

June 2012

Major State Aids and Taxes
A Comparative Analysis

2009 Update

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2009 Update

This report presents a comparative analysis of the major state aids and taxes in Minnesota. This data has been distributed in various formats by House Research for many years, although many of the reports in earlier years contained significantly less information.

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Introduction

This report presents a comparative analysis of the major state aids and taxes in Minnesota. It is a reference document and is **NOT INTENDED** to be a complete list of all the aids and credits paid by the state and all the taxes collected by the state. The report contains data on:

- **Major State Aids** including education aid, human services aid, highway aid, local government aid (LGA), disparity reduction aid (DRA), county program aid, community corrections funding, property tax refund, and targeting.
- **Property Tax Data** including property tax levies by type of taxing district, miscellaneous property tax credits, property valuation data, and average tax rates.
- **Major State Taxes** including individual income tax, sales/use tax, motor vehicle sales tax, motor vehicle registration tax, motor fuels tax, corporate franchise (income) tax, and state property tax.

This report is divided into four major sections.

Section 1 discusses the state aids, property tax data, and state taxes and gives the assumptions and caveats for using the report. It contains current and historical data using graphs, maps, and tables in both total dollars and on a per capita basis.

Section 2 presents **STATEWIDE SUMMARY DATA**. A sample table with a general explanation introduces the section. The section contains the summary data for the most recent available year on the statewide totals and compares the metro and the nonmetro economic development regions to each other.

Section 3 compares aid and tax data for the most recent available year for each of the **13 ECONOMIC DEVELOPMENT REGIONS** to total statewide data.

Section 4 compares aid and tax data for the most recent available year for each **COUNTY** to total statewide data and to the economic development region in which the county is located.

1. Current and Historical Data

Section 1 contains the most recent available data for the major state aids, credits, and taxes and describes the programs under the general categories in the tables of this report. The assumptions and caveats for using the report are mentioned in this section. In addition to information from the most recent year, section 1 also contains historical information. The data is for a five-year time period.

Section 1 is divided into three parts:

- Major state aids
- Property tax data
- Major state taxes

Some of the data in this section are county level, while other tables and graphs are by region or groupings of regions. One table and one graph use northern and southern groupings of the 80 nonmetro counties. The groupings were selected for convenience, rather than for any specific analytical purpose. The northern and southern regions are grouped as follows:

Northern Regions

1	Northwest
2	Headwaters
3	Arrowhead
4	West Central
5	Five
7E	East Central

Southern Regions

6E	Six East
6W	Upper Minnesota Valley
7W	Central Minnesota
8	Southwest
9	Nine
10	Southeastern Minnesota

The seven metro counties are not included in either the northern or southern regions and are region 11.

A table on page 6 lists the 2009 county population estimates, which were used to calculate per capita amounts in the report. A map and accompanying table on pages 4 and 5 show the counties and the economic development regions.

The standard format for each aid or tax consists of four or five pages of information. The first page or two contains information for the latest available year, followed by two maps and a page with historical data.

Program Description: The first one to three pages provide a program description of the aid or tax. They also provide the statewide amount for the most recent available year, any relevant reporting information, and the source of the data. In some cases, summary tables itemizing the data in different ways (e.g., by program totals) are included. Any recent law changes that affect the program and are important in analyzing the data are noted on this page.

Maps: The next two pages contain maps showing the per capita distribution of the aid or tax by **county** for the most recent year and by **economic development region** (EDR) for the most recent year. 2009 population is used to calculate per capita amounts throughout this report, even if 2008 is the most recent year for which data for a particular aid or tax is available. The 2009 population estimates used in this report are from the Minnesota State Demographer.

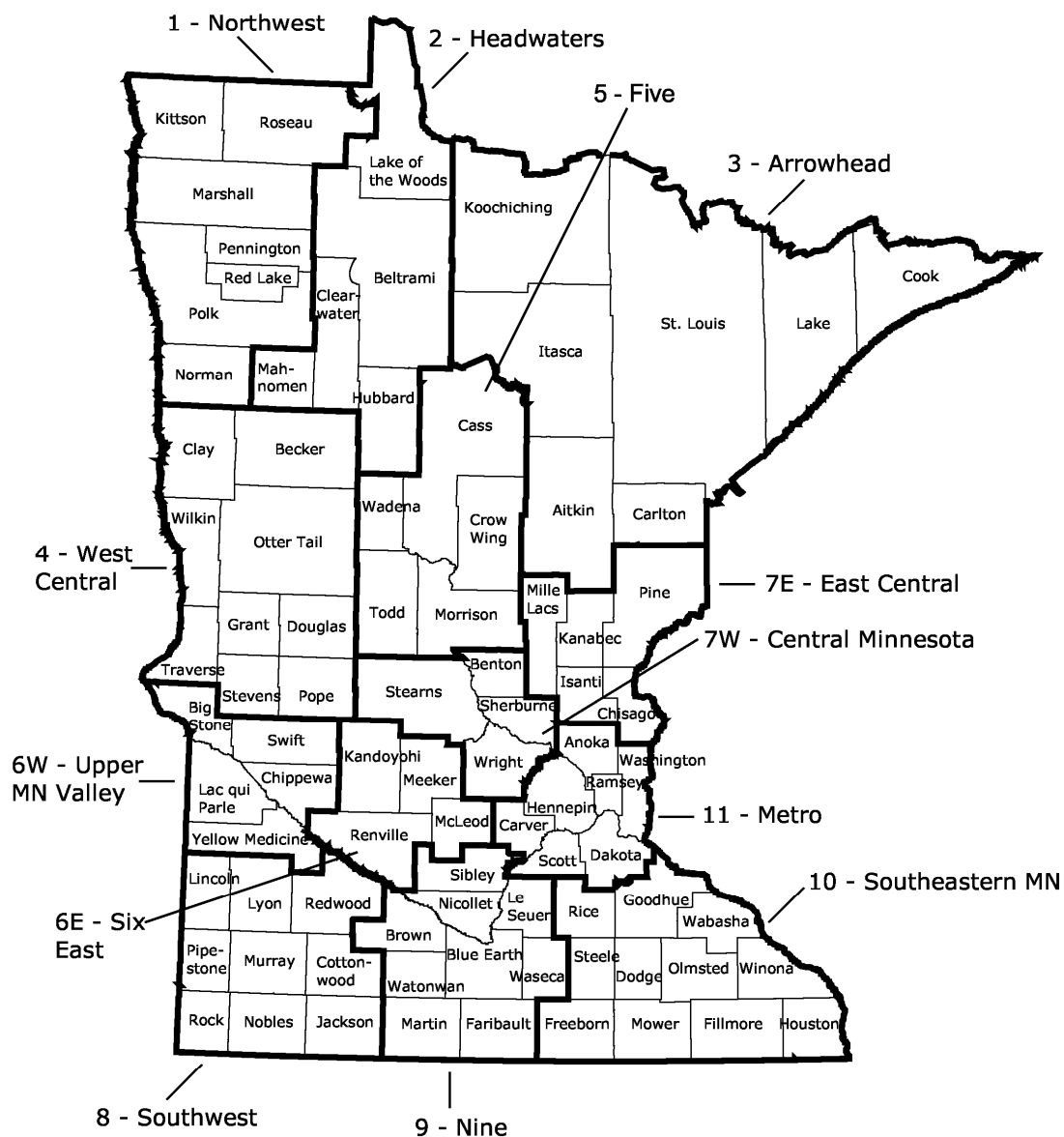
The counties were grouped by dividing the data range for each aid and tax into three to five segments. The map legend shows the size of the segments, the per capita amount received or paid by the average county or economic development region, the range from lowest to highest amount per capita, and the overall statewide per capita amount. In some cases, a small number of counties may have per capita aid or tax amounts much higher or lower than all other counties. For purposes of comparability, the groupings constructed on the county data ranges were also used for maps presenting data by economic development region.

All maps are on a per capita basis for comparability among counties. For some aids and taxes, however, other measures would probably be more appropriate. For example, a measure incorporating per pupil units could provide insight into the distribution of education aid. Construction of such measures on a county basis is beyond the scope of this report due to time and data limitations. Where appropriate, footnotes are provided suggesting alternatives.

Historical Data: The last page has a table containing the historical data for the state and the geographic areas of the state. The right-hand column shows a percentage change for the time period presented, calculated using current dollars (i.e., not adjusted for inflation). Hennepin and Ramsey counties are shown separately from the rest of the metro counties on this page because of their greater size, and because each contains a city of the first class.

At the bottom of this page is a statewide graph containing a trend of the data in current (actual) dollars and in constant (inflation-adjusted) dollars. This is the only place where amounts presented are adjusted for inflation.

Minnesota Counties and Economic Development Regions



Minnesota Counties by Economic Development Regions			
Region Number and Name	County	Region Number and Name	County
1-Northwest	Kittson Marshall Norman Pennington Polk Red Lake Roseau	7E-East Central	Chisago Isanti Kanabec Mille Lacs Pine
2-Headwaters	Beltrami Clearwater Hubbard Lake of the Woods Mahnommen	7W-Central Minnesota	Benton Sherburne Stearns Wright
3-Arrowhead	Aitkin Carlton Cook Itasca Koochiching Lake St. Louis	8-Southwest	Cottonwood Jackson Lincoln Lyon Murray Nobles Pipestone Redwood Rock
4-West Central	Becker Clay Douglas Grant Otter Tail Pope Stevens Traverse Wilkin	9-Nine	Blue Earth Brown Faribault LeSeuer Martin Nicollet Sibley Waseca Watonwan
5-Five	Cass Crow Wing Morrison Todd Wadena	10-Southeastern MN	Dodge Fillmore Freeborn Goodhue Houston Mower Olmsted Rice Steele Wabasha Winona
6E-Six East	Kandiyohi McLeod Meeker Renville		
6W-Upper MN Valley	Big Stone Chippewa Lac qui Parle Swift Yellow Medicine	11-Metro	Anoka Carver Dakota Hennepin Ramsey Scott Washington

The 2009 population estimates listed below, from the Minnesota State Demographer, are used to calculate the per capita amounts throughout the report, even though the most recent year for which data for a particular aid or tax is available may be 2008 or 2009.

<u>County name</u>	<u>Population</u>	<u>% State Total</u>	<u>County Name</u>	<u>Population</u>	<u>% State Total</u>
Aitkin	15,737	0.3%	Martin	20,429	0.4%
Anoka	335,308	6.3	Meeker	23,073	0.4
Becker	32,113	0.6	Mille Lacs	26,378	0.5
Beltrami	44,173	0.8	Morrison	32,722	0.6
Benton	40,145	0.8	Mower	38,105	0.7
Big Stone	5,327	0.1	Murray	8,410	0.2
Blue Earth	61,024	1.2	Nicollet	32,153	0.6
Brown	25,929	0.5	Nobles	20,402	0.4
Carlton	34,266	0.6	Norman	6,628	0.1
Carver	91,228	1.7	Olmsted	143,378	2.7
Cass	28,338	0.5	Otter Tail	56,556	1.1
Chippewa	12,388	0.2	Pennington	13,738	0.3
Chisago	50,489	1.0	Pine	28,308	0.5
Clay	56,763	1.1	Pipestone	9,339	0.2
Clearwater	8,232	0.2	Polk	30,817	0.6
Cook	5,441	0.1	Pope	10,922	0.2
Cottonwood	11,096	0.2	Ramsey	517,748	9.8
Crow Wing	62,370	1.2	Red Lake	4,157	0.1
Dakota	400,675	7.6	Redwood	15,518	0.3
Dodge	19,747	0.4	Renville	15,985	0.3
Douglas	36,333	0.7	Rice	63,408	1.2
Faribault	14,562	0.3	Rock	9,517	0.2
Fillmore	20,828	0.4	Roseau	15,921	0.3
Freeborn	31,035	0.6	St. Louis	196,036	3.7
Goodhue	45,898	0.9	Scott	130,953	2.5
Grant	5,849	0.1	Sherburne	88,122	1.7
Hennepin	1,168,983	22.1	Sibley	14,988	0.3
Houston	19,381	0.4	Stearns	148,671	2.8
Hubbard	18,753	0.4	Steele	36,792	0.7
Isanti	39,176	0.7	Stevens	9,648	0.2
Itasca	44,663	0.8	Swift	10,825	0.2
Jackson	10,775	0.2	Todd	23,864	0.5
Kanabec	16,063	0.3	Traverse	3,581	0.1
Kandiyohi	41,392	0.8	Wabasha	21,900	0.4
Kittson	4,475	0.1	Wadena	13,381	0.3
Koochiching	13,178	0.2	Waseca	18,989	0.4
Lac Qui Parle	7,213	0.1	Washington	236,917	4.5
Lake	10,853	0.2	Watsonwan	11,040	0.2
Lake of the Woods	3,903	0.1	Wilkin	6,419	0.1
Le Sueur	28,068	0.5	Winona	49,980	0.9
Lincoln	5,806	0.1	Wright	120,684	2.3
Lyon	24,964	0.5	Yellow Medicine	10,040	0.2
McLeod	37,058	0.7			
Mahnomen	5,025	0.1			
Marshall	9,477	0.2			

METRO	2,881,812	54.4%
NONMETRO	2,419,130	45.6%
STATE TOTAL	5,300,942	100.0%

Major State Aids

Education Aid

Program Description

Education aid is the total amount of state aid paid to school districts for all K-12 educational purposes. This amount includes state aid for general education, special education, transportation, community education, capital expenditure, secondary vocational, and other miscellaneous programs. About 84 percent of the total aid (including aid to charter schools) is general education aid.

Aid Amount and Reporting

2008/2009 Education Aid: \$6.7 billion

The total education aid for the 2008/2009 school year is \$6,740,999,829. This total includes \$323,047,334 that went to the 154 charter schools operating in the 2008/2009 school year. The amounts received by school districts for property tax credits (i.e., homestead market value credit, agricultural market value credit, taconite homestead credit, disparity reduction credit, etc.) are not included in this amount since they are itemized elsewhere in the report.

Education aid is paid to school districts, many of which operate in more than one county. This year's report uses a new method of assigning education aid to counties. Education aid paid to school districts that operate in more than one county is apportioned to the various counties based on each county's share of total residential market value in the school district. For example, if one-fifth of the residential market value of a school district is in County A, two-fifths in County B, and the remaining two-fifths in County C, then one-fifth of the school district's education aid is apportioned to County A, two-fifths to County B, and two-fifths to County C. Aid to charter schools is reported in the county in which each school is located. Appendix A lists education aid by school district for 2008/2009 and lists the counties in which each school district operates.

Previous years' reports allocated education aid to each school district's home county, that is, the county where the school district's administrative headquarters is located. For comparability across years, the historical data on page 12 for aid paid for the 2004/2005 school year through the 2007/2008 school year has been reapportioned using the new residential market value apportionment method.

The education aid total does not include \$22 million that went to colleges participating in the postsecondary enrollment options (PSEO) program in 2008/2009 and also does not include lesser amounts spent on intermediate school districts and educational cooperative districts,¹ and other providers.²

¹ An intermediate school district is an educational cooperative authorized by statute and voluntarily created by participating school districts. Intermediate school districts offer special education services, vocational services, alternative learning programs, and administrative services for member school districts. In 2008/2009 intermediate school districts received \$62 million in education aid, and cooperative school organizations received \$45 million in

Education aid by home county by school district was obtained from the Minnesota Department of Education.

Recent Law Changes

The state aid share of school district revenue that is promised to the school district through Minnesota's school finance formulas is called the "aid entitlement." This report shows the school state aid entitlement amounts for each district (these are listed in Appendix A). The amount actually paid to school districts by the state during each fiscal year is called the "appropriation." Since school districts use the accrual method of accounting, the full amount of the aid entitlement owed to the district for a fiscal year is booked by the school district as revenue for that year, regardless of when the state aid is actually received. The state, on the other hand, uses a cash-based system of accounting. As a result, the "cost" to the state of school aid is only the actual appropriation for a particular school year, not the aid entitlement.

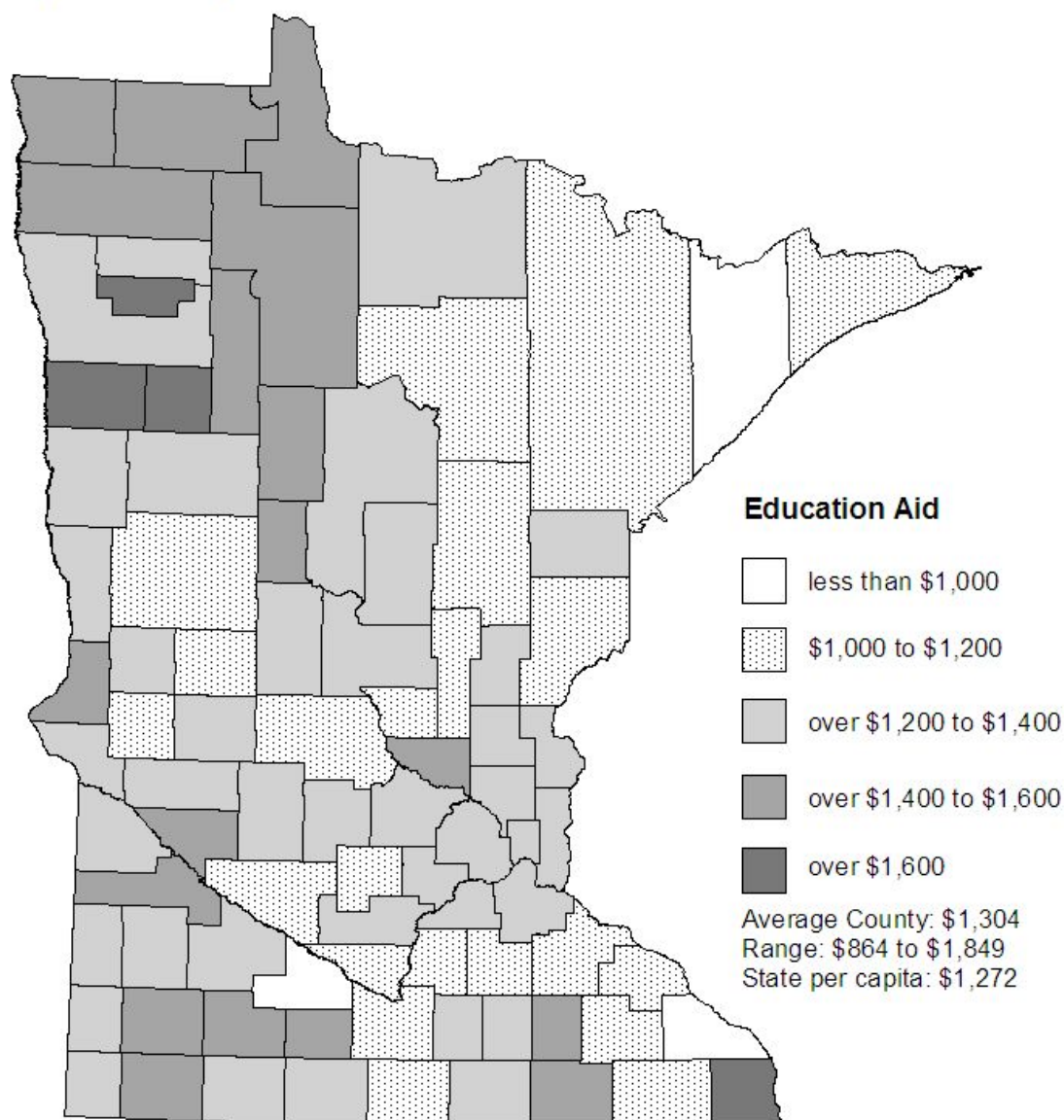
Payment shifts have been used to address state budget shortfalls since the early 1980s. Beginning in fiscal year 2010, the school aid payment shifts are reinstated and portions of school aid payments are delayed until the following fiscal year. The effects of the property tax recognition shift and the aid payment percentage shift are considerable. For state fiscal year 2011, the combined effect of the shifts saves the state general fund about \$1.9 billion by deferring a portion of the payment for school aids into the following fiscal year.

The amounts of school aid shown in this document are the state aid entitlements (the amount of state aid received by the school district for the relevant fiscal year). The property tax recognition shift and the aid payment shift have no effect on the amounts shown in this report.

aid. Some education aid amounts are paid directly to intermediate districts and cooperative school organizations that were previously paid to school districts and then transferred to the cooperative organizations. Beginning in the 2007/2008 school year, some special education aid began to be paid directly to intermediate districts, rather than paid through school districts, resulting in less aid to school districts and more to intermediate districts.

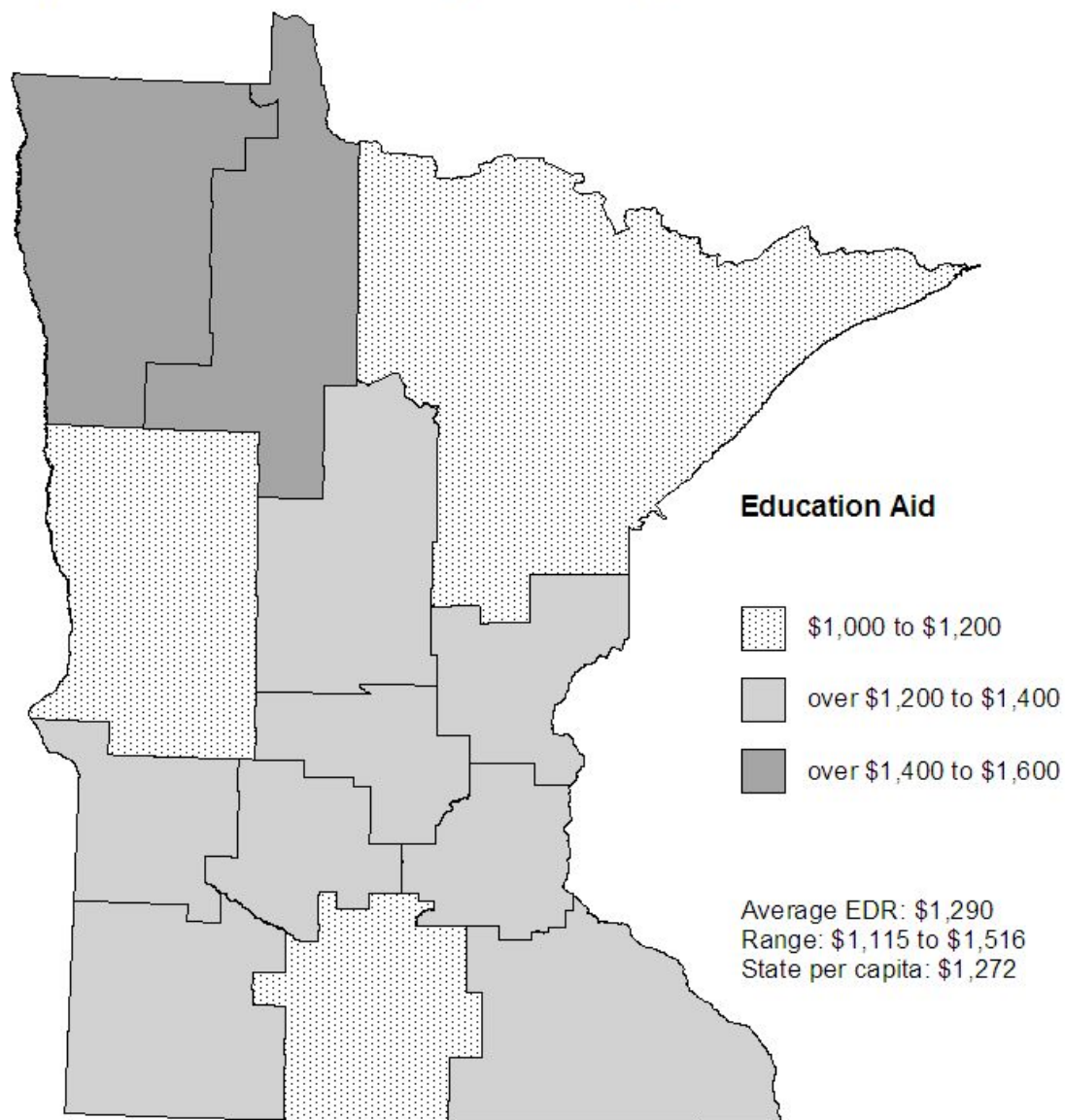
² In 2008/2009, \$1.5 million in aid went to four tribal contract schools, \$3 million to the Faribault Academies for the deaf and blind, and \$6 million to nonprofits operating adult basic education.

Education Aid per capita, 2008-2009 by County*



* Education aid is more often displayed on a per pupil basis (particularly since most education aids are generated on a per pupil basis). The data here is displayed on a per capita basis to remain consistent with other maps in this publication.

Education Aid per capita, 2008-2009 by Economic Development Region



The Past Five Years of Education Aid

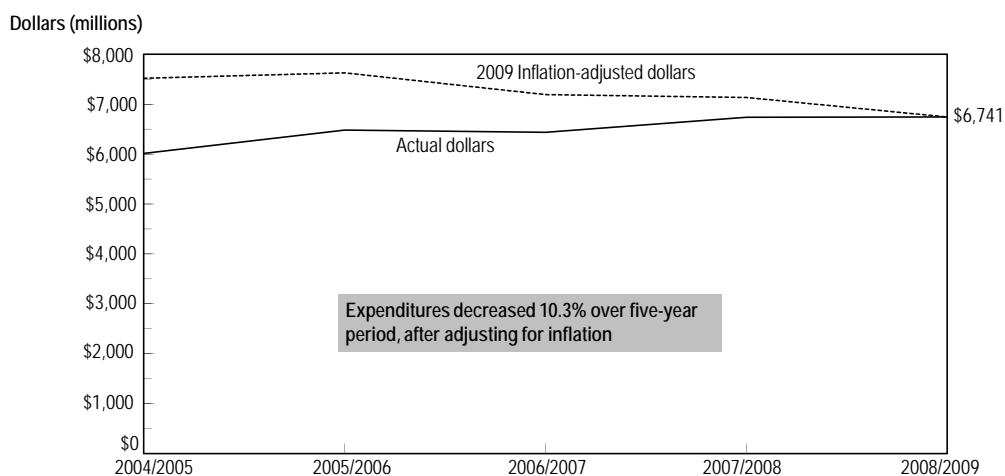
The table below shows the distribution of education aid in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of education aid for that same time period in current (actual) and constant (inflation-adjusted) dollars.

