

City Fee Report

Minnesota Department of Revenue

Presentation to Senate Tax Committee
March 16, 2006

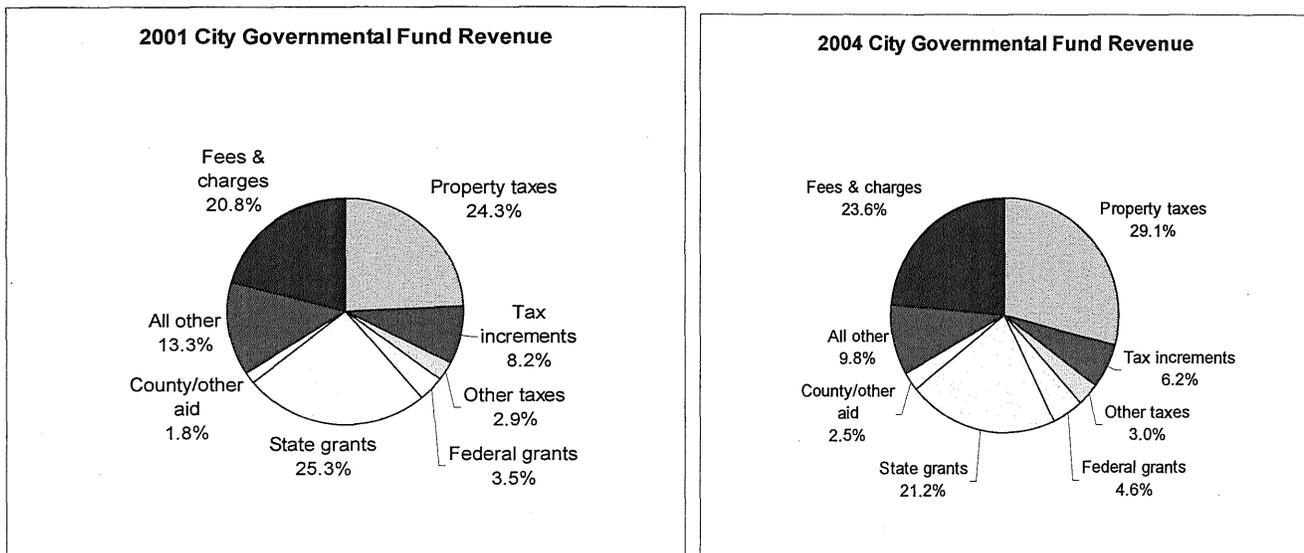
Source of data.

- Office of the State Auditor's annual reports of city revenues and expenditures.
- 2001 – 2004. (2005 data not available until December 2006.)

Scope of the report: What is defined as a fee?

- **Governmental funds**
 - City service charges (but amounts received under police and fire contracts are excluded)
 - Special assessments
 - Licenses and permits
 - Franchise charges
 - Fines and forfeits
- **Enterprise funds** – Provide sewer, water, refuse, and other city services financed primarily by user charges. Revenue from these funds is discussed separately in the report. The fee totals shown on this page and the next three pages *do not* include franchise fund user charges.

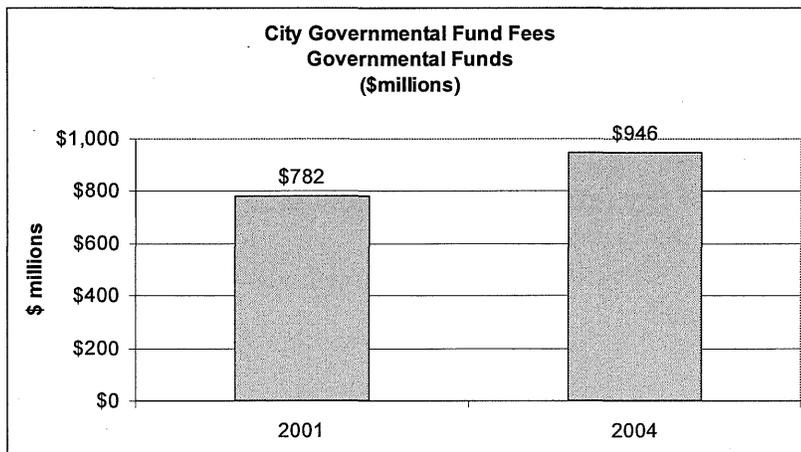
Governmental fund revenues in 2001 and 2004



Changes in shares of city revenue between 2001 and 2004:

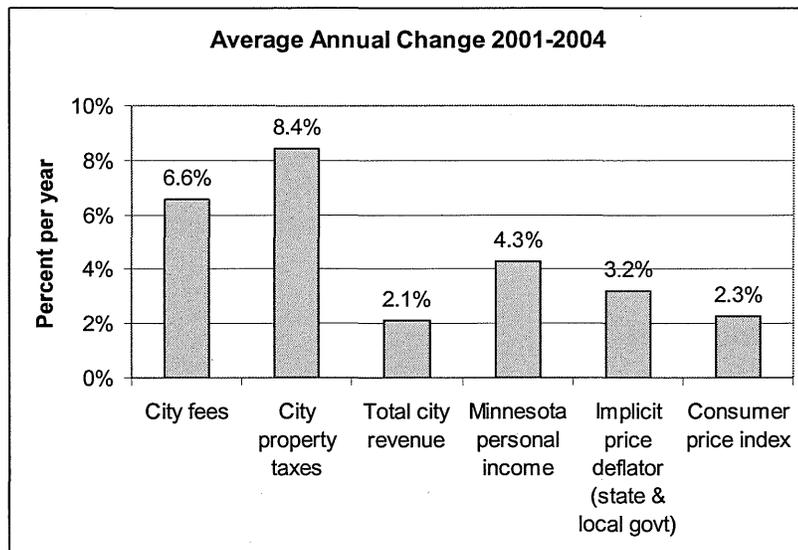
- Fees & charges increased from 20.8% to 23.6%. (from 29.9% to 33.0% of *own-source* revenue)
- Property taxes increased from 24.3% to 29.1%. (from 35.0 to 40.6% of *own-source* revenue)
- State grants fell from 25.3% to 21.2%.
- Federal grants increased from 3.5% to 4.6%.

Total city governmental fund fees: 2001 to 2004.



21.3% increase over 3 years.
(average 6.6% per year)

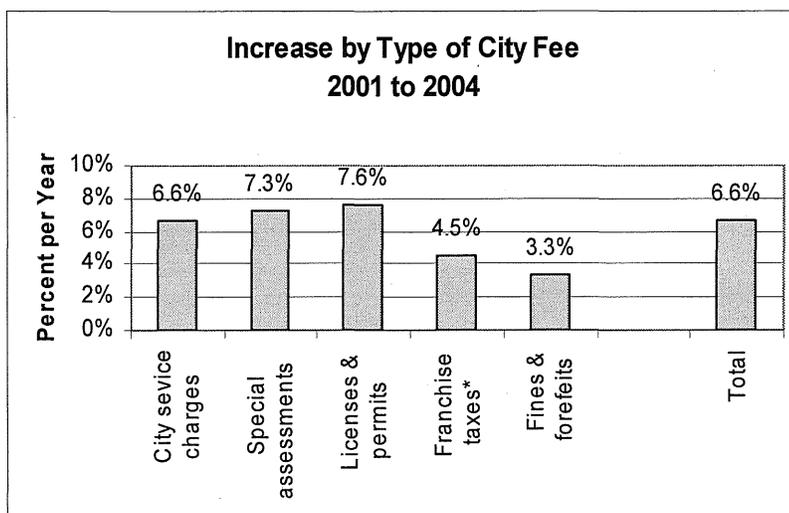
(average 5.3% per year increase in
per capita fees)



Fees increased faster than total city revenue, personal income, or inflation.

Fees increased more slowly than property taxes.

Increase by type of fee.



Special assessments and license fees rose faster than total fees.

Franchise charges and fines rose more slowly than total fees.

City Cluster Analysis

To allow comparison of fees across cities, the report:

- Presents fees in per capita terms
- Calculates average fees (and their 2001-04 changes) separately for:
 - Minneapolis
 - St. Paul
 - six metro suburban city clusters
 - eight greater Minnesota city clusters
- Follows city cluster methodology developed by the League of Minnesota Cities. Characteristics of the city clusters are illustrated below.

Cluster Name	2000 Census Population (average)	Population Growth Rate 1990-2000 (percent)	1999 Median Household Income	C/I Market Value Per Capita	Number of Cities in the Cluster
Metro Suburban Cities					
Central Cities	334,885	4.7%	\$38,374	\$10,772	2
Diversified	12,834	1.6	53,498	20,043	15
High Growth	13,887	74.0	67,969	6,699	35
High Income	2,910	6.7	102,990	2,570	20
Large	58,192	20.1	65,710	16,247	12
Old	22,396	1.3	47,924	7,901	13
Small	3,836	5.8	50,003	5,058	<u>41</u>
					138
Greater Minnesota Cities					
High Income	3,956	36.1%	\$51,934	\$ 7,248	25
Moderate Growth	2,140	22.0	42,031	4,146	60
Major	77,277	14.7	40,067	8,402	3
Regional Centers	16,977	6.2	35,768	7,075	22
Sub-Regional Centers	3,165	13.0	30,374	12,366	27
Small	214	1.7	31,858	3,113	359
Stable	1,616	2.4	32,314	3,169	209
Urban Fringe	4,578	174.1	52,563	5,998	<u>10</u>
					715

Governmental Fund Fees per City Resident

	City service fees		Special assessments		Licenses & permits		Franchise charges		Fines and forfeits		Total Fees	
	2004	Annual growth 2001-04	2004	Annual growth 2001-04	2004	Annual growth 2001-04	2004	Annual growth 2001-04	2004	Annual growth 2001-04	2004	Annual growth 2001-04
All Cities	\$89	5.3%	\$69	6.0%	\$40	6.2%	\$20	3.2%	\$10	2.0%	228	5.3%
Metro	\$90	3.6%	\$65	5.9%	\$47	5.1%	\$25	2.9%	\$11	2.3%	\$238	4.4%
Minneapolis	133	6.6%	30	3.6%	65	5.5%	66	-0.6%	27	2.7%	320	4.2%
St. Paul	119	-0.1%	81	12.1%	40	12.4%	72	2.2%	16	7.6%	327	4.8%
Metro Suburban Cities	\$78	3.8%	\$69	5.0%	\$45	4.2%	\$11	11.6%	\$8	1.4%	\$210	4.5%
Diversified	88	5.3%	49	14.2%	46	2.9%	10	29.6%	8	-3.1%	201	7.1%
High Growth	117	7.9%	97	3.9%	61	8.2%	7	6.3%	6	0.4%	288	6.3%
High Income	43	7.3%	17	-15.1%	54	-0.5%	4	47.3%	10	-2.6%	128	-0.5%
Large	54	-3.0%	71	3.7%	39	0.5%	9	1.8%	9	4.8%	182	0.8%
Old	68	2.5%	41	5.3%	27	1.1%	19	17.8%	7	-0.8%	162	4.2%
Small	67	6.5%	60	9.9%	41	8.7%	17	35.7%	10	0.2%	196	9.3%
Greater Minnesota	\$88	8.8%	\$77	6.0%	\$27	10.5%	\$11	4.9%	\$8	1.2%	\$211	7.4%
High Income	183	11.8%	113	2.4%	58	7.2%	6	21.4%	5	1.8%	364	7.8%
Moderate Growth	73	11.0%	76	-2.5%	26	14.1%	5	18.2%	6	2.4%	186	4.8%
Major	80	6.2%	79	7.4%	25	4.3%	22	0.7%	12	2.2%	218	5.6%
Regional Centers	82	5.7%	83	9.8%	23	11.9%	14	3.8%	10	1.0%	212	7.5%
Sub-Regional Centers	111	12.7%	106	5.9%	33	11.3%	7	20.7%	10	1.2%	267	9.3%
Small	51	8.5%	32	12.3%	15	13.3%	0	7.4%	1	3.3%	100	10.3%
Stable	69	8.3%	50	8.0%	14	13.0%	9	6.3%	6	0.0%	149	8.0%
Urban Fringe	116	7.3%	126	-3.6%	69	6.2%	6	37.3%	5	7.6%	322	2.6%

Enterprise Funds

Enterprise Fund Revenue, Income, and Transfers By Type of Fund (2004)

Type of Fund	Number	\$ millions			Transfer as % of Income (if positive)
		Revenue	Net Income	Net Transfer*	
Street & highway	142	\$60	\$17	\$11	65%
Water	708	523	79	30	38%
Sewer	723	445	63	29	46%
Electric	129	670	53	30	57%
Refuse	273	82	4	2	50%
Health	54	443	14	0	-
Development	131	126	0	(9)	-
Other	175	255	(6)	(11)	-
Culture & recreation	132	111	(11)	(9)	-
Subtotal	2,467	\$2,715	\$213	\$73	34%
Liquor stores	226	259	19	16	84%
Total	2,693	\$2,974	\$232	\$89	38%

*to governmental funds.

Most common: Sewer, water, and refuse.

Transfers are significant. \$89 million in 2004 equals 2.2% of total city revenue (but down from 2.5% in 2001).

Liquor stores transfer the largest share of their net income; but water, sewer, and electric funds each transfer more dollars.

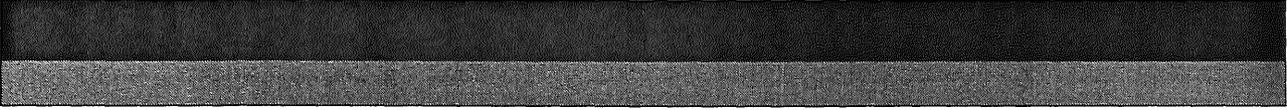
Per Capita Enterprise Funds Revenue, Income, and Transfers (2004) (\$ millions)

Type of Fund	Revenue	Income	Net Transfers
Public service activities	\$655	\$52	\$17.5
<i>Avg annual change 2001-04</i>	<i>3.7%</i>	<i>-10.4%</i>	<i>-4.3%</i>
Liquor stores	\$62	\$4	\$3.9
<i>Avg annual change 2001-04</i>	<i>1.8%</i>	<i>-4.0%</i>	<i>2.6%</i>
Total enterprise funds	\$717	\$56	\$21.4
<i>Avg annual change 2001-04</i>	<i>3.5%</i>	<i>-10.1%</i>	<i>-3.2%</i>

Revenue from public service activity funds (mostly user charges) is almost three times as large as governmental fund fees (\$655 per capita compared to \$228).

Revenue per capita increased by 3.7% per year between 2001 and 2004 (less than governmental fund fee increases of 5.3% per year).

Net transfers from enterprise funds fell between 2001 and 2004, as did net income.



City Fee Report State of Minnesota 2001 - 2004



**Cluster Analysis for Minnesota Cities
By Fee Category**

MINNESOTA • REVENUE

February 2006

MINNESOTA • REVENUE

February 28, 2006

To: Senate Finance and Tax Committees
House Appropriations and Tax Committees

This report provides a comprehensive summary and comparison of all fees and related charges imposed by Minnesota cities during the four-year period from 2001 to 2004. The primary source of information for the report is data from the Office of the State Auditor.

The report was required by the 2005 Legislature, Special Session, Chapter 3, Article 11, Section 7, Subdivision 3. Minnesota Statutes, Section 3.197 specifies that a report to the Legislature must include the cost of its preparation. The approximate cost of preparing this report was \$20,000.

Sincerely



Daniel A. Salomone,
Commissioner

cc: Secretary of the Senate
Chief Clerk of the House
Legislative Reference Library

Executive Summary

This report examines recent changes in fee revenue in Minnesota's 853 cities. Results are reported separately for Minneapolis and St. Paul. The other cities are separated into 14 separate groups of cities, each sharing similar demographic and economic characteristics. The League of Minnesota Cities developed the methodology for identifying these "city clusters," and they provide a way to show how the level and growth in fee revenue varies in different types of cities.

This report responds to a legislative requirement directing the Commissioner of Revenue to conduct a study of the level and growth of fees and charges imposed by city governments in the most recent four years.¹ Information from the Office of the State Auditor is the primary source of data. Results are presented for 2001 through 2004. They are generally shown in per capita terms, facilitating the comparison between cities of different size.

Overall City Finances

Figures 1-E and 2-E show the mix of city governmental fund revenue in 2001 and 2004. The three major sources of revenue are property taxes, fees and charges, and intergovernmental grants (federal, state, and county). Recent budget deficits and reforms in Minnesota led to a decline in state grants to cities, which fell by 11 percent between 2001 and 2004. City officials responded to these changes in a variety of ways. Overall, the mix of Minnesota city revenue changed significantly between 2001 and 2004.

- City revenue increased slowly, rising by 2.1 percent per year.
- Cities relied increasingly on fees and charges, which rose by an average of 6.6 percent per year. Their share of city revenue rose from 20.8 percent to 23.6 percent.
- Cities relied increasingly on property tax revenue, which rose by an average of 8.4 percent per year. The property tax share of city revenue rose from 24.3 percent to 29.1 percent.
- Tax increments as a share of total revenue fell from 8.2 percent to 6.2 percent.
- Despite the reduction in state grants, total intergovernmental payments (federal, state, and local) declined only slightly due to increased federal grants and grants from other local governmental units. As a share of city revenue, though, total intergovernmental grants fell from 30.6 percent to 28.3 percent.

Figure 1-E
2001 City Government Fund Revenue

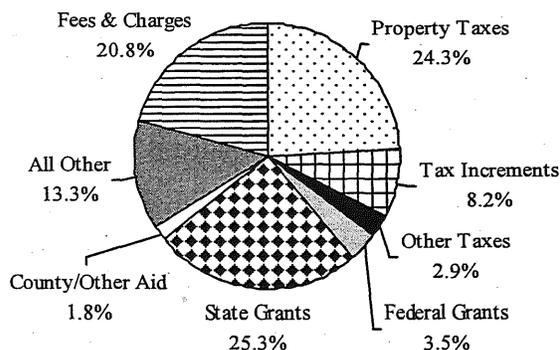
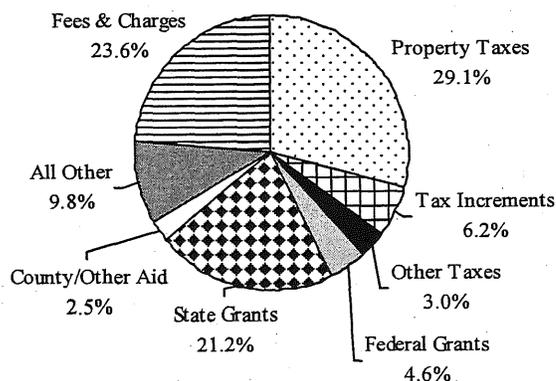


Figure 2-E
2004 City Government Fund Revenue



¹ 2005 Special Session, Chapter 3, Article 11, Section 7, Subd. 3.

City Fees in 2001 and 2004

The report looks more specifically at five categories of fees and charges: A) city service charges, B) special assessments, C) licenses and permits, D) city franchise charges, and E) fines and forfeits. Statewide, these city fees and charges increased from \$782 million in 2001 to \$948 million in 2004, an increase of 21.3 percent over three years. This represents an average annual increase of 6.6 percent.

