000	57,400	5.2
State Treasurer	1,026,500	1,169,000	142,500	13.9
Attorney General				
Public Administration	2,720,900		(2,720,900)	
Government Services		6,858,000	6,858,000	
Public Resources	9,988,900	4,508,000	(5,480,900)	-54.9
Public Assistance	5,241,700		(5,241,700)	
Human Resources		5,578,000	5,578,000	
Public Protection	9,387,200		(9,387,200)	
Legal Policy and Administration	8,442,900	9,063,000	620,100	7.3
Law Enforcement		5,659,000	5,659,000	
Consumer Protection Education	20,000		(20,000)	
Business Regulation		5,598,000	5,598,000	
Health Club Registration	36,000		(36,000)	
Charitable Organization Registration	99,480	(99,480)		
Base Cut	(500,400)	(344,000)	156,400	-31.3
FY 1987 Carryforward	510,500		(510,500)	
Nonprofit Corporations		160,000	160,000	
Lottery		136,000	136,000	
Education Aids Law Litigation	61,000		(61,000)	
LTV and Reserve Bankruptcy Litigation	75,000		(75,000)	
Subtotal Attorney General	<u>36,083,180</u>	<u>37,216,000</u>	<u>1,132,820</u>	3.1
Investment Board	3,202,900	3,384,000	181,100	5.7
Subtotal Constitutional Officers	51,899,380	54,912,000	3,012,620	5.8

**Statistics
Table C**

	<u>1987-1989 Biennium</u>	<u>1989-1991 Biennium</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
State Appropriations \$	191,901,780	252,671,400	60,769,620	31.7%
Federal Appropriations	633,500	1,350,000	716,500	113.1
Total Governance Category	192,535,280	254,021,400	61,486,120	31.9
<u>Other Departments, Boards, and Commissions</u>				
Office of Administrative Hearings	5,723,100	5,998,000	274,900	4.8
Department of Administration				
Operations Management	7,148,400	7,955,000	806,600	11.3
Information Management	13,016,700	11,595,000	(1,421,700)	-10.9
Property Management	13,192,700	15,649,000	2,456,300	18.6
Administrative Management	9,920,800	9,742,000	(178,800)	-1.8
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	1,650,000		(1,650,000)	
Information Policy Office		3,119,000	3,119,000	
Interagency Projects		1,000,000	1,000,000	
Base Cut		(324,000)	(324,000)	
Veterans Home Siting Study		200,000	200,000	
Purchasing from Small Business.		390,000	390,000	
Relocate State Agencies ⁴	1,160,000		(1,160,000)	
Volunteer Services ⁴	70,000		(70,000)	
Subtotal Department of Administration	<u>57,198,600</u>	<u>49,326,000</u>	<u>(7,872,600)</u>	-13.8
Capitol Area Architectural and Planning Board	1,014,000	458,000	(556,000)	-54.8
Department of Finance				
Biennial Budget System ⁴	16,685,400	17,062,000	376,600	2.3
College Savings Bonds ⁴	150,000		(150,000)	
College Savings Bonds ⁴	22,000		22,000	
Subtotal Department of Finance	<u>16,857,400</u>	<u>17,062,000</u>	<u>204,600</u>	1.2
Department of Revenue				
Revenue Administration	23,990,000	37,911,000	13,921,000	58.0
Tax Policy	5,689,500	6,139,000	449,500	7.9
Taxpayer Services	15,146,100	22,340,000	7,193,900	47.5
Operations	22,231,500	20,195,000	(2,036,500)	-9.2
County Property Tax Data Systems. . .	7,900,000		(7,900,000)	
Omnibus Tax Bill - Administrative . . .	1,145,000		(1,145,000)	
Delinquent Taxes and Seized Property	1,066,000		(1,066,000)	
Tax Compliance.	45,401,100	45,594,000	192,900	0.4
Income Tax Model	79,000		(79,000)	

**Statistics
Table C**

	<u>1987-1989 Biennium</u>	<u>1989-1991 Biennium</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Computerized Voter Registration.	\$ 56,000		(56,000)	%
Board of Assessors	260,000		(260,000)	
Metropolitan Landfill Administration	98,600		(98,600)	
Cigarette Tax Enforcement		183,000		
Lottery		388,000	388,000	
Open and Standing		664,000	664,000	
Subtotal Department of Revenue	<u>123,062,800</u>	<u>133,414,000</u>	<u>10,351,200</u>	8.4
State Planning Agency	12,043,000	12,610,000	567,000	4.7
Community Resources Program		7,129,000	7,129,000	
Health Care Access Commission		800,000	800,000	
Subtotal State Planning Agency	<u>12,043,000</u>	<u>20,539,000</u>	<u>8,496,000</u>	70.5
Ethical Practices Board	439,600	553,000	113,400	25.8
Human Rights	5,262,800	5,804,000	541,200	10.3
Indian Affairs Council	638,200	626,000	(12,200)	-1.9
Council on Affairs of Spanish-Speaking People	316,800	380,000	63,200	19.9
Council on Black Minnesotans	317,400	352,000	34,600	10.9
Council on Asian-Pacific Minnesotans	280,000	306,000	26,000	9.3
Council on People with Disabilities	908,400	1,040,000	131,600	14.5
Minnesota Municipal Board	471,100	505,000	33,900	7.2
Uniform Laws Commission.	27,200	34,000	6,800	25.0
Minnesota Historical Society				
Historical Society Operations	17,376,400	13,417,000	(3,959,400)	-22.8
Repair and Replacement	648,000	908,000	260,000	40.1
Historic Grant-In-Aid	572,200	659,000	86,800	15.2
Fiscal Agent	474,200	784,000	309,800	65.3
State History Center	362,600	1,320,000	957,400	
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)	
Historic Site Operations		6,376,000	6,376,000	
Subtotal Minnesota Historical Society	<u>19,578,400</u>	<u>23,464,000</u>	<u>3,885,600</u>	19.8
Board of the Arts	6,135,200	8,328,000	2,192,800	35.7