Education Aid: 2004/2005 School Year to 2008/2009 School Year

Current dollars, in thousands

	2004/2005	2005/2006	2006/2007	2007/2008	2008/2009	5-Yr. Chg.
State	\$6,008,542	\$6,477,913	\$6,433,214	\$6,732,188	\$6,741,000	12%
Northern Regions						
Northwest (1)	116,101	121,094	123,012	125,978	124,937	8
Headwaters (2)	112,560	115,335	117,290	121,723	121,417	8
Arrowhead (3)	341,253	350,720	354,385	366,312	364,734	7
West Central (4)	243,421	255,070	253,864	259,950	259,577	7
Five (5)	196,447	206,578	203,476	212,860	209,864	7
East Central (7E)	179,768	191,407	192,293	200,353	198,318	10
Southern Regions						
Six East (6E)	139,455	147,079	146,512	150,253	148,861	7
Upper MN Valley (6W)	61,703	62,686	62,825	65,145	63,471	3
Central MN (7W)	421,803	460,340	468,947	495,273	499,608	18
Southwest (8)	145,280	149,832	150,884	158,379	160,731	11
Nine (9)	233,956	247,467	244,104	253,748	253,383	8
Southeastern MN (10)	527,587	565,198	560,638	584,894	589,531	12
Total Nonmetro	\$2,719,335	\$2,872,805	\$2,878,229	\$2,994,867	\$2,994,430	10%
Metro Region						
Hennepin County	1,269,683	1,387,476	1,358,276	1,435,626	1,429,970	13
Ramsey County	648,239	699,664	688,724	711,251	721,013	11
Remaining Metro	1,371,285	1,517,968	1,507,984	1,590,445	1,595,586	16
Total Metro	\$3,289,208	\$3,605,108	\$3,554,985	\$3,737,322	\$3,746,570	14%

Statewide Education Aid



Human Services Aid

Program Description

Human services aid is the total amount of state aid for human services programs, including all income maintenance and social service programs. Although the federal government and the counties contribute money to programs in varying degrees, the amounts in this report reflect only the **state's share** of the human services costs.

Aid Amount and Reporting

2009 Human Services Aid: \$4.3 billion

The state's share of the human services expenditures for calendar year 2009 is \$4,323,012,516.

Type of Program	Amount	Percent
Medical Assistance	\$2,629,785,989	60.8%
Minnesota Family Investment Program (MFIP)	95,599,125	2.2
General Assistance (GA)	45,055,003	1.0
General Assistance Medical Care (GAMC)	313,735,427	7.3
Social Services (including CSSA)	1,096,944,019	25.4
Miscellaneous:		
Minnesota Supplemental Assistance	32,099,073	0.7
Group Residential Housing	105,247,705	2.4
Food Stamp Delivery	501,372	0.0
Title IV Child Support	4,044,803	0.1
Total	\$4,323,012,516	100.0%

State MFIP spending shown in this report is before offsetting any current year child support collections applied against current and prior years' MFIP payments. In calendar year 2009, MFIP spending in Minnesota totaled \$332.5 million (\$262.4 million federal, \$95.6 million state, \$27.1 million county), and offsetting child support collections totaled \$52.7 million.

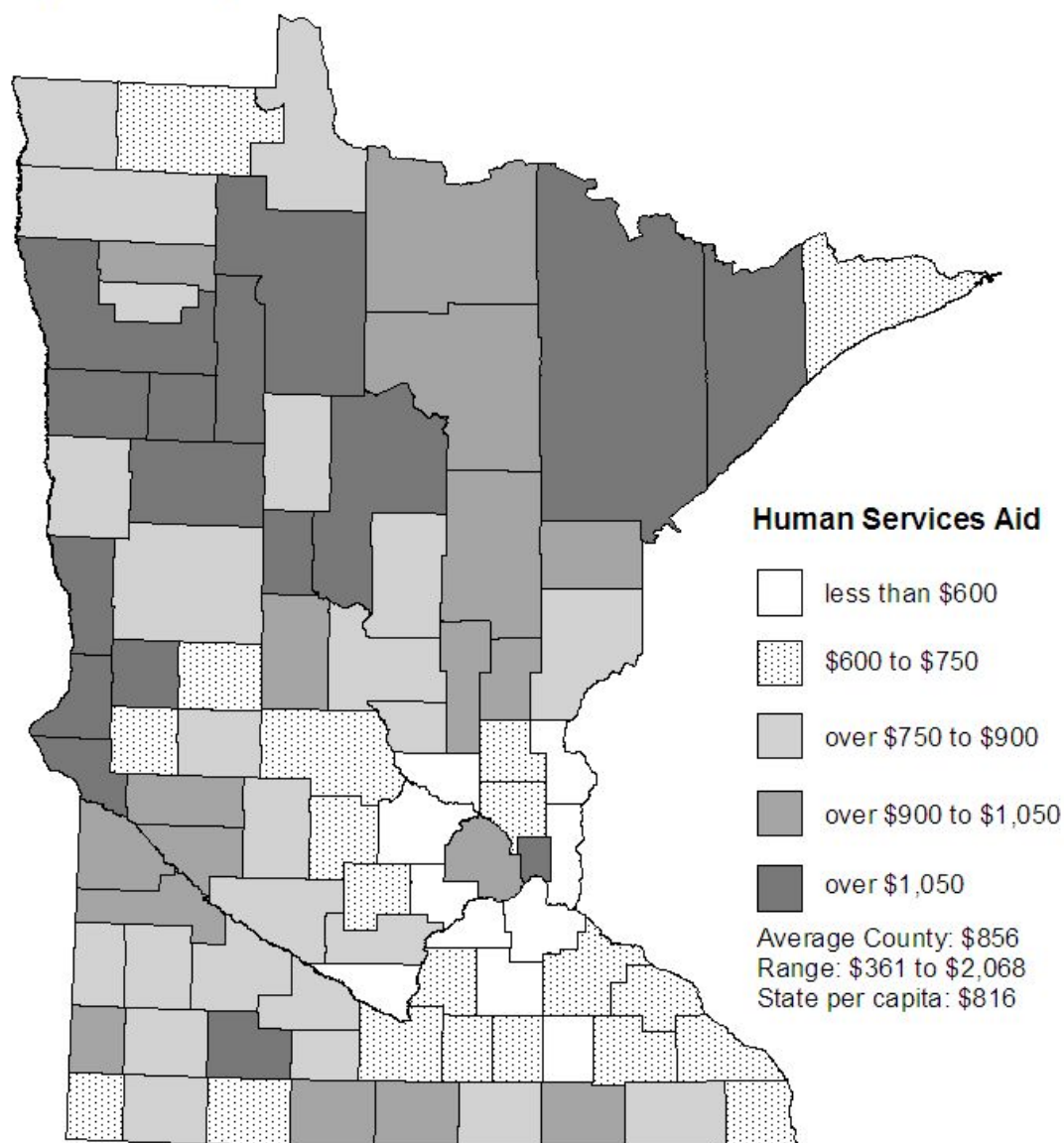
The human services amounts are not available by county in two cases:

- Region VIII N—Lincoln, Lyon, and Murray
- Human Service Board—Faribault and Martin

In these two groups, human services aid is administered through a "home" county: Lyon in Region VIII N and Faribault in the Human Service Board. The total human service amount for Region VIII N is \$33.3 million and for the Human Service Board, \$32.5 million. An estimated amount based on population for the five counties appear in the county tables.

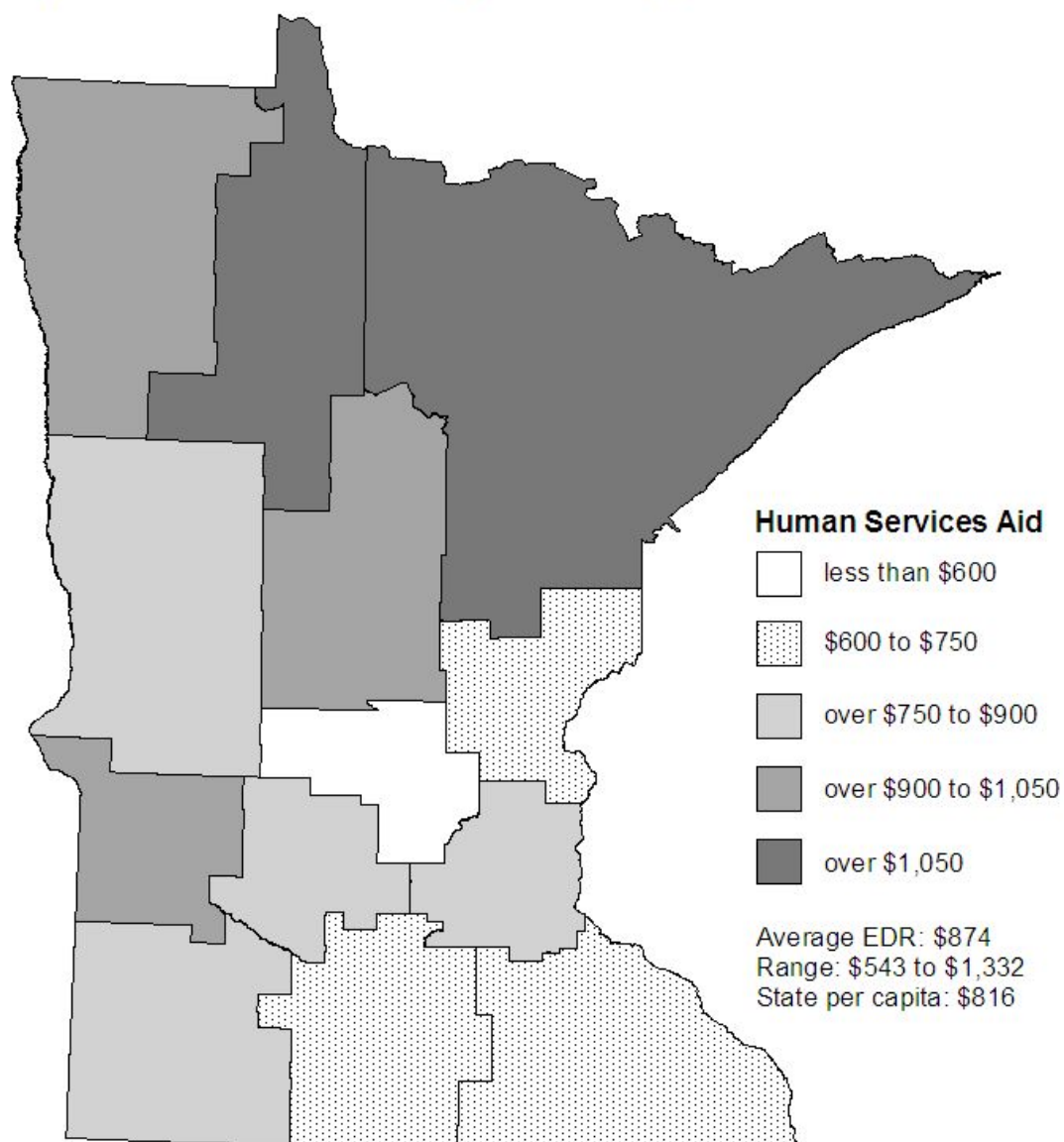
Human services aid data was obtained from the Department of Human Services, Financial Management Division.

Human Services Aid per capita, 2009 by County*



* Although it may be more appropriate to display this information on a per case basis, aggregating cases across program types presents methodological difficulties. Rather, population, which is a standard measure, is used.

Human Services Aid per capita, 2009 by Economic Development Region



The Past Five Years of Human Services Aid

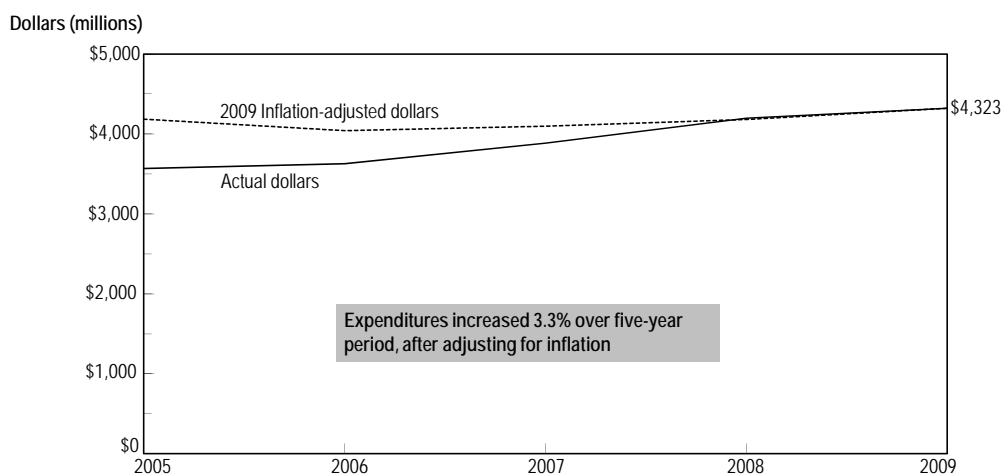
The table below shows the distribution of human services aid in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of human services aid for that same time period in current (actual) and constant (inflation-adjusted) dollars.

Human Services Aid: Calendar Years 2005 to 2009

Current dollars, in thousands

	2005	2006	2007	2008	2009	5-Yr. Chg. Aid
State	\$3,569,114	\$3,628,654	\$3,885,199	\$4,195,991	\$4,323,013	21%
Northern Regions						
Northwest (1)	77,549	76,485	80,716	84,113	84,188	9
Headwaters (2)	79,759	82,745	89,418	102,773	106,699	34
Arrowhead (3)	303,236	300,442	315,905	334,445	339,090	12
West Central (4)	167,998	169,266	177,641	188,208	191,432	14
Five (5)	128,040	130,471	136,870	142,988	147,721	15
East Central (7E)	97,912	101,407	105,911	115,107	119,181	22
Southern Regions						
Six East (6E)	79,564	79,626	83,889	90,095	90,237	13
Upper MN Valley (6W)	43,299	42,565	44,237	46,573	45,757	6
Central MN (7W)	169,766	174,751	188,726	206,985	215,981	27
Southwest (8)	89,223	89,362	95,136	99,425	101,674	14
Nine (9)	148,406	151,695	157,874	166,950	167,167	13
Southeastern MN (10)	295,258	296,339	315,931	337,458	338,849	15
Total Nonmetro	\$1,680,011	\$1,695,154	\$1,792,253	\$1,915,122	\$1,947,977	16%
Metro Region						
Hennepin County	951,760	976,365	1,053,404	1,134,009	1,183,233	24
Ramsey County	473,288	477,120	507,261	556,440	583,962	23
Remaining Metro	464,057	480,014	532,281	590,419	607,841	31
Total Metro	\$1,889,104	\$1,933,499	\$2,092,946	\$2,280,869	\$2,375,036	26%

Statewide Human Services Aid



Highway Aid

Program Description

Highway aid is the total amount of state aid distributed to counties, cities, and towns for highway purposes. It includes three basic types of aid: (1) amounts distributed according to constitutional formula to all counties and eligible cities; (2) amounts distributed to counties, cities, and towns from state bond proceeds; and (3) amounts distributed to towns for town roads and bridges. The sources of these funds are the Highway User Tax Distribution Fund (from a portion of the motor fuels tax, motor vehicle registration tax, and motor vehicle sales tax revenues) and proceeds from state bonds.

Aid Amount and Reporting

2009 Highway Aid: \$579.7 million

The total state highway aid paid in calendar year 2009 to the counties, cities (i.e., municipal), and towns is shown below by category. Bridge bond funding amounts are the totals awarded during 2009 and funded as of December 2011.

Type of Highway Aid		Amount		Total
County Aid	County State Aid	\$383,265,770	County	\$426,714,168
	County Bridge Bond Funding	34,847,119		
	Local Road Bond Funding	<u>8,601,279</u>		
Municipal Aid	Municipal State Aid	\$121,761,231	Municipal	\$123,304,702
	Municipal Bridge Bond Funding	<u>1,543,471</u>		
Township Aid	Town Road Account	\$21,537,401	Township	\$29,730,184
	Town Bridge Account ³	7,908,816		
	Town Bridge Bond Funding	<u>283,967</u>		
		Total Highway Aid		\$579,749,054

The county and municipal turnback account money (excluding the money in the town road and town bridge accounts shown above) is **not** included in the above totals. In 2009, the state allocated approximately \$19.9 million to the county turnback account and \$2.8 million to the municipal turnback account. Counties and municipalities use this money to maintain former state highways that have been “turned back” to counties and municipalities. In 2009,

³ The Department of Transportation sets aside a portion of Town Bridge Account funding for flexible distribution as needed throughout the state. Amounts in this special Town Bridge Account are not always spent within the calendar year and are not included in this report.

disbursements of \$34.9 million to counties and \$5.2 million to municipalities from the turnback accounts were used for maintenance. The amount spent in each county is not readily available.

Highway aid data was obtained from the Department of Transportation.

Recent Law Changes

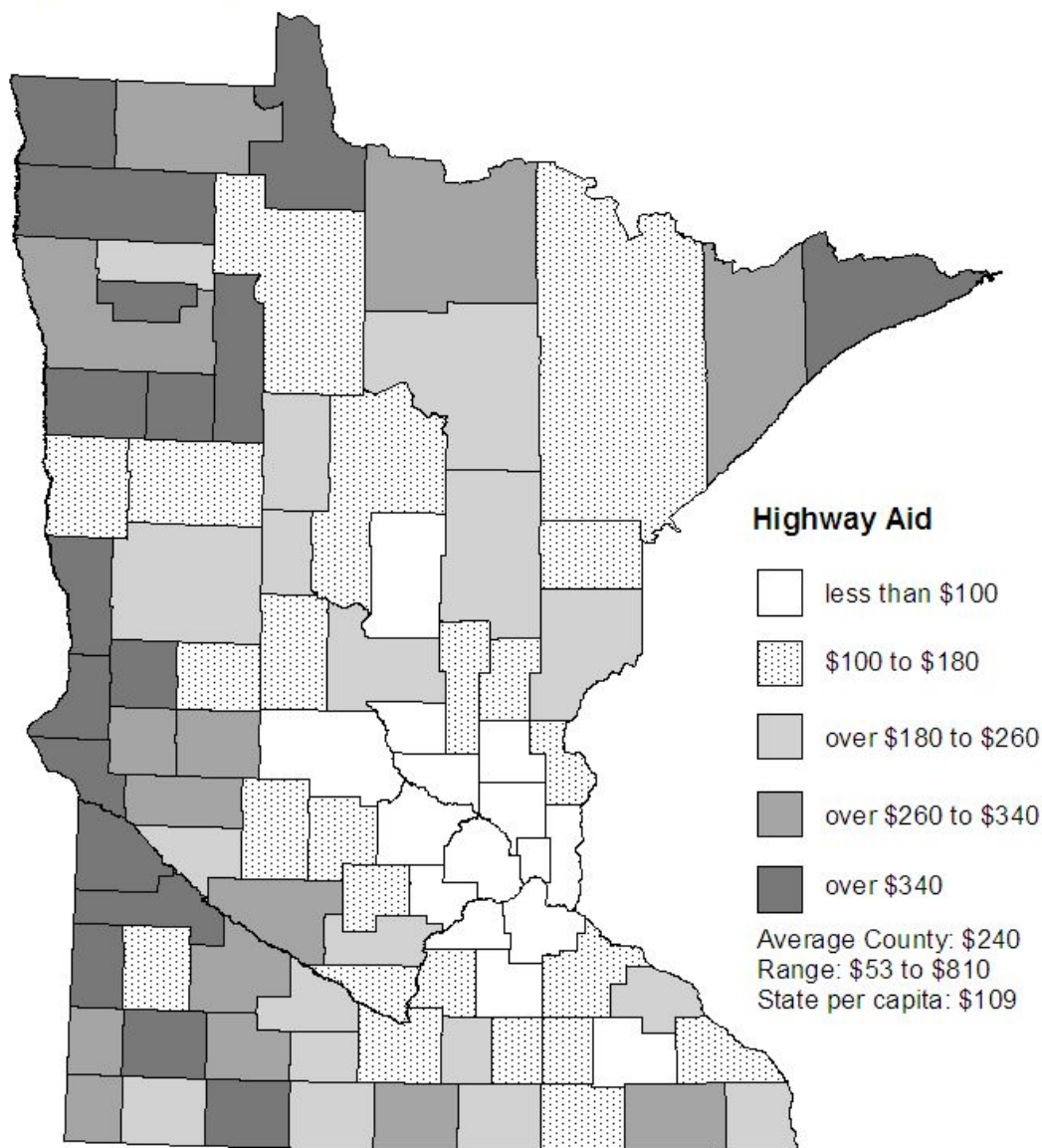
The 2008 Legislature made two basic changes (effective July 1, 2009) to the allocation of flexible highway account funds. It:

- (1) reallocated a portion of the funds to metropolitan area counties, and
- (2) modified allowable uses of the funds to:
 - eliminate funds for the trunk highway system,
 - allow funds to be used for “safety improvements on county highways, municipal highways, streets, or town roads,” and
 - allow funds to go to routes of regional significance.

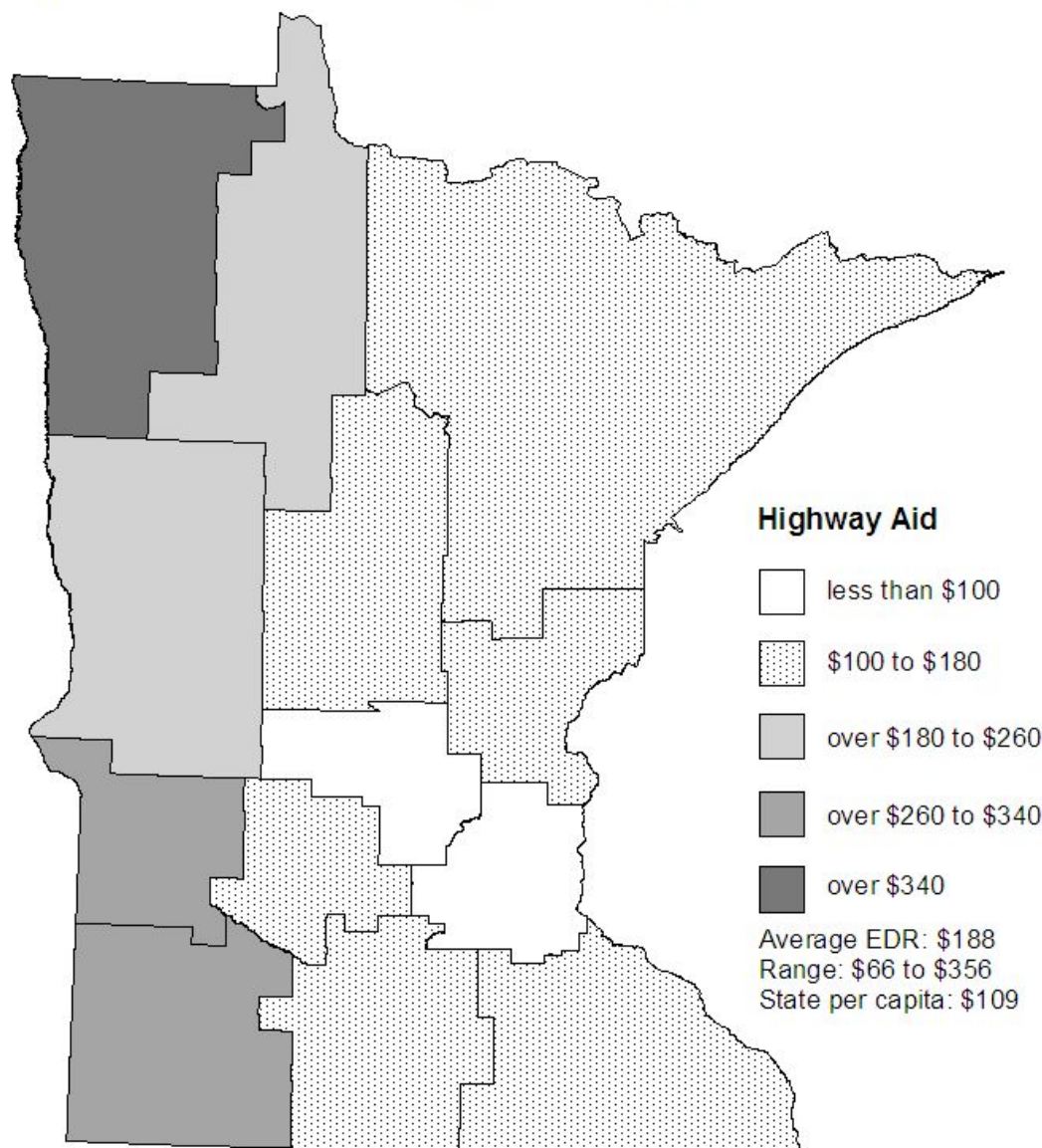
Also in 2008, the legislature:

- (1) modified the mechanism for distributing aid to counties by establishing a second formula to allocate a portion of Highway User Tax Distribution Fund revenues; and
- (2) authorized \$10 million in local road bonding. Most of this bonding was allocated in 2009. \$84,388 was allocated in 2008; the historical table on page 22 has been corrected to include this amount. About \$500,000 remains available to be allocated as of January 2012.

Highway Aid per capita, 2009 by County



Highway Aid per capita, 2009 by Economic Development Region



The Past Five Years of Highway Aid

The table below shows the distribution of highway aid in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of highway aid for that same time period in current (actual) and constant (inflation-adjusted) dollars.

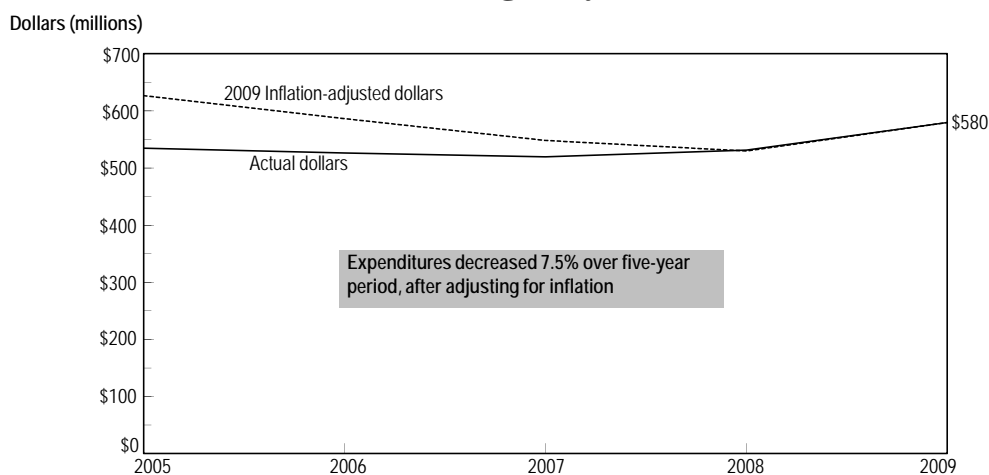
Highway Aid: Calendar Years 2005 to 2009

Current dollars, in thousands

	2005	2006*	2007	2008	2009	5-Yr. Chg. Aid
State	\$534,716	\$526,472	\$519,681	\$531,678	\$579,749	8%
Northern Regions						
Northwest (1)	31,674	31,654	30,938	32,070	30,317	-4
Headwaters (2)	16,665	16,753	16,532	16,974	17,924	8
Arrowhead (3)	52,498	56,570	52,638	53,740	54,689	4
West Central (4)	41,638	39,757	39,563	41,316	40,357	-3
Five (5)	20,795	20,251	21,015	22,015	23,030	11
East Central (7E)	19,385	19,786	18,839	19,386	21,303	10
Southern Regions						
Six East (6E)	17,443	17,676	17,548	18,115	18,772	8
Upper MN Valley (6W)	15,232	15,444	16,185	15,400	14,984	-2
Central MN (7W)	41,034	26,086	26,874	28,763	30,919	-25
Southwest (8)	33,800	33,652	33,573	33,306	33,591	-1
Nine (9)	38,045	38,953	37,444	38,688	40,879	7
Southeastern MN (10)	57,882	60,586	61,414	59,908	61,858	7
Total Nonmetro	\$386,089	\$377,168	\$372,563	\$379,680	\$388,623	1%
Metro Region						
Hennepin County	59,219	58,535	56,840	59,565	84,800	43
Ramsey County	25,844	25,985	25,402	26,167	30,036	16
Remaining Metro	63,563	64,783	64,876	66,266	76,290	20
Total Metro	\$148,627	\$149,303	\$147,118	\$151,999	\$191,126	29%

* The Department of Transportation revised data for 2006 Highway Aid. The historical table amounts for 2006 reflect the revisions.