The report focuses on fees and charges – by type of fee – in per capita terms. For all five categories combined, per capita fees and charges increased from \$196 in 2001 to \$228 in 2004. The totals by fee category are shown in *Table 1-E*.

Table 1-E
Per Capita Fees and Charges in 2001 and 2004
(governmental funds)

Type of Fee or Charge	2001	2004	3-Year Change*	Average Annual Change
A. City Service Charges	\$ 76	\$ 89	16.8%	5.3%
B. Special Assessments	58	69	18.9%	6.0%
C. Licenses and Permits	33	40	19.9%	6.2%
D. City Franchise Charges	18	20	10.0%	3.2%
E. Fines and Forfeits	10	10	6.1%	2.0%
Total	\$196	\$228	16.8%	5.3%

*Change calculated using dollars before rounding.

The increase in total *per capita* fees and charges (16.8 percent over three years) differs from the increase in *total* fees and charges (21.3 percent) because city population increased by 3.8 percent.

The level and increase in fees and charges varied across the city clusters.

- Average per capita fees and charges in 2004 were higher in metro cities (\$238) than in greater Minnesota cities (\$211).
- Among metro cities, 2004 per capita fees were highest in Minneapolis and St. Paul (\$320 and \$327) and in high growth cities (\$288); they were lowest in high-income cities (\$128).
- Among greater Minnesota cities, 2004 per capita fees were highest in high-income and urban fringe cities (\$364 and \$322); they were lowest in small and stable cities (\$100 and \$149).
- Between 2001 and 2004, per capita city fees and charges increased more rapidly in greater Minnesota than in metro cities (24 percent compared to 14 percent).
- The largest percentage increases (exceeding 30 percent over three years) were in small metro cities, small cities in greater Minnesota, and subregional centers in greater Minnesota.

The results summarized above are limited to fees and charges deposited in governmental funds. This means that enterprise fund charges are excluded. Sewer, water, refuse, and many other city services are provided by enterprise funds. Enterprise fund services are generally financed through user charges. The role of city enterprise funds statewide is discussed briefly in this report, but no city cluster analysis is included. Enterprise fund user charges are roughly three times as large as the fees and charges in governmental funds, and enterprise fund total revenue has grown almost as fast between 2001 and 2004 (15.8 percent).

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City Fee Report

Cluster Analysis for Minnesota Cities by Fee Category

Reason for the Report

In 2005, the legislature directed the Commissioner of Revenue to conduct a study of the fees and other charges imposed by city governments and the revenue derived from those fees for each of the most recent four years (Special Session, Chapter 3, Article 11, Section 7, Subd. 3).

Overview of City Finances

Figures 1 and 2 show the mix of city governmental fund revenue in 2001 and 2004. The three major sources of revenue are property taxes, fees and charges, and intergovernmental grants (federal, state, and county). Recent budget deficits and reforms in Minnesota led to a decline in state grants to cities, which fell by 11 percent between 2001 and 2004. City officials responded to these changes in a variety of ways. Overall, the mix of Minnesota city revenue changed significantly between 2001 and 2004.

- City revenue increased slowly, rising by 2.1 percent per year.
- Cities relied increasingly on fees and charges, which rose by an average of 6.6 percent per year. The fee and charges share of city revenue rose from 20.8 percent to 23.6 percent.
- Cities relied increasingly on property tax revenue, which rose by an average of 8.4 percent per year. The property tax share of city revenue rose from 24.3 percent to 29.1 percent.
- Tax increments as a share of total revenue fell from 8.2 percent to 6.2 percent.
- Despite the reduction in state grants, total intergovernmental payments (federal, state, and local) declined only slightly, due to increased federal grants and grants from other local governmental units. As a share of city revenue, though, total intergovernmental grants fell from 30.6 percent to 28.3 percent.

Figure 1
2001 City Government Fund Revenue

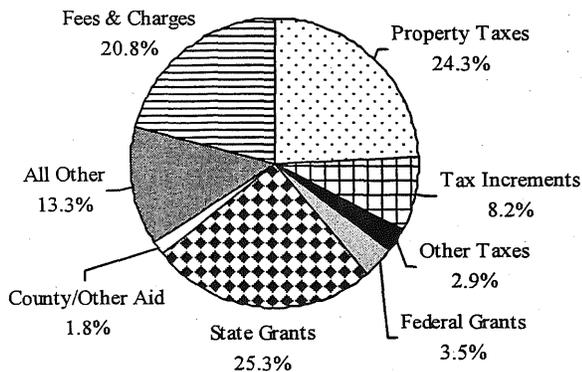
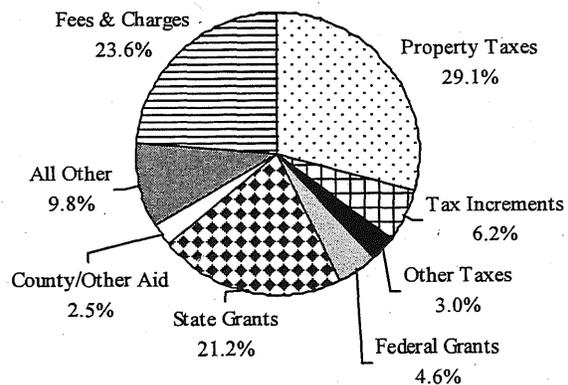


Figure 2
2004 City Government Fund Revenue



Scope of the Report: Defining Fees and Charges

The legislature directed the commissioner to report on the fees and charges imposed by cities, but it did not specify which sources of revenue to include. This report adopts a definition of fees and charges that is quite broad. It includes the following (listed in decreasing order of magnitude):

- A. City Service Charges
 - 1. Recreation Service Charges
 - 2. General Government Service Charges
 - 3. Public Safety Service Charges
 - 4. Street and Highway Service Charges
 - 5. Other Service Charges
- B. Special Assessments
- C. Licenses and Permits
- D. Franchise Charges
- E. Fines and Forfeits

There is some question whether either special assessments or franchise charges should be included in the definition of fees and charges. Special assessments can be levied only if it can be demonstrated that the improvement they pay for will raise the value of the property by at least the amount of the assessment. In addition, unlike most other fees and charges, they are neither voluntary nor avoidable. Franchise charges are imposed on public utilities for use of public property. The Office of the State Auditor (OSA) defines these as a tax, rather than a fee. Although this report includes both special assessments and franchise charges in its definition of fees, someone wanting to exclude them can easily subtract either or both of them from the reported results.

The core of the report is limited to fees and charges (as listed above) that are deposited in governmental funds. This means that enterprise fund fees and charges are excluded. Most cities use enterprise funds to finance water and sewer services. Many cities also use enterprise funds to finance streets and highways and economic development, along with sanitation, electric, health, cultural, and recreation services. Over 200 cities own liquor stores, which are also operated as enterprise funds. Most enterprise funds are designed to be self-sustaining through fees and user charges, with the goal of covering their costs rather than earning a profit. In some cases, though, enterprise funds regularly earn profits, which are then transferred to a governmental fund to help finance other city services. This report includes a separate section that analyzes enterprise fund revenues, but totals for enterprise funds are reported separately and are not combined with the totals for governmental funds that form the core of the report.

Methodology

The Office of the State Auditor publishes annual reports showing the revenue, expenditures, and debt of each Minnesota city. In recent years, OSA has also made city-specific datasets available on their website (www.osa.state.mn.us). For this report, the Department of Revenue consolidated the OSA city data for the latest four years (2001 through 2004).² Data for 2005 will not be available until December 2006.

Several adjustments are made to the OSA data. First, we exclude fees paid by one local government to another for police and fire services. These government-to-government contracts, which grew from \$30 million to \$39 million between 2001 and 2004, are financed from other revenues (such as property taxes). Second, we adjust some of the reported fee and charges for Minneapolis, to make their reporting in the first three years match that reported by other cities. Third, we combine Pleasant Lake and Rockville data for 2001 and 2002, prior to their merger.

Results are generally reported in per capita terms, to facilitate comparisons between cities of different sizes. Presentation in per capita terms does not imply, though, that the cost of these fees and charges all falls on city residents. Some fees are paid by visitors or by nonresidents who work in the city. Some fees are also paid by businesses, and the owners may not be city residents or be able to pass the costs on to their customers.

Separate results are reported for Minneapolis and St. Paul. The other cities are separated into 14 separate groups of cities, each sharing similar demographic and economic characteristics. The League of Minnesota Cities developed the methodology for identifying these "city clusters," and this allows us to show how the level and growth in fee revenue varies in different types of cities.

The cluster method reorganizes the 853 cities into relatively homogeneous groups, based on a combination of demographic and financial characteristics (i.e., census population, population growth, household income, and property values) with Minneapolis and St. Paul separately classified. The classification method is intended to remove limitations of grouping cities by size or location alone. There are seven city clusters for the seven-county metropolitan area and eight clusters for the cities outside of the seven-county metro area. Profiles for the clusters are listed in *Table 1*.

To provide some perspective on the rate of increase in city fees, the report shows the rate of income for "benchmarks" during the same three years. Benchmarks include: 1) city property taxes, 2) city revenue, 3) city expenditures, 4) personal income, 5) inflation as measured by the consumer price index, and 6) inflation as measured by the implicit price deflator for state and local government purchases.

² Although the statutory language required each city to report fee revenue to the Commissioner of Revenue, this report is instead based on existing OSA data. Conversations between the commissioner, legislative staff, and other interested parties concluded that the OSA data would be more useful than any new data collected under such a tight time constraint.

**Table 1
Cluster Profiles**

Name	2000 Census Population (Average)	Population Growth Rate 1990-2000 (Percent)	1999 Median Household Income	C/I Market Value Per Capita	Number of Cities in the Cluster
Metropolitan Cities					
Minneapolis and St. Paul	334,885	4.7%	\$ 38,374	\$ 10,772	2
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Urban Fringe	4,578	174.1	52,563	5,998	10
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More information on the clustering method can be found on the League of Minnesota Cities website (www.lmnc.org/pdfs/ClusteringMinnesotaCities0803.pdf)

Summary of Results

Governmental Fund Fees and Charges

As shown in *Table 3* on the next page, total city fees and charges as defined in this report (excluding enterprise funds) increased from \$782 million in 2001 to \$948 million in 2004, an increase of 21.3 percent over three years. This represents an average annual increase of 6.6 percent. As shown by the benchmarks listed at the bottom of that table, fees and charges for all cities combined increased more rapidly than city revenue (which grew by an average of 2.1 percent per year), city expenditures (2.3 percent per year), or Minnesota personal income (4.3 percent per year). Fees also increased faster than inflation, whether measured by the consumer price index (2.2 percent per year) or the implicit price deflator for state and local purchases (3.2 percent per year). In contrast, city fees increased more slowly than city property taxes (8.4 percent per year).

Table 2 shows the average level and change in statewide city fees and charges in per capita terms. For all five categories combined, per capita fees and charges increased from \$196 in 2001 to \$228 in 2004, an increase of 16.8 percent over three years (average of 5.3 percent per year). Licenses and permits and special assessments grew more rapidly; franchise charges, and fines and forfeits grew more slowly.

Table 2
Per Capita Fees and Charges in 2001 and 2004
By Fee Category
(governmental funds)

Type of Fee or Charge	2001	2004	3-Year Change*	Average Annual Change
A. City Service Charges	\$ 76	\$ 89	16.8%	5.3%
B. Special Assessments	58	69	18.9%	6.0%
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Total	\$196	\$228	16.8%	5.3%

*Change calculated using dollars before rounding.

The increase in total *per capita* fees and charges (16.8 percent over three years) differs from the increase in *total* fees and charges (21.3 percent) because city population increased by 3.8 percent.

Table 3
Total Fees and Charges
(governmental funds)
(dollars in thousands)

All Cities	\$ 781,649	\$ 819,950	\$ 895,223	\$ 947,780	21.3%	6.6%
Metro	\$ 541,627	\$ 565,524	\$ 605,445	\$ 637,399	17.7%	5.6%
Minneapolis	108,209	102,104	107,697	122,245	13.0%	4.1%
St. Paul	81,774	83,413	87,815	94,063	15.0%	4.8%
Metro Suburban Cities	\$ 351,643	\$ 380,007	\$ 409,933	\$ 421,091	19.7%	6.2%
Diversified	32,994	34,845	38,276	41,227	25.0%	7.7%
High Growth	120,820	133,613	154,614	160,016	32.4%	9.8%
High Income	7,707	8,558	8,014	7,942	3.0%	1.0%
Large	125,489	137,492	138,399	133,106	6.1%	2.0%
Old	41,850	39,878	43,675	47,726	14.0%	4.5%
Small	22,784	25,622	26,955	31,074	36.4%	10.9%
Greater Minnesota	\$ 240,023	\$ 254,426	\$ 289,778	\$ 310,380	29.3%	8.9%
High Income	31,096	27,158	34,518	44,478	43.0%	12.7%
Moderate Growth	21,325	23,184	25,161	26,001	21.9%	6.8%
Major	43,676	47,063	51,029	53,265	22.0%	6.8%
Regional Centers	64,229	69,321	73,921	81,662	27.1%	8.3%
Sub-Regional Centers	18,208	21,173	23,332	25,257	38.7%	11.5%
Small	5,741	6,457	6,859	7,658	33.4%	10.1%
Stable	40,166	42,577	48,937	50,861	26.6%	8.2%
Urban Fringe	15,583	17,493	26,021	21,200	36.1%	10.8%

<i>City Property Taxes</i>	\$ 914,533	\$ 1,000,178	\$ 1,068,255	\$ 1,163,881	27.3%	8.4%
<i>Total City Revenue</i>	3,766,406	3,908,640	3,841,115	4,004,225	6.3%	2.1%
<i>Total City Expenditures</i>	4,467,319	4,547,874	4,638,540	4,776,435	6.9%	2.3%
<i>Minnesota Personal Income</i>	162,577,516	166,980,128	173,300,030	184,514,849	13.5%	4.3%
<i>Inflation</i>						
<i>Implicit Price Deflator</i> <i>(state & local purchases)</i>					9.9%	3.2%
<i>Consumer Price Index</i>					6.7%	2.2%

Per capita fee levels and their growth rates vary across types of cities. Some general observations include:

- Average per capita fees and charges in 2004 were higher in metro cities (\$238) than in greater Minnesota cities (\$211).
- Among metro cities, 2004 per capita fees were highest in Minneapolis and St. Paul (\$320 and \$327) and in high growth cities (\$288); they were lowest in high-income cities (\$128).
- Among greater Minnesota cities, 2004 per capita fees were highest in high-income and urban fringe cities (\$364 to \$322); they were lowest in small and stable cities (\$100 and \$149).
- Between 2001 and 2004, per capita city fees and charges increased more rapidly in greater Minnesota than in metro cities (24 percent compared to 14 percent).
- The largest percentage increases (exceeding 30 percent over three years) were in small metro cities, small cities in greater Minnesota, and subregional centers in greater Minnesota.

More detailed results by city cluster are shown on pages 11-27, both for total fees and for each of the five fee categories. Separate tables also provide additional detail for the first fee category (city service fees), showing per capita amounts for each of five subcategories.

Enterprise Fund Revenues and Transfers

The results summarized above are limited to fees and charges deposited in governmental funds. This means that enterprise fund charges are excluded. Enterprise funds provide sewer, water, refuse, and many other city services. Enterprise fund services are generally financed through user charges. The role of city enterprise funds statewide is discussed on pages 29-32, but no city cluster analysis is included. Enterprise fund user charges are roughly three times as large as the governmental fees and charges described above – over \$650 per capita in 2004 (excluding liquor stores). Enterprise fund revenue increased by 15.8 percent between 2001 and 2004, somewhat slower than governmental fund fees (at 21.3 percent).

Most enterprise funds are designed to break even, setting charges roughly equal to their costs. Some enterprise funds consistently earn a profit, though, and transfer this profit to governmental funds to help pay for other city expenditures. Between 2001 and 2004, city enterprise fund net income fell by 24 percent, and net transfers to governmental funds fell by 6 percent. Net transfers remained significant, at \$88.7 million. This equals \$21 per city resident. Net transfers from enterprise funds equal 2.2 percent of total governmental fund revenue. Although liquor stores transfer the highest percentage of their net income (86 percent), they account for less than 20 percent of all net transfers. Net transfers from sewer, water, and electric enterprise funds totaled \$90 million in 2004.

Results and Observations

Governmental Funds

Total Per Capita Fees and Charges (governmental funds)

Includes: Service charges, special assessments, licenses and permits, franchise charges, and fines and forfeits.

All-City Average

- \$228 per person in 2004.
- About 80 percent as large as property tax revenues per capita.
- Growing slower than property taxes, but faster than either inflation or city spending.

Metro vs. Greater Minnesota

- Slightly higher level in metro than in greater Minnesota.
- Metro suburban level same as greater Minnesota.
- Higher growth rate in greater Minnesota.

Individual City Categories

- Minneapolis, St. Paul, and high growth suburbs are significantly higher than metro average.
- High income and old suburbs are significantly below metro average.
- Small suburbs have the highest growth rate in metro.
- Greater Minnesota high income and urban fringe cities are more dependent than greater Minnesota average.
- Lower dependence in small and stable greater Minnesota cities.
- Small greater Minnesota cities and subregional centers have highest growth rates.

Figure 3
Total Per Capita City Fees and Charges
(governmental funds)

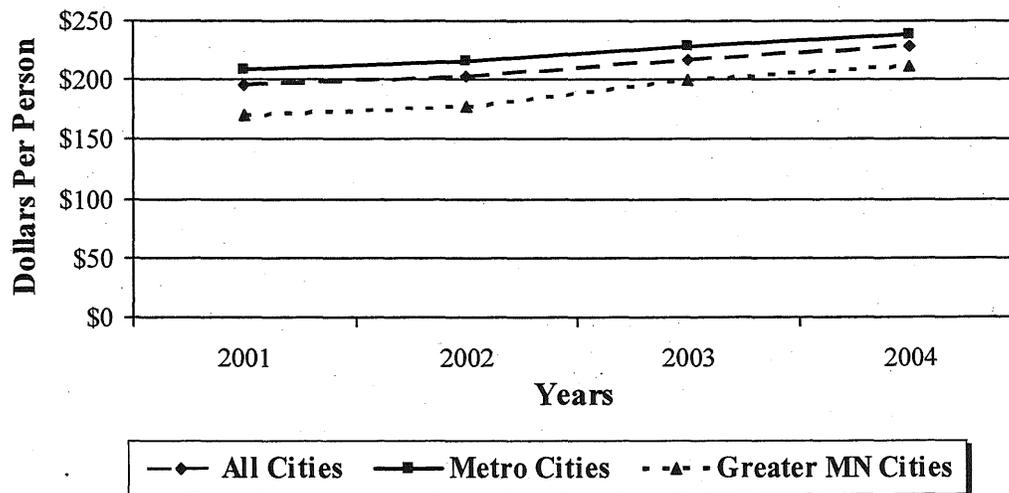


Table 4
Total Per Capita Fees and Charges
 (governmental funds)

League of Minnesota Cities Category	2001	2002	2003	2004	3 Year Change	Average Annual Change
All Cities	\$ 196	\$ 203	\$ 218	\$ 228	16.8%	5.3%
Metro	\$ 209	\$ 216	\$ 229	\$ 238	13.6%	4.4%
Minneapolis	283	267	282	320	13.0%	4.2%
St. Paul	285	290	305	327	15.0%	4.8%
Metro Suburban Cities	\$ 184	\$ 196	\$ 207	\$ 210	14.3%	4.5%
Diversified	164	172	187	201	22.7%	7.1%
High Growth	240	258	289	288	20.2%	6.3%
High Income	130	142	131	128	-1.5%	-0.5%
Large	178	193	191	182	2.4%	0.8%
Old	143	135	148	162	13.2%	4.2%
Small	150	166	172	196	30.5%	9.3%
Greater Minnesota	\$ 170	\$ 178	\$ 200	\$ 211	24.0%	7.4%
High Income	291	243	295	364	25.2%	7.8%
Moderate Growth	162	173	184	186	15.2%	4.8%
Major	185	197	211	218	17.6%	5.6%
Regional Centers	171	183	194	212	24.2%	7.5%
Sub-Regional Centers	204	234	251	267	30.6%	9.3%
Small	75	84	90	100	34.2%	10.3%
Stable	118	125	143	149	26.1%	8.0%
Urban Fringe	298	307	426	322	7.9%	2.6%

Comparative Per Capita Benchmarks (Statewide Average)						
<i>City Property Taxes</i>	\$ 229	\$ 247	\$ 261	\$ 281	22.6%	7.0%
<i>Total City Revenue</i>	943	967	937	965	2.4%	0.8%
<i>Total City Expenditures</i>	1,118	1,125	1,132	1,151	3.0%	1.0%
<i>Per Capita Income</i>	32,609	33,229	34,221	36,173	10.9%	3.5%
<i>Inflation</i>						
<i>Implicit Price Deflator</i> <i>(state & local purchases)</i>					9.9%	3.2%
<i>Consumer Price Index</i>					6.7%	2.2%

A. City Service Charges (All Categories) (governmental funds)

Includes: Public safety, art and recreation, general government, street and highway, and all other (sanitation, libraries, airport, transit, etc.).