**Statistics
Table C**

	<u>1987-1989 Biennium</u>	<u>1989-1991 Biennium</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Minnesota Public Radio ⁴ \$	393,000		(393,000)	%
Minnesota Horticultural Society	134,400	136,000	1,600	1.2
Minnesota Academy of Science	56,200	56,000	(200)	-0.4
Science Museum of Minnesota	1,036,100	1,276,000	239,900	23.2
Minnesota Safety Council.	101,400	142,000	40,600	40.0
Veterans of Foreign Wars	60,000	62,000	2,000	3.3
Military Order of the Purple Heart	10,000	20,000	10,000	
State Appropriations	252,065,100	269,881,000	17,815,900	7.1
Federal Appropriations	<u>7,582,600</u>	<u>20,536,000</u>	<u>12,953,400</u>	170.8
Total Other Departments, Boards, and Commissions Category	259,647,700	290,417,000	30,769,300	11.9
<u>Direct Capital Appropriations and Debt Service</u>				
Debt Service	274,000,000	369,000,000	95,000,000	34.7
Refunding Savings	(6,000,000)		6,000,000	
Special Tax Bond Debt Service ¹³	44,004,000	42,620,000	(1,384,000)	-3.1
Beginning Farmer Loan Program Debt Service	270,000		(270,000)	
Crime Bill		1,553,000	1,553,000	
Subtotal Debt Service	<u>312,274,000</u>	<u>413,173,000</u>	<u>100,899,000</u>	32.3
Capital Improvements (Non-Bonded).	16,193,100	2,103,000	(14,090,100)	-87.0
Total Direct Capital Appropriations and Debt Service Category	328,467,100	415,276,000	86,808,900	26.4
<u>Miscellaneous</u>				
General Contingent Accounts				
General Fund	1,500,000	500,000	(1,000,000)	-66.7
Trunk Highway Fund	400,000	400,000		
Highway User Tax Distribution Fund	250,000	250,000		
Special Revenue	500,000	500,000		
Worker's Compensation	200,000	200,000		
Subtotal General Contingent Accounts	<u>2,850,000</u>	<u>1,850,000</u>	<u>(1,000,000)</u>	-35.1
Cooperative Secondary Facilities	608,900		(608,900)	
Tort Claims	1,837,000	1,838,000	1,000	0.1

Statistics
Table C

	<u>1987-1989 Biennium</u>	<u>1989-1991 Biennium</u>	<u>Increase (Decrease)</u>	<u>Percent Change</u>
Campaign Fund Checkoff	\$ 1,400,000	3,895,000	2,495,000	178.2%
Claims Against the State	111,337		(111,337)	
Claims Against the State ⁴	41,035		(41,035)	
R. A. Weber Compensation	2,400		(2,400)	
Stripper Well Litigation		3,430,200	3,430,200	
Loans to Revolving Fund		1,000,000	1,000,000	
Total Miscellaneous Category	6,848,181	12,013,200	5,165,019	75.4
State Appropriations - Gross.	13,555,474,673	16,253,918,852	2,698,444,179	19.9
Indirect Cost Receipts	(21,383,700)	(17,800,000)	3,583,700	-16.8
State Appropriations - Net	13,534,090,973	16,236,118,852	2,702,027,879	20.0
Federal Funds Appropriations	3,841,952,000	4,335,769,000	493,817,000	12.9
Total Appropriations	17,376,042,973	20,571,887,852	3,195,844,879	18.4
Budget and Cash Flow Reserve.		550,000,000	550,000,000	

1. These appropriations were adopted during the 1989 special session.

2. Due to changes made in the tax law by the 1989 Legislature, what was formerly homestead credit plus agricultural credit is now equivalent to homestead credit plus agricultural credit plus homestead and agricultural credit aid (HACA). Thus the only equitable way to compare the 1988-89 biennium and the 1990-91 biennium is on the basis of the subtotal HACA, homestead and agricultural credit aid. The figures shown for the 1990-91 biennium include appropriations for each of these categories because the new law is effective in fiscal year 1991; appropriations for fiscal year 1990 were made under the old law.