State Highway Aid



Local Government Aid (LGA)

Local government aid (LGA) is a state program that provides property tax relief by giving general purpose financial support to cities. “Ability to pay” and “need” are the measures used in the formula. Ability to pay is the city’s adjusted net tax capacity for all cities, regardless of population.

- For cities with population of 2,500 or more, need is determined by five characteristics: population decline, age of the housing stock, if the city is in the seven-county metro area, average number of vehicular accidents over the most recent three-year period, and household size.
- For cities with population less than 2,500, need is determined by population decline, age of housing stock, percent of the property in the city classified as commercial or industrial, and a population adjustment factor.

Additional aid is also given to cities with a population less than 5,000 based on population, and to cities with a population of 5,000 or more based on the ratio of jobs to population in the city.

Aid Amount and Reporting

2009 Local Government Aid: \$481.5 million, after \$44.6 million reduction

The 2009 certified LGA total was \$526.1 million. Gov. Tim Pawlenty unallotted \$44.6 million of the December 2009 share of the LGA payment. This unallotment was later ratified by the legislature during the 2010 special session. Net 2009 LGA distributed to cities was \$481.5 million.

LGA data was obtained from the Department of Revenue.

Law Changes

Below is an overview of the changes made to city LGA.

City LGA

2004 aid changes:

- The city LGA program’s appropriation was permanently reduced to about \$437 million for calendar year 2004 and future years. The automatic growth in the appropriation was eliminated.
- Most of the guaranteed (grandfathered) portion of LGA was eliminated and all but \$26.6 million of the appropriation was distributed via a new LGA formula. However, increases and decreases in payments to individual cities in any year were capped to allow a gradual phase-in of redistribution under the new formula.

- The new LGA formula had an updated measure of city “need” for cities with a population of 2,500 or more. Beginning with calendar year 2005 aids, the measure of a city’s “ability to raise revenue” was modified to include revenues from taconite aids.

2006 aid changes:

- Beginning with 2006 aids, the annual LGA appropriation was permanently increased by \$48 million, to \$485,052,000.
- Beginning with 2006 aids, cities with a population less than 5,000 get additional aid of \$6 per capita.
- Beginning with 2006, the taconite aid received by the cities of Babbitt, Eveleth, Hibbing, Keewatin, Mountain Iron, Silver Bay, and Virginia are not used to calculate the “ability to raise revenue” for those cities.

2008 aid changes:

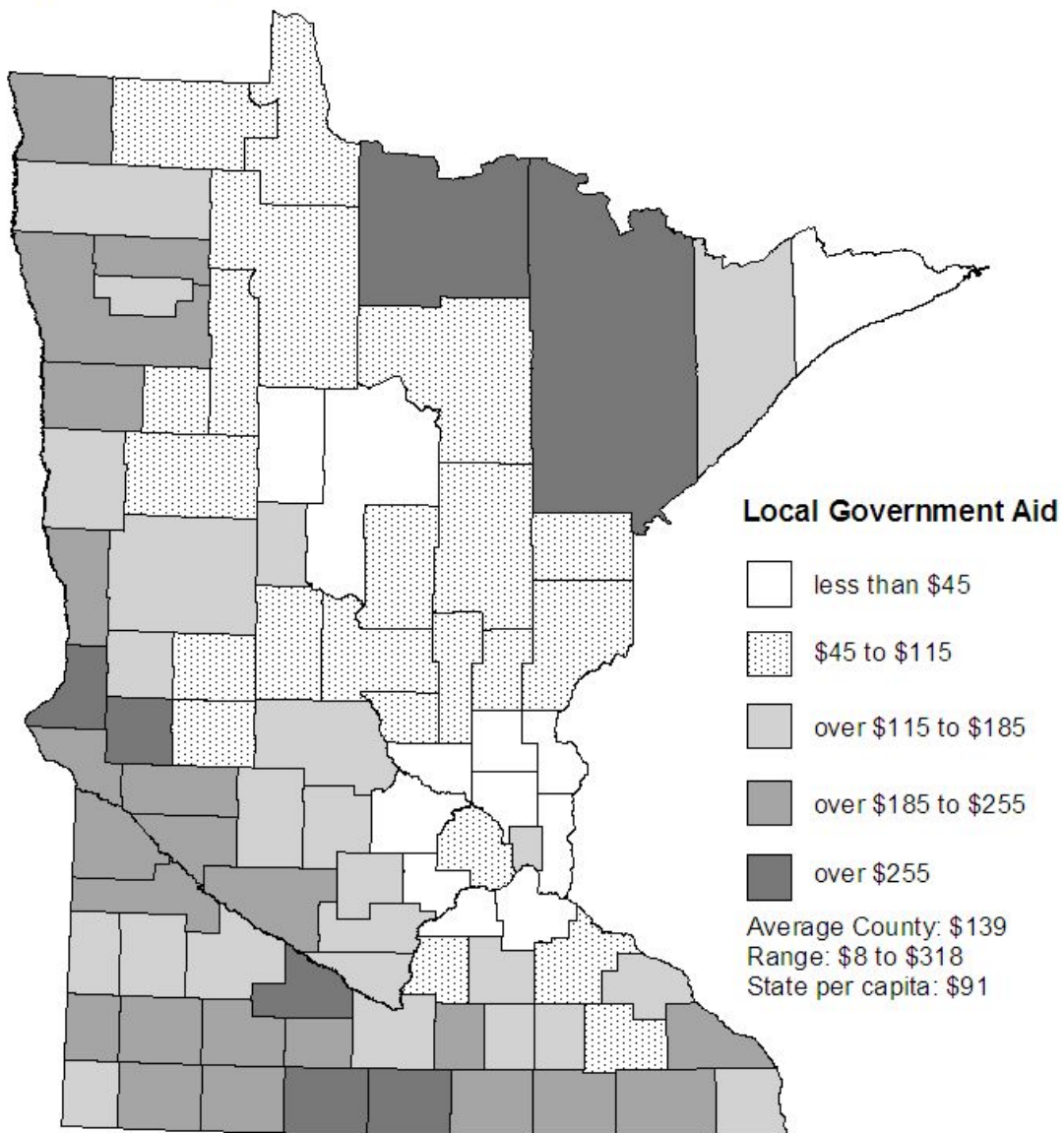
The December 2008 LGA payments were reduced by \$53.5 million due to Gov. Pawlenty’s unallotment.

2009 aid changes:

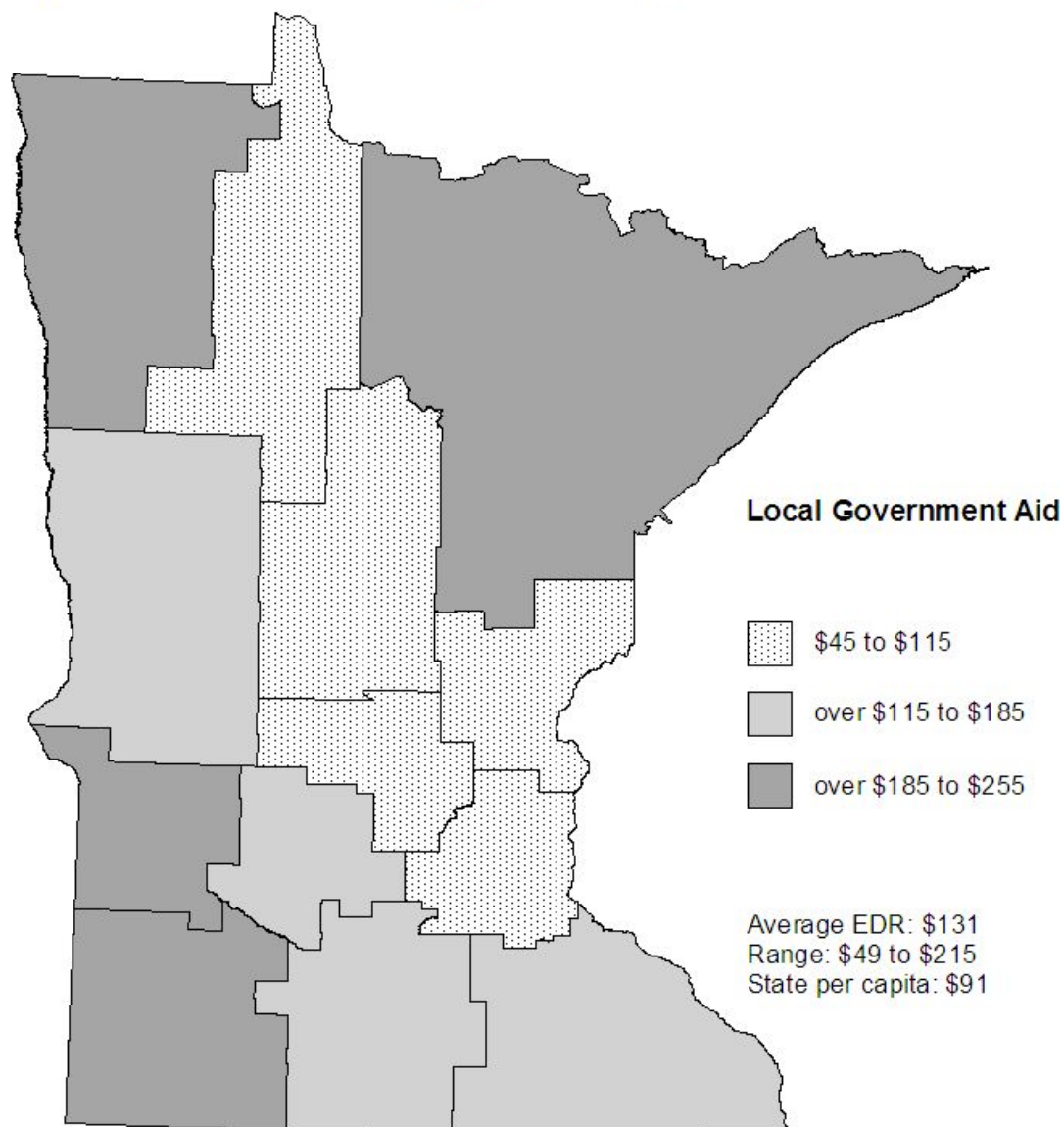
In response to criticism that the LGA formula was (1) too volatile, (2) didn’t recognize needs of certain cities, and (3) was underfunded, the 2008 Legislature modified the program as follows, with the changes taking effect in 2009:

- Beginning with 2009 aids, maximum annual reductions to individual cities were lowered to limit volatility.
- Beginning with 2009 aids, the extra aid to cities with a population less than 5,000 was increased from \$6 per capita to \$8.50 per capita but moved from the city aid base and included in the LGA formula. A new aid for cities with 5,000 or more in population was added to the formula, based on a city’s jobs per capita. A city’s small city aid or city jobs aid is reduced if its “need” is less than its “ability to pay” measure.
- Beginning with 2009 aids, taconite aid was removed from the “ability to pay” measure for all cities.
- Beginning with 2010 aids, volatility is further reduced by (1) using data available as of January 1 of the year in which the aid is certified to calculate need, and (2) using the average of two years of “unmet need” (need minus ability to raise revenue) to calculate aid each year.
- The LGA appropriation was increased to \$526 million for 2009, by an additional 2 percent in 2010, and another 4 percent in 2011. These increases were subsequently eliminated due to unallotment and legislative action in 2009 and 2010.

Local Government Aid per capita, 2009 by County



Local Government Aid per capita, 2009 by Economic Development Region



The Past Five Years of Local Government Aid

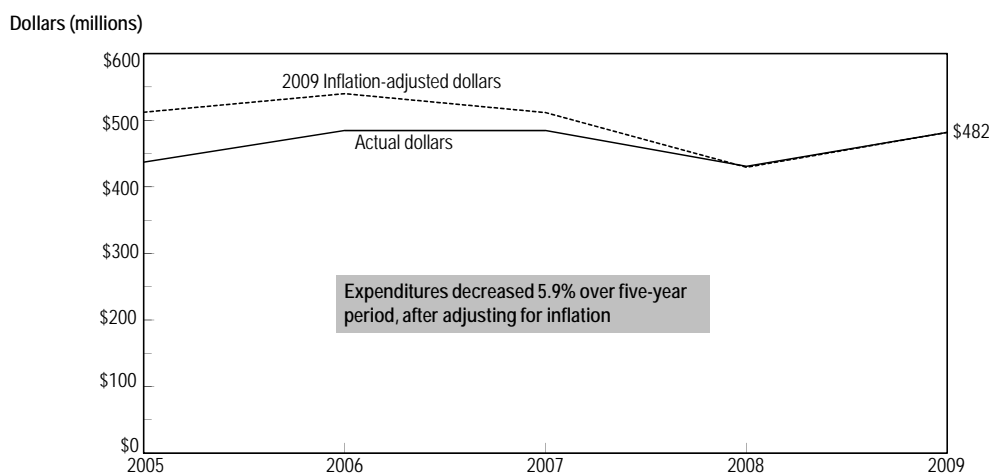
The table below shows the distribution of LGA in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of LGA for that same time period in current (actual) and constant (inflation-adjusted) dollars.

Local Government Aid: Calendar Years 2005 to 2009

Current dollars, in thousands

	2005	2006	2007	2008	2009	5-Yr. Chg. Aid
State	\$436,718	\$484,558	\$484,558	\$430,639	\$481,522	10%
Northern Regions						
Northwest (1)	12,977	14,172	15,065	14,540	15,976	23
Headwaters (2)	5,557	6,015	5,820	5,075	5,420	-2
Arrowhead (3)	59,203	62,117	64,152	61,284	68,825	16
West Central (4)	25,091	27,573	27,904	25,201	27,565	10
Five (5)	12,291	13,449	13,624	12,685	13,731	12
East Central (7E)	6,519	7,786	7,956	6,753	7,791	19
Southern Regions						
Six East (6E)	15,005	16,847	17,200	15,329	16,367	9
Upper MN Valley (6W)	8,748	9,531	9,775	8,959	9,431	8
Central MN (7W)	23,611	27,038	26,456	22,460	24,726	5
Southwest (8)	19,861	21,910	22,714	21,323	22,534	13
Nine (9)	36,494	40,244	41,244	38,711	41,981	15
Southeastern MN (10)	59,735	64,824	65,548	59,338	64,114	7
Total Nonmetro	\$285,093	\$311,506	\$317,458	\$291,658	\$318,460	12%
Metro Region						
Hennepin County	86,496	99,735	91,446	75,242	88,082	2
Ramsey County	54,761	61,883	63,053	54,683	63,183	15
Remaining Metro	10,367	11,433	12,602	9,055	11,797	14
Total Metro	\$151,625	\$173,052	\$167,101	\$138,980	\$163,062	8%

Statewide Local Government Aid



Disparity Reduction Aid (DRA)

Program Description and Aid Amount and Reporting

2009 Disparity Reduction Aid: \$18.0 million

Disparity reduction aid is a state aid program that distributed \$18,069,289 to counties, towns, and school districts in 2009. The aid is directed to taxing jurisdictions in areas that had inordinately high tax rates in the base year of 1988. The basis for computing the aid amount is the relationship of the area's 1988 tax rate to a benchmark tax rate of 100 percent of tax capacity.

Since its origination in 1989, the amount of aid distributed under this program has significantly decreased from approximately \$63 million to its current level of \$18 million. Generally, the decrease has been the result of changes made in the property tax system over that period. Disparity reduction aid has been partially incorporated into other aid programs, and in some cases, it has been reduced due to changes in the underlying composition of the tax base. Nevertheless, the underlying formula for determining the amount of aid for each area is still based on tax base calculations originating in 1988, and jurisdictions that did not qualify for aid in the initial year have never been able to qualify for it in a later year.

Disparity Reduction Aid: 2009

		Amount (thousands)	Percent of Total
Northern Regions	Northwest (1)	\$585	3.2%
	Headwaters (2)	261	1.4
	Arrowhead (3)	10,377	57.4
	West Central (4)	316	1.7
	Five (5)	351	1.9
	East Central (7E)	140	0.8
Southern Regions	Six East (6E)	365	2.0
	Upper MN Valley (6W)	626	3.5
	Central MN (7W)	154	0.8
	Southwest (8)	898	5.0
	Nine (9)	847	4.7
Total Nonmetro		\$16,704	92.4%
Metro Region	Hennepin County	740	4.1
	Ramsey County	593	3.3
	Remaining Metro	32	0.2
Total Metro		\$1,365	7.6%
State Total		\$18,069	100.0%

County Program Aid

Program Description

One-half of the funding for county program aid is distributed based on each county's relative shares of (1) persons receiving food stamps, (2) age-adjusted population (population weighted more heavily for the number of persons over age 65), and (3) the reported number of Part I (serious) crimes. The other half is distributed based on a formula that takes into account each county's population and its property wealth. This distribution encompasses some of the distribution factors from the four programs that county program aid replaced in 2004: homestead and agricultural aid credit (HACA, including manufactured housing HACA), county criminal justice aid, family preservation aid, and attached machinery aid.

Aid Amount and Reporting

2009 County Program Aid: \$194.3 million, after \$33.0 million unallotment

The total amount of county program aid certified for taxes payable in 2009 was \$227.3 million. The certified amount was reduced by unallotment of \$33 million, with the net aid paid totaling \$194.3 million. This total is after subtraction of \$500,000 to pay for court-ordered counsel and \$214,000 to pay for preparation of local impact notes. It also excludes onetime supplemental aid of \$100,000 paid to Pine County and \$500,000 of additional aid paid to Beltrami County, which was in addition to the aid appropriation for the year.

The county program aid data was obtained from the Department of Revenue.

Recent Law Changes

In the 2003 legislative session, county general-purpose aids were restructured into a single program called county program aid. County program aid replaced four individual aid programs:

- **Homestead and agricultural credit aid (HACA)** was a state aid program that originated in 1990 to compensate taxing jurisdictions for major structural changes in the property tax base made in 1988 and 1989. From 1990 through 2001, county government HACA payments increased modestly each year based on the county's growth in number of households; in addition, HACA payments were permanently increased in some years to compensate counties for legislatively determined tax base reductions. In some years, HACA payments were permanently reduced when the state took over certain local government financing responsibilities (such as court financing). In its last year of full funding (2002), the total amount of county HACA payments statewide was \$204.8 million.
- **County criminal justice aid (CCJA)** was a state aid to county governments originated in 1993 to reduce the reliance of criminal justice and corrections programs on property taxes. One-half of the aid was distributed to each county based on the county's

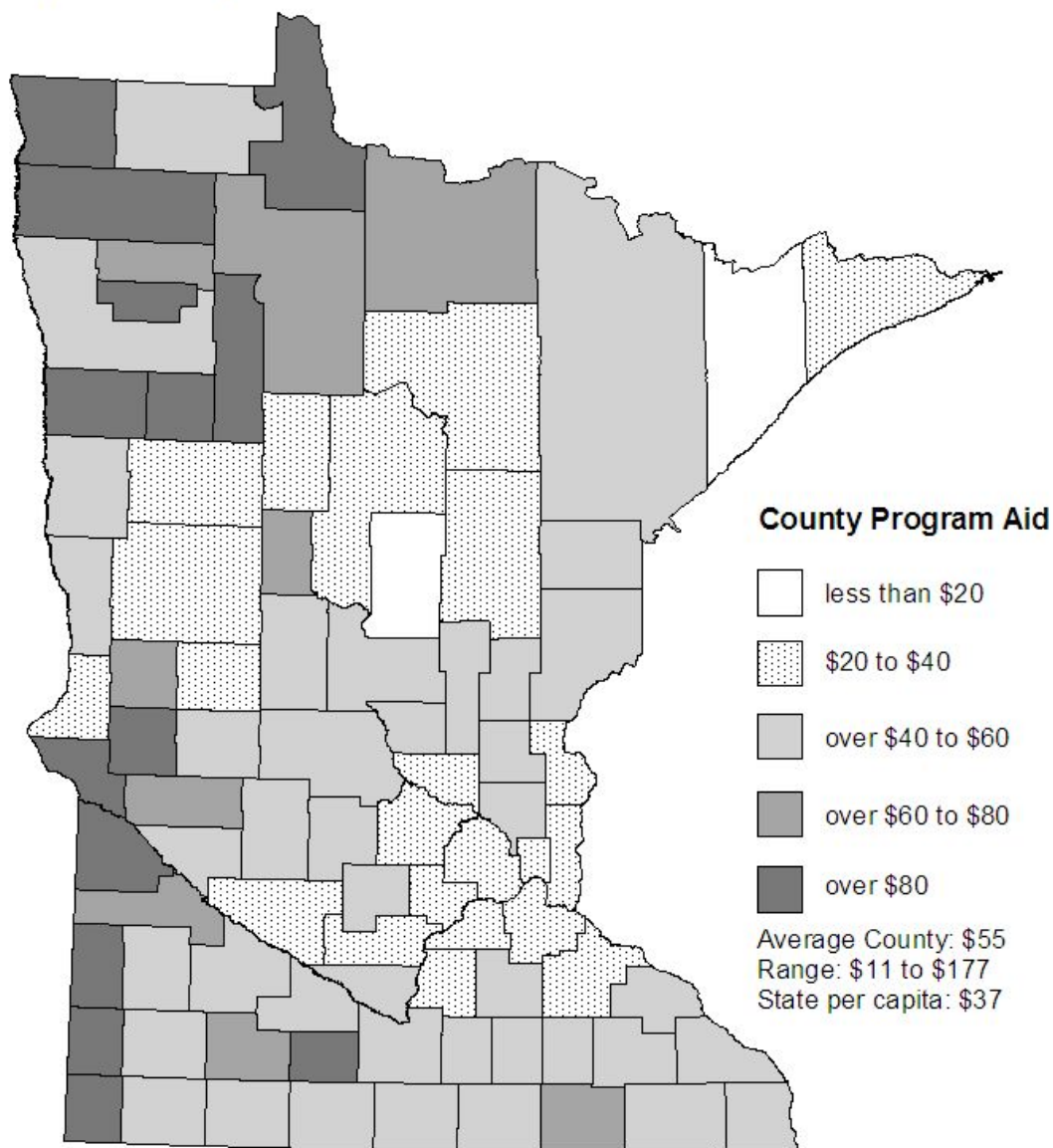
population; the other half was distributed to each county based on the reported number of serious (“Part I”) crimes committed in the county. The appropriation for CCJA increased each year based on the rate of inflation. In its last year of full funding (2002), the total amount of CCJA payments statewide was \$31.5 million.

- **Family preservation aid (FPA)** was a state aid to county governments to reduce the reliance of out-of-home placement costs on property taxes. The initial allocation of FPA in 1995 among counties was based on two factors—each county’s share of total children in out-of-home placement in the state and each county’s share of income maintenance cases in the state. After 1995 each county’s aid increased or decreased based on the change in its relative share of income maintenance caseloads in the state. The appropriation for FPA increased each year based on the rate of inflation. In its last year of full funding (2002), the total amount of FPA payments statewide was \$23.4 million.
- **Attached machinery aid (AMA)** was a state aid to county governments to compensate counties for removing industrial attached machinery from the property tax base in the early 1970s. Only the 13 counties having the most attached machinery as a share of their property tax base received aid under the program; the amounts were static from year to year. In its last year of full funding (2002), the total amount of AMA payments statewide was \$2.4 million.

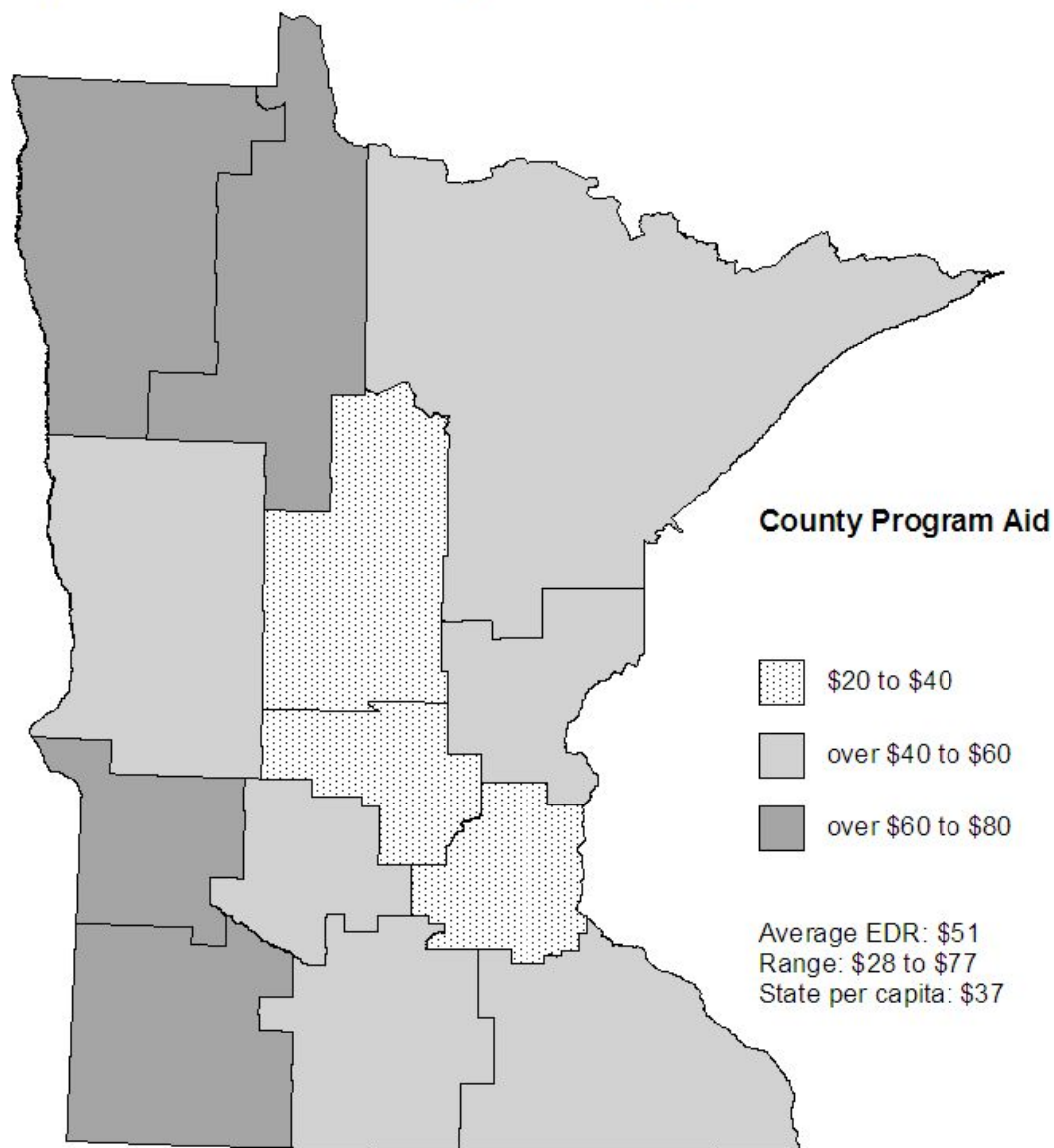
For 2004, approximately \$112 million was distributed based on the distribution formulas of the aid programs that were eliminated, minus the substantial aid cuts enacted during the 2003 legislative session.