All-City Average

- \$89 per person in 2004.
- About 1/3 the level of property taxes.
- Growth slower than property taxes, but greater than inflation, city spending, and per capita income.

Metro vs. Greater Minnesota

- Growth faster in greater Minnesota.
- Greater Minnesota city dependence started out lower than metro in 2001, but now is roughly the same.

Individual City Categories

- Minneapolis, St. Paul and high growth metro cities are significantly above metro average.
- No growth in St. Paul.
- Metro growth highest in high-growth, high-income, small cities, and Minneapolis.
- Greater Minnesota high income, urban fringe cities, and subregional centers are most dependent, well above greater Minnesota average.
- Greater Minnesota high-income cities dependence almost twice that of city average.
- Growth rates for all greater Minnesota city types are higher than all city average.

Figure 4
Per Capita City Service Charges
(governmental funds)

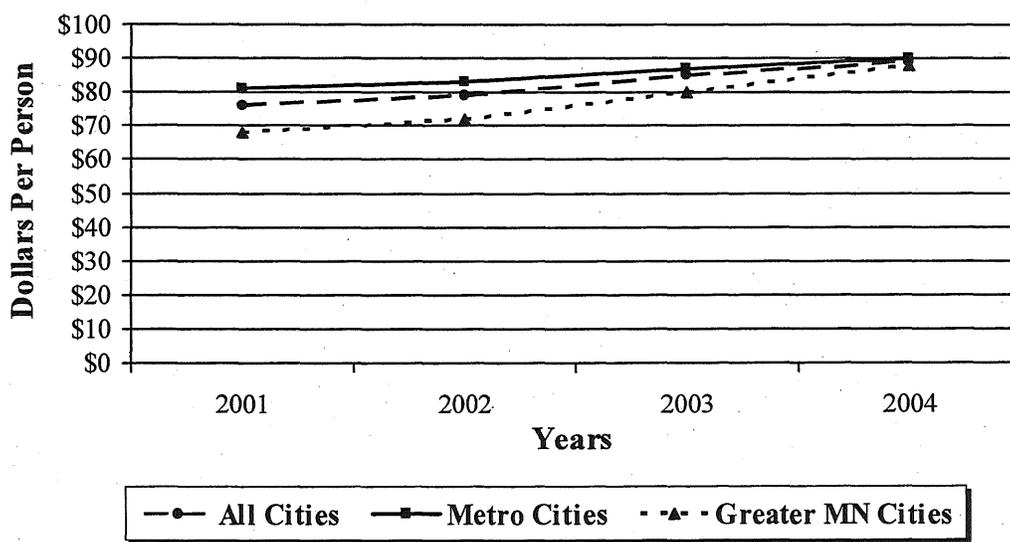


Table 5
(A) Total Per Capita City Service Charges (All Categories)
(governmental funds)

League of Minnesota Cities Category	2001	2002	2003	2004	3 Year Change	Average Annual Change
All Cities	\$ 76	\$ 79	\$ 85	\$ 89	16.8%	5.3%
Metro	\$ 81	\$ 83	\$ 87	\$ 90	11.3%	3.6%
Minneapolis	109	102	104	133	21.2%	6.6%
St. Paul	119	114	113	119	-0.2%	-0.1%
Metro Suburban Cities	\$ 69	\$ 74	\$ 80	\$ 78	11.9%	3.8%
Diversified	75	81	89	88	16.7%	5.3%
High Growth	93	104	114	117	25.6%	7.9%
High Income	35	40	39	43	23.4%	7.3%
Large	59	64	66	54	-8.8%	-3.0%
Old	63	59	68	68	7.6%	2.5%
Small	55	53	61	67	20.7%	6.5%
Greater Minnesota	\$ 68	\$ 72	\$ 80	\$ 88	28.8%	8.8%
High Income	131	98	125	183	39.6%	11.8%
Moderate Growth	53	59	74	73	36.8%	11.0%
Major	67	75	75	80	19.8%	6.2%
Regional Centers	69	77	76	82	18.2%	5.7%
Sub-Regional Centers	78	86	108	111	43.1%	12.7%
Small	40	43	43	51	27.7%	8.5%
Stable	54	58	62	69	27.0%	8.3%
Urban Fringe	94	104	166	116	23.4%	7.3%

Comparative Per Capita Benchmarks (Statewide Average)						
<i>City Property Taxes</i>	\$ 229	\$ 247	\$ 261	\$ 281	22.6%	7.0%
<i>Total City Revenue</i>	943	967	937	965	2.4%	0.8%
<i>Total City Expenditures</i>	1,118	1,125	1,132	1,151	3.0%	1.0%
<i>Per Capita Income</i>	32,609	33,229	34,221	36,173	10.9%	3.5%
<i>Inflation</i>						
<i>Implicit Price Deflator (state & local purchases)</i>					9.9%	3.2%
<i>Consumer Price Index</i>					6.7%	2.2%

Table 6
(A-1) Per Capita Recreation Service Charges
(governmental funds)

League of Minnesota Cities Category	2001	2002	2003	2004	3 Year Change	Average Annual Change
All Cities	\$ 18	\$ 19	\$ 20	\$ 22	19.2%	6.0%
Metro	\$ 17	\$ 18	\$ 19	\$ 21	20.3%	6.4%
Minneapolis	7	6	8	8	12.3%	3.9%
St. Paul	4	7	7	10	123.2%	30.7%
Metro Suburban Cities	\$ 21	\$ 22	\$ 23	\$ 25	16.8%	5.3%
Diversified	22	20	18	20	-9.0%	-3.1%
High Growth	21	22	26	33	58.3%	16.5%
High Income	5	5	8	7	46.0%	13.5%
Large	22	22	21	20	-8.7%	-3.0%
Old	25	27	27	33	30.8%	9.4%
Small	20	19	22	20	-1.1%	-0.4%
Greater Minnesota	\$ 20	\$ 21	\$ 22	\$ 23	17.2%	5.4%
High Income	29	28	33	51	77.3%	21.0%
Moderate Growth	16	16	18	18	12.2%	3.9%
Major	24	25	25	28	17.0%	5.4%
Regional Centers	19	20	17	17	-12.1%	-4.2%
Sub-Regional Centers	22	29	34	23	2.5%	0.8%
Small	12	12	13	12	-2.6%	-0.9%
Stable	18	17	19	20	16.3%	5.2%
Urban Fringe	25	35	35	36	44.6%	13.1%

Comparative Per Capita Benchmarks (Statewide Average)						
<i>City Property Taxes</i>	\$ 229	\$ 247	\$ 261	\$ 281	22.6%	7.0%
<i>Total City Revenue</i>	943	967	937	965	2.4%	0.8%
<i>Total City Expenditures</i>	1,118	1,125	1,132	1,151	3.0%	1.0%
<i>Per Capita Income</i>	32,609	33,229	34,221	36,173	10.9%	3.5%
<i>Inflation</i>						
<i>Implicit Price Deflator (state & local purchases)</i>					9.9%	3.2%
<i>Consumer Price Index</i>					6.7%	2.2%

Table 7
(A-2) Per Capita General Government Service Charges
(governmental funds)

League of Minnesota Cities Category	2001	2002	2003	2004	3 Year Change	Average Annual Change
All Cities	\$ 13	\$ 15	\$ 14	\$ 19	45.4%	13.3%
Metro	\$ 15	\$ 18	\$ 17	\$ 22	48.3%	14.0%
Minneapolis	21	38	28	60	185.7%	41.9%
St. Paul	16	17	29	34	113.1%	28.7%
Metro Suburban Cities	\$ 14	\$ 14	\$ 13	\$ 14	-1.7%	-0.6%
Diversified	18	28	24	25	34.0%	10.3%
High Growth	23	22	21	22	-3.4%	-1.2%
High Income	11	15	11	16	42.9%	12.6%
Large	9	7	5	5	-39.1%	-15.2%
Old	9	10	10	10	10.9%	3.5%
Small	9	8	9	11	23.9%	7.4%
Greater Minnesota	\$ 9	\$ 9	\$ 9	\$ 12	36.6%	11.0%
High Income	12	12	16	14	16.6%	5.3%
Moderate Growth	5	5	5	12	165.4%	38.5%
Major	18	19	19	17	-3.8%	-1.3%
Regional Centers	10	11	9	10	-3.3%	-1.1%
Sub-Regional Centers	6	7	10	28	343.1%	64.3%
Small	1	2	2	3	156.1%	36.8%
Stable	3	3	3	6	113.4%	28.7%
Urban Fringe	8	7	8	10	29.5%	9.0%

Comparative Per Capita Benchmarks (Statewide Average)						
<i>City Property Taxes</i>	\$ 229	\$ 247	\$ 261	\$ 281	22.6%	7.0%
<i>Total City Revenue</i>	943	967	937	965	2.4%	0.8%
<i>Total City Expenditures</i>	1,118	1,125	1,132	1,151	3.0%	1.0%
<i>Per Capita Income</i>	32,609	33,229	34,221	36,173	10.9%	3.5%
<i>Inflation</i>						
<i>Implicit Price Deflator</i> <i>(state & local purchases)</i>					9.9%	3.2%
<i>Consumer Price Index</i>					6.7%	2.2%

Table 8
(A-3) Per Capita Public Safety Service Charges
(governmental funds)

League of Minnesota Cities Category	2001	2002	2003	2004	3 Year Change	Average Annual Change
All Cities	\$ 8	\$ 8	\$ 9	\$ 9	15.5%	4.9%
Metro	\$ 7	\$ 7	\$ 8	\$ 8	7.5%	2.4%
Minneapolis	1	2	2	2	92.1%	24.3%
St. Paul	31	35	38	40	32.4%	9.8%
Metro Suburban Cities	\$ 5	\$ 4	\$ 4	\$ 4	-15.8%	-5.6%
Diversified	8	12	10	10	26.1%	8.0%
High Growth	3	1	2	2	-42.2%	-16.7%
High Income	2	2	2	3	37.5%	11.2%
Large	5	5	5	6	7.2%	2.4%
Old	7	4	5	2	-71.1%	-33.8%
Small	1	1	1	2	44.6%	13.1%
Greater Minnesota	\$ 9	\$ 10	\$ 10	\$ 12	26.5%	8.1%
High Income	1	0	1	3	274.5%	55.3%
Moderate Growth	10	10	11	11	17.5%	5.5%
Major	6	9	9	12	91.6%	24.2%
Regional Centers	13	13	14	14	10.0%	3.2%
Sub-Regional Centers	13	13	13	14	5.0%	1.6%
Small	8	9	11	13	73.6%	20.2%
Stable	10	10	11	13	31.6%	9.6%
Urban Fringe	4	3	1	0	-93.9%	-60.6%

Comparative Per Capita Benchmarks (Statewide Average)						
<i>City Property Taxes</i>	\$ 229	\$ 247	\$ 261	\$ 281	22.6%	7.0%
<i>Total City Revenue</i>	943	967	937	965	2.4%	0.8%
<i>Total City Expenditures</i>	1,118	1,125	1,132	1,151	3.0%	1.0%
<i>Per Capita Income</i>	32,609	33,229	34,221	36,173	10.9%	3.5%
<i>Inflation</i>						
<i>Implicit Price Deflator</i> <i>(state & local purchases)</i>					9.9%	3.2%
<i>Consumer Price Index</i>					6.7%	2.2%

Table 9
(A-4) Per Capita Street and Highway Service Charges
(governmental funds)

League of Minnesota Cities Category	2001	2002	2003	2004	3 Year Change	Average Annual Change
All Cities	\$ 8	\$ 7	\$ 8	\$ 9	16.9%	5.3%
Metro	\$ 9	\$ 8	\$ 9	\$ 10	8.8%	2.8%
Minneapolis	16	13	18	17	8.0%	2.6%
St. Paul	12	10	12	13	3.9%	1.3%
Metro Suburban Cities	\$ 7	\$ 7	\$ 7	\$ 8	11.6%	3.7%
Diversified	4	5	6	11	153.0%	36.3%
High Growth	14	13	11	10	-26.8%	-9.9%
High Income	2	2	2	4	141.0%	34.1%
Large	6	7	7	6	-8.8%	-3.0%
Old	2	1	7	9	298.3%	58.5%
Small	3	1	5	4	67.3%	18.7%
Greater Minnesota	\$ 5	\$ 5	\$ 5	\$ 7	42.7%	12.6%
High Income	7	2	6	18	157.1%	37.0%
Moderate Growth	2	2	1	1	-58.5%	-25.4%
Major	9	8	7	7	-18.3%	-6.5%
Regional Centers	8	8	8	12	44.5%	13.1%
Sub-Regional Centers	3	2	5	10	172.1%	39.6%
Small	1	1	1	2	76.6%	20.9%
Stable	3	3	3	3	27.3%	8.4%
Urban Fringe	1	-	1	4	385.9%	69.4%

Comparative Per Capita Benchmarks (Statewide Average)						
<i>City Property Taxes</i>	\$ 229	\$ 247	\$ 261	\$ 281	22.6%	7.0%
<i>Total City Revenue</i>	943	967	937	965	2.4%	0.8%
<i>Total City Expenditures</i>	1,118	1,125	1,132	1,151	3.0%	1.0%
<i>Per Capita Income</i>	32,609	33,229	34,221	36,173	10.9%	3.5%
<i>Inflation</i>						
<i>Implicit Price Deflator</i> <i>(state & local purchases)</i>					9.9%	3.2%
<i>Consumer Price Index</i>					6.7%	2.2%

Table 10
(A-5) Per Capita All Other Service Charges
(governmental funds)

League of Minnesota Cities Category	2001	2002	2003	2004	3 Year Change	Average Annual Change
All Cities	\$ 30	\$ 30	\$ 35	\$ 31	3.3%	1.1%
Metro	\$ 32	\$ 31	\$ 35	\$ 29	-9.6%	-3.3%
Minneapolis	65	42	49	46	-29.1%	-10.8%
St. Paul	55	46	27	21	-61.7%	-27.4%
Metro Suburban Cities	\$ 22	\$ 27	\$ 33	\$ 27	21.8%	6.8%
Diversified	22	16	31	22	-2.3%	-0.8%
High Growth	32	46	55	50	54.1%	15.5%
High Income	15	16	16	13	-13.6%	-4.8%
Large	17	22	28	17	2.5%	0.8%
Old	19	18	20	13	-29.1%	-10.8%
Small	23	23	24	30	31.9%	9.7%
Greater Minnesota	\$ 25	\$ 27	\$ 34	\$ 34	33.2%	10.0%
High Income	82	57	70	96	17.2%	5.4%
Moderate Growth	22	27	39	31	43.2%	12.7%
Major	10	14	14	16	54.9%	15.7%
Regional Centers	19	25	26	29	54.4%	15.6%
Sub-Regional Centers	33	35	47	37	14.0%	4.5%
Small	17	18	16	20	16.0%	5.1%
Stable	21	25	27	26	21.7%	6.8%
Urban Fringe	57	59	122	66	16.3%	5.1%

Comparative Per Capita Benchmarks (Statewide Average)						
<i>City Property Taxes</i>	\$ 229	\$ 247	\$ 261	\$ 281	22.6%	7.0%
<i>Total City Revenue</i>	943	967	937	965	2.4%	0.8%
<i>Total City Expenditures</i>	1,118	1,125	1,132	1,151	3.0%	1.0%
<i>Per Capita Income</i>	32,609	33,229	34,221	36,173	10.9%	3.5%
<i>Inflation</i>						
<i>Implicit Price Deflator</i> <i>(state & local purchases)</i>					9.9%	3.2%
<i>Consumer Price Index</i>					6.7%	2.2%

B. Special Assessments (governmental funds)

Includes: Assessments made against specific properties to defray cost of improvements.
Includes any penalties or interest.

All-City Average

- \$69 per person in 2004.
- Generally small relative to property tax (25%).
- Growth slower than property tax but faster than inflation or total spending.

Metro vs. Greater Minnesota – Averages

- More reliance in greater Minnesota.
- Growth rate is about the same in metro and greater Minnesota cities.

Individual City Categories

- St. Paul and high growth metro cities are significantly above metro average.
- Metro high income and old cities are below metro average.
- Metro growth is highest in diversified cities and St. Paul.
- Greater Minnesota high income, urban fringe, and subregional centers are well above all city and greater Minnesota averages.
- In greater Minnesota, highest growth rate is in small cities, but per capita well below greater Minnesota average.
- Regional centers also have high growth rate.