3. Includes \$140,000 appropriated during the 1989 special session.

4. These items are emergency or deficiency appropriations made by the 1989 Legislature. They are listed in the 1988-1989 fiscal years appropriations' column because the appropriations were made effective at the date of enactment rather than fiscal year 1990.
5. Includes \$321,877,000 appropriated during the 1989 special session.
6. Includes \$14,892,000 appropriated during the 1989 special session.
7. Includes \$40,207,000 appropriated during the 1989 special session.
8. The fiscal year 1988 and 1989 appropriations for this AFDC offset which is financed with revenues from the mortgage and deed registry tax was not carried in the 1987 and 1988 session Fiscal Reviews. The offsets were used to determine the general fund appropriations for this purpose. This appropriation when added to the appropriations for the Family Support category make up the total state funds appropriated for Family Support programs.
9. This item is the counties' share of medical assistance and general assistance medical care paid by the statewide payment system. These payments are recovered by the state by reducing other state aid entitlements appropriated to the counties.
10. This item is a duplicated appropriation that is already accounted for in the state hospital appropriations. It accounts for transferring obligations of the state for medical care patients at state institutions back into the medical assistance pipeline without double-counting it as a non-dedicated appropriation.
11. The appropriations for highway operations, technical services and program management include \$60 million in federal funds. These federal funds are deducted to arrive at the subtotal of state funds appropriated for transportation.
12. This appropriation is to the special workers' compensation fund to partially cover the cost of claims in which employers were uninsured or self-insured employers who were unable to pay.
13. The appropriation for the special bond retirement bond was adjusted upward by \$28,900,761 for fiscal years 1988 and 1989. This was an open and standing appropriation derived from revenues from the cigarette excise and health club sales taxes dedicated to debt retirement.

Table D

Direct Appropriations
by Fund, by Chapter

Regular Session

Chapter	Fund	FY 1989	FY 1990	FY 1991	Biennial Total	Total Including 1989
General						
41	Red River Valley Area Flooding	\$ 250,000				250,000
225	Payment of Claims Against the State	38,544				38,544
247	Regulating Currency Exchange		90,000	74,000	164,000	164,000
269	Semi-States - Transportation		181,820,000	183,211,000	365,031,000	365,031,000
277	Technical Corrections/ Taxes		91,500	91,500	183,000	183,000
282	Human Services		1,306,847,000	1,361,394,000	2,668,241,000	2,668,241,000
290	Crime Bill		31,265,000	30,052,000	61,317,000	61,317,000
293	Higher Education		943,318,000	1,014,642,000	1,957,960,000	1,957,960,000
300	Deficiency Appropriations/ Capital Improvements	2,849,000				2,849,000
304	Nonprofit Corporations		176,000	169,000	345,000	345,000
308	Handicap Access		39,000		39,000	39,000
309	Electric Utility Service		200,000		200,000	200,000
315	Community Right-To- Know Act	645,000	313,000	272,000	585,000	1,230,000
319	Public Pension Plans		4,832,745	5,039,745	9,872,490	9,872,490
322	Public Fire Safety Educator		60,000	54,000	114,000	114,000
325	Waste Management		10,000		10,000	10,000
326	Groundwater		5,193,000	8,807,000	14,000,000	14,000,000
327	Health Care Access Study		1,025,000	200,000	1,225,000	1,225,000
329	Education Aids		1,683,855,600	1,790,385,700	3,474,241,300	3,474,241,300
332	Veteran's Home in Luverne/ Needs Study		200,000		200,000	200,000
334	Lottery		9,619,000	1,125,000	10,744,000	10,744,000
335	State Departments		434,232,900	479,768,000	914,000,900	914,000,900
337	Regulation of Infectious & Pathological Waste		475,000		475,000	475,000
338	Energy Policy/ Low-Income Minnesotans		22,000		22,000	22,000
341	Real Estate Appraiser Advisory Board		121,000	92,000	213,000	213,000
342	Inspection of Motor Vehicles	125,000		121,000	121,000	246,000
346	Exemptions/ Power Plant Siting		55,000		55,000	55,000
350	Agriculture Bill		4,057,000	45,000	4,102,000	4,102,000

