

5206



STATE OF MINNESOTA

OFFICE OF THE GOVERNOR

ST. PAUL 55155

WENDELL R. ANDERSON  
GOVERNOR

*This is my copy  
To take to the  
place wa*

January 21, 1976

The Honorable Martin Olav Sabo  
Speaker of the Minnesota House of Representatives  
276 State Office Building  
St. Paul, Minnesota 55155

The Honorable Nicholas D. Coleman  
Majority Leader of the Minnesota Senate  
208 State Capitol  
St. Paul, Minnesota 55155

Dear Mr. Speaker, Mr. Majority Leader,  
and Members of the 69th Session of  
the Minnesota Legislature:

As you reconvene for the remaining weeks of the 69th Session of the Minnesota Legislature, your extensive interim activities have been well reported, and the substance of important legislation before you is well-known to all of us and to the people of Minnesota. For that reason, I have not asked for an opportunity to appear before you to deliver a formal State of the State message, as I did in 1974.

It is helpful to have available the Senate Majority Caucus list of priority concerns, and I am also pleased to have had the opportunity to discuss the coming session with the leadership of both houses. You can be certain that my office will cooperate with your wish for a brief session, including the deadlines for committee action established by the Legislative Coordinating Committee. Although the business before this session has major significance for many of our people, I certainly agree with you that there is no need for a long session this year.

Before summarizing those legislative items that deserve attention, in my judgment, it seems desirable to report briefly on the state's financial condition at this time.

As you know, the Department of Finance and the Department of Revenue have reported that state revenue for the first six months of the current fiscal year was approximately \$32 million above the projections adopted by the Legislature in its 1975 budget

The Honorable Martin Olav Sabo  
The Honorable Nicholas D. Coleman  
Page 2  
January 21, 1976

considerations, but an uncertain farm income picture raises the possibility that income tax revenues will fall \$30 million to \$40 million below estimates for the remaining months of the fiscal year.

Further information will become available next month for use by the Legislature. At this point, there is no reason to modify the Legislature's previous projections of state revenue available for the biennium. Overall Federal budgeting for the 1976-1977 fiscal year, including the prospects for general revenue-sharing, is still undetermined. The condition of the nation's economy remains uncertain for the same period. Projections for the second year of our budgeting period must therefore be considered uncertain.

Based on 1975 projections, we can look forward to a balanced state budget if we continue to monitor expenditures very carefully. The 1975 Legislature concluded its work with approximately \$65 million of projected revenue remaining unspent, but with bills totalling approximately \$63.5 million awaiting final passage.

Of these appropriations, the Legislative Advisory Commission, as you know, has anticipated immediate 1976 passage of H.F.1741, funding semi-state agencies, and has provided funds to the affected agencies on a contingency basis. Appropriation of approximately \$9.6 million for that purpose will leave approximately \$53.8 million of projected revenues for the biennium available for 1976 decisions.

That amount represents less than 1.2 percent of total projected revenues for the 1975-1977 biennium. Since Minnesota law provides that our budget must be balanced, our remaining resources are obviously very limited.

In addition to the semi-state appropriation, two other bills constitute items for priority action, in my judgment.

The first is H.F. 1199, providing approximately \$7 million for drug and alcohol outreach and treatment. I support the proposed modification of this legislation that would use a portion of the funds to supplement 1975 appropriations for our state system of

The Honorable Martin Olav Sabo  
The Honorable Nicholas D. Coleman  
Page 3  
January 21, 1976

local detoxification centers. There has been excellent and serious participation by chemical dependency specialists in government and private agencies in developing this legislation and recommending its outreach procedures. I urge its quick passage, with the modifications that have been developed.

The other major priority for 1976 action, in my judgment, is H.F. 1137, which provides approximately \$40 million for additional efforts by our Minnesota Housing Finance Agency to make decent housing available where it is needed most. In my Inaugural and Budget addresses a year ago, I strongly recommended such legislation and I hope the Legislature will quickly approve this important improvement in our state housing program.

It is also vital to make two adjustments in existing legislation to meet problems that have become apparent since you met in 1975. Our state unemployment tax must be increased by one-tenth of one percent so that we continue to qualify for interest-free loans from the federal government until a recovering economy restores the level of our state unemployment compensation fund. And we must change a provision of the 1975 tax relief legislation that unintentionally disqualified senior citizens in subsidized housing from receiving property tax relief as renters.

Other important legislation now in final stages includes S.F. 919, to improve our environmental permit processes; S.F. 1308, to clear up a number of problems related to public water drainage in our state; H.F. 1206, establishing land use grants for local governments; and H.F. 645, establishing local community health programs in our state. Within the financial resources available, and considering other needs which may develop during the session, these measures deserve your continuing support.

For five years, the legislative and executive branches have been working to bring together our fragmented transportation efforts under a Department of Transportation, and I hope that action can be completed this year if possible. The Legislature should also give serious consideration to a special state bonding program to provide much-needed repairs to the most seriously deteriorating highway bridges in our state, and I reiterate my support for up to \$200 million of bonding for that purpose. We must face up to this need sooner or later.

The Honorable Martin Olav Sabo  
The Honorable Nicholas D. Coleman  
Page 4  
January 21, 1976

Throughout your 1975 deliberations substantial committee attention has been devoted to the question of legislative, executive and judicial salaries in Minnesota. As you know, I have proposed that the Legislature create a special commission, like the one that is operating successfully in the state of Michigan, to establish these salaries with review by the Legislature. However, whether that structure is adopted or not, it is vital to reach consensus on salaries this year for all three branches of our state government, so that reasonable pay adjustments for state government service can be put into effect. Timing is especially critical for legislative compensation, since adjustments cannot be granted for members of the 1977-1978 Legislature unless they are acted upon this year.

As chairman of Minnesota's Bicentennial observance, the Lieutenant Governor of Minnesota will be proposing small state subsidies for Minnesota communities that undertake special Bicentennial observances. I recommend that an appropriate amount of state funds be provided for this purpose.

I also urge your favorable consideration of proposed legislation to establish a Legislative Commission on the Economic Status of Women.

Many other matters will be before you in the next few weeks, including possible action to help insure that our major league sports teams and our major league arts institutions will be available to our people; proposed energy conservation requirements; changes in our criminal sentencing procedures; the adequacy of our maximum security prison facilities; the unfortunate availability of alcoholic beverages to high school students; the availability of bilingual and bicultural education for students who have difficulty with the English language; revisions of our laws governing nursing home regulation; railroad improvements, and metropolitan land use planning, among others. Thoughtful attention has been given to these issues during interim meetings of legislative committees. They deserve your continued attention and action if time permits.

The wisdom of our flexible session arrangement is demonstrated by the opportunity it gives us this year to devote additional and thoughtful legislative and executive consideration to matters of significance to the people of Minnesota. The Legislature appears

The Honorable Martin Olav Sabo  
The Honorable Nicholas D. Coleman  
Page 5  
January 21, 1976

well-prepared for the remaining weeks of the session. The major issues that require attention are relatively few, but we are fortunate to have the opportunity to address them now.

My office and my staff will continue to be available to provide information and assistance as the members of the Legislature desire. We join you in anticipating a brief but productive completion of the agenda of the 69th Session of the Minnesota State Legislature.

With warmest regards.

Sincerely,

A handwritten signature in cursive script that reads "Wendell R. Anderson". The signature is written in dark ink and is positioned to the right of the typed name.

Wendell R. Anderson

WRA:jah