Figure 5
Per Capita Special Assessments
(governmental funds)

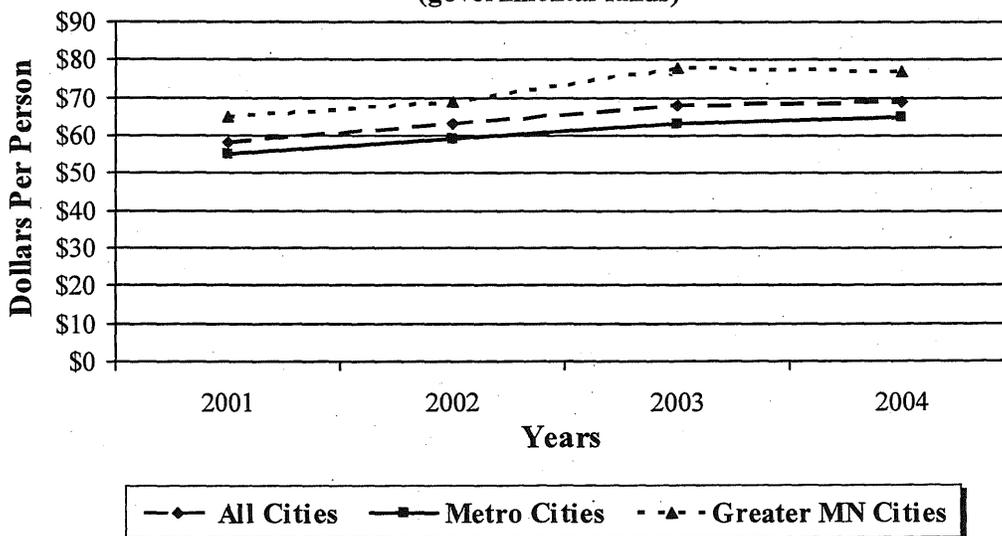


Table 11
(B) Per Capita Special Assessments
 (governmental funds)

League of Minnesota Cities Category	2001	2002	2003	2004	3 Year Change	Average Annual Change
All Cities	\$ 58	\$ 63	\$ 68	\$ 69	18.9%	6.0%
Metro	\$ 55	\$ 59	\$ 63	\$ 65	18.7%	5.9%
Minneapolis	27	30	29	30	11.2%	3.6%
St. Paul	57	61	74	81	40.7%	12.1%
Metro Suburban Cities	\$ 60	\$ 65	\$ 68	\$ 69	15.8%	5.0%
Diversified	33	33	40	49	48.8%	14.2%
High Growth	87	91	108	97	12.0%	3.9%
High Income	28	30	23	17	-38.8%	-15.1%
Large	63	73	68	71	11.4%	3.7%
Old	35	33	34	41	16.6%	5.3%
Small	45	60	50	60	32.6%	9.9%
Greater Minnesota	\$ 65	\$ 69	\$ 78	\$ 77	19.2%	6.0%
High Income	105	92	114	113	7.3%	2.4%
Moderate Growth	82	85	78	76	-7.3%	-2.5%
Major	64	70	83	79	23.8%	7.4%
Regional Centers	63	68	75	83	32.2%	9.8%
Sub-Regional Centers	89	106	100	106	18.8%	5.9%
Small	23	28	30	32	41.7%	12.3%
Stable	40	43	52	50	25.8%	8.0%
Urban Fringe	141	136	175	126	-10.4%	-3.6%

Comparative Per Capita Benchmarks (Statewide Average)						
<i>City Property Taxes</i>	\$ 229	\$ 247	\$ 261	\$ 281	22.6%	7.0%
<i>Total City Revenue</i>	943	967	937	965	2.4%	0.8%
<i>Total City Expenditures</i>	1,118	1,125	1,132	1,151	3.0%	1.0%
<i>Per Capita Income</i>	32,609	33,229	34,221	36,173	10.9%	3.5%
<i>Inflation</i>						
<i>Implicit Price Deflator</i> <i>(state & local purchases)</i>					9.9%	3.2%
<i>Consumer Price Index</i>					6.7%	2.2%

C. License and Permit Revenue (governmental funds)

Includes: Revenues from liquor licenses, cigarette sales licenses, other local business licenses, street use permits, and building permits.

All-City Average

- \$40 per person in 2004.
- Small relative to property tax (14%).
- Growing almost as fast as the property tax.

Metro vs. Greater Minnesota

- Metro much higher level than greater Minnesota.
- However, growth rate is much higher in greater Minnesota.

Individual City Categories

- Minneapolis, high income, and high growth metro cities rely on this revenue more than other metro cities.
- In metro, growth rate is highest in St. Paul, small cities, and high-growth cities.
- In greater Minnesota, urban fringe cities are most dependent on these revenues (almost three times the greater Minnesota average). Next highest are greater Minnesota high income and subregional centers.

Figure 6
Per Capita City License and Permit Revenue
(governmental funds)

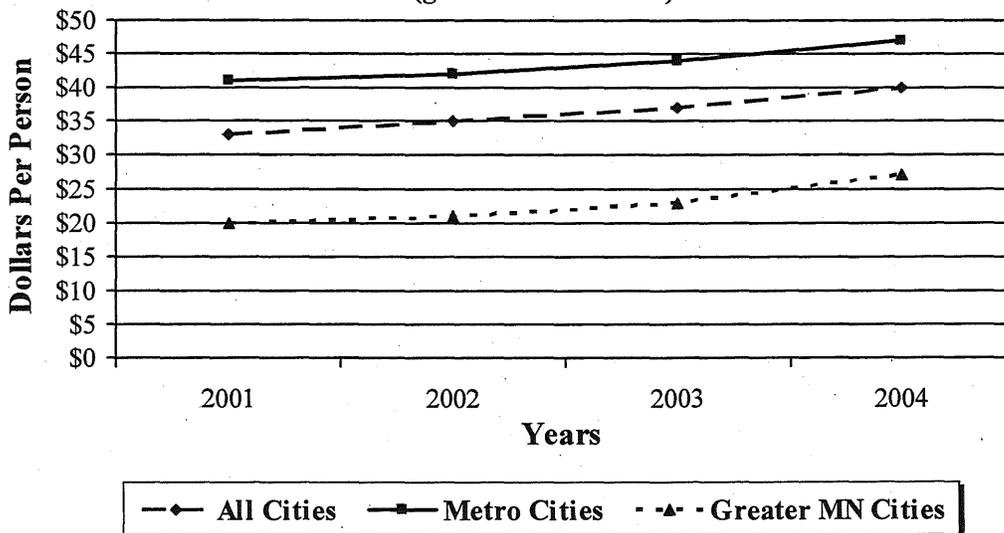


Table 12
(C) Per Capita License and Permit Revenue
 (governmental funds)

League of Minnesota Cities Category	2001	2002	2003	2004	3 Year Change	Average Annual Change
All Cities	\$ 33	\$ 35	\$ 37	\$ 40	19.9%	6.2%
Metro	\$ 41	\$ 42	\$ 44	\$ 47	16.0%	5.1%
Minneapolis	55	56	60	65	17.4%	5.5%
St. Paul	28	31	34	40	42.1%	12.4%
Metro Suburban Cities	\$ 40	\$ 41	\$ 43	\$ 45	13.1%	4.2%
Diversified	43	44	45	46	8.9%	2.9%
High Growth	48	51	56	61	26.8%	8.2%
High Income	55	59	55	54	-1.4%	-0.5%
Large	39	39	39	39	1.6%	0.5%
Old	26	26	26	27	3.4%	1.1%
Small	32	37	39	41	28.4%	8.7%
Greater Minnesota	\$ 20	\$ 21	\$ 23	\$ 27	34.9%	10.5%
High Income	47	44	46	58	23.2%	7.2%
Moderate Growth	17	20	23	26	48.7%	14.1%
Major	22	20	20	25	13.6%	4.3%
Regional Centers	17	18	20	23	40.2%	11.9%
Sub-Regional Centers	24	27	29	33	38.0%	11.3%
Small	11	12	15	15	45.5%	13.3%
Stable	9	10	11	14	44.4%	13.0%
Urban Fringe	58	62	75	69	19.9%	6.2%

Comparative Per Capita Benchmarks (Statewide Average)						
<i>City Property Taxes</i>	\$ 229	\$ 247	\$ 261	\$ 281	22.6%	7.0%
<i>Total City Revenue</i>	943	967	937	965	2.4%	0.8%
<i>Total City Expenditures</i>	1,118	1,125	1,132	1,151	3.0%	1.0%
<i>Per Capita Income</i>	32,609	33,229	34,221	36,173	10.9%	3.5%
<i>Inflation</i>						
<i>Implicit Price Deflator (state & local purchases)</i>					9.9%	3.2%
<i>Consumer Price Index</i>					6.7%	2.2%

D. Franchise Charges (governmental funds)

Includes: Charges imposed on public utilities (electric, gas, cable TV) for use of public property (usually right of way).

All-City Average

- About \$20 per person in 2004.
- Small relative to property tax (7%).
- Growth close to inflation (lower than property tax).

Metro vs. Greater Minnesota – Averages

- Much more prevalent in metro, especially core cities.
- Metro average growth rate close to inflation, but great variation among city clusters.

Individual City Categories

- Minneapolis and St. Paul are largest users of franchise revenues.
- In greater Minnesota, franchise charges are most prevalent in major cities (Duluth, St. Cloud, Rochester) and regional centers.

**Figure 7
Per Capita Franchise Charges
(governmental funds)**

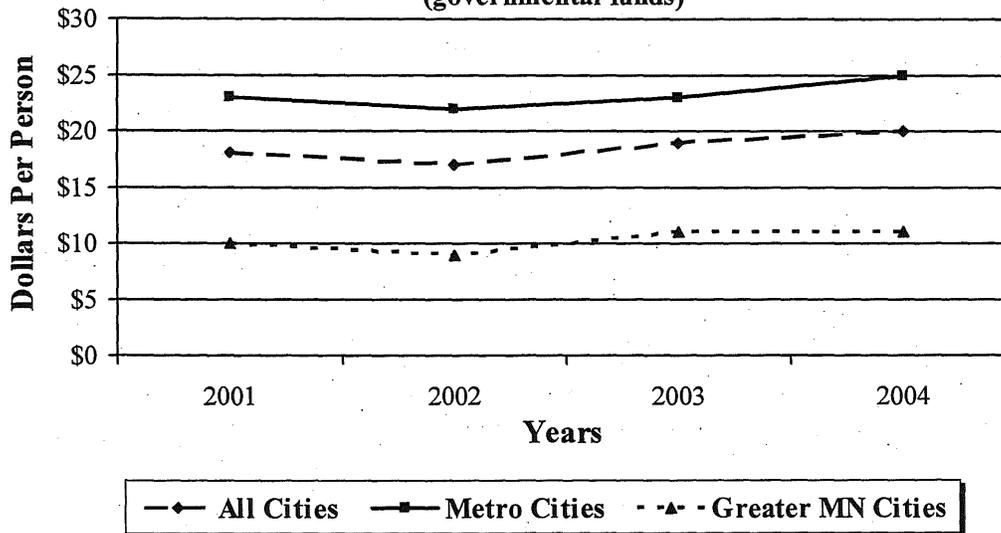


Table 13
(D) Per Capita Franchise Charges
 (governmental funds)

League of Minnesota Cities Category	2001	2002	2003	2004	3 Year Change	Average Annual Change
All Cities	\$ 18	\$ 17	\$ 19	\$ 20	10.0%	3.2%
Metro	\$ 23	\$ 22	\$ 23	\$ 25	8.9%	2.9%
Minneapolis	67	57	63	66	-1.8%	-0.6%
St. Paul	68	71	71	72	6.7%	2.2%
Metro Suburban Cities	\$ 8	\$ 8	\$ 8	\$ 11	39.1%	11.6%
Diversified	5	6	5	10	117.9%	29.6%
High Growth	6	6	6	7	20.2%	6.3%
High Income	1	2	3	4	219.3%	47.3%
Large	9	9	9	9	5.6%	1.8%
Old	12	11	13	19	63.5%	17.8%
Small	7	7	11	17	149.9%	35.7%
Greater Minnesota	\$ 10	\$ 9	\$ 11	\$ 11	15.5%	4.9%
High Income	3	4	5	6	78.7%	21.4%
Moderate Growth	3	3	4	5	65.0%	18.2%
Major	22	21	22	22	2.3%	0.7%
Regional Centers	13	11	13	14	11.7%	3.8%
Sub-Regional Centers	4	4	4	7	75.9%	20.7%
Small	0	0	0	0	23.7%	7.4%
Stable	8	8	11	9	20.3%	6.3%
Urban Fringe	2	1	7	6	159.0%	37.3%

Comparative Per Capita Benchmarks (Statewide Average)						
<i>City Property Taxes</i>	\$ 229	\$ 247	\$ 261	\$ 281	22.6%	7.0%
<i>Total City Revenue</i>	943	967	937	965	2.4%	0.8%
<i>Total City Expenditures</i>	1,118	1,125	1,132	1,151	3.0%	1.0%
<i>Per Capita Income</i>	32,609	33,229	34,221	36,173	10.9%	3.5%
<i>Inflation</i>						
<i>Implicit Price Deflator</i> <i>(state & local purchases)</i>					9.9%	3.2%
<i>Consumer Price Index</i>					6.7%	2.2%

E. Fines and Forfeits (governmental funds)

Includes: Receipts from the payment of penalties for law violations, non-observance of contracts, and forfeited deposits.

All-City Average

- \$10 per person in 2004.
- Vary small relative to property tax (4%).
- Growth rate below inflation.

Metro vs. Greater Minnesota – Averages

- Higher in metro than in greater Minnesota, especially in core cities.
- Growth rate is faster in metro.

Individual City Categories

- Minneapolis is the only category with significant fine and forfeit revenue (about three times all city average).

Figure 8
Per Capita City Fines and Forfeits
(governmental funds)

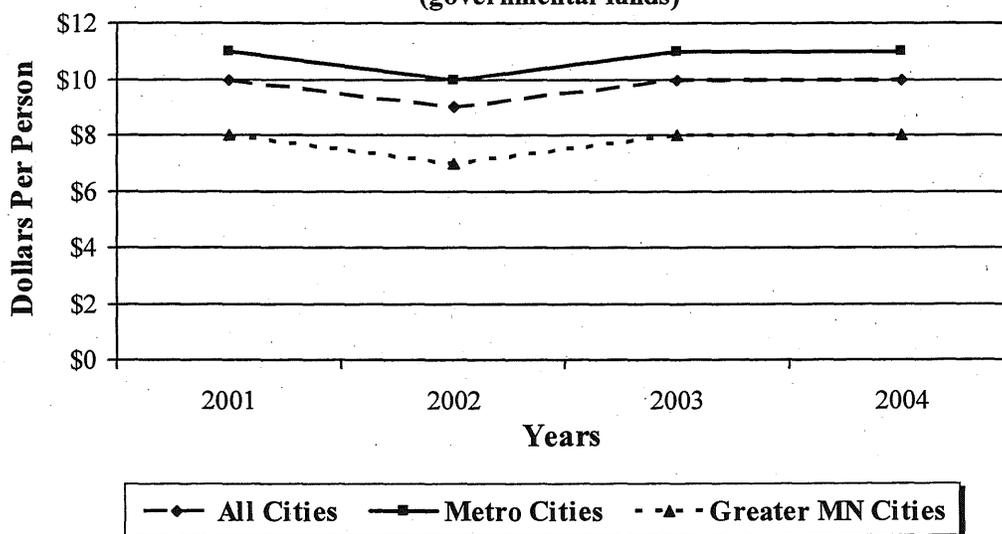


Table 14
(E) Per Capita Fines and Forfeits
(governmental funds)

League of Minnesota Cities Category	2001	2002	2003	2004	3 Year Change	Average Annual Change
All Cities	\$ 10	\$ 9	\$ 10	\$ 10	6.1%	2.0%
Metro	\$ 11	\$ 10	\$ 11	\$ 11	7.1%	2.3%
Minneapolis	25	22	25	27	8.4%	2.7%
St. Paul	13	12	14	16	24.5%	7.6%
Metro Suburban Cities	\$ 7	\$ 7	\$ 8	\$ 8	4.2%	1.4%
Diversified	8	8	8	8	-8.9%	-3.1%
High Growth	6	6	6	6	1.2%	0.4%
High Income	11	11	11	10	-7.6%	-2.6%
Large	8	8	9	9	15.2%	4.8%
Old	7	7	7	7	-2.4%	-0.8%
Small	10	10	11	10	0.5%	0.2%
Greater Minnesota	\$ 8	\$ 7	\$ 8	\$ 8	3.7%	1.2%
High Income	4	5	5	5	5.6%	1.8%
Moderate Growth	6	6	6	6	7.3%	2.4%
Major	11	11	11	12	6.6%	2.2%
Regional Centers	9	9	9	10	2.9%	1.0%
Sub-Regional Centers	10	10	10	10	3.7%	1.2%
Small	1	1	1	1	10.4%	3.3%
Stable	6	6	6	6	-0.1%	0.0%
Urban Fringe	4	4	3	5	24.7%	7.6%

Comparative Per Capita Benchmarks (Statewide Average)						
<i>City Property Taxes</i>	\$ 229	\$ 247	\$ 261	\$ 281	22.6%	7.0%
<i>Total City Revenue</i>	943	967	937	965	2.4%	0.8%
<i>Total City Expenditures</i>	1,118	1,125	1,132	1,151	3.0%	1.0%
<i>Per Capita Income</i>	32,609	33,229	34,221	36,173	10.9%	3.5%
<i>Inflation</i>						
<i>Implicit Price Deflator (state & local purchases)</i>					9.9%	3.2%
<i>Consumer Price Index</i>					6.7%	2.2%

Results and Observations

Enterprise Funds

Enterprise Funds

In addition to governmental funds, many cities establish enterprise funds for services that can be financed and operated in much the same way as private business enterprises. Enterprises are generally designed to be self-sustaining through fees and charges. Although some enterprises earn a net profit, most have a goal of breaking even.

The most common enterprise funds are for sewer and water services, but the funds are used for many other purposes as well, as shown in *Table 15*. In 2004, city enterprise funds (excluding liquor stores) had \$2.7 billion in revenue, \$2.5 billion in costs, and \$200 million in net income. Enterprise fund user charges are roughly three times as large as the governmental fees and charges described earlier in this report. Excluding liquor stores, enterprise revenue (mostly user charges) exceeded \$650 per capita in 2004.

In 2004, enterprise funds transferred \$88.7 million to other funds (38 percent of their net income). Municipal liquor stores, with net income of \$18 million, transferred the highest share of net income (86 percent) to other funds. Unlike most municipal enterprises, liquor stores are established primarily to earn profits that can be used to finance other city services. Although liquor stores transfer the highest percentage of their net income, they account for less than 20 percent of all net transfers. Net transfers from sewer, water, and electric enterprise funds totaled \$90 million in 2004, equal to \$22 per city resident. Transfers from enterprise funds were equal to 2.2 percent of total city governmental fund revenue.

Table 16 summarizes the financial trends for enterprise funds in Minnesota between 2001 and 2004. Excluding liquor stores, total revenue rose by 16 percent, but costs rise even faster and net income fell by 25 percent. Net transfers fell by 9 percent. In 2001, net transfers equaled 28 percent of net income; in 2004, net transfers had risen to 34 percent of net income. In 2004, those transfers equal 7.7 percent of the total charges and fees deposited in governmental funds and 1.8 percent of total city revenue.

Table 17 shows enterprise totals in per capita terms. In 2004, total revenue (excluding liquor stores) – at \$650 per capita – is almost three times per capita governmental fees (at \$228).