**Statistics
Table D**

Regular Session

Chapter	Fund	FY 1989	FY 1990	FY 1991	Biennial Total	Total Including 1989
352	Small Business Procurements Commission		285,000	105,000	390,000	390,000
Total General		\$ 6,010,544	4,521,380,745	4,786,969,945	9,308,350,690	9,314,361,234
Special Revenue						
269	Semi-States - Transportation		5,827,000	5,988,000	11,815,000	11,815,000
282	Human Services		5,345,000	5,391,000	10,736,000	10,736,000
300	Deficiency Appropriations/ Capital Improvements	642,000				642,000
303	Elevator Regulation		162,000	162,000	324,000	324,000
329	Education Aids		720,000	720,000	1,440,000	1,440,000
335	State Departments		37,284,200	33,807,000	72,091,200	71,091,200
338	Home Energy Loans		3,100,000		3,100,000	3,100,000
350	Agriculture Bill		30,000		30,000	30,000
Total Special Revenue		\$ 642,000	52,468,200	46,068,000	98,536,200	99,178,200
Highway User Tax Distribution						
269	Semi-States - Transportation		11,047,000	11,287,000	22,334,000	22,334,000
335	State Departments		1,896,000	2,218,000	4,114,000	4,114,000
Total Highway User Tax Distribution			\$ 12,943,000	13,505,000	26,448,000	26,448,000
Petroleum Tank Release Cleanup						
269	Semi-States - Transportation		56,000	56,000	112,000	112,000
335	State Departments		1,425,000	1,432,000	2,857,000	2,857,000
Total Petroleum Tank Release Cleanup			\$ 1,481,000	1,488,000	2,969,000	2,969,000
Trunk Highway						
268	Distribution of Highway User		6,800,000	20,700,000	27,500,000	27,500,000
269	Semi-States - Transportation		796,051,000	813,602,000	1,609,653,000	1,609,653,000
282	Human Services		1,488,000	1,488,000	2,976,000	2,976,000
307	Registration Commercial Driver's Licenses		252,000	228,000	480,000	480,000

Regular Session

Chapter	Fund	FY 1989	FY 1990	FY 1991	Biennial Total	Total Including 1989
329	Education Aids		21,000	21,000	42,000	42,000
335	State Departments		<u>12,889,000</u>	<u>24,990,500</u>	<u>37,879,500</u>	<u>37,879,500</u>
Total Trunk Highway		\$	817,501,000	861,029,500	1,678,530,500	1,678,530,500
Transit Assistance						
269	Semi-States - Transportation		23,344,000	23,344,000	46,688,000	46,688,000
Total Transit Assistance		\$	23,344,000	23,344,000	46,688,000	46,688,000
County-State Aid Highway						
268	Distribution of Highway User Taxes		11,500,000	18,100,000	29,600,000	29,600,000
269	Semi-States - Transportation		<u>237,400,000</u>	<u>242,000,000</u>	<u>479,400,000</u>	<u>479,400,000</u>
Total County-State Aid Highway		\$	248,900,000	260,100,000	509,000,000	509,000,000
Motor Vehicle Transfer						
269	Semi-States - Transportation		869,000	869,000	1,738,000	1,738,000
335	State Departments		<u>3,351,000</u>	<u>3,058,000</u>	<u>6,409,000</u>	<u>6,409,000</u>
Total Motor Vehicle Transfer		\$	4,220,000	3,927,000	8,147,000	8,147,000
Municipal-State Aid Street						
268	Distribution of Highway User Taxes		900,000	2,900,000	3,800,000	3,800,000
269	Semi-States - Transportation		<u>76,800,000</u>	<u>78,200,000</u>	<u>155,000,000</u>	<u>155,000,000</u>
Total Municipal-State Aid Street		\$	77,700,000	81,100,000	158,800,000	158,800,000
State Airports						
269	Semi-States - Transportation		14,099,000	13,927,000	28,026,000	28,026,000
Total State Airports		\$	14,099,000	13,927,000	28,026,000	28,026,000

Regular Session

<u>Chapter</u>	<u>Fund</u>	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>	<u>Biennial Total</u>	<u>Total Including 1989</u>
Metro Landfill Abatement						
335	State Departments	\$	1,741,000	1,741,000	3,482,000	3,482,000
Total Metro Landfill Abatement			1,741,000	1,741,000	3,482,000	3,482,000
Minnesota Resources						
335	State Departments		9,975,000	8,615,000	18,590,000	18,590,000
Total Minnesota Resources			9,975,000	8,615,000	18,590,000	18,590,000
Workers' Compensation						
335	State Departments		14,045,000	14,379,000	28,424,000	28,424,000
Total Workers' Compensation			14,045,000	14,379,000	28,424,000	28,424,000
Environmental Response						
335	State Departments		3,527,000	3,527,000	7,054,000	7,054,000
Total Environmental Response			3,527,000	3,527,000	7,054,000	7,054,000
Game and Fish						
8	Emergency Deer Feeding	300,000				300,000
300	Deficiency Appropriations/ Capital Improvements	260,000				260,000
335	State Departments		<u>42,286,000</u>	<u>44,411,000</u>	<u>86,697,000</u>	<u>86,697,000</u>
Total Game and Fish		560,000	42,286,000	44,411,000	86,697,000	87,257,000
Metro Landfill Contingency						
282	Human Services		167,000	167,000	334,000	334,000
335	State Departments		<u>719,000</u>	<u>719,000</u>	<u>1,438,000</u>	<u>1,438,000</u>
Total Metro Landfill Contingency			886,000	886,000	1,772,000	1,772,000

Regular Session

<u>Chapter</u>	<u>Fund</u>	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>	<u>Biennial Total</u>	<u>Total Including 1989</u>
Permanent School						
335	State Departments	\$	325,000	200,000	525,000	525,000
Total Permanent School			325,000	200,000	525,000	525,000
Water Recreation						
335	State Departments		8,528,000	8,848,000	17,376,000	17,376,000
Total Water Recreation			8,528,000	8,848,000	17,376,000	17,376,000