For 2005 through 2008, about \$205 million was allocated according to the new county program aid formula, with the aid cuts fully restored, except that in 2008 aids were reduced by \$43.9 million after the initial allocation through unallotment.

County Program Aid per capita, 2009 by County



County Program Aid per capita, 2009 by Economic Development Region



The Past Five Years of County Program Aid

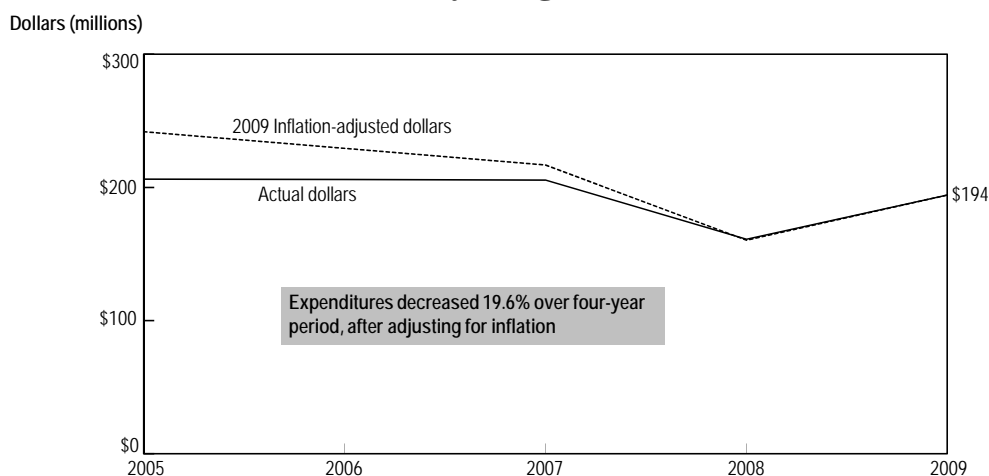
The table below shows the distribution of county program aid in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of county program aid for that same period in current (actual) and constant (inflation-adjusted) dollars.

County Program Aid: Payable Years 2005 to 2009

Current dollars, in thousands

	2005	2006	2007	2008	2009	5-Yr. Chg. Aid
State	\$206,185	\$205,847	\$205,383	\$160,970	\$194,283	-6%
Northern Regions						
Northwest (1)	6,444	6,349	6,261	5,833	6,567	2
Headwaters (2)	5,694	5,718	5,630	4,990	5,875	3
Arrowhead (3)	18,258	17,811	17,405	13,706	15,976	-12
West Central (4)	12,152	11,806	11,142	8,559	9,757	-20
Five (5)	6,513	6,235	5,853	4,211	5,291	-19
East Central (7E)	6,521	6,697	6,929	5,479	6,800	4
Southern Regions						
Six East (6E)	5,652	5,599	5,507	4,332	5,204	-8
Upper MN Valley (6W)	4,031	3,763	3,638	2,829	3,199	-21
Central MN (7W)	14,147	14,714	15,080	12,775	15,482	9
Southwest (8)	8,350	8,335	7,976	6,504	7,302	-13
Nine (9)	10,894	10,949	10,877	9,047	10,785	-1
Southeastern MN (10)	21,531	21,777	22,070	19,150	22,768	6
Total Nonmetro	\$120,187	\$119,752	\$118,369	\$97,416	\$115,007	-4%
Metro Region						
Hennepin County	31,604	30,938	30,539	19,491	25,247	-20
Ramsey County	16,551	16,450	16,509	12,279	15,058	-9
Remaining Metro	37,842	38,707	39,966	31,784	38,970	3
Total Metro	\$85,998	\$86,095	\$87,014	\$63,554	\$79,276	-8%

County Program Aid



Community Corrections Funding

Program Description

Although counties assume much of the cost of their community correctional services, the state provides direct funding and in-kind services. Counties choose to receive funding from one of three basic funding systems: the community corrections act (CCA), county probation officer (CPO), and the Department of Corrections (DOC). They are as follows:

- Thirty-two counties are CCA counties. This group contains about 70 percent of the state's population, including most of the Twin Cities metropolitan area.
- Fifty-five counties are non-CCA counties. Although the DOC provides adult felony supervision to all 55 of these counties, they differ and are generally referenced as follows:
 - Twenty-nine counties (called "CPO" counties) provide their own juvenile and adult misdemeanor supervision
 - Twenty-six counties (called "DOC" counties) have their juvenile and adult misdemeanor supervision provided by the DOC

To keep the counties on a comparable basis, the dollar amount of in-kind services provided by the DOC is included in this report, even though these counties do not receive an "aid payment" per se from the state.

Aid Amount and Reporting

2009 Community Corrections Funding: \$85.4 million

In 2009, the state funding was \$85,433,080.⁴ The table below lists the calendar year 2009 statewide total amounts for the various community corrections funding programs.

Program	Amount	Percent
CCA aid	\$39,407,988	46.1%
CPO reimbursement aid	5,106,000	6.0
DOC field services	15,491,450	18.1
Adult felony caseload reduction	956,000	1.1
Caseload/workload reduction	14,647,000	17.1
Intensive supervision	6,019,710	7.0
Enhanced supervision of adult sex offenders	3,804,932	4.5
Total Aid and In-kind Services	\$85,433,080	100.0%

⁴ An additional \$12.5 million, not included in this report, was distributed for miscellaneous categorical services.

The DOC distributes some adult felony reduction aid, caseload/workload reduction aid, and intensive supervision aid to regional groups of counties. These counties and the DOC regions they belong to are listed in the table below.

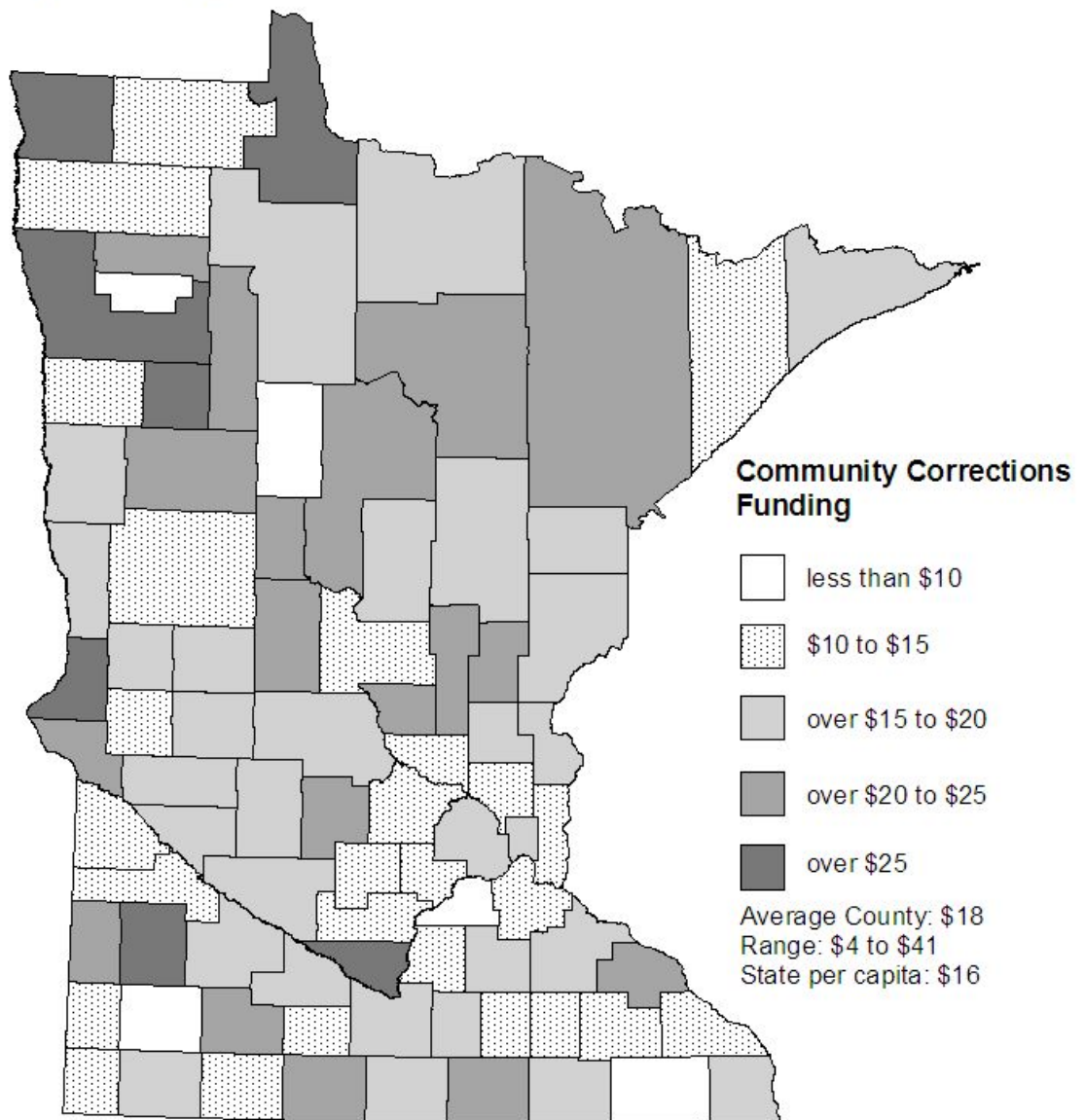
Region	Counties
Central Minnesota	Aitkin Crow Wing Morrison
DFO	Dodge Fillmore Olmsted
Tri-County	Norman Polk Red Lake
Arrowhead	Carlton Cook Koochiching Lake St. Louis
Region 6W	Chippewa Lac Qui Parle Swift Yellow Medicine
Rock/Nobles	Rock Nobles
Todd/Wadena	Todd Wadena

For purposes of this report, CCA amounts were apportioned to the individual counties within each region based on a five-year average distribution within the groups of counties of Part I crimes, as reported by the Department of Public Safety.

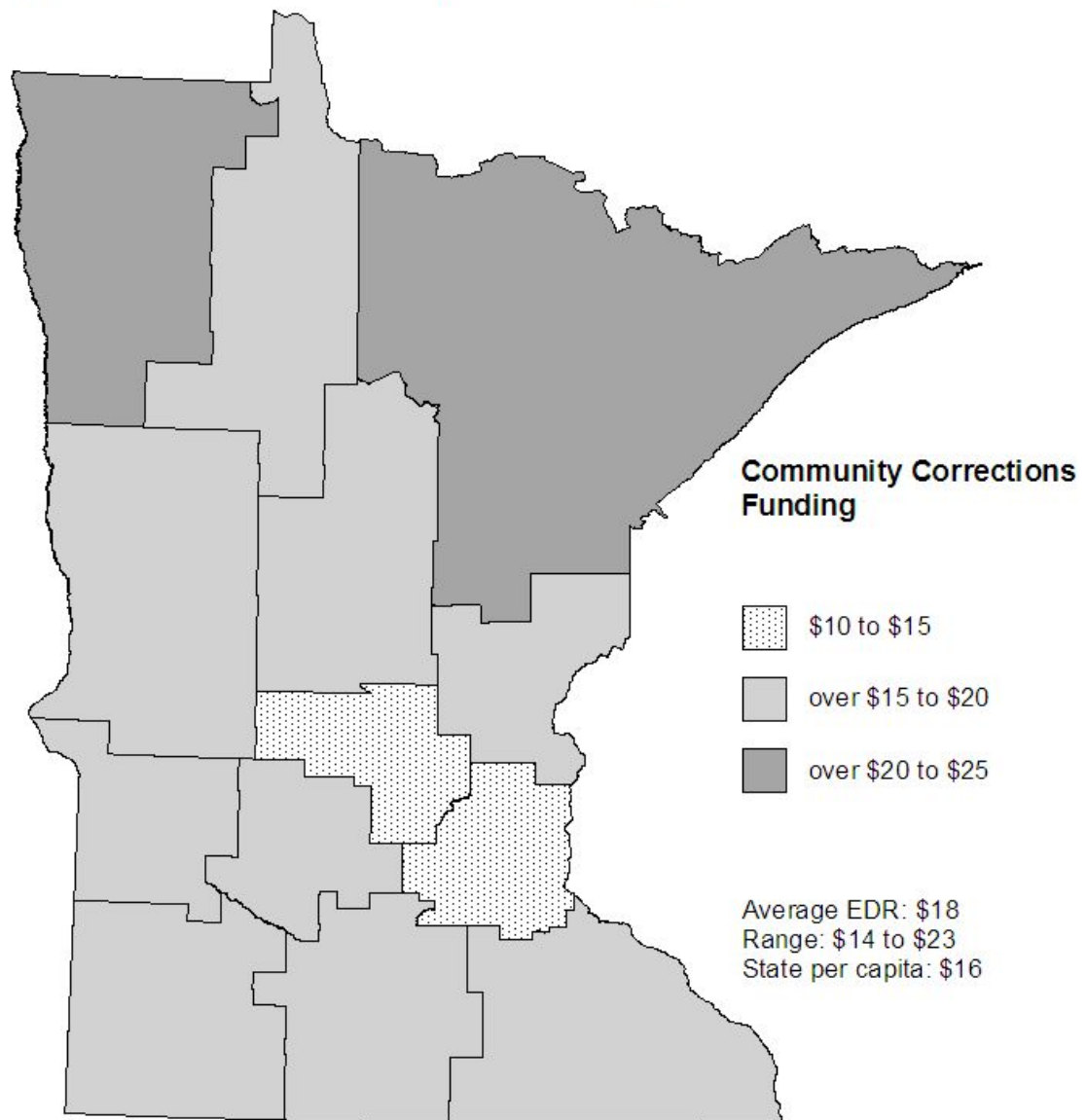
Previous years' reports allocated CCA based on the distribution of aid to these counties in 2005. For comparability across years, the historical data on page 144 for aid paid from 2005 to 2008 has been reapportioned using the new Part I crimes method.

The community corrections funding data was obtained from the DOC.

Community Corrections Funding per capita, 2009 by County



Community Corrections Funding per capita, 2009 by Economic Development Region



The Past Five Years of Community Corrections Funding

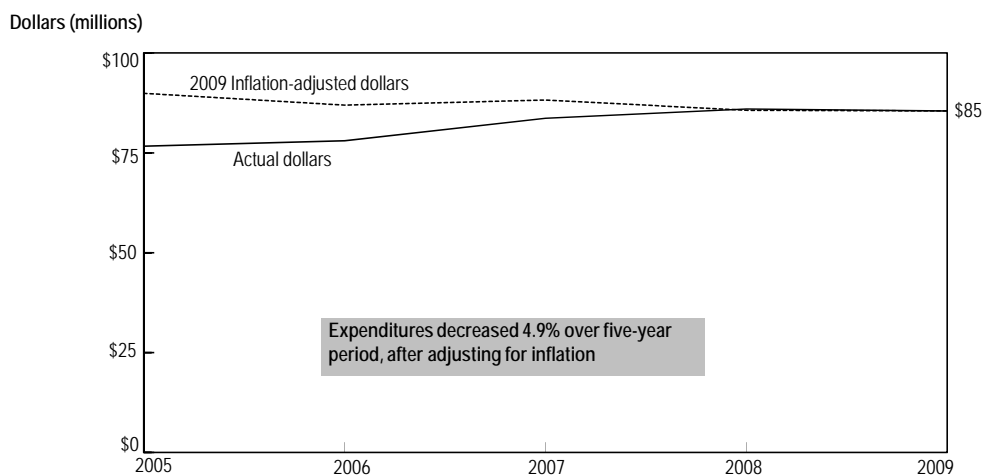
The table below shows the distribution of community corrections funding in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of community corrections funding for that same period in current (actual) and constant (inflation-adjusted) dollars.

Community Corrections Funding: Calendar Years 2005 to 2009

Current dollars, in thousands

	2005	2006	2007	2008	2009	5-Yr. Chg. Aid
State	\$76,664	\$78,052	\$83,622	\$85,921	\$85,433	11%
Northern Regions						
Northwest (1)	1,652	1,672	1,747	1,787	1,782	8
Headwaters (2)	1,514	1,500	1,628	1,618	1,543	2
Arrowhead (3)	6,654	6,697	7,120	7,277	7,241	9
West Central (4)	3,066	3,220	3,459	3,732	3,640	19
Five (5)	2,790	2,713	2,866	2,980	2,954	6
East Central (7E)	2,426	2,744	3,185	3,309	3,281	35
Southern Regions						
Six East (6E)	1,623	1,840	1,967	1,974	2,002	23
Upper MN Valley (6W)	687	726	795	817	810	18
Central MN (7W)	4,574	4,669	5,331	5,516	5,533	21
Southwest (8)	2,079	2,071	2,181	2,249	2,210	6
Nine (9)	3,465	3,578	3,981	4,193	4,112	19
Southeastern MN (10)	6,408	6,570	7,273	7,473	7,615	19
Total Nonmetro	\$36,937	\$38,000	\$41,533	\$42,925	\$42,722	16%
Metro Region						
Hennepin County	17,197	17,197	17,945	18,309	18,258	6
Ramsey County	9,604	9,604	9,972	10,148	10,059	5
Remaining Metro	12,925	13,251	14,171	14,538	14,394	11
Total Metro	\$39,727	\$40,053	\$42,088	\$42,995	\$42,711	8%

Community Corrections Funding



Property Tax Refund

Program Description

The property tax refund is a program in which the state partially reimburses homeowners and renters for a portion of their qualifying property taxes if those property taxes exceed a certain level of household income. The homeowner refund is also known as the “Circuit Breaker,” and the renter refund is also called the “Renters’ Credit.” Generally speaking, the higher the property tax and the lower the income, the higher the refund. The legislature establishes the income and property tax thresholds, reimbursement rates, and maximum refund amounts for the program and sets the amount of rent deemed to represent property taxes. Each qualifying homeowner and renter must apply directly to the state for a refund. The amounts in the graphs and tables exclude the additional property tax refund (often referred to as targeting). See page 47 for a description of the targeting refund.

Aid Amount and Reporting

2008 Filed 2009 Property Tax Refund: \$449.4 million

The total property tax refunds for 2008 returns filed in 2009 for homeowners and renters is \$449,362,087. The table below summarizes statewide data on the number of returns, amounts, and average dollar per return for the various types of filers.

	Number of Returns (A)	Total Amount (B)	Net Amount per Return (C = B ÷ A)
Homeowners: ⁵			
Senior/Disabled	139,426	\$105,082,861	\$754
Under 65 Years	<u>221,393</u>	<u>164,232,346</u>	<u>742</u>
Total Homeowners	360,819	\$269,315,207	\$746
Renters:			
Senior/Disabled	84,604	\$55,033,724	\$650
Under 65 Years	<u>219,898</u>	<u>125,013,156</u>	<u>569</u>
Total Renters	304,502	\$180,046,880	\$591
Total	665,321	\$449,362,087	\$675

Recent Law Changes

The 2008 Legislature expanded the homeowner property tax refund program by increasing the maximum refunds and lowering the income threshold for eligibility, effective for 2008 refunds, based on 2008 household income and property taxes payable in 2009. The maximum refund

⁵ Includes claimants who are part-year homeowners and part-year renters for that year’s claim.

increased from \$1,800 to \$2,300, with the new maximum refund amount adjusted annually for inflation beginning with refunds based on taxes payable in 2010. The income threshold percentage decreased from 4 percent to 3.5 percent for homeowners with household income from about \$75,000 to about \$96,000. The income brackets, like the maximum refund amounts, continue to be adjusted annually for inflation.

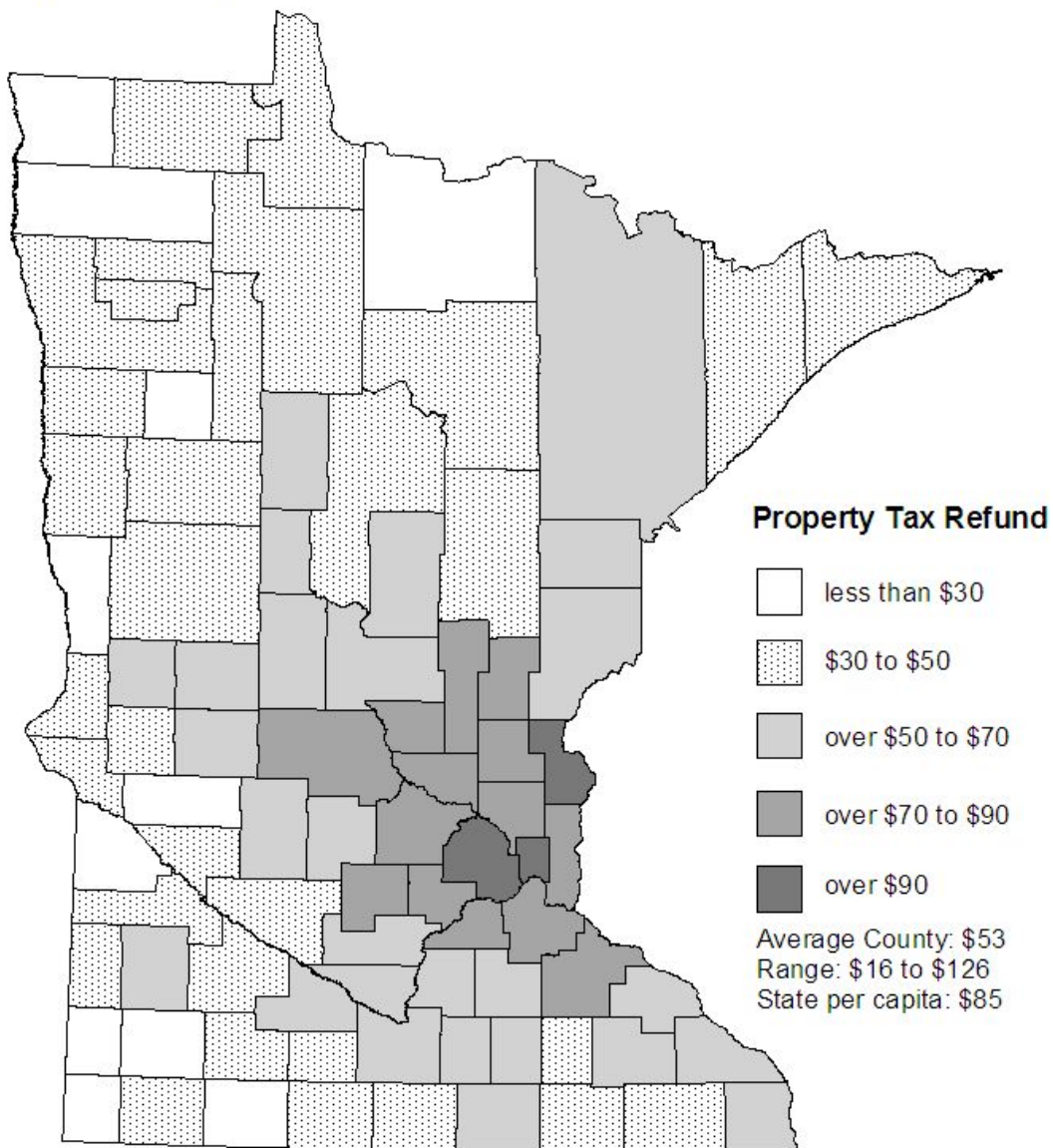
The 2010 Legislature reduced the percent of rent considered to represent property taxes from 19 percent to 15 percent, for refunds based on rent paid in 2009 only (generally filed in 2010). This put into law the reduction in the percentage made under an unallotment Gov. Tim Pawlenty made in 2009. A 2010 decision of the Minnesota Supreme Court invalidated other portions of the unallotment and suggested that the entire unallotment was likely invalid.

The 2011 Legislature reduced the percentage of rent considered property taxes from 19 percent to 17 percent, effective beginning with refunds based on rent paid in 2011 (generally filed in 2012).