Table 15
2004 City Enterprise Funds by Type of Fund*
(dollars in thousands)

Type	Number of Funds	Total Revenue	Total Expenses	Net Income	Net Income as Percent of Total Revenue	Transfer In	Transfer Out	Net Transfer	Net Transfers as a Percent of Net Income
Street & Highway	142	\$ 59,577	\$ 42,290	\$ 17,287	29.0%	\$ 2,972	\$ 13,558	\$ 10,587	61.2%
Water	708	522,935	443,916	79,019	15.1%	10,587	40,949	30,362	38.4%
Sewer	723	444,789	381,392	63,397	14.3%	8,927	37,903	28,975	45.7%
Electric	129	669,542	616,534	53,008	7.9%	514	30,845	30,331	57.2%
Refuse	273	82,233	78,697	3,536	4.3%	1,025	3,118	2,093	59.2%
Health Service	54	443,183	429,029	14,154	3.2%	177	123	(54)	-0.4%
Development	131	126,275	126,003	273	0.2%	17,711	8,238	(9,474)	-3470.3%
Other ³	175	255,429	261,867	(6,438)	-2.5%	24,547	13,459	(11,088)	172.2%
Culture & Rec.	132	111,253	121,774	(10,521)	-9.5%	12,776	3,673	(9,103)	86.5%
Subtotal	2,467	\$ 2,715,216	\$ 2,501,502	\$ 213,715	7.9%	\$ 79,236	\$ 151,866	\$ 72,629	34.0%
Liquor ²	226	\$ 259,142	\$ 56,500	\$ 18,570	7.2%	\$ 377	\$ 16,417	\$ 16,040	86.4%
Total	2,693	\$ 2,974,358 ¹	\$ 2,558,002	\$ 232,285	7.8%	\$ 79,613	\$ 168,283	\$ 88,669	38.2%

¹Compares to about \$4 billion in governmental fund revenues in 2004 (excluding borrowing).

²For municipal liquor stores, cost of goods sold is subtracted in calculating net income.

³Other enterprises include airports, gas and steam utilities, parking, license bureaus, communication, cemeteries, laundromats, docks, transit, and more.

*Excludes internal funds.

Table 16
City Enterprise Fund Summary*
(dollars in millions)

Type	2001	2002	2003	2004	3 Year Change	Average Annual Change
Public Service Activities						
Number of Funds	\$ 2,375	\$ 2,365	\$ 2,401	\$ 2,467	3.9%	1.3%
Revenues	\$ 2,344	\$ 2,474	\$ 2,564	\$ 2,715	15.8%	5.0%
Expenses	2,058	2,205	2,347	2,502	21.5%	6.7%
Net Income	\$ 286	\$ 269	\$ 217	\$ 214	-25.3%	-9.2%
Transfer Out (to governmental funds)	\$ 135.6	\$ 142.8	\$ 144.9	\$ 151.9	12.0%	3.8%
Transfer In (from governmental funds)	55.8	57.8	69.0	79.2	41.9%	12.4%
Net Transfer to Governmental Funds	\$ 79.9	\$ 85.0	\$ 75.9	\$ 72.6	-9.0%	-3.1%
<i>Net transfer as percent of:</i>						
<i>Net Income</i>	27.9%	31.6%	35.0%	33.9%		
<i>Total Governmental Fund Revenue</i>	2.1%	2.2%	2.0%	1.8%		
Liquor Stores						
Number of Funds	\$ 234	\$ 234	\$ 230	\$ 226	-3.4%	-1.2%
Revenues	\$ 236	\$ 244	\$ 253	\$ 259	9.9%	3.2%
Cost of Goods Sold	167	173	179	184	10.2%	3.3%
Expenses	49	52	55	57	15.0%	4.8%
Net Income	\$ 20	\$ 19	\$ 19	\$ 19	-8.1%	-2.8%
Transfer Out (to governmental funds)	NA	\$ 14.4	\$ 15.8	\$ 16.4	NA	NA
Transfer In (from governmental funds)	NA	0.4	0.4	0.4	NA	NA
Net Transfer to Governmental Funds	\$ 14.3	\$ 14.1	\$ 15.4	\$ 16.0	12.0%	3.9%
<i>Net transfer as percent of:</i>						
<i>Net Income</i>	71.5%	74.2%	81.1%	86.0%		
<i>Total Governmental Fund Revenue</i>	0.4%	0.4%	0.4%	0.4%		

*Internal enterprise funds have been excluded.

Table 17
Per Capita City Enterprise Fund Summary*

Type	2001	2002	2003	2004	3 Year Change	Average Annual Change
Public Service Activities						
Revenues	\$ 587	\$ 612	\$ 626	\$ 655	11.6%	3.7%
Expenses	515	545	573	603	17.1%	5.4%
Net Income	\$ 72	\$ 67	\$ 53	\$ 52	-28.0%	-10.4%
Transfer Out (to governmental funds)	\$ 33.9	\$ 35.3	\$ 35.4	\$ 36.6	7.9%	2.6%
Transfer In (from governmental funds)	14.0	14.3	16.8	19.1	36.8%	11.0%
Net Transfer to Governmental Funds	\$ 20.0	\$ 21.0	\$ 18.5	\$ 17.5	-12.4%	-4.3%
Liquor Stores						
Revenues	\$ 59	\$ 60	\$ 62	\$ 62	5.6%	1.8%
Cost of Goods Sold	42	43	44	44	6.1%	2.0%
Expenses	12	13	13	14	10.8%	3.5%
Net Income	\$ 5	\$ 5	\$ 5	\$ 4	-11.5%	-4.0%
Transfer Out (to governmental funds)	NA	\$ 3.6	\$ 3.8	\$ 4.0	NA	NA
Transfer In (from governmental funds)	NA	0.1	0.1	0.1	NA	NA
Net Transfer to Governmental Funds	\$ 3.6	\$ 3.5	\$ 3.8	\$ 3.9	7.9%	2.6%
All Enterprise Funds						
Net Transfer to Governmental Funds	\$ 23.6	\$ 24.5	\$ 22.3	\$ 21.4	-9.3%	-3.2%

*Internal enterprise funds have been excluded. Per capita is calculated by dividing total enterprise fund dollars by total city population, so the population of cities without enterprise funds is included in the denominator.

Appendix: Definitions and Data Sources

This report uses a variety of terms and phrases from the Office of the State Auditor and other sources. The most important terms are defined here. Links to some of the underlying data sources are included, as well.

Terms and Phrases

Governmental Funds – The office of the state auditor divides city revenue data into governmental and proprietary funds (i.e., enterprise funds). The governmental funds consist of the following funds: general revenue, special revenue, capital projects, and debt service.

Fees & Charges Included in This Study

- A. Charges for Services** – Examples include rent payments to use city hall, fire calls, recreation fees, park dedication fees, etc.
Note that this study excludes police and fire contract payments, which are received from other local governments, even though the State Auditor includes them in this category.
- B. Special Assessments** – Levies made against certain properties to defray all or part of the costs of a specific improvement, such as new sewer and water mains, deemed to benefit primarily those properties. The amount includes the penalties and interest paid on the assessments.
- C. Licenses and Permits** – Receipts from liquor and cigarette licenses, other business licenses, street use permits, building permits, and other non-business licenses and permits.
- D. Franchise Taxes** – Charges imposed on public utilities (e.g., electric utilities, gas utilities, cable TV) for use of public property.
These are included in this study even though the State Auditor classifies them as taxes.
- E. Fines and Forfeits** – Receipts from the payment of penalties for law violations, non-observance of contracts, and forfeited deposits.

Enterprise Funds (excluding Internal Funds) – Funds established to account for operations financed and operated in a manner similar to private business. Examples include water, sewer, and electric utilities, refuse and sanitation services, and city liquor stores. Expenses are primarily financed by user charges (i.e., the sale of goods and services).

Total Revenues – Includes all sources of revenue, both operational and non-operational. Borrowing and transfers between funds are not included in total revenues.

Net Income – Total revenues minus total costs. For liquor stores, costs include the cost of goods sold.

Net Transfer – Transfer of dollars from enterprise funds to governmental funds (net of any transfers in from governmental to enterprise funds).

Internal Funds – A fund used to provide goods and services to other funds, departments, or agencies of the city. Payments for these goods and services come from other city funds; they are not new revenue. The analysis in this report excludes these funds.

Benchmarks – Statewide

City Property Taxes – Property taxes levied and collected by all cities in the state. Amounts exclude both tax increment finance (TIF) revenue and special assessments. *Per capita city property taxes* equal the total divided by the population of Minnesota cities.

Total City Revenue – Total revenue received by governmental funds in Minnesota cities, including property taxes, tax increments, other tax revenue, fees and charges (as defined in this report), police and fire contracts, intergovernmental aid, and interest income. This excludes revenue received by enterprise funds, even if transferred to governmental funds. *Per capita total city revenue* equals the total divided by the population of Minnesota cities.

Total City Expenditures – Total spending through governmental funds. This does not include enterprise fund spending. Total expenditures can exceed total revenue if the city increases its debt. *Per capita total city expenditures* equal the total divided by the population of Minnesota cities.

Personal Income – Total wages and salaries, proprietor income, interest and dividends, rental income, and transfer income such as social security, less social security and Medicare taxes. Personal income includes both taxable and nontaxable income. It does not include capital gains. This report shows the total for the entire state (not just cities), as measured by the U.S. Bureau of Economic Analysis (BEA). *Per capita personal income* is the total divided by the population of Minnesota.

Implicit Price Deflator for State and Local Purchases – BEA price index for the types of goods and services purchased by state and local governments.

Consumer Price Index – Price index for consumer goods and services as measured by the U.S. Bureau of Labor Statistics (BLS). The study uses the U.S. price index (CPI-U), not a Minnesota-specific measure.

Other Terms and Phrases

Intergovernmental Grants – Grants to cities from the federal, state, county, and other local governmental units. This does not include payments for services provided by one city for another local unit of government (such as police and fire contracts).

State Grants – Total payments from the state to Minnesota cities, including Local Government Aid (LGA), the Market Value Credit, police and fire aid, taconite aid, state highway aid, and others programmatic payments.

Local Grants – Payments to cities from counties or other local units (such as a school district or the IRRRB).

Population – The study uses city population as shown in the State Auditor data, which is based on city boundaries in the year in question. City population may grow partly due to annexation.

Links to Related Websites

Office of the State Auditor (OSA)
Minnesota State Demographic Center
League of Minnesota Cities
Department of Revenue
Bureau of Economic Analysis (BEA)
Bureau of Labor Statistics (BLS)

www.osa.state.mn.us
www.demography.state.mn.us
www.lmnc.org
www.taxes.state.mn.us
www.bea.gov
www.bls.gov

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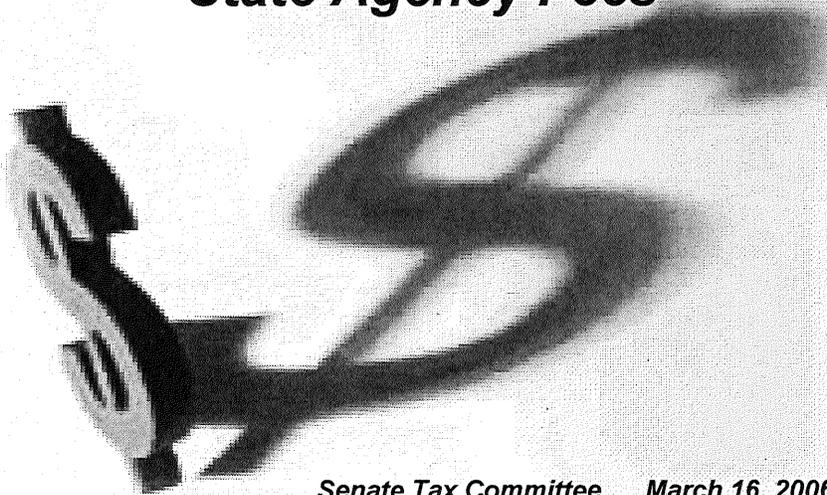
Office of the State Auditor (OSA)
Minnesota State Demographic Center
League of Minnesota Cities
Department of Revenue
Bureau of Economic Analysis (BEA)
Bureau of Labor Statistics (BLS)

www.osa.state.mn.us
www.demography.state.mn.us
www.lmnc.org
www.taxes.state.mn.us
www.bea.gov
www.bls.gov

#3

State-Local Finances

State Agency Fees



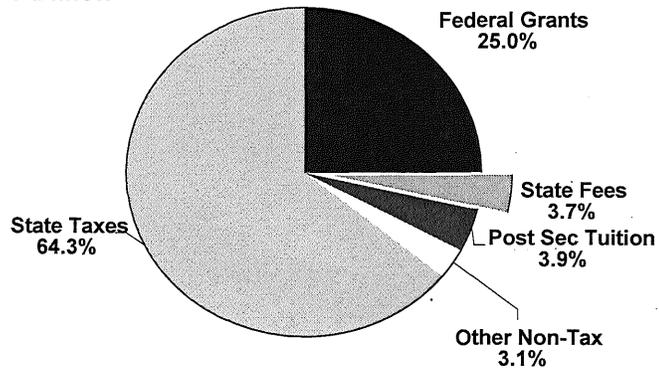
Senate Tax Committee March 16, 2006

Laws of 2005 Required Three Reports on State and Local Fees

- **State Agency Fees**
 - Three year period, FY2002-2005
 - Amount of revenue collected
 - Types and use of fee revenues
 - Fee increases since January 1, 2003
 - Based on state accounting data
- **School Fees**
 - Based on UFARS data
- **City Fees**
 - Based on State Auditor data

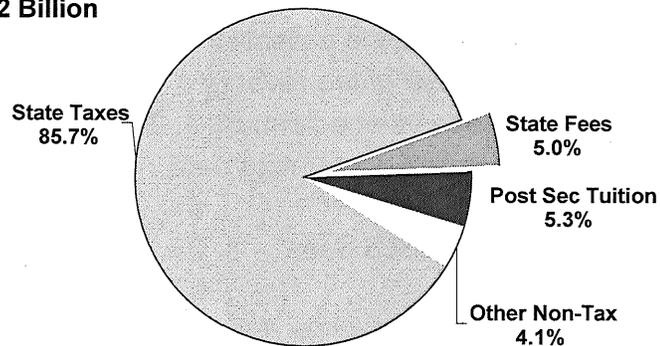
In FY 2005, State Fees Raised \$903 Million, 3.7 Percent of Total Revenue

Total State Revenues
\$24.170 Billion



Excluding Federal, Fees were Five Percent of State "Own-source" Revenues

Own Sources Revenues
\$18.132 Billion



Administration of State Fees

- **About 1,900 separate fees are administered and collected by 65 individual state agencies and boards**
- **The majority of fees and charges must be set or changed by legislative approval (MS 16A.1283)**
- **A small percentage are set by rule-making or other processes.**
 - Fees set by rule prior to July, 2001
 - Charges between state agencies
 - MnSCU fees
 - Use of state-owned lands
- **Fee levels and cost recovery are analyzed biennially in a “departmental earnings” report**

Fee Revenues are Grouped by Categories (examples)

- **Licenses** (occupational, business, recreational)
 - Master plumber licenses
 - Insurance company licenses
 - Hunting and fishing licenses
- **Departmental Services** (user fees)
 - Campground fees
 - State law library user fees
 - Grain inspection
 - Snowmobile or Firearm Safety Training
- **Penalties and Fines**
 - Seat Belt fines
 - Controlled substance fines
 - Forfeited Property

Fee Revenues are Grouped by Categories (examples)

- **Care and Hospitalization**
 - RTC payments / care and treatment
 - Veterans Homes / use of facilities
- **Departmental Sales**
 - Timber Sales
 - Sale of Gravel, Sand, Salt
- **Other Revenue**
 - Speeding surcharge
 - Parking surcharge
 - Birth/Death certified copy surcharge

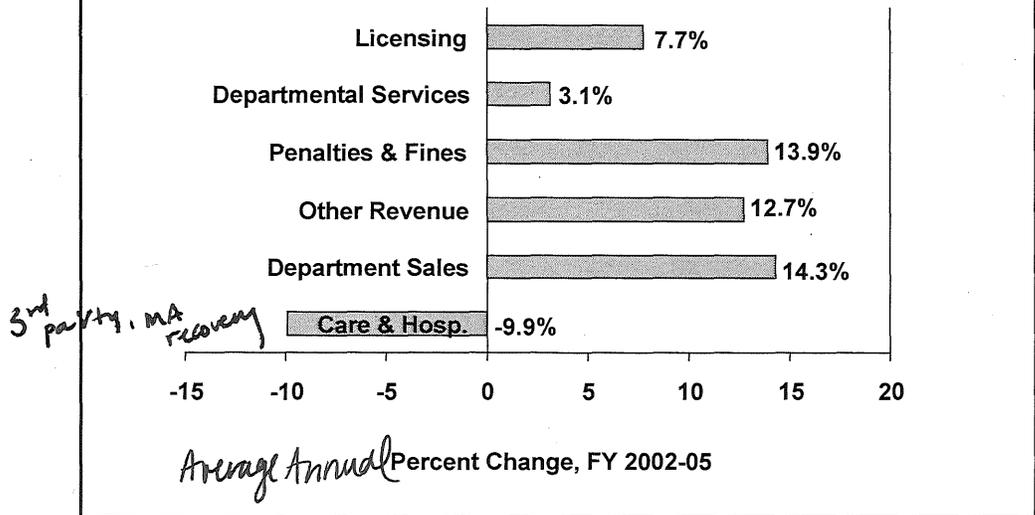
Two Categories Account for 75 Percent of Fee Revenues

(\$ in millions)	<u>FY 2005</u>
Licensing	\$504
Departmental Services	206
Care and Hospital	56
Penalties & Fines	54
Other/Surcharges	59
Departmental Sales	37
Refunds / Other	(13)
Total Fee Revenues	\$903

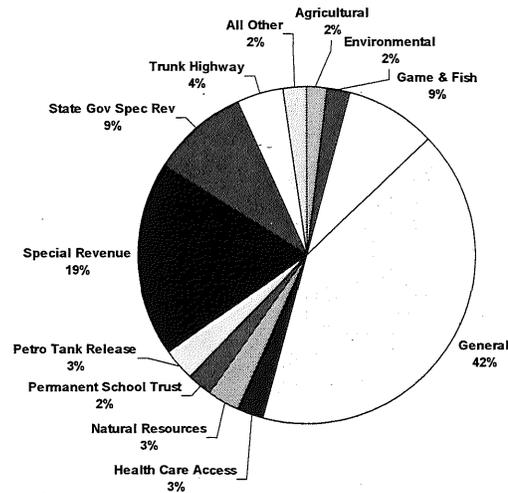
For FY2002-05, Fee Revenue Grew at About the Same Rate as Tax Collections

(\$ in millions)	<u>FY2002</u>	<u>FY 2005</u>	<u>3 yr. % Change</u>	<u>Avg. % Annual</u>
State Taxes				
Income	\$5,443	\$6,341	16.5	5.2
Sales	3,806	4,258	11.9	3.8
<i>state wide pr. ix</i> Other Taxes	<u>3,478</u>	<u>4,932</u>	<u>41.8</u>	<u>12.3</u>
Total Taxes	\$12,997	\$15,531	19.5	6.1
Fees and Charges	\$758	\$903	19.1	6.0