Special Session

General						
1	Taxes				409,734,000	409,734,000
Total General					409,734,000	409,734,000

Table E
Open and Standing Appropriations
Fiscal Years 1990 and 1991

	<u>FY 1990</u>	<u>FY 1991</u>	<u>Biennium</u>
Aids and Credits			
Property Tax Refund			
Homeowners	\$ 37,800,000	47,000,000	84,800,000
Renters	98,500,000	104,400,000	202,900,000
Targeting	10,400,000	3,500,000	13,900,000
Commercial/Industrial Refund		10,000,000	10,000,000
Homestead Credit and Agricultural Credit (HACA)	756,822,000	690,492,000	1,447,314,000
Disparity Aid	59,906,000	42,923,000	102,829,000
Border City Disparity Aid	2,742,000	2,957,000	5,699,000
Local Government Aid	403,435,000	361,016,000	764,451,000
Attached Machinery Aid	3,218,000	3,218,000	6,436,000
Supplemental Homestead Property Tax Relief	912,000	912,000	1,824,000
Wetlands Credit	37,000		37,000
Native Prairie Credit	8,000		8,000
Disaster Credit	4,000		4,000
In-Lieu Payments on DNR Lands	4,535,000	4,535,000	9,070,000
Enterprise Zone Credit	760,000	706,000	1,466,000
Border City Enterprise Credit	850,000	1,050,000	1,900,000
Small Business Credit	1,294,000		1,294,000
Regional Transit Board Levy Reduction	2,372,000	2,600,000	4,972,000
Region 3--Occupation Tax	<u>359,000</u>	<u>379,000</u>	<u>738,000</u>
Total Aids and Credits	\$ 1,383,954,000	\$ 1,275,688,000	\$ 2,659,642,000
Retirements	70,663,000	74,355,000	145,018,000
Debt Service	191,228,000	179,325,000	370,553,000
Other Open and Standing*	10,829,375	15,203,375	26,032,750
Special Tax Bond Debt Service*	<u>21,723,000</u>	<u>20,897,000</u>	<u>42,620,000</u>
Total Open and Standing	\$ 1,678,397,375	\$ 1,565,468,375	\$ 3,243,865,750

* Includes non-general fund open and standing appropriations.

Table F

Biennial Appropriations of Federal Funds

	<u>1987-89</u> <u>Biennium</u>	<u>1989-91</u> <u>Biennium</u>	<u>Increase</u> <u>(Decrease)</u>
Elementary and Secondary Education	\$ 269,206,000	\$ 343,322,000	\$ 74,116,000
Higher Education	64,910,600	53,612,000	(11,298,600)
Human Services	2,094,564,300	2,220,455,000	125,890,700
Health	81,573,200	102,928,000	21,354,800
Transportation	769,351,900	995,610,000	226,258,100
Agriculture	1,562,800	1,376,000	(186,800)
Economic Development	37,374,500	100,437,000	63,062,500
Natural Resources	10,362,100	9,940,000	(422,100)
Pollution Control	26,591,700	43,461,000	16,869,300
Protection of Workers	446,118,800	407,329,000	(38,789,800)
Industry Regulation	596,800	744,000	147,200
Public Safety	31,523,200	34,669,000	3,145,800
Governance	633,500	1,350,000	716,500
Other	<u>7,582,600</u>	<u>20,536,000</u>	<u>12,953,400</u>
Total	\$ 3,841,952,000	\$ 4,335,769,000	\$ 493,817,000

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APPENDIX A

STATE OF MINNESOTA FUND STRUCTURE

(After Consolidation)

(* indicates new funds)