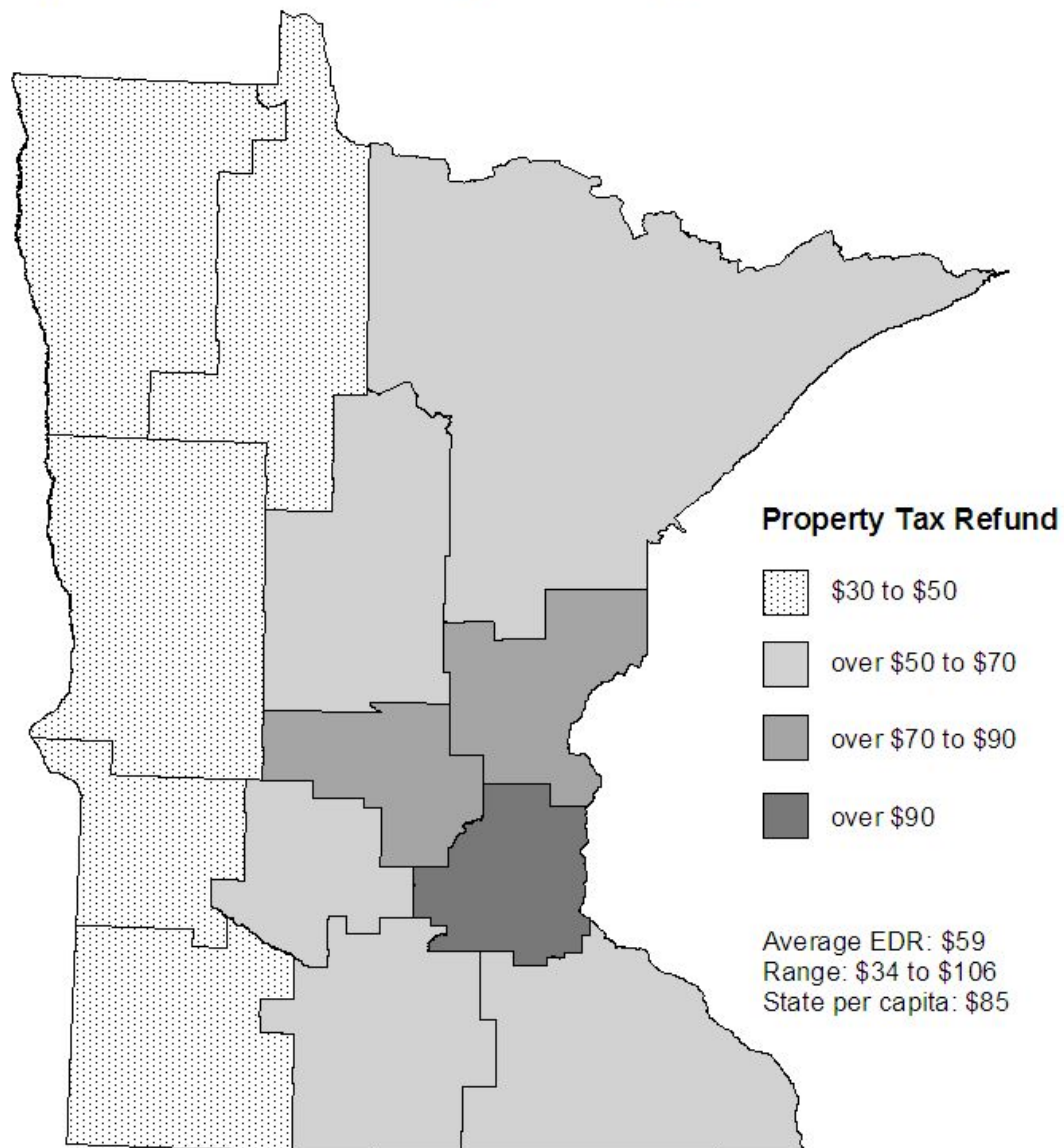
The 2011 Legislature also expanded the homeowner program by increasing the maximum refund to \$2,460 for homeowners with household incomes less than \$37,280, and decreasing the copayment percentage for all claimants with incomes from \$10,880 to \$93,240. These changes were effective for claims based on taxes payable in 2012, generally filed in 2012.

Property tax refund data are from the Department of Revenue. The department is unable to identify the county from which a claim is filed for a small share of all claims (about 1 percent for 2008 claims). This report apportions these claims to counties based on each county's share of total claims.

Property Tax Refund per capita, 2008 filed 2009 by County



Property Tax Refund per capita, 2008 filed 2009 by Economic Development Region



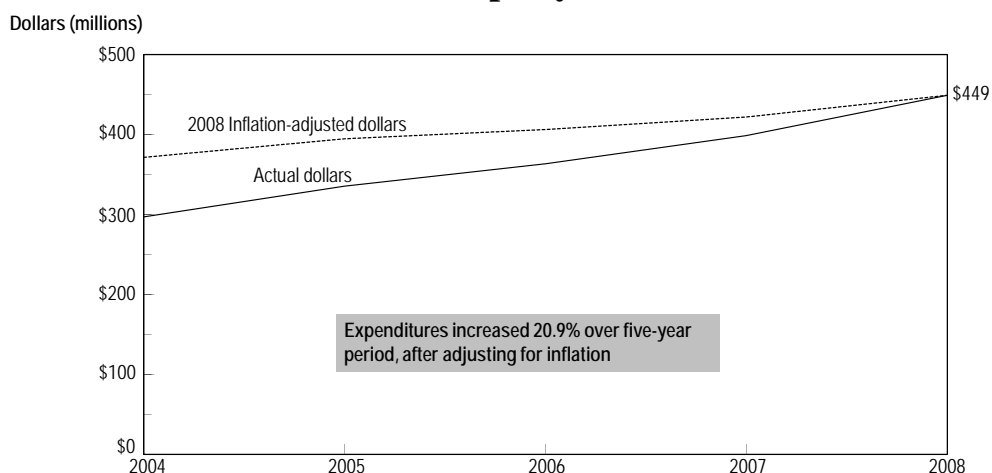
The Past Five Years of Property Tax Refund

The table below shows the distribution of the property tax refund in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of the property tax refund for that same time period in current (actual) and constant (inflation-adjusted) dollars. The property tax refund historical data on this page excludes any targeting data.

Property Tax Refund: 2004 (filed 2005) to 2008 (filed 2009)

Current dollars, in thousands						
	2004	2005	2006	2007	2008	5-Yr. Chg. Aid
State	\$296,860	\$335,470	\$363,512	\$398,605	\$449,362	51%
Northern Regions						
Northwest (1)	2,242	2,388	2,515	2,909	3,169	41
Headwaters (2)	2,421	2,665	2,919	3,283	3,578	48
Arrowhead (3)	12,500	13,358	14,290	15,769	17,665	41
West Central (4)	7,062	7,769	8,306	9,776	10,889	54
Five (5)	6,269	7,212	7,817	8,449	9,557	52
East Central (7E)	7,940	9,199	10,245	11,611	12,811	61
Southern Regions						
Six East (6E)	5,372	5,773	6,298	6,846	7,878	47
Upper MN Valley (6W)	1,236	1,321	1,365	1,462	1,562	26
Central MN (7W)	16,864	19,641	22,248	25,175	29,819	77
Southwest (8)	3,191	3,404	3,503	4,024	4,542	42
Nine (9)	8,311	9,334	10,142	11,126	12,335	48
Southeastern MN (10)	19,499	22,092	23,667	26,194	29,511	51
Total Nonmetro	\$92,908	\$104,156	\$113,314	\$126,622	\$143,316	54%
Metro Region						
Hennepin County	104,380	113,596	120,475	128,829	147,780	42
Ramsey County	39,697	44,690	49,243	52,677	57,477	45
Remaining Metro	59,875	73,027	80,480	90,476	100,789	68
Total Metro	\$203,952	\$231,314	\$250,198	\$271,983	\$306,046	50%

Statewide Property Tax Refund



Additional Property Tax Refund (Targeting)

Program Description

“Targeting” is an additional property tax refund. The refund targets property tax relief to those homeowners whose property tax increase over the previous year exceeds a threshold percentage set by the legislature. The property tax refund return (M1PR) contains a separate schedule for the targeting refund. The taxpayer files for this refund at the same time and in the same manner as for the regular property tax refund. However, unlike the regular property tax refund, all homeowners qualify for targeting regardless of their household income if the tax increase exceeds the specified percentage.

Aid Amount and Reporting

2009 Targeting Refunds: \$6.1 million

For returns filed in 2009 (for property taxes payable in 2009), the state paid 60 percent of the property tax increase over 12 percent (i.e., the taxpayer had to pay the first 12 percent increase over the previous year before qualifying for a refund), provided that the increase was greater than \$100. There were 41,818 returns filed in 2009 for a total amount of \$6,087,685. The average refund per return was \$146. (The maximum refund is \$1,000.) The amount of the targeting refund is listed separately on all of the tables in this report, directly after the regular property tax refund amounts.

Targeting refund amounts can change greatly from one year to the next in any given county. Factors resulting in large fluctuations in refunds in recent years include net tax changes due to volatility in the housing market and the phaseout of limited market value.

One county reported fewer than four claims for targeted refunds filed in 2009 by senior/disabled claimants and by nonsenior/nondisabled claimants (Clearwater). To protect taxpayer confidentiality, the Department of Revenue is unable to provide detailed counts for this county. These refunds were included in the totals for “county undesignated.”

The total for which the county is undesignated represents less than 1 percent of all claims. This report apportions these claims to the 87 counties based on each county’s share of refunds.

The Past Five Years of Targeting Refunds

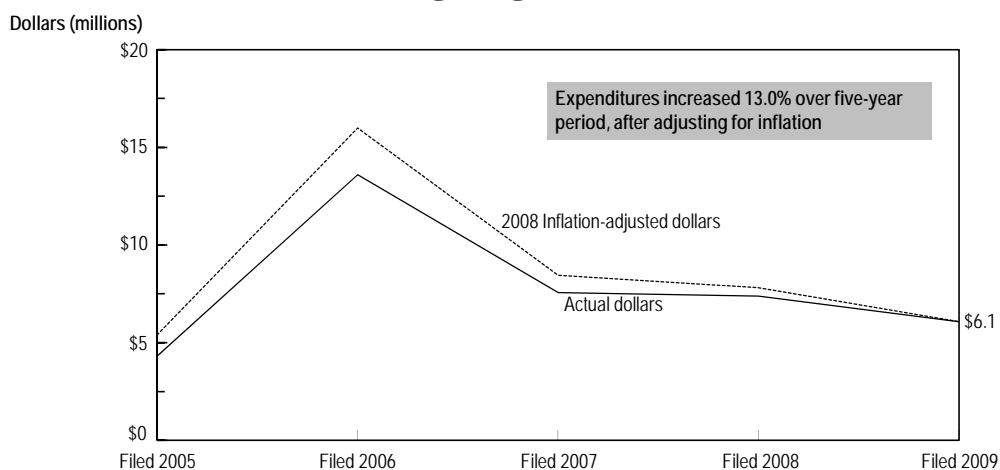
The table below shows the distribution of targeting refunds in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of targeting refund for that same time period in current (actual) and constant (inflation-adjusted) dollars.

Targeting: Filed 2005 through Filed 2009

Current dollars, in thousands

	Filed 2005	Filed 2006	Filed 2007	Filed 2008	Filed 2009
State	\$4,300	\$13,592	\$7,560	\$7,376	\$6,088
Northern Regions					
Northwest (1)	40	59	31	58	37
Headwaters (2)	58	53	80	30	36
Arrowhead (3)	58	220	363	275	286
West Central (4)	174	273	132	332	205
Five (5)	410	284	181	123	122
East Central (7E)	147	232	186	251	170
Southern Regions					
Six East (6E)	69	138	135	95	189
Upper MN Valley (6W)	4	21	26	19	20
Central MN (7W)	215	659	536	629	533
Southwest (8)	28	70	93	236	77
Nine (9)	187	511	255	229	148
Southeastern MN (10)	274	818	592	759	468
Total Nonmetro	\$1,663	\$3,338	\$2,610	\$3,035	\$2,289
Metro Region					
Hennepin County	807	2,085	1,113	1,245	2,267
Ramsey County	371	2,445	2,537	1,351	802
Remaining Metro	1,458	5,723	1,300	1,745	729
Total Metro	\$2,636	\$10,254	\$4,950	\$4,341	\$3,798

Targeting Refunds



Property Tax Data

Property Tax Data

Payable 2009 Property Tax Credits

The property tax credits discussed in this section are listed on the property tax statement. The property's tax minus any applicable property tax credits equals the net tax that the taxpayer must pay to the county for distribution to local governmental units.

Payable 2009 Market Value Homestead Credit: \$267.3 million

As part of property tax reform measures, the 2001 Legislature enacted the market value homestead credit effective for taxes payable in 2002 and thereafter. In payable 2009, the amount of the credit was \$267.3 million.

The credit applies to each homestead property. For a homestead with a taxable market value of \$76,000 or less, the credit is 0.4 percent of the taxable market value. For a homestead with a taxable market value over \$76,000, the credit is \$304 minus 0.09 percent of the value over \$76,000. Under this formula, homesteads valued over \$414,000 receive no market value homestead credit. For taxes payable in 2003 to 2006, 2008, and 2009, the state did not fully compensate local governments for the credit computed on each taxpayer's tax statement due to state budget shortfalls. The taxpayers still receive the credit. Throughout this report, the credit amounts shown are the full amount and do not reflect the reductions in compensation resulting from state budget shortfalls or unallotments.

For agricultural homesteads, this credit applies only to the value of the house, garage, and one acre of land.

Payable 2009 Market Value Agricultural Credit: \$24.9 million

The 2001 Legislature created a new market value agricultural credit for all agricultural homestead property, which was enhanced by the 2002 Legislature for taxes payable in 2003 and thereafter. In payable 2009, the amount of the credit was \$24.9 million.

For agricultural homestead property with a taxable market value of \$115,000 or less, the credit is equal to 0.3 percent of the taxable market value of the property. For agricultural homestead property with a value between \$115,000 and \$345,000, the credit is equal to \$345 minus 0.05 percent of the value over \$115,000. For property with a value over \$345,000, the credit is equal to \$230. This credit does not apply to the value of the house, garage, and one acre of agricultural homestead property.

For taxes payable in 2003 to 2006, 2008, and 2009, the state did not fully compensate local governments for the credit computed on each taxpayer's tax statement due to state budget shortfalls. The taxpayers still receive the credit. Throughout this report, the credit amounts shown are the full amount and do not reflect the reductions in compensation resulting from state budget shortfalls.

Payable 2009 Miscellaneous Credits: \$23.4 million

The total of the miscellaneous property tax credits for 2009 is \$23.4 million. This includes the taconite homestead credit, disparity reduction credit, power line credit, agricultural preserves credit, county conservation credit, disaster credits, and the bovine tuberculosis credit. A statewide breakdown of these miscellaneous credits is shown below.

Type of Credit	Amount
Taconite Homestead Credit	\$16,503,451
Disparity Reduction Credit ⁶	5,666,886
Power Line Credit	82,187
Agricultural Preserves Credit	316,942
County Conservation Credit	198,974
Disaster Credit	232,228
Local Option Disaster Credit	17,239
Bovine TB Credit	345,233
Total	\$23,363,140

Payable 2009 Taconite Homestead Credit: \$16.5 million

The taconite homestead credit is the largest of the miscellaneous credits. Homeowners in the taconite tax relief areas, located in northern Minnesota on the Iron Range, receive a credit of either 57 percent, capped at \$289.80 per homestead, or 66 percent, capped at \$315.10 per household. The percentage of relief depends upon certain characteristics of the local jurisdiction, such as the value of the iron ore in the district, proximity to mines, etc. About two-thirds of the credit, \$11.4 million, is paid from proceeds of the taconite production tax, while \$5.1 million is paid from the state general fund. The portion paid from the general fund is referred to as the supplemental homestead credit. The mobile home taconite homestead credit and any adjustment amounts for prior years are not included in the amounts shown.

⁶ A disparity reduction credit was established by the 1988 Legislature to provide additional property tax relief in the border cities of Breckenridge, Dilworth, East Grand Forks, and Moorhead. The credit applies to class 4a apartments with four or more units, and commercial, industrial, and public utility land and buildings. The credit is the amount by which the net tax exceeds a 2.3 percent effective tax rate for apartments, commercial, industrial, and public utility land and buildings.

A county breakdown of the taconite homestead credit is shown below.

County	Taconite Credit
Aitkin	\$889,666
Cook	499,160
Crow Wing	1,172,428
Itasca	4,133,632
Koochiching	944
Lake	1,149,664
St. Louis	8,657,957
Total	\$16,503,451

Statewide Property Valuation: Assessment Year 2008

Market Valuation: \$581.2 billion

Net Tax Capacity: \$6.5 billion

This is the total real and personal property valuation for the 2008 assessment for taxes payable in 2009. The total market valuation is \$581.2 billion, and the total net tax capacity is \$6.5 billion. Net tax capacity is the value that results after the tax capacity class rates have been applied to the market values. The total referendum market valuation for the state is \$487.1 billion. Referendum market valuation is the total market value excluding the value of agricultural and seasonal-recreational property, and is the base used for referendum levies. The state totals exclude \$461.9 million of market value and \$8.9 million of net tax capacity that is located in JOBZ zones and exempt from most property taxes.

Payable 2009 Net Property Tax Levy Before Credits: \$8.0 billion

The payable 2009 net property tax levy, excluding special assessments, made by each type of taxing district (i.e., county, city/town, school district, and miscellaneous taxing districts) is shown in the following table. The table includes \$6,464 million of net tax capacity levy, \$789.4 million of market value levy, and \$774.0 million of statewide property tax levy. The statewide, region, and county tables show the net tax capacity levy and the market value levy combined by jurisdiction type, except they show the school district net tax capacity and referendum market value levies separately. The school district referendum market value levy is \$754.1 million, nearly all of the \$789.4 million in total statewide market value levy.

“Miscellaneous districts” includes levies made by special taxing districts (i.e., Metropolitan Council, regional transit authorities, hospital districts, port authorities, watershed districts, etc.), as well as the tax increment of tax increment financing districts and the power line levy amounts.

“Net property tax levy” is the amount of property taxes before the subtraction of the state-paid property tax credits, the regular property tax refund, and the targeting refund. The amount paid by the taxpayer after subtraction of state-paid property tax credits (but not the property tax refund and targeting refund) is \$7,285.3 million.

Type of Taxing District	Payable 2009 Net Property Tax Levy* (dollars in millions)	Percent
County	\$2,542	31.7%
City/Town:	1,964	24.5
City	\$1,758	
Town	206	
School District	2,119	26.4
Miscellaneous Districts:	628	7.8
Special Taxing Districts	290	
Tax Increment Financing	338	
Power Line	0.1	
State	774	9.6
Total, all districts	\$8,027	100.0%

* The taxing district's levy includes the portion from the fiscal disparities program (see table below).

A portion of each jurisdiction's levy in the seven-county metropolitan area and on the Iron Range is paid through the fiscal disparities program. Those amounts are shown in the table below.

Payable 2009 Fiscal Disparities Distribution Levy

Type of Taxing District	Metro	Iron Range	Total
County	\$137,278,197	\$2,248,231	\$139,526,428
City	140,583,984	2,750,461	143,334,445
Town	1,012,191	211,473	1,223,664
School District	148,063,106	668,790	148,731,896
Special Taxing Districts	31,872,130	72,791	31,944,921
Total Fiscal Disparities Levy	\$458,809,608	\$5,951,746	\$464,761,354

In the statewide, region, and county tables (sections 2 to 4 of the report), the fiscal disparities levy is included in the "Miscellaneous District Levy," since that is how it is reported to the Department of Revenue and a detailed breakdown of that levy is not readily available.

Payable 2009 Average Tax Rate Calculations

The average net tax capacity rate is computed by dividing the total levy excluding special assessments by the total net tax capacity, then multiplying by 100.

A small portion (\$789.4 million statewide) of property tax levies are spread on market value rather than on net tax capacity. Of this amount, \$754.1 million is the school district referendum market value levy, which is shown separately on all of the tables in sections 2 to 4 of the report.

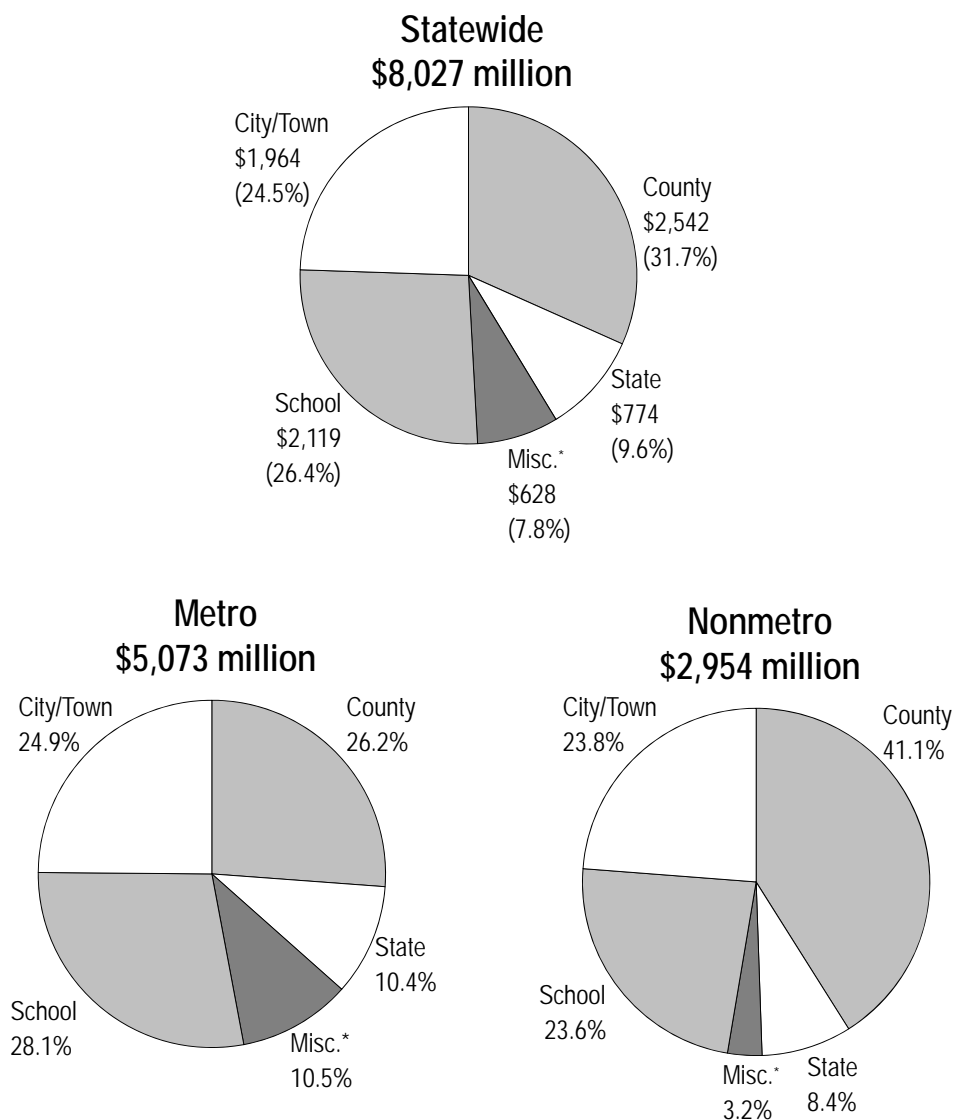
The tables show separate average tax rates for the net tax capacity levy and the referendum market value levy.

For purposes of the net tax capacity tax rate calculation:

- “levy” includes the tax increment financing levy and the fiscal disparities contribution levy; and
- “tax capacity” includes the total net tax capacity before the subtraction of the tax increment financing captured net tax capacity and before any fiscal disparities adjustments.

This rate represents the average local net tax capacity rate of taxation on all property.

Payable 2009 Property Tax Levies by Type of Taxing District



House Research Graphics

* Miscellaneous includes special taxing districts, tax increment financing, and power line levies, but excludes the fiscal disparities distribution levy, which has been allocated to counties, cities/towns, school districts, and special districts. (The tables later in the report show the fiscal disparities levy as part of "Miscellaneous District Levy.")

Major State Taxes

Individual Income Tax

Program Description

Individual income tax is a tax imposed by the state upon (1) the income of Minnesota residents and (2) the income, derived from Minnesota sources, of nonresident individuals. The 2008 tax base (filed in 2009) is federal taxable income with minor modifications, including the addition of interest earned on bonds issued by other states, an income exclusion for elderly filers, and a subtraction for certain dependent education expenses. Rates applied in 2008 ranged from 5.35 percent to 7.85 percent. In 2008, Minnesota allowed a refundable dependent care credit of up to \$720 for one child and \$1,440 for two or more children, a refundable credit of up to \$1,000 per child for K-12 education expenses, and a working family credit tied to the federal earned income credit. The maximum working family credit was \$1,686.

Tax Amount and Reporting

2008 Filed 2009 Individual Income Tax: \$6.9 billion
\$6.7 billion from residents

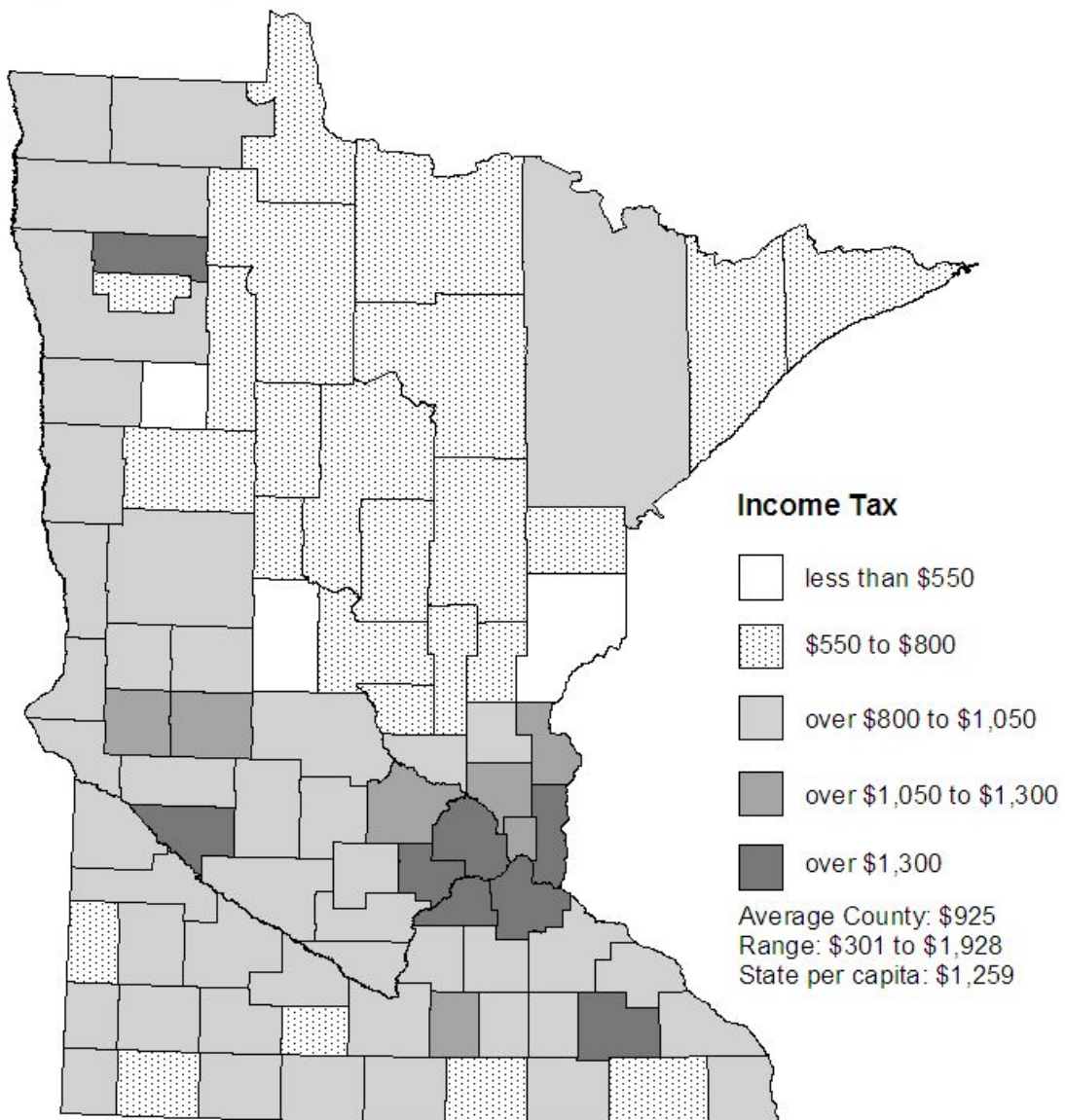
The total amount of the 2008 individual income tax returns filed in 2009 is \$6,936.5 million. The tax shown is net tax (after refunds) reported on the basis of the filer's county of residence. The state total includes \$262.4 million of individual income taxes collected from returns filed by nonresident taxpayers, which was not allocated to the counties in this report, resulting in a net amount of \$6,674.1 million collected from Minnesota residents.