Fines and Surcharges Were Among the Fastest Growing Sources



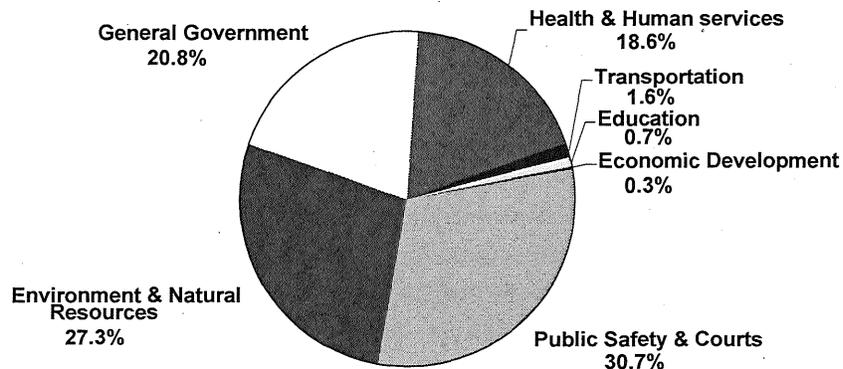
More than Half of Fee Revenue is Deposited to Dedicated Funds



Five Agencies Collect 70 Percent of Fee Revenues

(\$ in millions)	<u>FY 2005</u>	<u>% of Total</u>
Natural Resources	\$154	17.1
Courts - Related	131	14.5
Commerce	126	14.0
Public Safety	123	13.6
Human Services	90	10.0
All Other Agencies	<u>279</u>	<u>30.9</u>
<i>Total</i>	<i>\$903</i>	<i>100%</i>

Various Legislative Committees have Jurisdiction Over Fees



2003 Session Enacted \$154 Million in Fee Changes for FY 2004-05

- **Courts (\$92 million)**
 - \$25 surcharge on traffic/criminal offenders, Court fee increases
- **Public Safety (\$16 million)**
 - 2 am bar closing fee, Motor vehicle plate and title fee increase
- **Natural Resources (\$9 million)**
 - Annual park permit fees increase, Camping fee increase, Water use fees increase
- **Health Department (\$8 million)**
 - Newborn screening system
- **Pollution Control (\$6 million)**
 - Storm water regulatory program
- **Gambling Control (\$4 million)**
 - Fund operating costs through fees

2005 Session Enacted \$589 Million in Fee Changes for FY 2006-07

- **Health Impact Fee (\$433 million)**
- **Public Safety (\$71 million)**
 - 911 fee increase, Motor vehicle title and transfer fee increased, speeding surcharge
- **Courts (\$37 million)**
 - Criminal/traffic fine surcharge increase, court fees, real estate recording fees increased
- **Employment & Economic Development (\$20 million)**
 - Workforce enhancement fee
- **Natural Resources (\$11 million)**
 - Snowmobile Trail stickers, water craft fee increases
- **Health Department (\$9 million)**
 - Food-beverage-lodging program, vital records

Changes in Fees, Co-pays, and Surcharges-- ALL FUNDS
2003 and 2004 Sessions, by Committee and Fund

Positive amounts are increases; Estimates from End-of-Session
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 (000's)

Fund	Agency	Change Item	Description	FY 2004	FY 2005	FY04-05	FY 2006	FY 2007	FY06-07
2003 K-12 EDUCATION									
GF	MDE	Teacher and Admin License Renewal	Increased fee \$10 fee, from \$47 to \$57	310	310	620	310	310	620
K-12 Education Total				310	310	620	310	310	620
General Fund Subtotal				310	310	620	310	310	620
2003 ENVIRONMENT, AGRICULTURE, AND ECONOMIC DEVELOPMENT									
(Economic Development)									
GF	L&I	Boiler Inspection and License Fee	Temporary \$5 surcharge	345	345	690	0	0	0
GF	COM	Weights and Measurements Fee Increase		253	253	506	253	253	506
GF	COM	Various Commerce Fee Reductions		(743)	(743)	(1,486)	(743)	(743)	(1,486)
SR	L&I	Apprenticeship Program Registration Fee	New \$30 fee for individuals entering apprenticeship program	300	300	600	300	300	600
SR	DEED	Marriage License Fee Increase	For displaced homemakers fund	240	240	480	240	240	480
WDF	DEED	Work Force Development Fund Fees	Increased special assessment to businesses from 0.07% to 0.10% of salary up to about \$18,900 (indexed).	4,824	12,360	17,184	7,686	0	7,686
Petro	COM	Petroleum Tank Release Cleanup Fee	Temporary fee exemption for NWA.	(2,000)	(2,000)	(4,000)			0
Petro	COM	Petroleum Tank Release Cleanup Fee	Extended existing fee by 2 years.			0	24,800	24,800	49,600
Economic Development Total				3,219	10,755	13,974	32,536	24,850	57,386
General Fund Subtotal				(145)	(145)	(290)	(490)	(490)	(980)
Special Revenue Fund Subtotal				540	540	1,080	540	540	1,080
Petroleum Fund Subtotal				(2,000)	(2,000)	(4,000)	24,800	24,800	49,600
Workforce Development Fund Subtotal				4,824	12,360	17,184	7,686	0	7,686
(Agriculture)									
AG	MDA	Seed inspection fee increase	Part new fee, part increase fee	200	200	400	200	200	400
AG	MDA	Food handler reinspection fee	Increased from \$25 to \$75; from \$50 to \$100	15	15	30	15	15	30
AG	MDA	Dairy Processor and Reinspection Fees	Increased from 5¢ to 7¢ per hundredweight; from \$25 to \$40 per farm reinspection	285	285	570	285	285	570
AG	MDA	Nursury and phytosanitary fee	Fees approximately doubled	990	1,020	2,010	1,020	1,020	2,040
GF	MDA	Consolidated food handler fee	Increased fees by approx 35% (based on gross sales)	708	708	1,416	708	708	1,416
GF	MDA	Nursury and phytosanitary fee incr	Moved existing fees from GF to Ag Fund (See above)	(543)	(543)	(1,086)	(543)	(543)	(1,086)
SR	BAH	Captive cervidae inspection fee	New fee set at \$10 per animal	61	61	122	61	61	122
Agriculture Total				1,716	1,746	3,462	1,746	1,746	3,492
Agricultural Fund Subtotal				1,490	1,520	3,010	1,520	1,520	3,040
General Fund Subtotal				165	165	330	165	165	330
Special Revenue Fund Subtotal				61	61	122	61	61	122
(Environment)									
ENV	PCA	Stormwater permit fees	New construction > 5 acres \$400; Annual industrial \$400	2,555	2,555	5,110	2,555	2,555	5,110
ENV	PCA	Water quality permit fees	Increased from \$240 to \$350	10	24	34	93	65	158
ENV	PCA	Individual Sewage Treatment System Fee	New fee set at \$25	480	480	960	480	480	960
ENV	PCA	Hazardous waste fees	New fee	0	2,000	2,000	2,000	2,000	4,000
G&F	DNR	Trout and salmon stamp	Increased from \$8.50 to \$10.00	120	158	278	158	158	316
G&F	DNR	Commercial fishing licenses	Increased from \$90 to \$280 for netting; from \$20 to \$65 for packing, etc.	79	193	272	193	193	386
G&F	DNR	Acquatic plant management	Inc. from \$20 to \$50; eliminate cap on group permits	125	125	250	125	125	250
G&F	DNR	Winter aeration permits	New \$250 fee for training and inspection	35	35	70	35	35	70
G&F	DNR	Camp Ripley archery application fee	Increased from \$6.00 to \$8.00	11	11	22	11	11	22

Changes in Fees, Co-pays, and Surcharges-- ALL FUNDS
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Fund	Agency	Change Item	Description	FY 2004	FY 2005	FY04-05	FY 2006	FY 2007	FY06-07
G&F	DNR	Wild rice harvesting license	Increased from \$12.50 to \$25.00	15	15	30	15	15	30
G&F	DNR	Waterfowl stamp	Increased from \$5.00 to \$7.50	45	302	347	302	302	604
G&F	DNR	Pheasant stamp	Increased from \$5.00 to \$7.50	45	248	293	248	248	496
G&F	DNR	Small game licenses	Inc. from \$12.00 to \$12.50; new 1/2 price youth license	28	83	111	83	83	166
G&F	DNR	Wildlife acquisition surcharge	Inc. from \$4.00 to \$6.50 and allow youth to purchase	393	738	1,131	393	738	1,131
G&F	DNR	Deer licenses	Inc. from \$25 to \$26; new 1/2 price youth license	0	(2)	(2)	0	(2)	(2)
GF	DNR	Utility license fees	\$40 application fee plus one-time fee based on value of land crossed	185	185	370	185	185	370
GF	DNR	Water use fees	Increase in existing fees	1,262	1,262	2,524	1,262	1,262	2,524
GF	DNR	Forest campground fee	Increase in existing fees	13	13	26	13	13	26
GF	BWSR	Wetland banking fees	New fee	128	128	256	128	128	256
NRF	DNR	State park camping fees	Increase from \$8 to \$11 for rustic spot; from \$12 to \$15 for semi-modern	709	709	1,418	709	709	1,418
NRF	DNR	State entrance fees	Increased existing fees	1,290	1,290	2,580	1,290	1,290	2,580
NRF	DNR	Off Highway Vehicle Registration Fees	Increased existing fees	425	670	1,095	915	915	1,830
NRF	DNR	Off Highway Vehicle Civil Citations	Increased existing fees	80	80	160	80	80	160
SR	ZOO	Zoo elementary school fee	New fee set at \$3 per student	215	215	430	215	215	430
Environment Total				8,248	11,517	19,765	11,488	11,803	23,291
<i>Environmental Fund Subtotal</i>				<i>3,045</i>	<i>5,059</i>	<i>8,104</i>	<i>5,128</i>	<i>5,100</i>	<i>10,228</i>
<i>Game and Fish Fund Subtotal</i>				<i>896</i>	<i>1,906</i>	<i>2,802</i>	<i>1,563</i>	<i>1,906</i>	<i>3,469</i>
<i>General Fund Subtotal</i>				<i>1,588</i>	<i>1,588</i>	<i>3,176</i>	<i>1,588</i>	<i>1,588</i>	<i>3,176</i>
<i>Natural Resources Fund Subtotal</i>				<i>2,504</i>	<i>2,749</i>	<i>5,253</i>	<i>2,994</i>	<i>2,994</i>	<i>5,988</i>
<i>Special Revenue Fund Subtotal</i>				<i>215</i>	<i>215</i>	<i>430</i>	<i>215</i>	<i>215</i>	<i>430</i>
2003 HIGHER EDUCATION									
SR	HESO	Private Postsecondary Institution Registration	Initial registration increased from \$550 to \$1,100; Annual renewal increased from \$400 to \$950	34	34	68	34	34	68
Higher Education Total				34	34	68	34	34	68
<i>Special Revenue Fund Subtotal</i>				<i>34</i>	<i>34</i>	<i>68</i>	<i>34</i>	<i>34</i>	<i>68</i>
2003 HEALTH AND HUMAN SERVICES									
<i>MA Basic Health Care Grants--Families and Children</i>									
GF/fed	Copay	Apply Co pays to Managed Care	New \$6 copay for non-emergency visits and \$3 for non-preventive clinic and eye glasses; \$1 generic drugs; \$3 non-generic drugs.	1,554	2,615	4,169	2,822	2,964	5,786
GF/fed	Copay	Apply Co pays to FFS		8,130	12,009	20,139	13,206	14,812	28,018
GF/fed	Copay	\$20 Cap on Pharmacy co-pays		(77)	(117)	(194)	(125)	(131)	(256)
GF/fed	Copay	Buy back Anti-psychotic Co-pay		(700)	(1,000)	(1,700)	(1,000)	(1,000)	(2,000)
	Copay	Exempt MH Clinics, AMHRS		(1,224)	(1,224)	(2,448)	(1,923)	(2,115)	(4,038)
GF/fed	Copay	Buy back Cover PT,OT, ST Copay		(72)	(82)	(154)	(75)	(80)	(155)
<i>MA Basic Health Care Grants - Elderly and Disabled</i>									
GF/fed	Copay	Apply Co pays to Managed Care--see above.		1,295	1,315	2,610	602	632	1,234
	Copay	\$20 Cap on Co pays		(549)	(621)	(1,170)	(646)	(690)	(1,336)
	Copay	Cover PT,OT, ST Copay		(250)	(282)	(532)	(259)	(275)	(534)
GF/fed	DHS	Modify EPD Program -- premium.	Minimum \$35 premium.	164	328	492	328	328	656
GF/fed	DHS	Modify EPD Program -- additional payment.	Minimum additional payment of 5% of unearned income.	76	113	189	(113)	(113)	(226)
GF/fed	DHS	Modify EPD Program	Partial enrollee payment of Medicare Part B; sliding scale	303	456	759	456	456	912

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REVISED

Fund	Agency	Change Item	Description	FY 2004	FY 2005	FY04-05	FY 2006	FY 2007	FY06-07
<i>General Assistance Medical Care</i>									
GF	Copay	Apply Co pays to Managed Care--see above.		549	440	989	906	942	1,848
GF	Copay	Apply Co pays to FFS--see above.		1,156	800	1,956	1,648	1,712	3,360
GF	Copay	\$20 Cap on Pharmacy co-pays		(66)	(44)	(110)	(91)	(94)	(185)
GF	Copay	Buy back PT,OT, ST Copay		(40)	(44)	(84)	(91)	(94)	(185)
GF	Copay	Emergency Room Copay	New \$25 copay ER visits; conforms to MnCare	838	526	1,364	1,084	1,126	2,210
GF	Copay	Limit Dental Benefits	New 50% copay for restorative svcs.; conforms to MnCare	1,070	781	1,851	1,609	1,671	3,280
GF	Copay	Copay for Eyeglasses	New \$25 copay conforms to MnCare	215	143	358	295	306	601
<i>MA LTC Facilities Grants Base</i>									
GF/fed	DHS	MA Surcharge (Nursing Homes)	Increase surcharge from \$990 to \$2,815 per bed.	72,212	71,755	143,967	71,755	71,755	143,510
GF/fed	DHS	MA Surcharge (ICF/MR beds)	New surcharge \$1,040 per bed.	2,272	2,094	4,366	1,894	1,695	3,589
GF	DHS	County Share--large intermediate care facilities/MR	Required counties to pay a larger share of program costs		10,579	10,579	10,788	10,052	20,840
GF	DHS	County Share--Regional Treatment Centers--IMDs	Required counties to pay a larger share of program costs		5,804	5,804	3,475	2,176	5,651
<i>Alternative Care Grants Base</i>									
GF	DHS	Minimum premium for AC grant+case mgmt. svcs.	Recipients 100-150% fpg pay 10% of care.	1,849	3,162	5,011	3,159	3,157	6,316
GF	DHS	Minimum premium for AC grant+case mgmt. svcs.	Recipients 150-200% fpg pay 15% of care.	83	142	225	142	142	284
GF	DHS	Minimum premium for AC grant+case mgmt. svcs.	Recipients above 200% fpg pay 30% of care.	1,142	1,954	3,096	1,952	1,951	3,903
GF	DHS	Restructure parental fees for TEFRA	Paid by parents of disabled children; % of costs based sliding scale	2,075	2,075	4,150	2,075	2,075	4,150
GF	DHS	DHS licence fees	Seven fees increased.	1,225	1,225	2,450	1,225	1,225	2,450
GF	DHS	Increase Basic Sliding Fee Co-Payment	Increase co-payments.	3,555	4,491	8,046	4,491	4,491	8,982
GF	DHS	MFIP/Transition Year Child Care Co-Payment	Increase co-payments.	1,425	1,800	3,225	1,792	1,792	3,584
<i>MnCare Grants Base</i>									
HCAF	Copay	Apply Co pays to Managed Care - Families	New \$6 copay for non-emergency visits and \$3 for non-preventive clinic	495	866	1,361	984	1,098	2,082
HCAF	Copay	Apply Co pays to Managed Care - Adults		918	1,607	2,525	1,826	2,037	3,863
HCAF	Copay	Apply Co pays to FFS		39	58	97	60	64	124
HCAF	Copay	\$20 Cap on Pharmacy co-pays		(59)	(108)	(167)	(118)	(132)	(250)
HCAF	Copay	Adjust Copays		(486)	(913)	(1,399)	(897)	(933)	(1,830)
HCAF	DHS	Rollback MnCare Children Exceptions	\$4 premium for children in households >150% fpg.	1,440	2,404	3,844	2,584	2,778	5,362
HCAF	DHS	MnCare Premium Increase	Changed premium calculation for parents/pregnant women	2,125	3,194	5,319	3,329	3,464	6,793
SR	DHS	Child Support Custodial Parent Fee	New charge to custodial parents for access to child support services equal to 1% annual child support grant amount	0	883	883	884	884	1,768
SR	MDH	Hearing Instrument Dispenser Regulation Fee	Suspend fee for FY04; increase for FY05	(78)	58	(20)	58	58	116
SGSR	MDH	Alcohol/Drug Counselor Fee/Surcharge		153	159	312	156	154	310
SGSR	MDH	Behavioral Health and Therapy Board	New Board and fee.		259	259	259	259	518
SGSR	MDH	Occupational Therapist Fee Holiday	Suspend license fee for FY04/05	(220)	(220)	(440)	0	0	0
SGSR	MDH	Plumbing Plan Review	Fee amounts set to generate \$985,000 per year.	985	985	1,970	985	985	1,970
SGSR	MDH	Swimming Pool Regulation	Fee amounts set to generate \$87,000 per year.	87	87	174	87	87	174
SGSR	MDH	Newborn Screening System	Increase fee from \$21 to \$61	2,870	2,870	5,740	2,870	2,870	5,740
Health and Human Services Total				106,479	133,382	239,861	134,448	134,541	268,989
<i>General Fund Subtotal</i>				<i>11,897</i>	<i>32,129</i>	<i>44,026</i>	<i>29,770</i>	<i>27,732</i>	<i>57,502</i>
<i>Health Care Access Fund Subtotal</i>				<i>3,565</i>	<i>5,598</i>	<i>9,163</i>	<i>5,913</i>	<i>6,242</i>	<i>12,155</i>
<i>Special Revenue Fund</i>				<i>(78)</i>	<i>941</i>	<i>863</i>	<i>942</i>	<i>942</i>	<i>1,884</i>
<i>State Govt. Special Rev. Fund Subtotal</i>				<i>3,875</i>	<i>4,140</i>	<i>8,015</i>	<i>4,357</i>	<i>4,355</i>	<i>8,712</i>
<i>MA Surcharges</i>				<i>74,484</i>	<i>73,849</i>	<i>148,333</i>	<i>73,649</i>	<i>73,450</i>	<i>147,099</i>
<i>Co-pays--ALL Funds</i>				<i>12,736</i>	<i>16,725</i>	<i>29,461</i>	<i>19,817</i>	<i>21,820</i>	<i>41,637</i>