I. GOVERNMENTAL FUNDS:

A. General Fund:

10 General

B. Special Revenue Funds:

Direct Appropriated

13 Minnesota Future Resources

*17 State Government General

*18 Natural Resources

22 State Airports

23 Game and Fish

27 Trunk Highway

28 Highway User Tax

32 Workers Compensation

33 Environment

34 Transit Assistance

51 Maximum Effort School Loan

Open Appropriation

20 Miscellaneous

24 Taconite Area Environmental Protection

30 Federal

C. State Bond Funds:

39 Debt Service--Investment

40 Debt Service Payments

D. Capital Project Funds:

*05 Public Finance Authority--Bond Proceeds and Debt

11 General Funded--Direct Appropriation

29 Transportation Funded--Direct Appropriation

38 Bond Proceeds--Investment

50 General Revenue Bond Proceeds

52 Reinvest in Minnesota--Bond Proceeds

II. PROPRIETARY FUNDS:

A. Enterprise Funds:

45 Rural Farm Administration

63 Low Income Housing Loans

64 Student Loans

84 Documents and Publications

94 Federal Surplus Property

95 Correctional Industries

96 General Enterprise

B. Internal Service Funds:

02 Master Lease II

41 Risk Management

54 Master Lease

82 Plant Management

87 Micrographics

88 Office Equipment

89 Telecommunications

91 Motor Pool

92 Printing

93 Central Stores

97 Computer Services

98 General Services

III. FIDUCIARY FUNDS:

A. Pension Trust Funds:

Defined Benefit Plans

43 Correctional Employees Plan

70 Minnesota State Retirement System (Classified Employees)

71 State Patrol Retirement Plan

74 Judges Retirement Plan

75 Public Employees Retirement Plan (Local Government)

76 Public Employees Police and Fire Plan

77 Teachers Retirement Plan

Defined Contribution Plans

72 State Unclassified Employee Retirement Plan

78 Teachers--State University, Community Colleges Plan

Pension Plan Investment Funds

46 Supplemental Investment Index

47 Supplemental Bond Market

48 Supplemental Investment GIC

62 Minnesota Supplemental Retirement--Fixed Return

65 Minnesota Supplemental Retirement--Income

66 Minnesota Supplemental Retirement--Growth

67 Minnesota Post Retirement

68 Minnesota Variable Annuity

79 Money Manager--Fixed Income

81 Money Manager--Equity

83 Minnesota Supplemental Retirement--Bond

B. Expendable Trust Funds:

*03 Environmental

21 Endowment School--School Districts

25 Municipal State Aid--Highways

26 County State Aid--Highways

36 Metro Landfill Contingency

55 Employee Insurance

57 Rural Rehabilitation

69 Gift

85 Endowment--Miscellaneous

C. Non-expendable Trust Funds:

58 Northeast Minnesota Economic Protection

86 Permanent School

D. Agency Trust Funds:

04 Public Employees Deferred Compensation

61 Agencies

73 State Employees Deferred Compensation

99 Disbursement Clearing

Funds Consolidated and Closed:

Special Revenue Funds deleted:

01 Greater Minnesota Corporation (to fund 10)

12 Direct Appropriation (to fund 10)

14 Public Health (to fund 10)

15 Petro Cleanup (to fund 33)

35 Metro Landfill Abatement (to fund 33)

56 Water Pollution Control (to fund 33)

31 Employee Service (to fund 30)

19 Water Recreation (to fund 18)

37 Motor Vehicle Transfer (to fund 33)

Proprietary Funds deleted:

80 Economic Development (to fund 20)

53 Zoo (to fund 10)

90 Audit Practice (to fund 10)

In addition, numerous accounts have been moved from fund 20 (Miscellaneous) to other appropriate funds.

APPENDIX B
Tax Reference Information
 (Selected Taxes)

Individual Income Tax:

Tax Base:	Federal Taxable Income with certain modifications	
Tax Rates:	(Tax Year 1990)	
	Married, Joint Returns:	
	\$ 1 - 19,000	6%
	19,001 and over	8%
	Single, Married (Separate Returns), Estates, Trusts:	
	\$ 1 - 13,000	6%
	13,001 and over	8%
	Heads of Households:	
	\$ 1 - 16,000	6%
	16,001 and over	8%
Recent Collections:		
	FY 1990	\$ 2,746,303,000
	FY 1991	2,951,400,000
Disposition:	General Fund	

Corporation Franchise Tax:

Tax Base:	Minnesota Taxable Net Income of the Corporation ("Domestic Unitary" reporting method is used)	
Tax Rate:	9.5%	
Major Exemptions:	Nonprofit Corporations Cooperative Associations Credit Unions Mining companies subject to occupation tax	
Apportionment Factors:	Minnesota Property ratio weighted 15% Minnesota Payroll ratio weighted 15% Minnesota Sales ratio weighted 70%	
Forecasted Collections:		
	FY 1990	\$ 466,700,000
	FY 1991	451,800,000

Sales and Use Tax:

Tax Base:	Sale and rental of tangible personal property at retail	
Major Exemptions:	Food (off-premise consumption) Prescription Drugs Clothing Gasoline Motor Vehicles Excise Tax Many professional services Capital equipment for new or expanded manufacturing	
Tax Rate:	General Rate:	6.0%
	Liquor and Beer:	8.5%
	All Other Capital Equipment:	4.0%
	Farm Machinery, Logging Equipment:	2.0%

Property shipped out of state is taxed at destination state rate.

Forecasted Collections:

FY 1990	\$ 1,880,604,000
FY 1991	1,982,027,000

Disposition: General Fund

Motor Vehicle Excise Tax:

Tax Base:	Purchase price of any motor vehicle required to be registered in Minnesota.	
Major Exemptions:	Purchases for resale by dealers Inheritances Gratuitous transfers between joint owners, spouses, parents, children	
Tax Rate:	6%, (for vehicles over 10 years of age or over: \$10)	
Forecasted Collections:		
	FY 1990	\$ 248,800,000
	FY 1991	254,000,000

APPENDIX B

Tax Reference Information

(Selected Taxes)

(Continued)

Wine (alcohol by volume):

14% or less	\$ 0.30 per gallon
14% or 21%	0.95 per gallon
21% to 24%	1.82 per gallon
More than 24%	3.52 per gallon
Sparkling wine	1.82 per gallon

Disposition: General Fund (65%)
 Highway User/Transit
 Assistance Funds (35%)

Forecasted Collections:

FY 1990	\$ 55,465,000
FY 1991	53,887,000

Motor Fuels Tax:

Tax Base: Gallons of gasoline or special fuel used in highway vehicles, snowmobiles, motorboats, all-terrain vehicles, aircraft, trains, and to propel barges.