Individual income tax data was obtained from the Department of Revenue.

Recent Law Changes

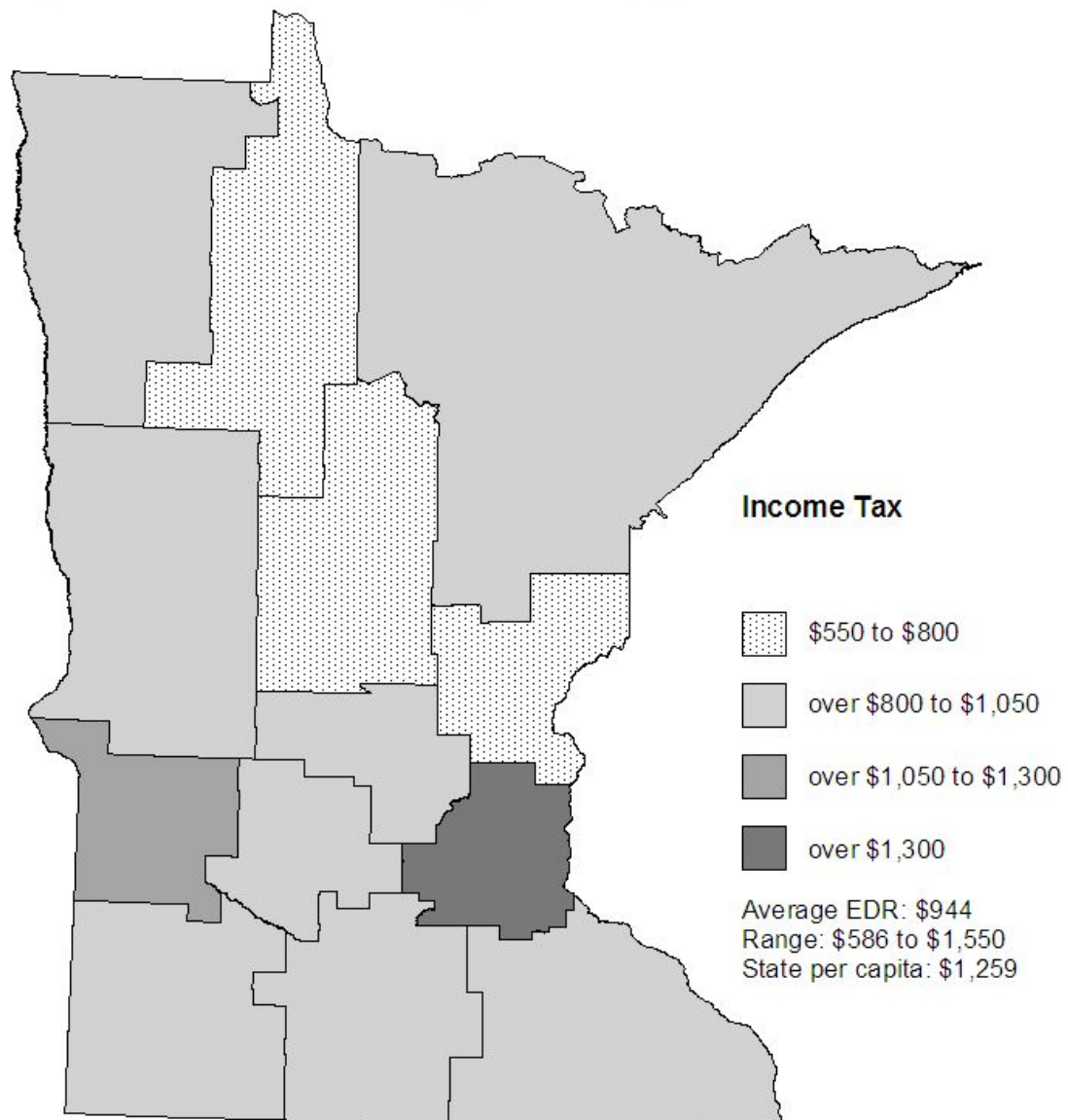
Minnesota has conformed with all major changes made in the federal tax code through tax year 2011, except that Minnesota does not allow the additional standard deduction amount for married filers for tax years 2011 and 2012. Instead, Minnesota taxpayers must add the additional deduction amount to state taxable income.

Individual Income Tax per capita, 2008 by County*



* Minnesota residents only.

Individual Income Tax per capita, 2008 by Economic Development Region*



* Minnesota residents only.

The Past Five Years of Individual Income Tax

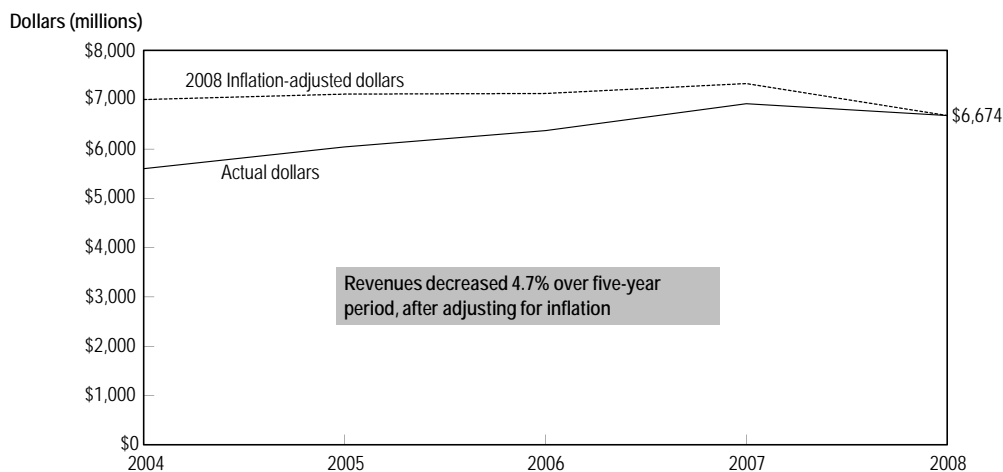
The table below shows the distribution of individual income tax in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of individual income tax for that same period in current (actual) and constant (inflation-adjusted) dollars.

Individual Income Tax, Residents Only: Tax Years 2004 to 2008

Current dollars, in thousands

	2004	2005	2006	2007	2008	5-Yr. Chg. Tax
State	\$5,599,480	\$6,042,335	\$6,372,357	\$6,918,636	\$6,674,140	19%
Northern Regions						
Northwest (1)	65,627	74,307	78,529	83,106	88,706	35
Headwaters (2)	40,830	42,888	46,227	47,246	46,891	15
Arrowhead (3)	224,667	238,492	250,751	270,413	266,483	19
West Central (4)	146,375	155,803	169,223	186,828	193,569	32
Five (5)	97,331	107,117	112,999	119,626	109,363	12
East Central (7E)	111,339	119,732	123,479	128,195	125,780	13
Southern Regions						
Six East (6E)	90,319	96,106	103,681	109,559	110,838	23
Upper MN Valley (6W)	29,795	32,814	46,306	52,868	52,275	75
Central MN (7W)	332,929	359,479	382,680	411,391	395,073	19
Southwest (8)	71,981	77,248	86,626	93,822	101,779	41
Nine (9)	159,413	184,122	200,011	209,447	210,606	32
Southeastern MN (10)	418,995	435,674	475,143	511,395	506,687	21
Total Nonmetro	\$1,789,600	\$1,923,781	\$2,075,654	\$2,223,896	\$2,208,051	23%
Metro Region						
Hennepin County	1,810,745	1,999,756	2,071,810	2,289,970	2,180,059	20
Ramsey County	531,724	553,639	587,561	633,128	589,838	11
Remaining Metro	1,467,411	1,565,158	1,637,332	1,771,642	1,696,193	16
Total Metro	\$3,809,880	\$4,118,553	\$4,296,703	\$4,694,740	\$4,466,089	17%

Statewide Income Tax, Residents Only



Sales/Use Tax

Program Description

Sales tax is imposed by the state on the gross receipts of all persons who sell, lease, or rent tangible personal property at retail or provide taxable services. The **use tax** complements the sales tax and is imposed at the same rate on the storage, use, or consumption in Minnesota of taxable, tangible personal property purchased from any retailer, unless the Minnesota sales tax was paid on the same property. Since July 1, 2009, the sales and use rate has been 6.875 percent.

Major exemptions include: food consumption off premises, clothing, prescribed drugs and medications, nonprescribed analgesics, gasoline and special fuels taxed under the motor fuels excise tax, publications issued at intervals of three months or less (except over-the-counter magazines), motor vehicle purchases subject to the 6.5 percent sales tax on motor vehicles, materials used or consumed in agricultural or industrial production, textbooks, residential heating fuels and water services, and capital equipment for new or expanding industries.

Tax Amount and Reporting

Calendar Year 2009 Sales/Use Tax: \$4.1 billion (gross)
\$3.9 billion (net after refunds)
\$3.3 billion from residents and
in-state sellers

A total of \$4,122.8 million in state sales/use taxes was collected during calendar year 2009. The net amount of sales/use tax after the reduction of capital equipment refunds of \$220.0 million⁷ was \$3,902.8 million. Of the \$3.9 billion in net sales taxes, about \$621 million was collected from returns filed by out-of-state vendors, resulting in \$3.3 billion allocated to Minnesota.

The amounts shown in the statewide tables are net of the capital equipment refund; the amounts shown by geographic region in the maps are also net of the total remitted by out-of-state sellers.

The sales tax amounts contained in this report exclude any local sales taxes that cities impose. Local sales taxes are used primarily to support specific capital projects. As of December 2009, the cities of Albert Lea, Austin, Baxter, Bemidji, Brainerd, Clearwater, Hermantown, Mankato, Minneapolis, New Ulm, North Mankato, Owatonna, Proctor, Rochester, St. Paul, Two Harbors, Willmar, Worthington, and St. Cloud area cities imposed a 0.5 percent general sales tax. The city of Duluth imposed a 1 percent general sales tax, Hennepin County imposed a 0.15 percent general sales tax, and a Transit Improvement Area consisting of Anoka, Dakota, Hennepin, Ramsey, and Washington counties imposed a 0.25 percent general sales tax.

⁷ This includes a very small amount of refunds paid on other exempt purchases where the tax is paid at the time of purchase and then refunded, mainly for some specific capital projects.

Note: Sales tax is reported in the county where the seller is located, resulting in higher amounts in counties with a regional center (e.g., Twin Cities, Duluth, Rochester, etc.).

Sales/use tax data was obtained from the Department of Revenue.

Law Changes

The tax rate was 3.0 percent in 1967 when the sales tax was enacted. In 1991, an “optional” local sales tax of ½ percent was enacted. This “optional” tax was officially rolled into the state tax rate in 1994.

The general rate increased on July 1, 2009, from 6.5 percent to 6.875 percent, following passage of a constitutional amendment at the November 2008 election. The amendment dedicated the 0.375 percentage point increase to outdoor heritage, clean water, parks and trails, and arts and cultural heritage.

Period	Rate
August 1, 1967 – October 31, 1971	3.0%
November 1, 1971 – June 30, 1981	4.0%
July 1, 1981 – December 31, 1982	5.0%
January 1, 1983 – June 30, 1991	6.0%
July 1, 1991 – June 30, 2009	6.5%
July 1, 2009 – present	6.875%

Capital Equipment Refunds

The amount of sales/use tax allocated to Minnesota is adjusted for capital equipment refunds made to taxpayers. The total amount of capital equipment refunds is allocated to counties based on the ratio of each county’s mining and manufacturing payroll to the total statewide mining and manufacturing payroll. For 2009, total capital equipment refunds are \$220.0 million. The data in the historical table and graph on page 68 have been adjusted to reflect refund claims.

Amounts Not Allocated to Minnesota

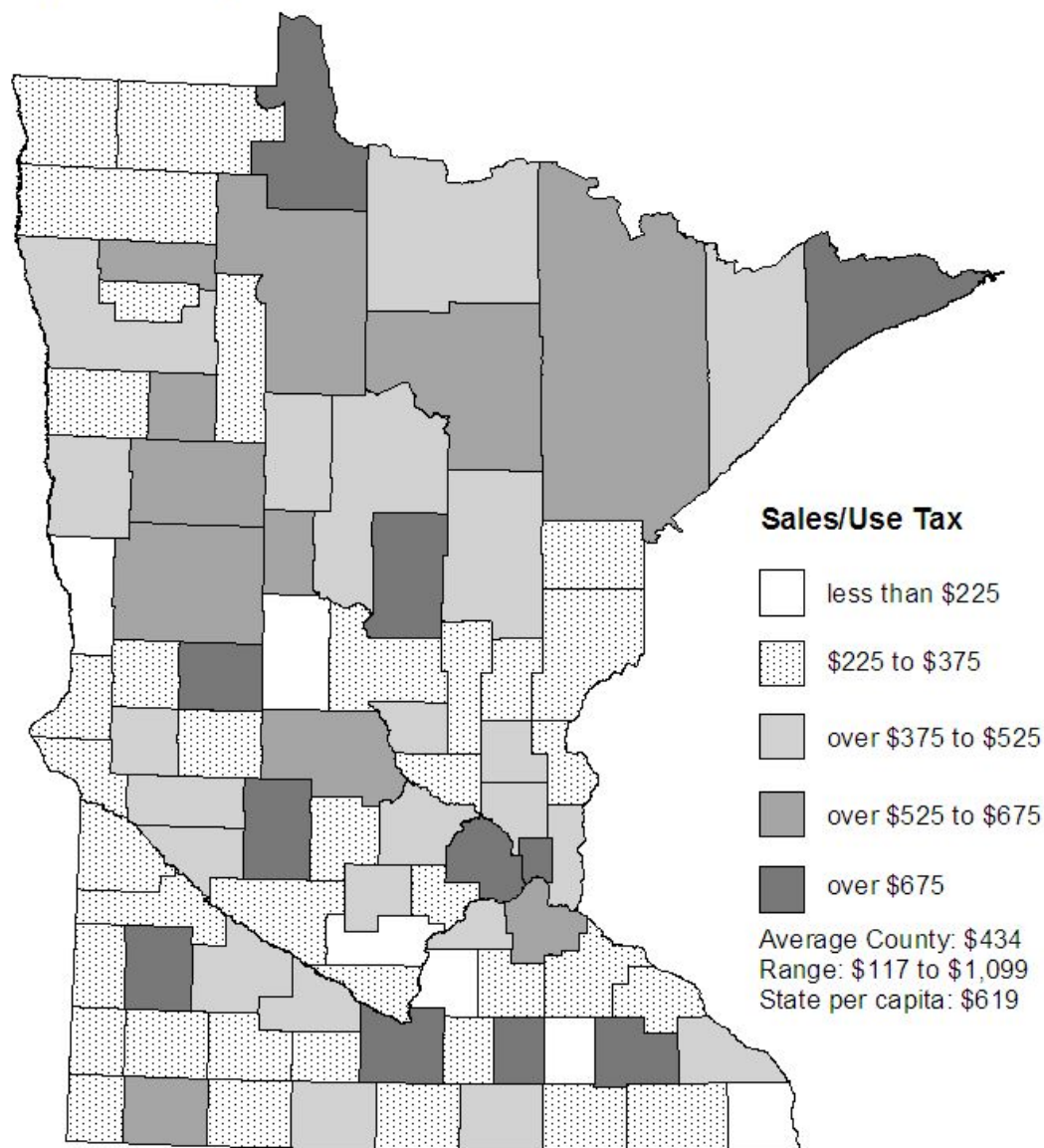
About \$621 million of sales/use taxes are collected from returns filed by out-of-state sellers. This amount was not allocated to Minnesota in this report since the taxpayer’s residence and/or place of business is unknown, nor is it included in the five-year historical table on page 68. The table on the following page lists the amounts and percentages since 2000.

Sales/Use Taxes (in thousands)
(after capital equipment refund)

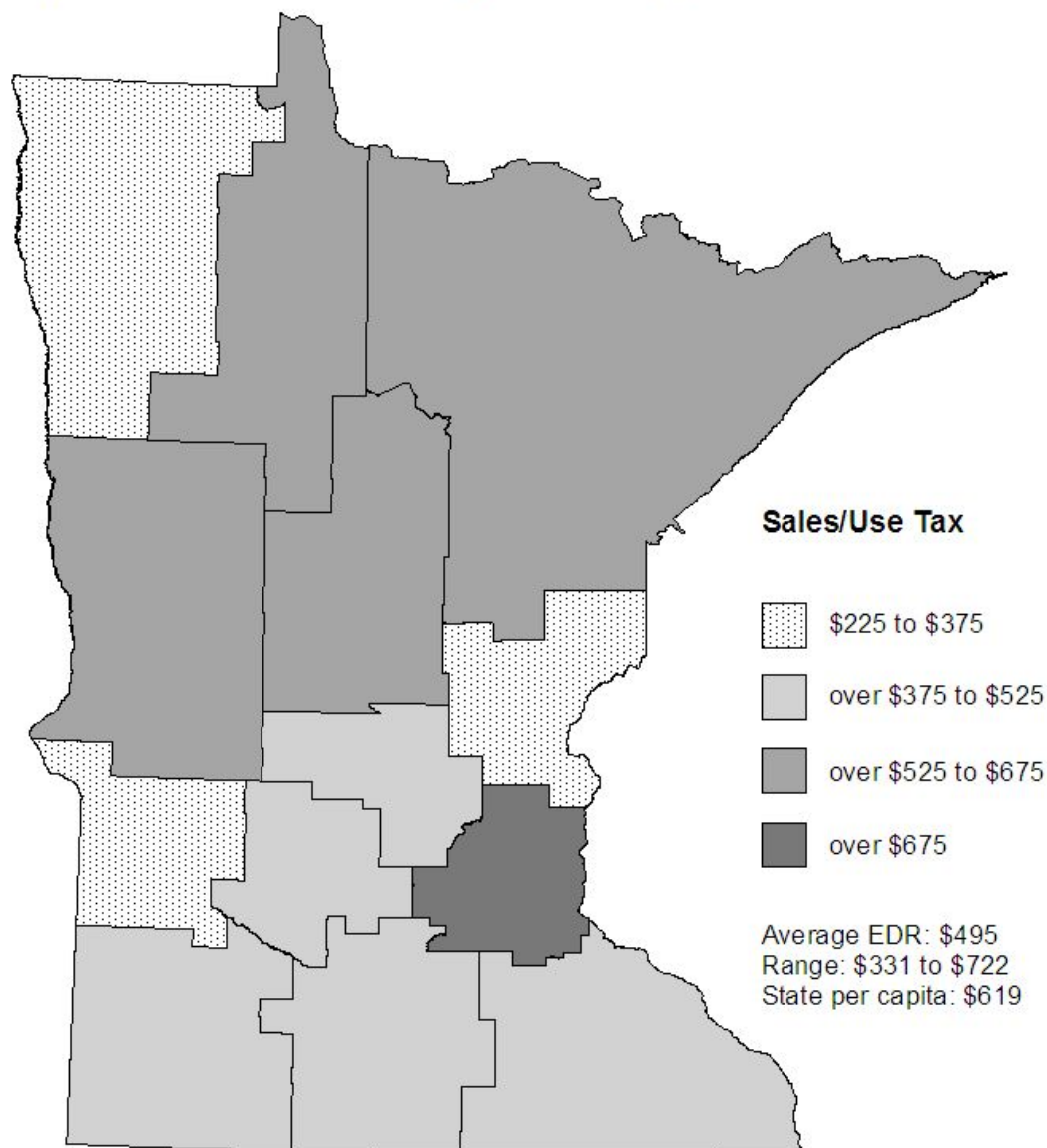
Year	Allocated to Minnesota		Not Allocated to Minnesota		Total
	Amount	Percent	Amount	Percent	
2000	\$3,023,456	83.0%	\$617,195	17.0%	\$3,640,651
2001 (est.)	3,049,109	82.2	661,987	17.8	3,711,096
2002 (est.)	3,281,839	85.7	547,051	14.3	3,828,890
2003	3,369,933	86.3	536,793	13.7	3,906,727
2004	3,542,797	85.9	579,820	14.1	4,122,617
2005	3,625,842	84.7	652,956	15.3	4,278,798
2006	3,729,834	84.2	701,410	15.8	4,431,245
2007	3,753,243	83.6	737,234	16.4	4,490,477
2008	3,704,922	83.6	725,751	16.4	4,430,673
2009	3,282,128	84.1	620,690	15.9	3,902,818

Most of these dollars are sales made by out-of-state businesses to Minnesota residents, which are reported on a single non-Minnesota return. The amount not allocated to Minnesota has remained in the 14 percent to 18 percent range since 2000.

Sales/Use Tax per capita, 2009 by County



Sales/Use Tax per capita, 2009 by Economic Development Region



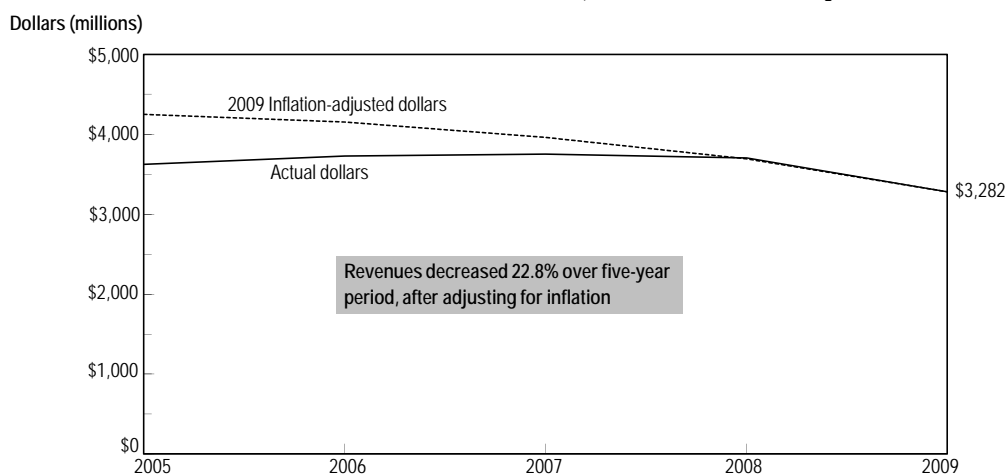
The Past Five Years of Sales/Use Tax

The table below shows the distribution of sales/use tax in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of sales/use tax for that same time period in current (actual) and constant (inflation-adjusted) dollars.

Sales/Use Tax, Residents Only: Calendar Years 2005 to 2009

Current dollars, in thousands						
	2005	2006	2007	2008	2009	5-Yr. Chg.
State	\$3,625,842	\$3,729,834	\$3,753,243	\$3,704,922	\$3,282,128	-9%
Northern Regions						
Northwest (1)	27,577	28,772	33,610	32,590	31,723	15
Headwaters (2)	43,183	42,969	44,779	44,856	43,281	0
Arrowhead (3)	225,092	234,643	229,220	212,034	190,860	-15
West Central (4)	123,805	125,981	134,044	129,543	122,858	-1
Five (5)	93,229	92,885	94,585	91,392	85,895	-8
East Central (7E)	58,996	56,074	56,708	55,878	53,128	-10
Southern Regions						
Six East (6E)	62,402	66,822	60,745	60,669	54,376	-13
Upper MN Valley (6W)	15,270	15,778	16,802	17,654	16,384	7
Central MN (7W)	219,252	227,772	223,554	211,573	194,241	-11
Southwest (8)	52,420	53,789	58,595	61,245	55,808	6
Nine (9)	113,035	119,451	122,698	122,273	114,736	2
Southeastern MN (10)	242,908	246,750	252,641	263,700	237,314	-2
Total Nonmetro	\$1,277,168	\$1,311,687	\$1,327,982	\$1,303,408	\$1,200,604	-6%
Metro Region						
Hennepin County	1,240,319	1,277,377	1,289,995	1,285,032	1,117,487	-10
Ramsey County	394,259	420,235	416,132	419,500	355,761	-10
Remaining Metro	714,096	720,536	719,134	696,982	608,277	-15
Total Metro	\$2,348,674	\$2,418,147	\$2,425,262	\$2,401,514	\$2,081,524	-11%

Statewide Sales/Use Tax, Residents Only



Motor Vehicle Sales Tax

Program Description

The **motor vehicle sales tax** is imposed on new and used motor vehicles at the time of sale. It is in lieu of the general state sales tax and is imposed on the sale price of motor vehicles, minus any trade-in allowance. (A flat fee of \$10 is imposed upon most motor vehicles that are ten or more years old in lieu of the motor vehicle sales tax.) The rate is 6.5 percent, the rate of the general state sales tax prior to the 2008 passage of the constitutional amendment that increased the general sales tax rate to 6.875 percent, with the increase dedicated to outdoor heritage, clean water, parks and trails, and arts and cultural heritage. The increase did not apply to the motor vehicle sales tax.

The table below lists the allocation of the motor vehicle sales tax revenues from fiscal year 2004 through fiscal year 2012 and following years.

Allocation of Motor Vehicle Sales Tax Revenues

	FY 2004-2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012+
Highway user tax distribution fund	30.00%	38.25%	44.25%	47.50%	54.50%	60.00%
County state-aid highway fund	0.65					
Municipal state-aid highway fund	0.17					
Metropolitan transit	21.50	24.00	27.75	31.50	35.25	36.00
Greater Minnesota transit	1.43	1.50	1.75	4.75	4.00	4.00
General fund	46.25	36.25	26.25	16.25	6.25	0.00

Tax Amount and Reporting

Calendar Year 2009 Motor Vehicle Sales Tax: \$442.3 million

The total 2009 motor vehicle sales tax is \$442.3 million. The Department of Public Safety collects the motor vehicle sales tax. Due to the method of collection, the amount of actual tax liability from each county is not available. However, since the motor vehicle sales tax is an important revenue source for the state, an estimate was made on how much the taxpayers in each county paid.

Two factors are used in determining an estimated tax amount for each county. First, the number of passenger vehicles and pickup trucks registered in each county in 2009 was obtained from the Department of Public Safety. Registrations within each county are a good indicator of where the owners of the vehicles live. No weighting was attempted based upon the differences in the market value of the vehicles among counties.

Second, the distribution of motor vehicle registration tax by county as provided by the

Department of Public Safety was used as a proxy for the value of vehicles purchased.

A percent distribution was made on each of the two factors (i.e., registrations and registration tax), comparing each county to the state. The results of each distribution were then weighted equally to allocate the \$442.3 million tax revenue to the 87 counties.