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Fund	Agency	Change Item	Description	FY 2004	FY 2005	FY04-05	FY 2006	FY 2007	FY06-07
2003 PUBLIC SAFETY									
GF	Courts	Criminal/Traffic Citation Surcharge	Increased from \$35 to \$60	15,071	18,085	33,156	18,085	18,085	36,170
GF	Courts	Surcharge on Parking Tickets	New fee set at \$3.00	1,891	2,268	4,159	2,268	2,268	4,536
GF	Courts	Court Administration Fee	Increases to various court fees	6,873	8,365	15,238	8,365	8,365	16,730
GF	Courts	Civil Court Filing Fee	Increased from \$135 to \$235	10,120	12,144	22,264	12,144	12,144	24,288
GF	Courts	Conciliation Court Filing Fee	Increased \$25 to \$50	668	801	1,469	801	801	1,602
GF	Courts	Appellate Court Filing Fee	Increased from \$250 to \$500	330	396	726	396	396	792
GF	Courts	Motion Filing Fee Increase	New fee set at \$55	1,638	1,965	3,603	1,965	1,965	3,930
GF	Courts	Tax Court Small Claims Filing Fee	Increased from \$25 to \$150	7	8	15	8	8	16
GF		DWI Test Refusal Fine	Increase in fine revenue.	104	169	273	169	169	338
GF		Potable Water Installer Cert. Fee	New fee set at \$55		51	51	89	75	164
GF	PS	BCA-Crim Just Info Access Fees	Increases to various access fees	82	76	158	76	76	152
GF	PS	BCA-Crim History Internet Charge Fee	New fee set at \$5 per inquiry		1,663	1,663			0
GF		Indoor Fireworks Inspection Fee	New fee set at \$150	4	4	8	4	4	8
GF		Retail Buyer Liquor Licensing Fee	New fee set at \$35	93	93	186	93	93	186
GF	BCA	BCA Fees to Carry Handguns	Chapter 28 increased fee from \$10 to \$100	1,075	200	1,275			
SR		Fire Marshal Sprinkler Exam Fee	New fee set at \$55	12	12	24	12	12	24
SR		Fire Marshal School Inspect. Fee	New fee set at \$0.014 per square foot	572	572	1,144	572	572	1,144
SR		Fire Marshal Hotel/Motel Inspect	New fee; amounts vary by unit size	520	520	1,040	520	520	1,040
SR		BCA-Crim Just Info Access Fees	Increases to various access fees	158	158	316	158	158	316
SR		Human Rights Cert. of Comp. Fee	New fee set at \$75	60	60	120	60	60	120
SR		Public Defender Co-Pay *	New fee; amounts based on charge severity	2,740	7,681	10,421			
Public Safety Total				39,278	47,610	86,888	45,785	45,771	91,556
<i>General Fund Subtotal</i>				<i>37,956</i>	<i>46,288</i>	<i>84,244</i>	<i>44,463</i>	<i>44,449</i>	<i>88,912</i>
<i>Special Revenue Fund Subtotal</i>				<i>1,322</i>	<i>1,322</i>	<i>2,644</i>	<i>1,322</i>	<i>1,322</i>	<i>2,644</i>
* This fee was subsequently declared unconstitutional and collections were halted. Amounts NOT included in totals.									
2003 STATE GOVERNMENT									
GF	CFB	Fee Recovery Proposal	Unspecified new fee schedule for lobbyists and principals.	420		420			0
GF	DOR	Board of Assessor Fees		25	25	50	25	25	50
GF	DOR	Revenue Recapture Fee		408	408	816	408	408	816
GF	DOR	Paper Filing Fee		1,200	800	2,000	1,200	800	2,000
GF	AmSp	Unspecified New Fees	Developed by MASC; charged to affiliated non-profits	225	225	450	225	225	450
SR	DOR	Revenue Recapture Fee		167	167	334	167	167	334
SR		Gambling Control Board Fees		1,857	2,268	4,125	1,857	2,268	4,125
SR		Racing Commission		286	286	572	286	286	572
SR		G/HVAC surety bond program	\$15 bond filing fee	37	37	74	37	37	74
SR		911 Fee Change	Increase fee from 33c to 40cents per line per month.	4,881	5,187	10,068	5,187	5,187	10,374
Public Safety Total				9,506	9,403	18,909	9,392	9,403	18,795
<i>General Fund Subtotal</i>				<i>2,278</i>	<i>1,458</i>	<i>3,736</i>	<i>1,858</i>	<i>1,458</i>	<i>3,316</i>
<i>Special Revenue Fund Subtotal</i>				<i>7,228</i>	<i>7,945</i>	<i>15,173</i>	<i>7,534</i>	<i>7,945</i>	<i>15,479</i>
2003 TRANSPORTATION									
GF	DPS	Title fee and transfer fee	Increased from \$2 to \$3	1,600	1,700	3,300	1,700	1,700	3,400
GF	DPS	Driver license reinstatement fee		21	22	43	22	22	44

Changes in Fees, Co-pays, and Surcharges-- ALL FUNDS
2003 and 2004 Sessions, by Committee and Fund

REVISED
 Positive amounts are increases; Estimations from End-of-Session
 (000's)

Fund	Agency	Change Item	Description	FY 2004	FY 2005	FY04-05	FY 2006	FY 2007	FY06-07
HUTDF	DPS	License plate fee increase	Increased existing fee	1,342	1,342	2,684	1,342	1,342	2,684
HUTDF	DPS	Driver licence reinstatement fee--State Patrol		358	358	716	358	358	716
SR	DPS	Driver license surcharge--brain injury		1,074	1,074	2,148	1,074	1,074	2,148
TH	DPS	Driver license reinstatement fee		29	31	60	31	31	62
TH	DPS	Driving wo/Insurance Reinstatement fee	New penalty with new \$20 reinstatement fee	95	55	150	55	55	110
TH	DPS	2am Bar Closing Fee	New fee for extended bar hours; variable by business size	3,500	3,700	7,200	3,700	3,700	7,400
Transportation Total				8,019	8,282	16,301	8,282	8,282	16,564
<i>General Fund Subtotal</i>				<i>1,621</i>	<i>1,722</i>	<i>3,343</i>	<i>1,722</i>	<i>1,722</i>	<i>3,444</i>
<i>Highway Users Tax Distribution Fund Subtotal</i>				<i>1,700</i>	<i>1,700</i>	<i>3,400</i>	<i>1,700</i>	<i>1,700</i>	<i>3,400</i>
<i>Special Revenue Fund Subtotal</i>				<i>1,074</i>	<i>1,074</i>	<i>2,148</i>	<i>1,074</i>	<i>1,074</i>	<i>2,148</i>
<i>Trunk Highway Fund Subtotal</i>				<i>3,624</i>	<i>3,786</i>	<i>7,410</i>	<i>3,786</i>	<i>3,786</i>	<i>7,572</i>
 2003 TAX COMMITTEE									
GF	DOR	Non-settlement Cigarette Fee	35c/pack fee on cigarette manufacturers not part of the tobacco settlement	6,390	6,560	12,950	6,730	6,800	13,530
Tax Committee Total				6,390	6,560	12,950	6,730	6,800	13,530
<i>General Fund Subtotal</i>				<i>6,390</i>	<i>6,560</i>	<i>12,950</i>	<i>6,730</i>	<i>6,800</i>	<i>13,530</i>

Changes in Fees, Co-pays, and Surcharges-- ALL FUNDS
2003 and 2005 Sessions, by Committee and Fund

REVISED
 Positive amounts are increases; Estimates from ...d-of-Session
 (000's)

Fund	Agency	Change Item	Description	FY 2004	FY 2005	FY04-05	FY 2006	FY 2007	FY06-07	
2005 ENVIRONMENT, AGRICULTURE, AND ECONOMIC DEVELOPMENT										
(Economic Development)										
GF	COM	License Fees (13 Items)	Simplification of insurance fee structure, some increases, some new				734	734	1,468	
GF	COM	Insurance Certificate Fee	New \$1,500 fee to sell insurance in Minnesota				18	18	36	
GF	L&I	Boiler Inspection License	\$5 surcharge on boiler inspectors made permanent				121	121	242	
GF	L&I	Boiler Registration Fee	\$5 surcharge on boiler inspectors made permanent				203	203	406	
GF	L&I	Boiler Inspection Fee	Penalties for late inspections				374	374	748	
GF	L&I	Pipefitting Inspection Fee	Increase high pressure piping permit fees				50	50	100	
GF	L&I	Pipe fitter License Fee	Increase high pressure piping license fees				62	62	124	
GF	COM	Service contracts/providers regulated	New fee on service contracts; amount varies by contract				113	113	226	
SR	DEED	Marriage license fee reduced (Displac.Home.)	Decrease \$10				(200)	(200)	(400)	
SR	DEED	Marriage, Dissolution, Ed Fees	\$48 surcharge in child custody bill				911	1,139	2,050	
SR	L&I	Apprenticeship Fee Reduction	Eliminated fee enacted in 2003, replaced with appropriation.				(300)	(300)	(600)	
PF	COM	Petroleum tank release cleanup	Extended existing fee; FY08-09 impact.				0	0	0	
WDF	DEED	Workforce Development Fund Fees	Continued special assessment fee put in place in 2003				5,438	13,099	18,537	
Economic Development Total							7,524	15,413	22,937	
<i>General Fund Subtotal</i>								<i>1,675</i>	<i>1,675</i>	<i>3,350</i>
<i>Special Revenue Fund Subtotal</i>								<i>411</i>	<i>639</i>	<i>1,650</i>
<i>Petroleum Fund Subtotal</i>								<i>0</i>	<i>0</i>	<i>0</i>
<i>Workforce Development Fund Subtotal</i>							<i>0</i>	<i>0</i>	<i>0</i>	<i>18,537</i>
(Agriculture)										
AG	AG	Ag BMP Loan Application Fees	New application fee of \$50 for each loan issued				9	11	20	
AG	AG	Grain Buyer and Storage Fees	Various fee increases, new late fee penalty, new grain storage fees				55	55	110	
AG	AG	Nursery Stock Grower Certification	Actual costs incurred to issue the certificate, also increase in minimum fee for first time certification				143	143	286	
AG	AG	Phytosanitary Certificate	Actual cost of services needed to issue certificates; inc. in minimum fee for first time certification				9	9	18	
AG	AG	Pesticide Application Fees	Chemigation permit fee from \$50 to \$250, new late fee penalty of \$100, pesticide dealer license fee from \$50 to \$150, aquatic pest control license from \$100 to \$200, structural pest control license from \$100 to \$200, new commercial and noncommercial applicator late fee of 50% of fee				92	92	184	
AG	AG	Manure Lab Certification Fee	Actual cost of administering the program				35	47	82	
AG	AG	Fertilizer Inspection Fees	\$.15 per ton to \$.30; paid by fertilizer producers.				300	300	600	
AG	AG	Commercial Feed License Fee	Makes fee \$50 for all late licenses; paid by feed producers.				1	1	2	
AG	AG	Feed Free Sale Certificates	New application fee of \$25, plus \$50 per label				8	8	16	
AG	AG	Interstate Tonnage Exemption Fee	New \$100 application fee				1	1	2	
GF	AG	Apiary Registration Fee Increase	Adds a \$.25 per colony minimum				9	9	18	
Agriculture Total							662	676	1,338	
<i>Agricultural Fund Subtotal</i>								<i>653</i>	<i>667</i>	<i>1,320</i>
<i>General Fund Subtotal</i>								<i>9</i>	<i>9</i>	<i>18</i>

Changes in Fees, Co-pays, and Surcharges-- ALL FUNDS
2003 and 2004 Sessions, by Committee and Fund

Positive amounts are increases; Estimate from End-of-Session (000's)

Fund	Agency	Change Item (Environment)	Description	FY 2004	FY 2005	FY04-05	FY 2006	FY 2007	FY06-07	
ENV	DNR	Limiting septic system installation fees (H749)	Limits septic tank fee to \$25 for performance based individual sewage treatment systems				(8)	(8)	(16)	
ENV	PCA	Air Emission Fee Increase					532	839	1,371	
G&F	DNR	Special Mgmt. Species-Sturgeon Fish	Sturgeon angler tags at \$5 each (M.S. 97A.551, S 6; 97C.087)				25	28	53	
GF	DNR	Surcharge of summer water use	Surcharge of \$20 per million gallons of 6,7, 8 municipal usage over Jan				330	330	660	
GF	DNR	Water permit fee increases	Increase permit application fees, once-through cooling system fee, and ag irrigation fee (103G:271, s6)				213	213	426	
NRF	DNR	Cross-country ski pass fee	Increase annual pass from \$9 to \$14, three year pass from \$24 to \$39; paid by recreational skiers				140	140	280	
NRF	DNR	Electronic Open Burning Permits	New \$5 for an annual non commercial permit, \$5 each up to \$50 for commercial permits (M.S. 88.17,S5)				80	80	160	
NRF	DNR	Special Fuelwood	Increase minimum fee from \$5 to \$25 (con-con)				2	2	4	
NRF	DNR	Road Easement Application Fee	\$2,000 fee for application for road easement across state land				20	20	40	
NRF	DNR	Snowmobile sticker/easement & new position	New fee for MN residents; \$15 per year or \$30 for 3-years				2,500	2,500	5,000	
NRF	DNR	Boat Registration Fee Increase	Schedule of watercraft fees increased by 50% per fee				1,674	1,947	3,621	
PSF	DNR	Special Fuelwood Permits	Increase minimum fee from \$5 to \$25				3	3	6	
REINM	DNR	Critical Habitat License Plate Fees	\$30 per vehicle - expand existing critical habitat plate program to RVs and trailers (M.S. 168.1296, S1)				30	75	105	
REM	DNR	Dry cleaner fees adjustment--ch. 157.					395	395	790	
SR	DNR	Special Fuelwood Permits	raise minimum fee from \$5 to \$25 (FMIA)				1	1	2	
SR	DNR	State Forestry Nursery Stock Surcharge	surcharge of \$.025 added to each tree sold				250	250	500	
Environment Total							6,187	6,815	13,002	
<i>Environmental Fund Subtotal</i>								<i>524</i>	<i>831</i>	<i>1,355</i>
<i>Game and Fish Fund Subtotal</i>								<i>25</i>	<i>28</i>	<i>53</i>
<i>General Fund Subtotal</i>								<i>543</i>	<i>543</i>	<i>1,086</i>
<i>Natural Resources Fund Subtotal</i>								<i>4,416</i>	<i>4,689</i>	<i>9,105</i>
<i>Permanent School Fund Subtotal</i>								<i>3</i>	<i>3</i>	<i>6</i>
<i>Reinvest in MN Fund Subtotal</i>								<i>30</i>	<i>75</i>	<i>105</i>
<i>Remediation Fund Subtotal</i>								<i>395</i>	<i>395</i>	<i>790</i>
<i>Special Revenue Fund Subtotal</i>								<i>251</i>	<i>251</i>	<i>502</i>
 2005 HIGHER EDUCATION										
SR	HESO	Various Private Career School Fees	Initial license fee, renewal license fee, degree level addition fee, program addition fee, visit or consulting fee, program modification fee, solicitor fee, multiple location fee, student transcript fee, and public document fee; last changed in 2000				11	15	26	
Higher Education Total								11	15	26
<i>Special Revenue Fund Subtotal</i>								<i>11</i>	<i>15</i>	<i>26</i>

Changes in Fees, Co-pays, and Surcharges-- ALL FUNDS

2003 and 2005 Sessions, by Committee and Fund

REVISED
Positive amounts are increases; Estimates from End-of-Session
(000's)

Fund	Agency	Change Item	Description	FY 2004	FY 2005	FY04-05	FY 2006	FY 2007	FY06-07	
2005 HEALTH AND HUMAN SERVICES										
GF	DHS	Licensing fees					314	270	584	
			Fee increase to \$20 PCPO, SNSA, court applied guardian; last changed 2001.							
GF	DHS	Background study fees to \$20					167	167	334	
GF	DHS	Parental fee decrease (TEFRA)					(971)	(937)	(1,908)	
GF	DHS	Nursing Home Surcharge					(1,793)	(2,579)	(4,372)	
GF	DHS	Child care licensing fee					(217)	(217)	(434)	
GF	MDH	Hospital license fees-state trauma system					382	352	734	
SGSR	HB	Denistry license fees	Duplicate license fee increase				3	3	6	
SGSR	HB	Temp. Fee Decrease-Dietetics&Nutrition	Reduce fee app. \$35 per license renewal until ???				(36)	(36)	(72)	
SGSR	HB	Temp. Fee Decrease-Nursing	Reduce fee app. \$5 per license renewal until ???						0	
SGSR	HB	Temp. Fee Decrease-Social Work	Reduce fee app. \$X per license renewal until ???				(113)	(226)	(339)	
SGSR	HB	Behavioral health-no exam fee-drug/alcohol					(23)	(23)	(46)	
SGSR	HB	Behavioral health-voluntary license-drug/alcohol					0	5	5	
		Adverse Health Event Reporting	JACHO hospitals \$7,055 to \$7555 + \$13 per bed; non-JACHO hospitals \$4,680 + \$234 per bed to \$5,180 + ???per bed.				335	335	670	
SGSR	MDH	Drinking water connection fee	Fee is currently \$5.21, will increase to \$6.36 eff. 7-1-06					1,433	1,433	
SGSR	MDH	Food Manager's Certification Program	Increase fee from \$15 to \$28				91	91	182	
SGSR	MDH	Food, Beverage & Lodging Program	Fees for schools will double, fees for MDH licensed establishment will increase 27%				1,326	1,326	2,652	
SGSR	MDH	Laboratory Certification Program	Base fee from \$1200 to \$1600; New sample preparation technique fee of \$100, test category certification fees increased ???				160	215	375	
SGSR	MDH	Occupational Therapy Fee Suspension	Fee suspension for two years						0	
SGSR	MDH	Plumbing Plan Review Program					(5)	(5)	(10)	
SGSR	MDH	Vital Records Program	Vital record fee increased from \$8 to \$9; certified copy surcharge from \$2 to \$4; \$20 increase in the amendment/replacement/delayed registration fee				1,420	1,420	2,840	
SGSR	MDH	Well Management Fee	well notification, permit and variance form \$150 to \$175; well sealing: \$30 to \$35; unused well maintenance permit: \$125 to \$150; reinstate mineral explorers annual license fee of \$50				0	551	551	
SGSR	MDH	Shaken Infants Video User fee					13	0	13	
Health and Human Services Total							1,053	2,145	3,198	
<i>General Fund Subtotal</i>										
<i>Health Care Access Fund Subtotal</i>								(2,118)	(2,944)	(5,062)
<i>State Govt. Special Rev. Fund Subtotal</i>								0	0	0
							3,171	5,089	8,260	
2005 PUBLIC SAFETY										
GF	Courts	Criminal/Traffic Citation Surcharge	Increased from \$60 to \$72 (see 2003)				5,880	7,800	13,680	
GF	DPS	Realestate and recording fee	Increased state portion by \$6.50, from \$4 to \$10.50				9,550	9,630	19,180	
GF	DPS	Liquor Wholesale/Manuf. License Fees	Increased various license fees				757	757	1,514	
GF	DPS	Civil Court Filing Fee	Increased \$5, to \$240 (see 2003)				545	594	1,139	
GF	DPS	Parking ticket surcharge	Increased from \$3 to \$4				500	600	1,100	
GF	DPS	Child support modification fee (HF1321/SF630)					747	934	1,681	

Changes in Fees, Co-pays, and Surcharges-- ALL FUNDS
2003 and 20 Sessions, by Committee and Fund

REVISED
 Positive amounts are increases; Estimate from End-of-Session
 (000's)