Disposition: General Fund

Cigarette Tax:

Credits: Refunds or credits are available for non-highway use (except for that used in snowmobiles, motorboats, and all-terrain vehicles).

Tax Base: Cigarettes sold in Minnesota

Credits: Distributors receive a 1.25% discount on the first \$1.5 million of stamps purchased and 0.75% on additional purchases. Discount covers tax collection expenses.

Tax Rate: 17 cents per gallon except in certain border areas.
 Aviation fuels: 5 cents per gallon.

Tax Rate: 38 cents per pack of 20

Forecasted Collections:

FY 1990	\$ 457,300,000
FY 1991	459,800,000

Forecasted Collections*:

FY 1990	\$ 129,785,000
FY 1991	126,463,000

Disposition: Highway user tax distribution fund (Aviation revenues to State Airports Fund)
 (Marine revenues to special revenue fund)

Disposition: Debt service on specified bonds (paid first)
 2 cents per pack to Minnesota Resources Fund
 4 cents per pack to Minnesota Water Pollution Control Fund less debt service (above)
 2 cents per pack to public health fund
 Balance to General Fund

Alcoholic Beverages Tax:

Tax Base: Distilled spirits, beer, malt beverages, wines and premixed alcoholic beverages manufactured or received for sale in Minnesota

Gambling Taxes:

Tax Rate: Beer:
 3.2% or less alcohol by weight: \$ 2.40
 More than 3.2% 4.60
 (rates per 31 gallon barrel)
 Distilled spirits:
 \$5.03 per gallon

Tax Base: Gross receipts of a licensed organization from lawful gambling less prizes actually paid out

* Revenue includes tobacco products

APPENDIX B

Tax Reference Information

(Selected Taxes)

(Continued)

Tax Rate: 2% of Ideal gross

Forecasted Collections:

FY 1990	\$ 40,027,000
FY 1991	57,500,000

In addition, a graduated combined receipts tax is imposed on the gross receipts from all lawful gambling, except bingo, at the following rates after October 1, 1989:

Disposition: General Fund

<u>Receipts</u>	<u>Rate</u>
\$ 0 - 500,000	0%
500,001 - 700,000	2%
700,001 - 900,000	4%
900,001 and over	6%

APPENDIX C

Glossary

Adjusted Tax Capacity -- The equalized tax capacity of all districts. Adjustments are made by comparing values of actual sales of property to the market value at which these properties were assessed and applying the resulting ratio to tax capacity. These values are used in determining education aids.

Aid to Families with Dependent Children (AFDC) -- Aid provided through counties to the qualifying families described in the title. Eligibility involves low or no income and lack of assets. The federal government pays about 53 percent of this cost; the state pays 85 percent of the non-federal share. Through the property tax levy the counties pay 15 percent of the non-federal share.

Alternative Minimum Tax -- An income tax calculation which is made separately from the regular income tax. A taxpayer must pay the alternative minimum tax if it is higher than the regular income tax liability. For individuals, the alternative minimum tax is determined by applying a tax rate of six percent to the federal tax preference items. For corporations, the tax is equal to the amount by which seven percent of the Minnesota alternative minimum taxable income exceeds the regular income tax.

Area Vocational-Technical Institute (AVTI) -- A school that provides post-secondary vocational training. Currently there are 33 such schools throughout Minnesota.

Biennium -- Two consecutive fiscal years beginning July 1 in an odd-numbered year. The biennium is described by the odd-numbered year in which it begins and the odd-numbered year in which it ends, such as the 1987-89 biennium, for the biennium that began July 1, 1987, and ends June 30, 1989.

Categorical Aids -- Education aids for specific purposes such as transportation or education of handicapped students.

Children's Health Plan -- Provides primary health care to eligible children in families at or below 185 percent of poverty who are not eligible for Medical Assistance or otherwise insured. Eligible children are ages one through eight (extended through age 17 effective January 1, 1991).

Class Rates -- Statutory classification percentages that are applied to the market value of various classes of property to determine the tax base.

Deficiency Appropriations -- Appropriations made to cover funding needs of a previous budget period prior to July 1 of the odd-numbered years. These are usually adjustments in previous appropriation amounts to cover unexpected funding needs. The budget period covered by this publication includes two fiscal years beginning July 1, 1989. Deficiency appropriations are made for funding needs of fiscal year 1989.

Direct Appropriations -- Legislative appropriations specified as fixed dollar amounts (in contrast to open and standing appropriations). Direct appropriations provide a cap on the amount that can be spent for the purpose specified.

Disparity Reduction Aid -- A property tax relief aid paid to taxing districts with high tax rates. Initially computed for taxes payable in 1989, the aid amounts are now frozen, but will be reduced if the aid would reduce extension rates to less than 90 percent of tax capacity.