Motor vehicle sales tax data was obtained from the Department of Revenue.

Recent Law Changes

2005 Laws:

The 2005 omnibus transportation bill proposed a constitutional amendment providing for the phase-in of the full dedication of the motor vehicle sales tax to transportation purposes.⁸

At the 2006 general election, the voters approved the constitutional amendment dedicating all motor vehicle sales tax revenue to transportation purposes. The amendment specified that 63.75 percent must be dedicated to transportation purposes in fiscal year 2008, growing by 10 percentage points per year until it reaches 100 percent in fiscal year 2012.

The constitutional language also requires that “no more than 60 percent” of the revenue go to the Highway User Tax Distribution (HUTD) fund, and “not less than 40 percent” go to public transit assistance (Minn. Const. art. XIV, sec. 13). These distribution limits, which establish a ceiling for allocation to highways and a floor for the allocation to transit, are referred to as the “60/40 split.” Within the distribution limits, the Constitution allows legislation to set the actual division between highways and transit.

2007 Laws:

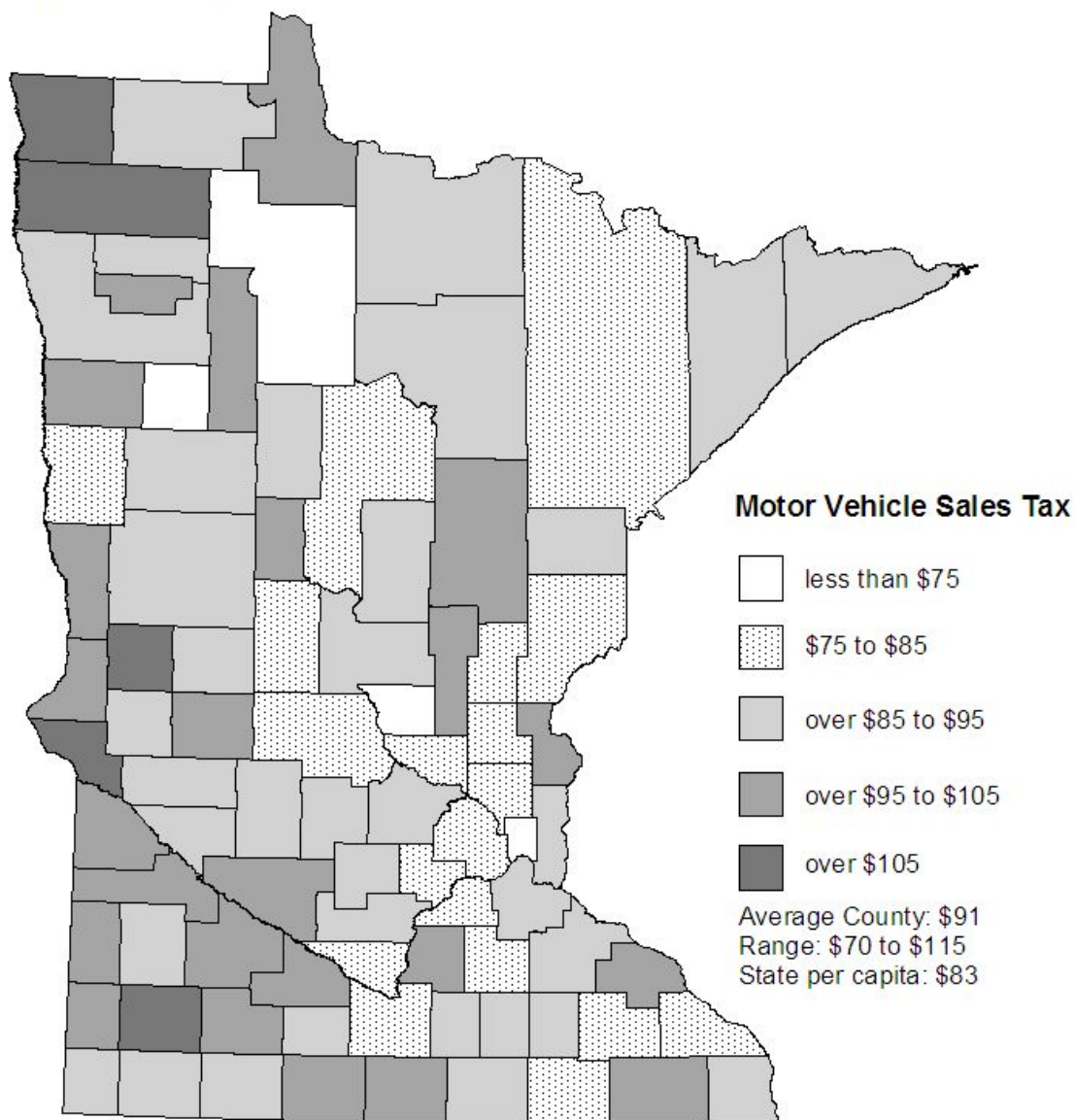
2007 legislation established a motor vehicle sales tax phase-in schedule, shown in the table on the preceding page. In fiscal year 2012, after the phase-in is fully completed, the revenues will be distributed 60 percent to highways and 40 percent to transit, with the transit portion divided 36 percent for the metropolitan area and 4 percent for greater Minnesota.

2009 Laws:

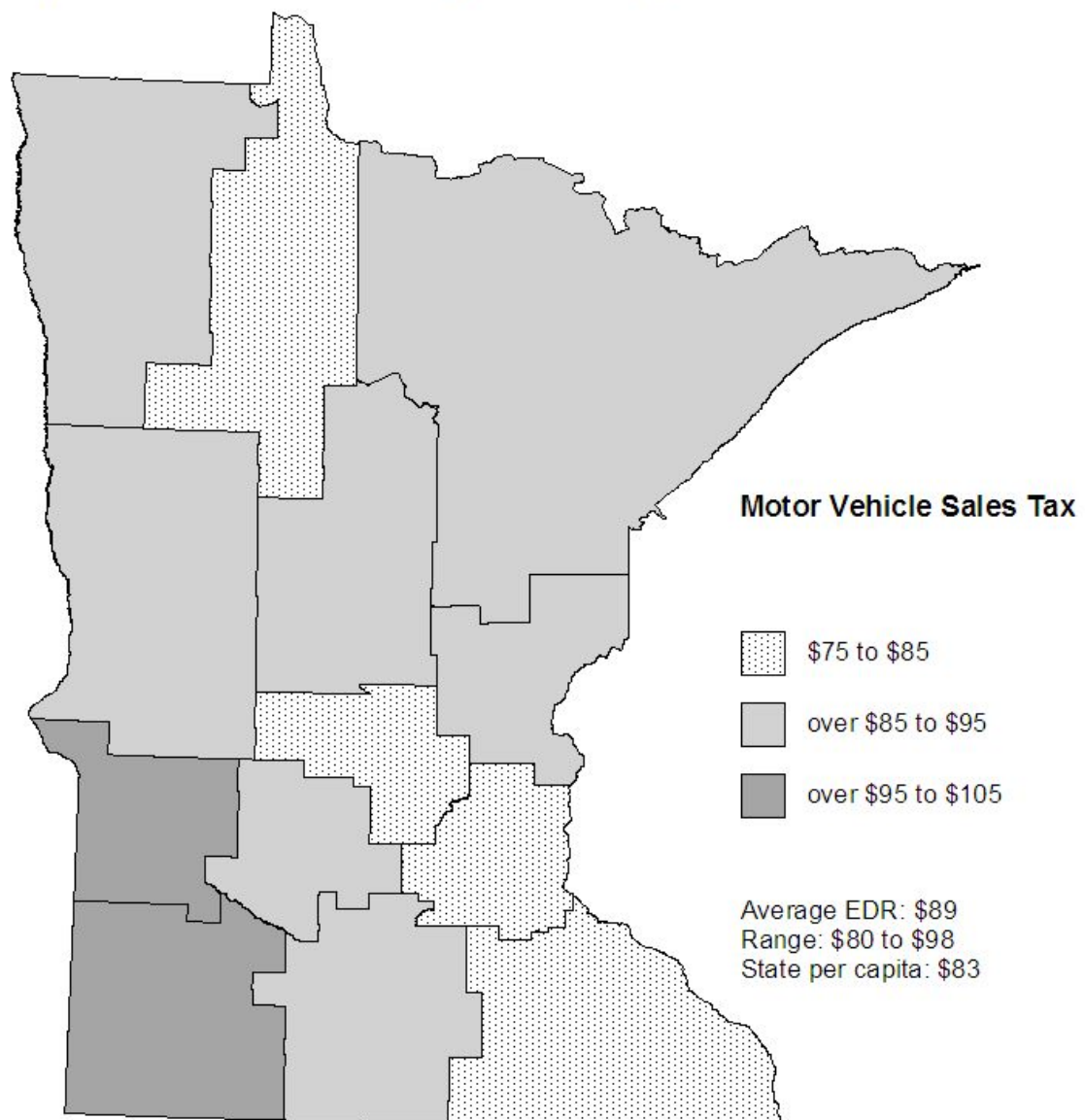
As part of the 2010-2011 budget, the motor vehicle sales tax phase-in schedule was adjusted to provide additional funds to both metropolitan and greater Minnesota transit. The allocation table on the preceding page includes these adjustments, which are for fiscal years 2010 and 2011 only.

⁸ The 2005 transportation bill (Laws 2005, ch. 88) was vetoed by Gov. Pawlenty, but since constitutional amendments are not subject to veto, the amendment was put before the voters in November 2006.

Motor Vehicle Sales Tax per capita, 2009 by County



Motor Vehicle Sales Tax per capita, 2009 by Economic Development Region



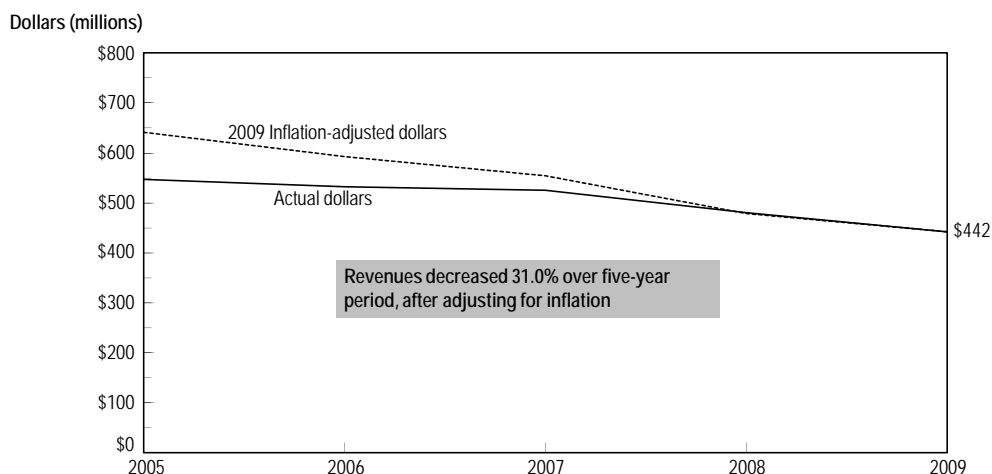
The Past Five Years of the Motor Vehicle Sales Tax

The table below shows the distribution of motor vehicle sales tax in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of motor vehicle sales tax for that same time period in current (actual) and constant (inflation-adjusted) dollars.

Motor Vehicle Sales Tax: Calendar Years 2005 to 2009

Current dollars, in thousands						
	2005	2006	2007	2008	2009	5-Yr. Chg. Tax
State	\$547,203	\$532,261	\$525,156	\$480,698	\$442,322	-19%
Northern Regions						
Northwest (1)	9,861	9,644	9,530	8,807	8,133	-18
Headwaters (2)	7,885	7,708	7,641	6,979	6,416	-19
Arrowhead (3)	35,183	33,916	33,323	30,215	27,698	-21
West Central (4)	23,740	22,967	22,678	20,845	19,274	-19
Five (5)	17,973	17,616	17,384	15,825	14,465	-20
East Central (7E)	17,612	18,475	17,964	16,084	14,448	-18
Southern Regions						
Six East (6E)	13,433	13,077	12,795	11,629	10,608	-21
Upper MN Valley (6W)	5,498	5,400	5,321	4,877	4,506	-18
Central MN (7W)	39,518	39,449	39,035	35,901	33,206	-16
Southwest (8)	13,607	13,174	13,010	12,020	11,168	-18
Nine (9)	24,613	24,679	24,189	22,001	20,131	-18
Southeastern MN (10)	52,003	50,817	49,841	45,498	41,844	-20
Total Nonmetro	\$260,926	\$256,923	\$252,710	\$230,683	\$211,895	-19%
Metro Region						
Hennepin County	114,287	110,979	109,400	100,115	91,666	-20
Ramsey County	49,835	46,251	46,025	41,681	37,676	-24
Remaining Metro	122,154	118,109	117,020	108,218	101,084	-17
Total Metro	\$286,277	\$275,338	\$272,445	\$250,015	\$230,427	-20%

Statewide Motor Vehicle Sales Tax



Motor Vehicle Registration Tax

Program Description

The **motor vehicle registration tax** is imposed annually on each motor vehicle registered and licensed in Minnesota to use the public streets and highways. The tax on passenger cars, pickup trucks, and vans is equal to the total of (1) a \$10 flat tax, and (2) an additional tax of 1.25 percent of a base value that is adjusted based on the age of the vehicle, decreasing to a \$25 flat tax for older vehicles.

The tax on trucks, tractors, and buses is based upon the type, weight, and age of the vehicle. A minimum tax applies to each type of vehicle. There is also a flat tax on motorcycles and mopeds. The tax is paid when the vehicle is first registered in Minnesota to use the public streets and annually thereafter when it is re-registered.

Exemptions from the tax include vehicles owned by governmental units, school buses, agricultural tractors and trailers, special mobile equipment, vehicles used solely for carrying construction camp equipment or attached machinery, fire apparatus, ambulances, and vehicles not operated on highways.

Tax Amount and Reporting

Calendar Year 2009 Motor Vehicle Registration Tax: \$512.4 million

The total motor vehicle registration tax for calendar year 2009 was \$512.4 million. The tax is collected by the Department of Public Safety. The amount of actual tax liability from each county is not available. The statewide total was allocated to counties based on estimates of the amount actually remitted by each county to the Department of Public Safety.

Revenue from this tax, like revenue from the motor fuels tax, is deposited in the Highway User Tax Distribution Fund. The Minnesota Constitution sets the distribution formula for 95 percent of the money in the fund: 29 percent to the county state-aid highway fund, 9 percent to the municipal state-aid street fund for cities with populations over 5,000, and 62 percent to the state trunk highway fund. The remaining 5 percent of the fund is allocated by law rather than by constitutional provision. In 2009 about 46 percent of this 5 percent set-aside was used for town roads and town bridges. The rest went into a “flexible account” that was used for county and city roads, including improvements to former state highways that reverted to local jurisdiction.

The statewide motor vehicle registration tax amount was obtained from the Department of Revenue.

Recent Law Changes

2000 Changes:

The 2000 Legislature decreased the motor vehicle registration tax beginning in June 2000. This reduction was estimated to cost \$149.8 million in fiscal year 2001. The table below summarizes the changes.

Year of vehicle registration in Minnesota	Flat tax	Plus	Total tax not to exceed
1	\$10	1.25% of base value	\$10 + 1.25% of total value
2	\$10	1.25% of base value*	\$189
3-10	\$10	1.25% of base value*	\$99
11 and up	\$10	\$25	\$35

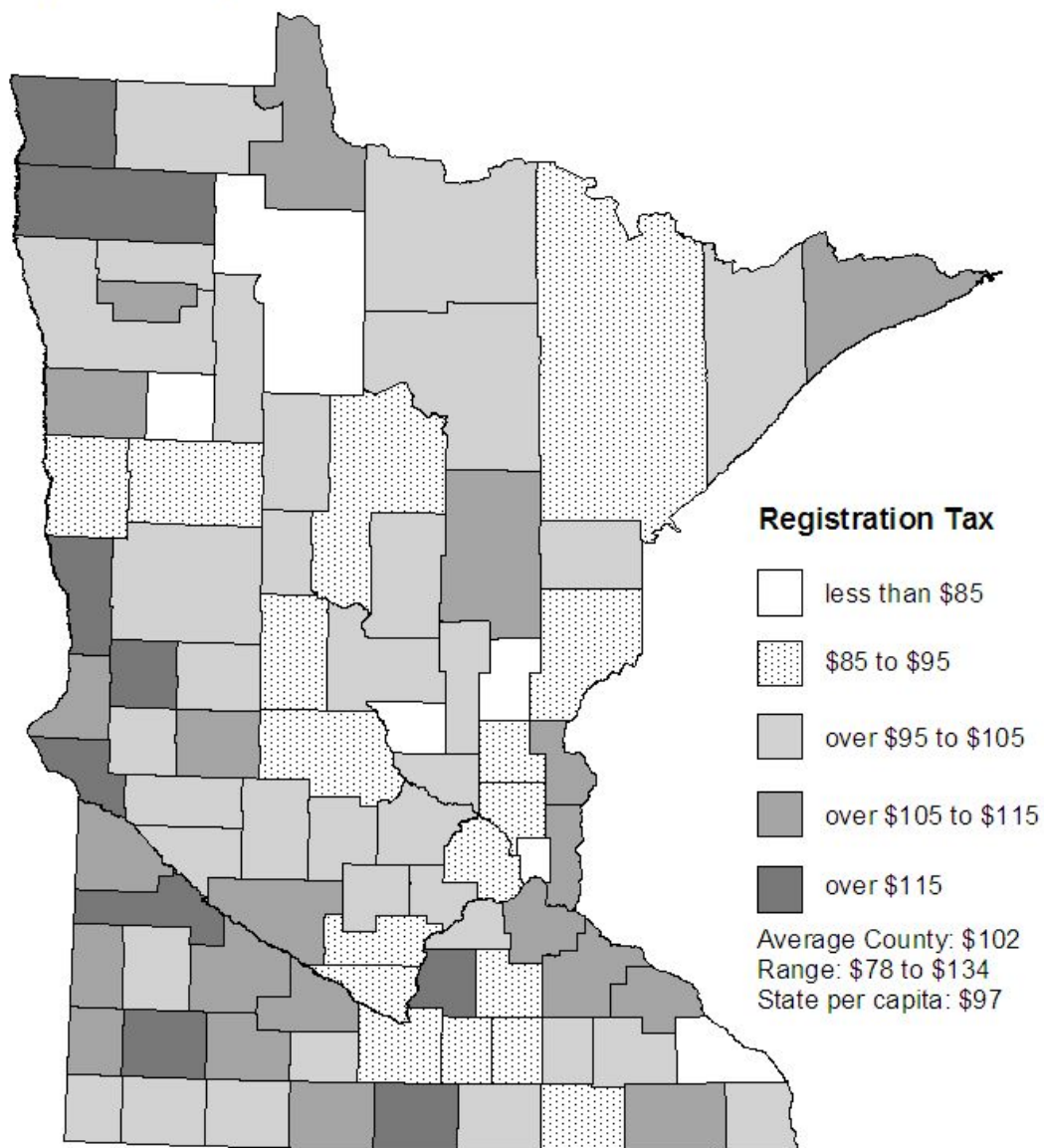
* Base value decreases as the vehicle gets older.

2008 Changes:

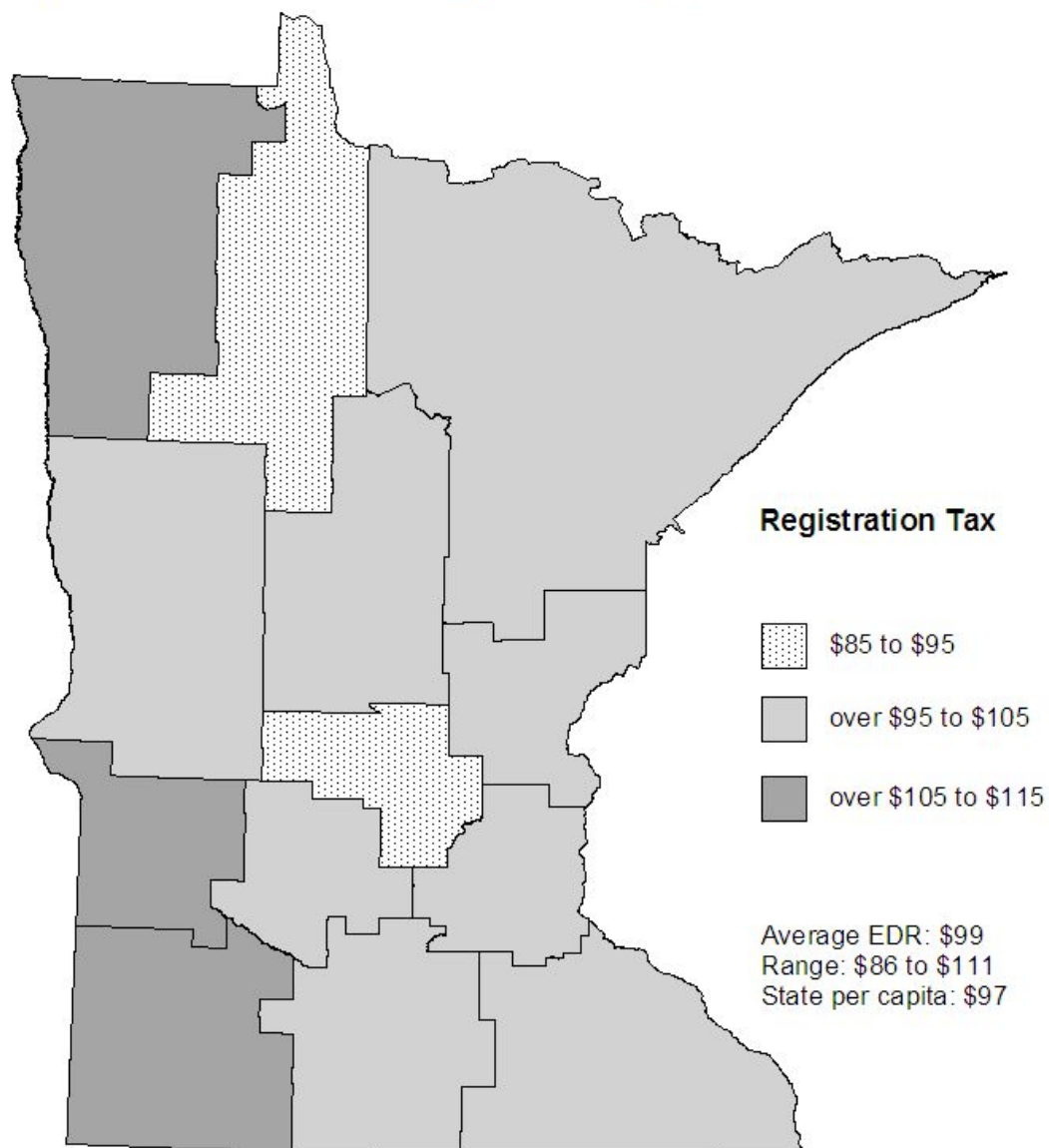
The 2008 Legislature restructured the registration tax for passenger vehicles by:

- eliminating the maximum of \$189 in the first registration renewal and \$99 in subsequent renewals;
- amending the vehicle depreciation schedule, which is the basis for a vehicle's valuation in collecting the tax (it is a decreasing percentage of the vehicle's original value as the vehicle gets older); and
- restricting the tax changes so that the amount owed for vehicles previously registered in Minnesota does not increase from the amount paid in previous years (regardless of whether vehicle ownership changes).

Motor Vehicle Registration Tax per capita, 2009 by County



Motor Vehicle Registration Tax per capita, 2009 by Economic Development Region



The Past Five Years of the Motor Vehicle Registration Tax

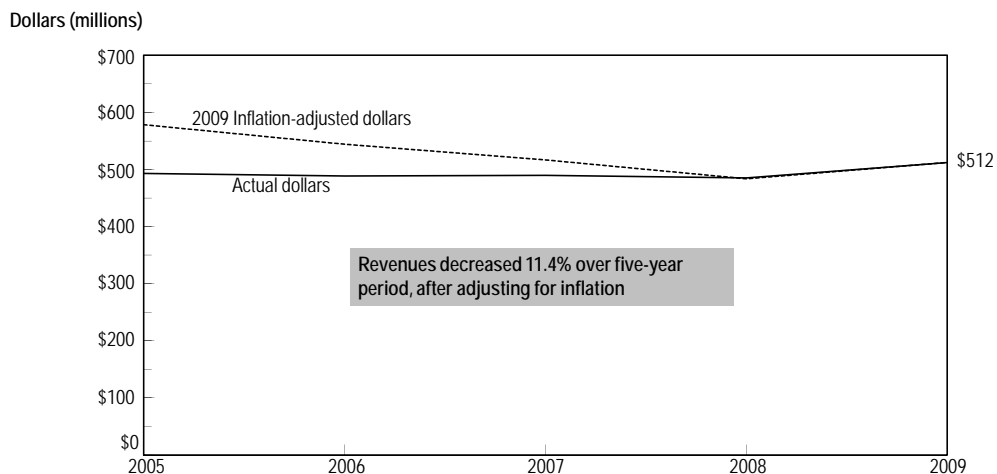
The table below shows the distribution of the motor vehicle registration tax in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of the motor vehicle registration tax for that same time period in current (actual) and constant (inflation-adjusted) dollars.

Motor Vehicle Registration Tax: Calendar Years 2005 to 2009

Current dollars, in thousands

	2005	2006	2007	2008	2009	5-Yr. Chg. Tax
State	\$493,255	\$488,538	\$489,540	\$485,511	\$512,352	4%
Northern Regions						
Northwest (1)	8,351	8,303	8,368	8,482	9,055	8
Headwaters (2)	6,684	6,652	6,692	6,591	6,927	4
Arrowhead (3)	30,798	30,231	30,138	29,474	30,922	0
West Central (4)	20,293	20,074	20,126	20,117	21,457	6
Five (5)	15,395	15,370	15,329	15,040	15,676	2
East Central (7E)	15,239	16,279	15,967	15,296	15,509	2
Southern Regions						
Six East (6E)	11,514	11,445	11,388	11,198	11,730	2
Upper MN Valley (6W)	4,645	4,678	4,705	4,728	5,066	9
Central MN (7W)	35,343	35,981	35,999	35,704	37,819	7
Southwest (8)	11,499	11,376	11,474	11,617	12,533	9
Nine (9)	21,183	21,777	21,663	21,349	22,413	6
Southeastern MN (10)	45,590	45,501	45,236	44,716	47,215	4
Total Nonmetro	\$226,534	\$227,667	\$227,084	\$224,312	\$236,322	4%
Metro Region						
Hennepin County	105,792	105,548	105,774	105,157	110,188	4
Ramsey County	45,894	42,548	43,393	42,458	43,502	-5
Remaining Metro	115,034	112,775	113,290	113,584	122,340	6
Total Metro	\$266,720	\$260,871	\$262,456	\$261,199	\$276,030	3%

Statewide Motor Vehicle Registration Tax



Motor Fuels Tax (Gas Tax)

Program Description

The **motor fuels tax** is imposed on gasoline, diesel fuel, and other motor fuels used by vehicles on public highways. Aviation fuel purchased, stored, or withdrawn from storage in Minnesota is also subject to the tax. Starting July 1, 2012, the rate on highway motor fuels⁹ will be 28.5 cents per gallon. The highway motor fuels rate was 20 cents per gallon from 1988 to April 1, 2008, with a rate increase phased in from April 1, 2008, to July 1, 2012. Aviation fuels are subject to a graduated, declining tax rate from 5 cents per gallon based on the number of gallons used during the calendar year.¹⁰

Tax Amount and Reporting

Calendar Year 2009 Motor Fuels Tax: \$798.3 million

The total net amount after refunds of the motor fuels tax for calendar year 2009 was \$798.3 million. This is the net amount after distributions (based on motor fuel use attributed to nonhighway use) to snowmobile, motorboat, forest roads, and all-terrain vehicles (ATV) accounts.