Fund	Agency	Change Item	Description	FY 2004	FY 2005	FY04-05	FY 2006	FY 2007	FY06-07	
SR	Courts	Ramsey County Surcharge	Increase \$1				92	110	202	
SR	POST	Non-DWI Reinstatement Fees	Widened universe subject to reinstatement fee				763	832	1,595	
SGSR	DPS	9-1-1 Fee Increase	Increased monthly fee \$.25 per line				17,050	17,080	34,130	
THF	DPS	Driver license reinstatement--gas theft	Widened universe subject to reinstatement fee				24	24	48	
Public Safety Total							35,908	38,361	74,269	
<i>General Fund Subtotal</i>								<i>17,979</i>	<i>20,315</i>	<i>38,294</i>
<i>Special Revenue Fund Subtotal</i>								<i>855</i>	<i>942</i>	<i>1,797</i>
<i>State Govt Special Rev Fund Subtotal</i>								<i>17,050</i>	<i>17,080</i>	<i>34,130</i>
<i>Trunk Highway Fund Subtotal</i>								<i>24</i>	<i>24</i>	<i>48</i>
2005 STATE GOVERNMENT										
ADH	ADH	Hourly Rate Change	Paid by state agencies and local governments.				163	163	326	
ADH	ADH	Admin. Hearing Fee (Information Tech.)	Paid by state agencies and local governments.				23	12	35	
GF	StAud	Restore audit practice					1,010	1,047	2,057	
State Government Total							1,196	1,222	2,418	
<i>Administrative Hearings Subtotal</i>								<i>186</i>	<i>175</i>	<i>361</i>
<i>General Fund Subtotal</i>								<i>1,010</i>	<i>1,047</i>	<i>2,057</i>
2005 TRANSPORTATION										
GF	DPS	Drivers license electronic records fee	\$2.50 increase in the Electronic Retrieval of Records Fee				1,376	1,500	2,876	
GF	DPS	Motor vehicle title transfer fee	\$4 increase in the Motor Vehicle Transfer Fee				6,463	7,050	13,513	
SR	DPS	Repeal of Bicycle Registration	Discontinue Bicycle Registration				(40)	(40)	(80)	
SR	DPS	Support Our Troops (fee portion)	New (optional) license plate fee--reflects fee portion only.				261	401	662	
SR	DPS	Title Fee	\$15 increase for Title Fee				3,500	3,535	7,035	
SR	DPS	Salvage Vehicle Fee	\$15 increase for the Salvage Vehicle Fee				197	199	396	
SR	DPS	Motor Vehicle Dealer Fee	\$50 increase for the Motor Vehicle Dealer Fee				215	217	432	
SR	DPS	Expedited Service Fee	\$20 Expedited Service Fee				909	918	1,827	
SR	DPS	Records Fee	Records Fee Increase				620	626	1,246	
SR	DPS	Multiple Road Test Fee	\$20 Multiple Road Test Fee (for third test after failing first two)				200	202	402	
SR	DPS	Multiple Written Test Fee	\$10 Multiple Written Test Fee (for third test after failing first two)				300	303	603	
SR	DPS	Retainage Fee--Drivers License	\$1.50 Retainage Card Fee increase				600	606	1,206	
SR	DPS	Driver License Card Fee	\$1.50 increase in the Driver License Fee				1,650	1,667	3,317	
SR	DPS	Veterans Personal Plates					13	13	26	
SR	DPS	MV Registration Temporary Permit					(3)	(4)	(7)	
Non-State		Retainage Fee (Deputy Registrar)	\$1.50 Retainage Card Fee Increase				1,800	1,818	3,618	
Transportation Total							18,061	19,011	37,072	
<i>General Fund Subtotal</i>								<i>7,839</i>	<i>8,550</i>	<i>16,389</i>
<i>Special Revenue Fund Subtotal</i>								<i>8,422</i>	<i>8,643</i>	<i>17,065</i>
<i>Non-State Funds</i>								<i>1,800</i>	<i>1,818</i>	<i>3,618</i>

Changes in Fees, Co-pays, and Surcharges-- ALL FUNDS

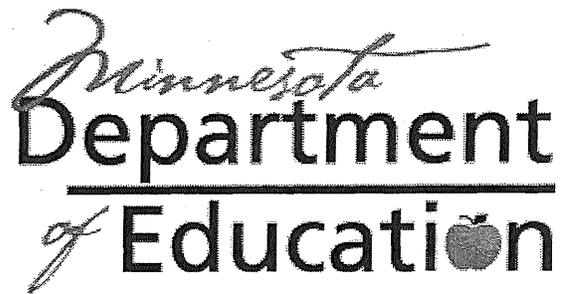
2003 and 2005 Sessions, by Committee and Fund

REVISED
Positive amounts are increases; Estimates from J-of-Session
(000's)

Fund	Agency	Change Item	Description	FY 2004	FY 2005	FY04-05	FY 2006	FY 2007	FY06-07
2003 Changes by Fund									
			Agricultural Fund	1,490	1,520	3,010	1,520	1,520	3,040
			Environmental Fund	3,045	5,059	8,104	5,128	5,100	10,228
			Game and Fish Fund	896	1,906	2,802	1,563	1,906	3,469
			General Fund	62,060	90,075	152,135	86,116	83,734	169,850
			Health Care Access Fund	3,565	5,598	9,163	5,913	6,242	12,155
			Highway Users Tax Distribution Fund	1,700	1,700	3,400	1,700	1,700	3,400
			Natural Resources Fund	2,504	2,749	5,253	2,994	2,994	5,988
			Petroleum Fund	(2,000)	(2,000)	(4,000)	24,800	24,800	49,600
			Special Revenue Fund	10,396	12,132	22,528	11,722	12,133	23,855
			State Govt. Special Revenue Fund	3,875	4,140	8,015	4,357	4,355	8,712
			Trunk Highway Fund	3,624	3,786	7,410	3,786	3,786	7,572
			Workforce Development Fund	4,824	12,360	17,184	7,686	0	7,686
			<i>Non-State collected Co-pays--All Funds</i>	<i>12,736</i>	<i>16,725</i>	<i>29,461</i>	<i>19,817</i>	<i>21,820</i>	<i>41,637</i>
Total 2003 Fee and Co-pay Changes				108,715	155,750	264,465	177,102	170,090	347,192
2005 Changes by Fund									
			Administrative Hearings				186	175	361
			Agricultural Fund				653	667	1,320
			Environmental Fund				524	831	1,355
			Game and Fish Fund				25	28	53
			General Fund				26,937	29,195	56,132
			Health Impact Fund (Health Impact Fee)**				209,285	223,303	432,588
			Natural Resources Fund				4,416	4,689	9,105
			Permanent School Fund				3	3	6
			Reinvest in MN Fund				30	75	105
			Remediation Fund				395	395	790
			Special Revenue Fund				9,950	10,490	21,040
			State Govt. Special Revenue Fund				20,221	22,169	42,390
			Trunk Highway Fund				24	24	48
			Workforce Development Fund				5,438	13,099	18,537
			<i>Non-State collected MVRT Deputy Registrar Fee</i>				<i>1,800</i>	<i>1,818</i>	<i>3,618</i>
Total 2005 Fee and Co-pay Changes							279,887	306,961	587,448
TOTAL 2003 AND 2005 Fees and Co-pays*				108,715	155,750	264,465	456,989	477,051	934,640
			<i>MA Surcharges</i>	<i>74,484</i>	<i>73,849</i>	<i>148,333</i>	<i>73,649</i>	<i>73,450</i>	<i>147,099</i>
TOTAL: Fees, Co-pays, and Surcharges				183,199	229,599	412,798	530,638	550,501	1,081,739

* Totals do not include tuition, fund transfers, or transactional revenues, such as from sale of unclaimed property or of land.

** General Fund revenues would increase by a net of \$401.2M in FY2006-07 after adjusting for \$31.4M lower cigarette tax revenues due to lower consumption.



COMMISSIONER:
Alice Seagren

**Minnesota School District
and Charter School
Student Fees for Fiscal
Years 2002 through 2005**

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**REPORT
TO THE
LEGISLATURE**

January 25, 2006

**As required by
Minnesota Laws 2005,
First Session, Chapter 3,
Article 11, Section 7,
Subd. 2**

Report on Minnesota School District and Charter School Student Fees Fiscal Years 2002-2005

Minnesota Laws 2005, First Special Session, Chapter 3, Article 11, Section 7, Subdivision 2, states:

By January 15, 2006, the Department of Education shall provide the house and senate education finance divisions and tax committees with a report that examines the total annual fees collected under Minnesota Public School Fee Law, Minnesota Statutes, sections 123B.34 to 123B.39, in fiscal years 2002 to 2005. The report must detail all different types of fees charged to Minnesota students under the law. The report must report total fees statewide as well as by school district and charter school.

This report will communicate to the house and senate education finance divisions and tax committees the total annual fees collected under Minnesota Public School Fee Law from fiscal years 2002 to 2005.

Districts and charter schools report to the Minnesota Department of Education (MDE) fees charged to students through Uniform Financial Accounting and Reporting Standards (UFARS). The financial data reported to MDE by districts and charter schools is verified by independent auditors on an annual basis.

The following three tables summarize student fees collected under the Minnesota Public School Fee Law and expenditures by program dimensions as reported in the general fund in UFARS. The Appendices contain information by individual district and charter school regarding the fees collected by revenue source dimensions, fees collected by program dimensions and expenditures by program dimensions. Definitions of the UFARS dimension codes and Minnesota Statutes referenced in this report are available in the Appendices.

Fees by Revenue Source Dimension

The Minnesota Public School Fee Law (Minn. Stat. §§ 123B.34 to 123B.39) provides districts and charter schools the authority to charge and collect fees from Minnesota students. Table one summarizes student fees in three categories: Fees from Patrons, Admissions and Student Activity Revenue, and Sale of Materials Purchased for Resale. Fees from Patrons are charges made to students, parents or guardians for rental or user fees for items such as musical instruments, physical education equipment and all other charges permitted by law including transportation and activity or athletic fees. Admission and Student Activity Revenue are admissions, gate receipts and voluntary donations relating to attendance to any event or activity sponsored by and under the control of the school board such as: athletic events, fine arts performances, and exhibitions. Sale of Materials Purchased for Resale include sales of materials and supplies to pupils including lumber sold to industrial arts classes, supplies sold to family living classes, and any other materials sold which were originally purchased for resale to pupils.

Table One: Summary of Fees by Revenue Source for Fiscal Years 2002-2005

Description	Fiscal Years and Percent of Change Between Fiscal Years 2002-2005							
	FY 02	FY 03	% of Change FY 02-03	FY 04	% of Change FY 03-04	FY 05*	% of Change FY 04-05	Total % Change FY 02-05
Fees From Patrons	\$21,390,398	\$27,883,425	30.35%	\$30,156,201	8.15%	\$32,804,345	8.78%	53.36%
Admission & Student Activity	\$19,589,056	\$24,151,213	23.29%	\$26,020,462	7.74%	\$27,573,716	5.97%	40.76%
Sale of Materials Purchased for Resale	\$5,804,020	\$5,678,496	-2.16%	\$8,659,202	52.49%	\$7,487,765	-13.53%	29.01%
Total	\$46,783,474	\$57,713,134	23.36%	\$64,835,865	12.34%	\$67,865,826	4.67%	45.06%

*Data Compiled as of 12/16/05

Conclusions from **Table 1** include:

1. Total annual fees increased each fiscal year with the largest increase occurring in fiscal year 2003.
2. The increases in all revenue categories over the four year period are significant; 53.36% for Fees from Patrons, 40.76% for Admission and Student Activity and 29.01% for the Sale of Materials Purchased for Resale, the total increase being 45.06%.
3. For the category Sale of Materials Purchased for Resale there was a small decrease from fiscal year 2002 to fiscal year 2003 (-2.16%) then a substantial increase from fiscal year 2003 to fiscal year 2004 of 52.49% followed by a decrease of 13.53% from fiscal year 2004 to fiscal year 2005.
4. Fees from Patrons had the largest total percentage of change of 53% between fiscal years 02-05 with an overall percentage of change of 45% for the three fee categories during the same time period.

Fees by Program Dimension

Districts and charter schools record student fee information by using UFARS program dimension codes. Program dimension codes describe the following information in Table 2; Athletics, Co-Curricular Activities (Non-Athletics), Extra-Curricular Activities, Music, Transportation and Other miscellaneous fees. Athletics include co-educational sports or contests for boys and girls, sports or contests for just boys and sports or contests for just girls. Co-Curricular activities represent school sponsored and directed activities designed to provide opportunities for pupils to participate in school and public events for the improvement of skills (for example Student Council or Yearbook). Extra-Curricular activities are under board control for public school pupils that are managed and operated under the guidance of an adult or staff member. Music includes courses that impart the skills and knowledge necessary for the creation, understanding and performance of music. Transportation includes fees charged to pupils to and from school or between schools for instructional purposes. The Other program category includes all program codes not previously identified.

The Athletic, Co-curricular and Extra-curricular program dimensions include both Fees from Patrons, and Admission and Student Activity Revenue. The Music program dimension includes both Fees from Patrons and the Sale of Materials Purchased for Resale. The Transportation program dimension includes Fees from Patrons. The Other category includes all remaining program dimensions and the three revenue source dimensions (Fees from Patrons, Admission and Student Activity Revenue, Sale of Materials Purchased for Resale). The Appendices provide a list of specific revenue source and program dimension codes.

Table Two: Summary of Fees by Program for Fiscal Years 2002-2005

Fiscal Years and Percent of Change Between Fiscal Years 2002-2005								
<i>Fees From Patrons</i>	FY 02	FY 03	% of Change FY 02-03	FY 04	% of Change FY 03-04	FY 05*	% of Change FY 04-05	Total % Change FY 02-05
Athletics	\$8,528,525	\$10,825,253	26.93%	\$12,749,831	17.78%	\$14,401,583	12.96%	68.86%
Co-Curricular & Extra Curricular	\$1,572,219	\$1,910,808	21.54%	\$2,260,887	18.32%	\$2,556,563	13.08%	62.61%
Admission & Student Activity								
Athletics	\$11,220,139	\$12,406,253	10.57%	\$13,227,198	6.62%	\$13,211,779	-0.12%	17.75%
Co-Curricular & Extra Curricular	\$4,381,244	\$5,691,060	29.90%	\$6,733,693	18.32%	\$8,459,705	25.63%	93.09%
Other Fees by Category								
Music	\$540,249	\$612,335	13.34%	\$605,320	-1.15%	\$657,622	8.64%	21.73%
Transportation	\$639,744	\$1,893,442	195.97%	\$1,584,942	-16.29%	\$1,880,133	18.62%	193.89%
District wide & Other	\$19,901,353	\$24,373,982	22.47%	\$27,673,995	13.54%	\$26,698,439	-3.53%	34.15%
Total	\$46,783,473	\$57,713,133	23.36%	\$64,835,866	12.34%	\$67,865,824	4.67%	45.06%

*Data Compiled as of 12/16/05

Conclusions from Table 2 include:

1. Every revenue category experienced a significant increase from fiscal year 2002 to fiscal year 2005.
2. Total fees collected rose from \$46,783,473 in fiscal year 2002 to \$67,865,824 in fiscal year 2005, an increase of 45.06%.
3. Transportation fees collected in fiscal year 2002 more than doubled in fiscal year 2003 (\$639,744 to \$1,893,442).

Revenues and Expenditures by Program Dimension

This table provides a comparison between revenues and expenditures by program dimension. The following program dimensions were utilized: Athletics, Co-Curricular and Extra-Curricular Activities, Music, Transportation and Other. The Appendices provide the detail program dimension codes.

Table 3: Summary of Revenues and Expenditures by Program for Fiscal Years 2002-2005

Category	FY 02			FY 03			FY 04			FY 05*		
	Fee Revenue	Expenditure	Fees as % of Expenditures	Fee Revenue	Expenditure	Fees as % of Expenditures	Fee Revenue	Expenditure	Fees as % of Expenditures	Fee Revenue	Expenditure	Fees as % of Expenditures
Athletics	\$19,748,664	\$121,536,193	16.25%	\$23,231,506	\$126,798,912	18.32%	\$25,977,029	\$134,137,456	19.37%	\$27,613,362	\$138,086,572	20.00%
Co-Curricular & Extra-Curricular	\$5,953,463	\$46,273,329	12.87%	\$7,601,868	\$50,600,506	15.02%	\$8,994,580	\$54,766,507	16.42%	\$11,016,268	\$55,763,129	19.76%
Music	\$540,249	\$119,609,627	0.45%	\$612,335	\$122,310,586	0.50%	\$605,320	\$125,590,510	0.48%	\$657,622	\$129,859,903	0.51%
Transportation	\$639,744	\$378,636,584	0.17%	\$1,893,442	\$392,486,815	0.48%	\$1,584,942	\$393,803,624	0.40%	\$1,880,133	\$414,750,951	0.45%
Other	\$19,901,353	\$6,052,025,546	0.33%	\$24,373,982	\$6,314,437,190	0.39%	\$27,673,995	\$6,472,894,399	0.43%	\$26,698,439	\$6,671,861,049	0.40%
Total	\$46,783,473	\$6,718,081,279	0.70%	\$57,713,133	\$7,006,634,009	0.82%	\$64,835,866	\$7,181,192,496	0.90%	\$67,865,824	\$7,410,321,604	0.92%

Data Compiled as of 12/16/05

Conclusions from Table 3 include:

1. For the two categories, Athletics and Co-Curricular and Extra-Curricular the proportion of fee revenues to expenditures increased each of the fiscal years reviewed.
2. The total fee revenues collected for all categories represent less than 1% of the total expenditures.
3. For each of the individual categories, Athletics and Co-Curricular and Extra-Curricular the percentage of fee revenue collected was approximately 20% of expenditures in fiscal year 2005.

Summary

The Minnesota Public School Fee Law authorizes public schools to establish fees for extra curricular, noncurricular and supplementary programs. The fees charged by school districts increased each fiscal year from 2002 to 2005. Total fees collected rose from \$46,783,473 in fiscal year 2002 to \$67,865,824 in fiscal year 2005, an increase of 45.06 percent. More than half of the increase for the four-year period occurred between FY 2002 and FY 2003, when fees increased by \$10.9 million, or 23.35 percent. Between FY 2003 and FY 2004, the increase was \$7.1 million, or 12.34 percent, and between FY 2004 and FY 2005, the increase was \$3.0 million, or 4.67 percent.

The increases over the four-year period varied among revenue categories and programs. When the increases are broken down by revenue category, Fees from Patrons increased by 53.36 percent, while Admission and Student Activity fees increased by 40.76 percent and Sales of Materials Purchased for Resale increased by 29.01 percent. When the increases are broken down by program, the largest increase occurred in transportation, where fees nearly doubled between FY 2002 and FY 2003.

Fees are a significant source of revenue for athletics and other co-curricular and extra-curricular programs, but still amount to less than one percent of total school district general fund expenditures. Between FY 2002 and FY 2005, total fees for all programs increased from 0.70 percent to 0.92 percent of total general fund expenditures. For athletics, fee revenues increased from 16.25 percent to 20.00 percent of expenditures between FY 2002 and FY 2005. For other co-curricular and extra-curricular activities, fee revenues increased from 12.87 percent to 19.76 percent of expenditures between FY 2002 and FY 2005. Fees for other areas represent less than 1 percent of related expenditures in both FY 2002 and FY 2005.