Disparity Reduction Rate -- A tax rate reduction determined by dividing the disparity reduction aid of each taxing district by the district's net tax capacity.

Equalization Aid -- A new property tax relief aid for taxes payable in 1990, it is intended to help equalize tax base disparities among cities. While it will be paid only in 1990, the amount paid will be included in the local government aid base for 1991.

Estimated Market Value -- The assessor's estimate of the market value or selling price, intended to represent the worth of the property in a transaction between a willing buyer and a willing seller.

Fiscal Year -- That period of time beginning July 1 continuing 365(6) days until the following June 30. Used by the state for budgeting purposes. The fiscal year is described as the year in which it ends, such as the 1988 fiscal year ending June 30, 1988.

General Assistance (GA) -- The state/county program of cash assistance, emergency assistance, or room and board payments for eligible persons. This program is financed 75 percent from state funds. The counties finance the remaining portion.

General Assistance Medical Care (GAMC) -- Payments made to medical vendors on behalf of medically indigent persons who do not qualify for federally-assisted medical programs. The state finances 90 percent of this program and the counties 10 percent.

General Education Aid Formula -- A new education aid formula that replaces the Foundation Aid Formula in fiscal year 1989. The formula merged a number of levies and categorical aids into one general formula that guarantees that each district will receive a specified amount of revenue per pupil unit in return for a required local property tax levy. The formula may provide additional funds based on district sparsity, the number of AFDC students, and the level of training and experience of the district's teachers.

Homestead -- One of the property classifications. Homesteads are residences occupied by the owner. Property owners may have no more than one homestead.

Homestead and Agricultural Credit Aid (HACA)

-- A property tax relief aid paid to local governments to reflect the incorporation of the old homestead and agricultural credits into the class rates for homestead and agricultural property.

Levy Limits -- The amount local governments are permitted to levy against their property tax base for certain services.

Local Government Aids -- The funds distributed by a formula from the state general fund to cities, townships and counties (except Hennepin, Ramsey, and St. Louis).

Medical Assistance (MA) -- Payments made to medical vendors (nursing home operators, physicians, dentists, druggists, etc.) on behalf of welfare recipients and others who are eligible because of a lack of resources to pay for medical care. The federal government finances about 53 percent of MA; the state finances 90 percent of the non-federal share and the count 10 percent. Categories covered include needy families with children, needy senior citizens, and needy handicapped or blind persons.

Minnesota Supplemental Aid (MSA) -- Cash grants, special needs payments, and room and board payments for certain SSI recipients and other eligible persons who are either elderly, blind, or disabled. The state finances 85 percent and the county 15 percent.

Non-programmatic Aids -- State aids to local government or individuals jurisdictions to assist with the funding of the basic organization and institutional operation of those jurisdictions. Generally, these aids are available for "general governmental" purposes.

Open and Standing Appropriations -- Legislative appropriations for which the actual amount appropriated is determined by the level need or eligibility. Amounts ultimately spent are usually determined by the response of some eligible population to a statutory funding formula or criteria.

Programmatic Aids -- State aids other than non-programmatic aids (defined above). These aids are provided to local governments or other entities to fund the costs of specific government programs or purposes such as education, income maintenance, or highway construction, for example.

Property Tax Refund -- A yearly refund up to \$400 given to homeowners and \$1,000 to renters based on their incomes and the amount of property taxes paid on their home or apartment.

Pupil Units -- A count of public school students used in calculating each school district's foundation aid. Pupil units include weighted ADM (defined below) plus additional units for students whose families receive AFDC.

Special Levies -- Levies not covered by the levy limitation law, principally, welfare income maintenance and bonded debt levies.

Supplemental Security Income (SSI) -- Payments made directly from the federal government to eligible low-income people who are aged, blind, or disabled.

Targeting -- A program of supplemental property tax relief to individuals (the Property Tax Refund) in which a specified percentage of the increase in net taxes payable is refunded by the state.

Tax Capacity -- The property tax base determined by multiplying the market value by the appropriate class rate.

Tax Capacity Rate -- The rate of tax determined by dividing a taxing district's levy, reduced by certain aids, by the total net tax capacity of all property located within the taxing district. The rate is expressed as a percentage of tax capacity.

Tax Extension Rate -- The tax rate actually applied to individual properties, determined by subtracting the disparity reduction rate from the tax capacity rate. The disparity rate cannot reduce the tax extension rate to less than 90 percent of tax capacity.

Tax Increment Financing -- A method of providing state and local financial assistance to economic development projects in which taxes on newly developed property values are captured and dedicated to the repayment of certain development costs.

Weighted ADM -- The average daily membership of a school district (i.e., the average number of students enrolled during the year), weighted by the grade level. Each kindergarten student counts as 0.5 weighted ADM, each student in grades 1-6 as 1.0 weighted ADM, and each student in grades 7-12 and 1.4 weighted ADM through fiscal year 1988 and 1.35 beginning in fiscal year 1989.

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