The motor fuels tax goes into the Highway User Tax Distribution Fund and is dedicated for highway use. (See page 76 for description of the allocation of the Highway User Tax Distribution Fund.)

The highway aids listed in the tables estimate how much each area received from the above distribution. Like both the motor vehicle excise tax and the motor vehicle registration tax, the amount of motor fuels tax paid by taxpayers in each county is unknown. For purposes of this report, an estimate was made for each county based upon the total number of vehicle miles traveled in each county in 2009 as a proportion of the total vehicle miles traveled within the state in 2009.

The statewide motor fuels tax amount was obtained from the Department of Revenue.

Recent Law Changes

The 2008 transportation finance act provided for a phased-in increase in the motor fuels tax. The tax increased by 2 cents to 22 cents per gallon on April 1, 2008, and the rate is further phased in up to 28.5 cents per gallon by July 1, 2012, as shown in the table below. In 2009 only, low-

⁹ Alternative fuels, such as liquefied natural gas and high-alcohol gasoline, are taxed at rates proportional to relative energy content.

¹⁰ Motor fuels used by public transit systems receiving state financial assistance are exempt. Until October 1, 1997, ethanol-gasoline blends received a tax credit of 5 cents for each gallon of ethanol.

income individuals were eligible to claim a refundable income tax credit of \$25 to offset the motor fuels tax increase. The credit was repealed in 2010.

The following table contains the phase-in schedule of motor fuel tax rates. The \$798.3 million in motor fuels tax for 2009 includes tax collected on all fuels shown in the table.

Motor Fuel Tax Phase-in Rates

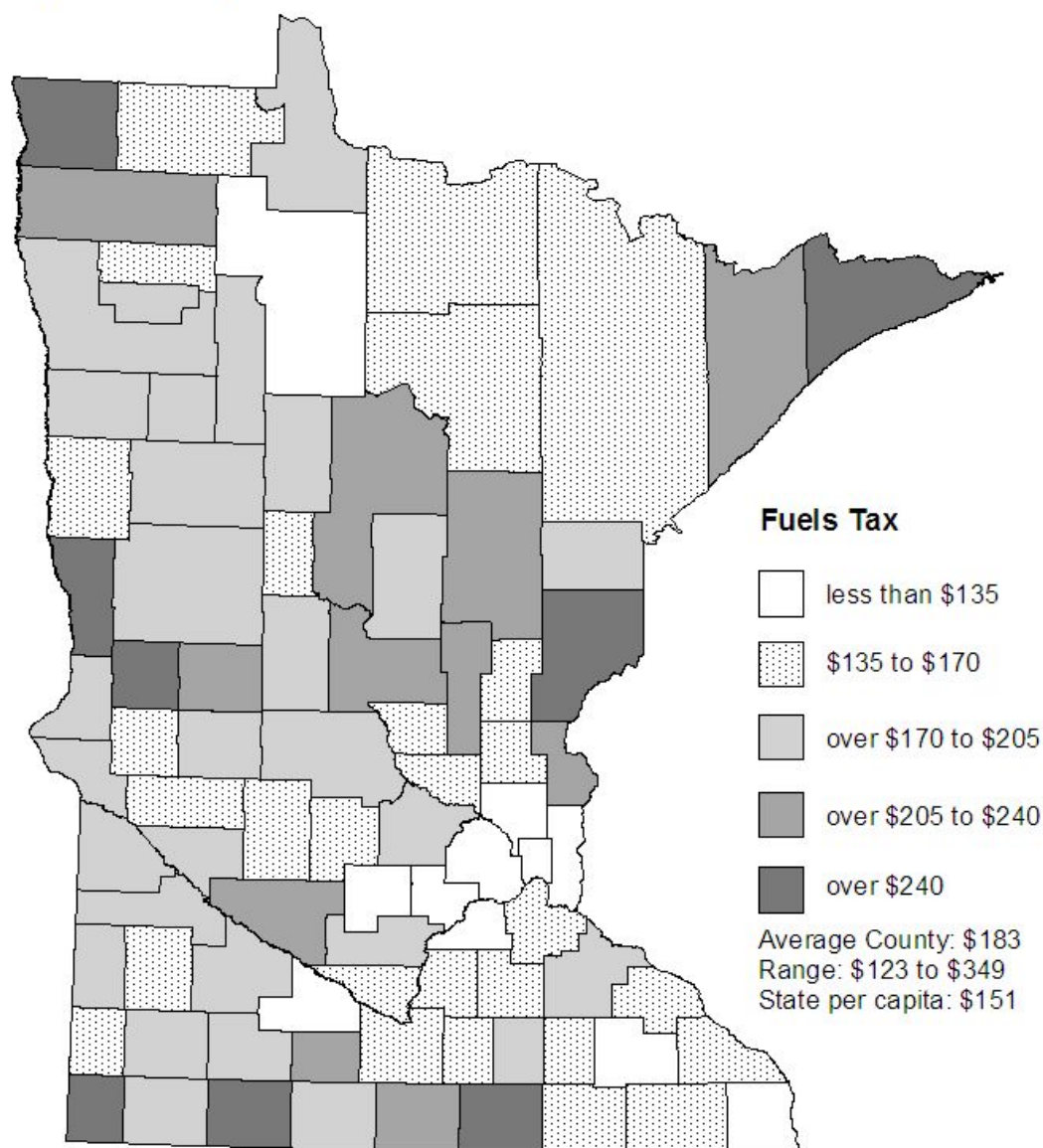
(cents)

Type of Fuel	Through 3/31/08	4/1/08 – 7/31/08	8/1/08 – 9/30/08	10/1/08 – 6/30/09	7/1/09 – 6/30/10	7/1/10 – 6/30/11	7/1/11 – 6/30/12	7/1/12 & After
Gasoline	20.0	22.00	22.50	25.50	27.10	27.50	28.00	28.50
E85	14.2	15.62	15.98	18.11	19.24	19.53	19.88	20.24
M85	11.4	12.54	12.83	14.54	15.45	15.68	15.96	16.25
Diesel	20.0	22.00	22.50	25.50	27.10	27.50	28.00	28.50
Liquefied petroleum gas (LPG)	15.0	16.50	16.88	19.13	20.33	20.63	21.00	21.38
Liquefied natural gas (LNG)	12.0	13.20	13.50	15.30	16.26	16.50	16.80	17.10
Compressed natural gas (CNG)	1.739	1.1913*	1.235*	2.217	2.356	2.391	2.435	2.478
Other special fuel	20.0	22.00	22.50	25.50	27.10	27.50	28.00	28.50

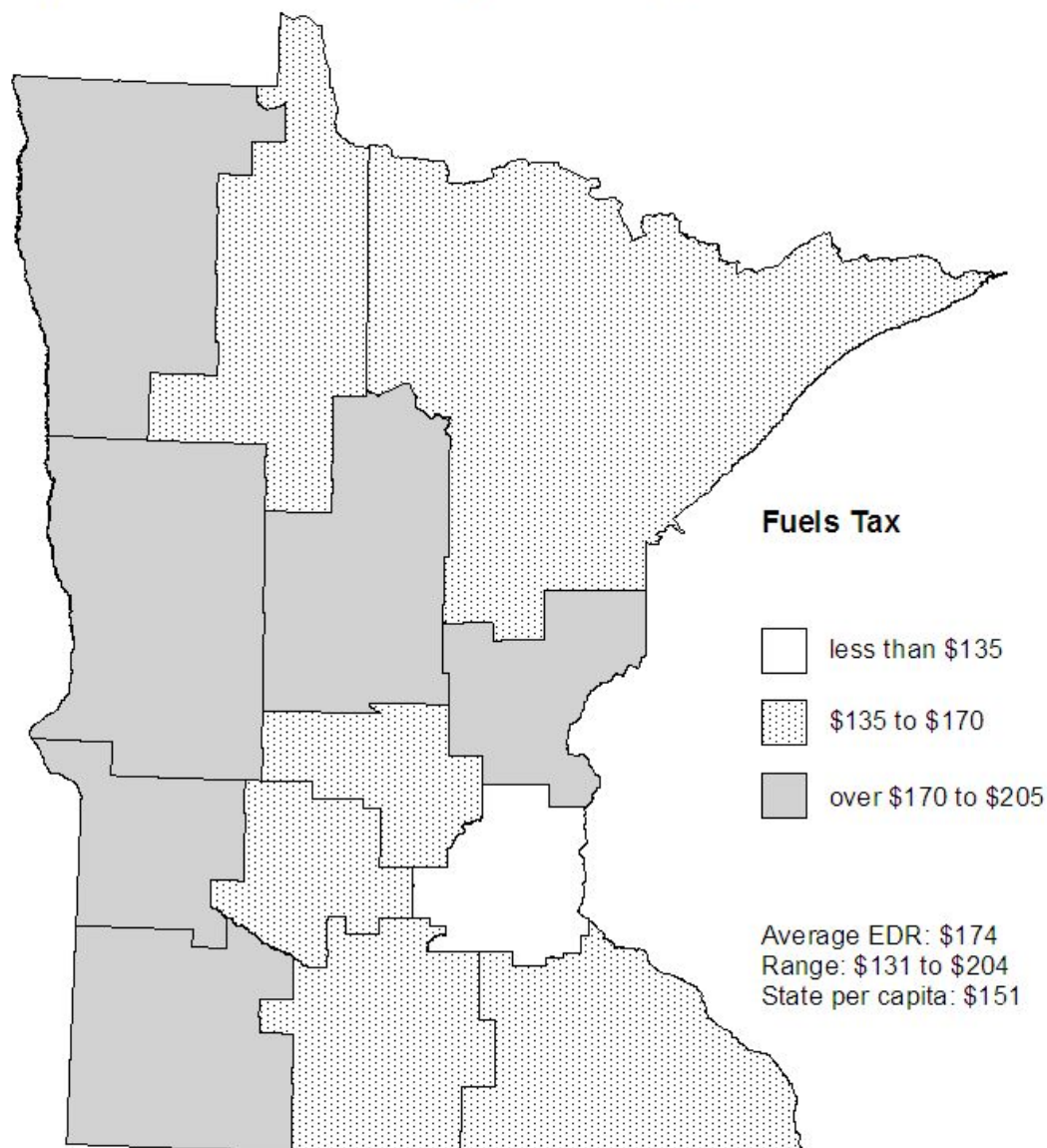
* Rate change is not proportional due to a drafting error.

Amounts include tax-rate increases and debt service surcharge; amounts for CNG are per 1,000 cubic feet

Motor Fuels Tax per capita, 2009 by County



Motor Fuels Tax per capita, 2009 by Economic Development Region



The Past Five Years of the Motor Fuels Tax

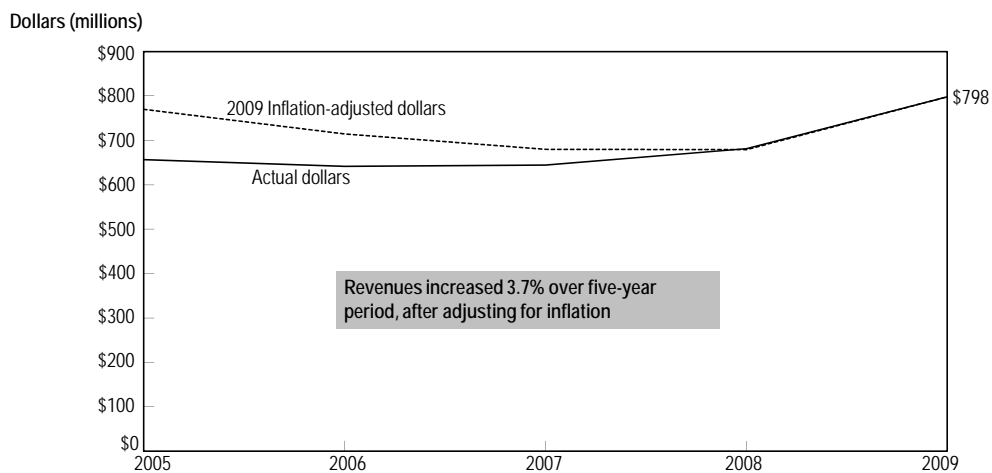
The table shows the distribution of the motor fuels tax in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of the motor fuels tax for that same time period in current (actual) and constant (inflation-adjusted) dollars.

Motor Fuels Tax: Calendar Years 2005 to 2009

Current dollars, in thousands

	2005	2006	2007	2008	2009	5-Yr. Chg. Tax
State	\$656,716	\$641,653	\$644,392	\$681,382	\$798,269	22%
Northern Regions						
Northwest (1)	13,106	12,355	11,869	12,965	15,308	17
Headwaters (2)	10,932	10,515	10,328	10,876	12,803	17
Arrowhead (3)	44,930	43,495	43,826	46,202	53,999	20
West Central (4)	34,777	33,320	33,062	35,182	41,987	21
Five (5)	25,956	25,296	25,623	26,638	31,363	21
East Central (7E)	27,709	27,228	27,151	27,984	32,734	18
Southern Regions						
Six East (6E)	15,551	14,883	15,090	15,734	18,446	19
Upper MN Valley (6W)	7,001	6,802	6,766	7,144	8,425	20
Central MN (7W)	53,679	54,694	54,625	57,388	67,556	26
Southwest (8)	19,162	18,400	18,245	19,291	22,840	19
Nine (9)	30,717	29,680	30,691	32,221	36,746	20
Southeastern MN (10)	65,472	63,140	63,050	67,044	79,204	21
Total Nonmetro	\$348,992	\$339,807	\$340,325	\$358,669	\$421,409	21%
Metro Region						
Hennepin County	125,874	124,286	125,693	133,387	155,515	24
Ramsey County	54,079	52,714	52,649	54,378	63,896	18
Remaining Metro	127,771	124,846	125,724	134,948	157,448	23
Total Metro	\$307,724	\$301,846	\$304,066	\$322,713	\$376,859	22%

Statewide Motor Fuels Tax



Corporate Franchise (Income) Tax

Program Description

Corporate franchise (income) tax (usually referred to as the corporate income tax) is imposed on the net income of corporations. The rate of the tax is 9.8 percent. The tax base is federal taxable income with a variety of Minnesota adjustments. Corporations that do business both inside and outside of Minnesota apportion their income using a three-factor formula based on the share of the corporation's total property, payroll, and sales that are in Minnesota. For tax years 2001 through 2006, the formula weights sales 75 percent and property and payroll 12.5 percent each.¹¹

An alternative minimum tax (AMT) applies to federal alternative minimum taxable income, if it would result in a higher tax than the regular corporate franchise tax. This tax rate is 5.8 percent. A minimum fee is imposed on corporations (including S corporations) and partnerships in addition to the regular tax or the AMT. The minimum fee ranges from \$100 to \$5,000, depending upon the corporation's sales, property, and payroll in Minnesota.

Tax Amount and Reporting

2008 Corporate Income Tax: \$916.0 million

The corporation statistics presented in this report were tabulated from all Minnesota corporation income tax returns filed during the calendar year ending December 31, 2008. (Primarily, returns from 2007 were filed in calendar year 2008.) The total statewide corporate tax amount of \$916.0 million includes income taxes collected from corporations whose main offices are in other states and foreign countries. It does not include any taxes or minimum fees paid by S corporations.

The corporate income tax data was obtained from the Department of Revenue's processing file. The location of each corporation's home office is not available on that file. Instead each county's total payroll, reported in County Business Patterns, was used as an indicator of where the corporate tax was paid.¹² This method allowed allocation of the entire \$916.0 million of corporate tax liability rather than only that incurred by corporations headquartered in Minnesota. Since about one-third of the corporate tax liability is from these out-of-state corporations, this methodology allocates those corporate taxes to the counties.

¹¹ Beginning in 2007, the formula gradually phases in 100 percent sales apportionment, reaching that percentage in 2014.

¹² For 2007, the payroll total was not available for Yellow Medicine County, in order to prevent disclosure of data pertaining to one or more businesses in the county. For purposes of allocating corporate tax data to counties, this report assumes 2007 payroll in Yellow Medicine County is in the same proportion to payroll in the remaining 86 counties as in 2006.

In addition to the total dollar amount of corporate tax shown by region and by county in sections 2 to 4 of the report, the tables below summarize statewide data by unitary/nonunitary and by type of corporation/return.

By Unitary/Nonunitary Returns¹³

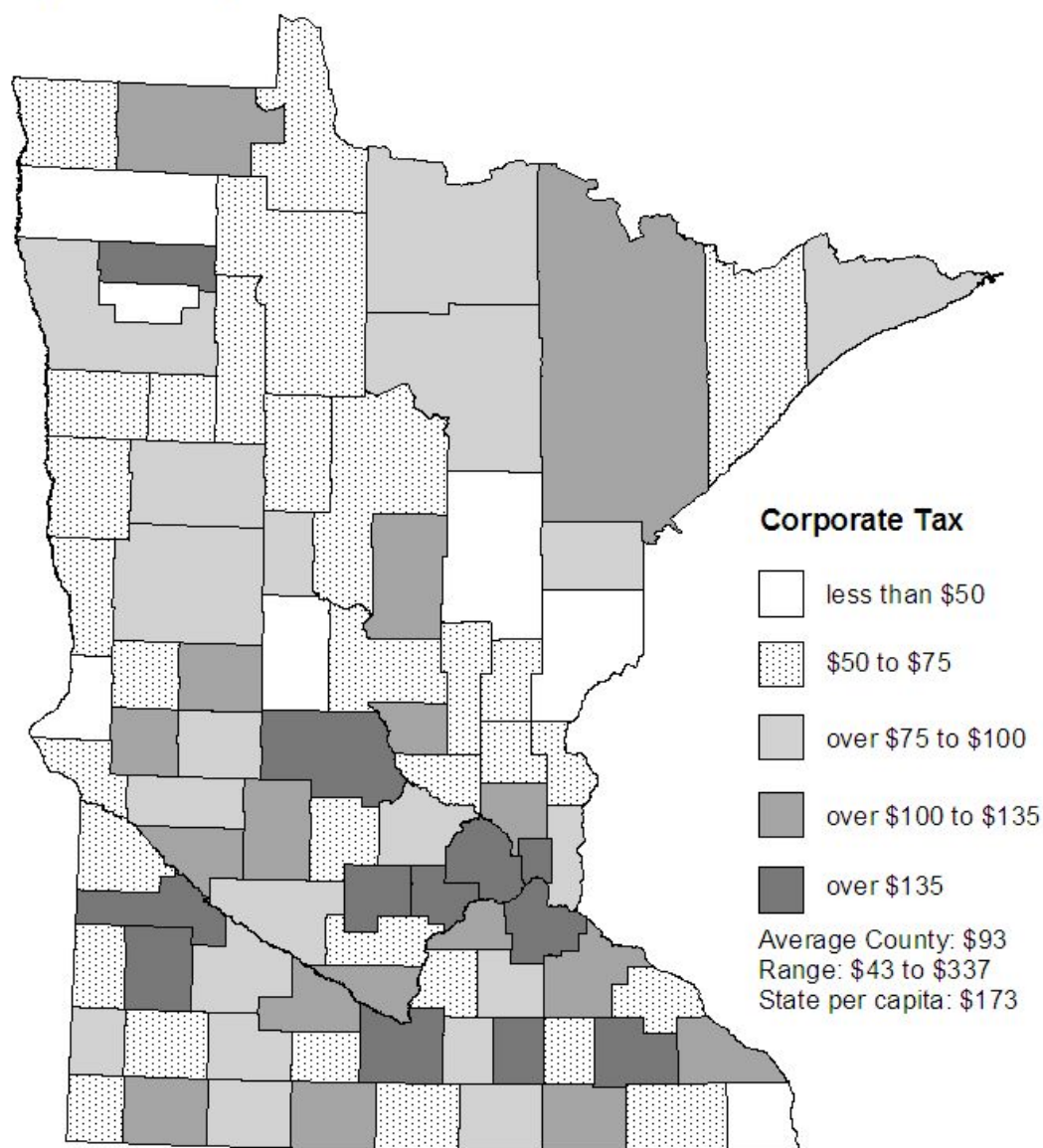
Returns Filed in 2008	# of Returns	% of Total	Tax Liability	% of Total	Average Tax
Unitary Returns	13,856	29.7%	\$784,767,763	85.7%	\$56,637
Nonunitary Returns	<u>32,849</u>	<u>70.3</u>	<u>131,275,765</u>	<u>14.3</u>	<u>3,996</u>
Total	46,705	100.0%	\$916,043,528	100.0%	\$19,613

By Type of Return

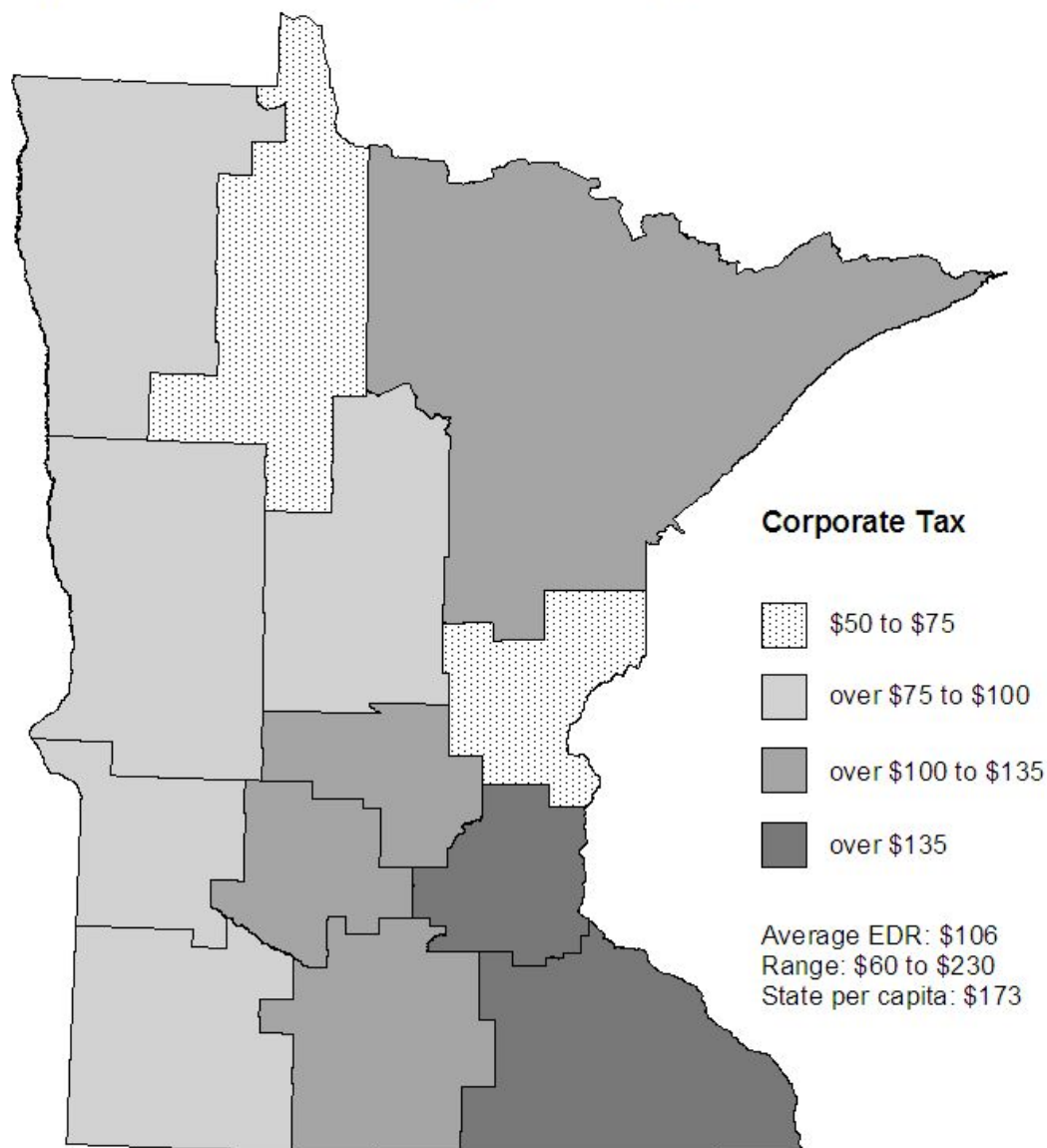
Returns Filed in 2008	# of Returns	% of Total	Tax Liability	% of Total	Average Tax
100% Minnesota Corporations					
Regular Tax	7,285	15.6%	\$47,263,714	5.2%	\$6,488
Minimum Tax	6,108	13.1	3,370,082	0.3	552
No Tax	<u>8,007</u>	<u>17.1</u>	<u>0</u>	<u>0.0</u>	<u>0</u>
Total	21,400	45.8%	\$50,633,796	5.5%	\$2,366
Multistate Corporations					
Regular Tax	11,452	24.5%	\$847,784,603	92.5%	\$74,029
Minimum Tax	6,932	14.8	17,625,129	1.9	2,543
No Tax	<u>6,921</u>	<u>14.8</u>	<u>0</u>	<u>0.0</u>	<u>0</u>
Total	25,305	54.2%	\$865,409,732	94.5 %	\$34,199
All Corporations					
Regular Tax	18,737	40.1%	\$895,048,317	97.7%	\$47,769
Minimum Tax	13,040	27.9	20,995,211	2.3	1,610
No Tax	<u>14,928</u>	<u>32.0</u>	<u>0</u>	<u>0.0</u>	<u>0</u>
Total	46,705	100.0%	\$916,043,528	100.0%	\$19,613

¹³ Related corporations, such as subsidiary, brother-sister, and parent corporations, must file on a unitary basis. For these corporations, the denominator of the three-factor apportionment formula (property, payroll, and sales) includes the factors of all the corporations in the unitary group. The numerator is the factors of the individual corporation, and the taxable income apportioned is the total income of the unitary group.

Corporate Tax per capita, 2008 by County



Corporate Tax per capita, 2008 by Economic Development Region



The Past Five Years of Corporate Franchise Tax

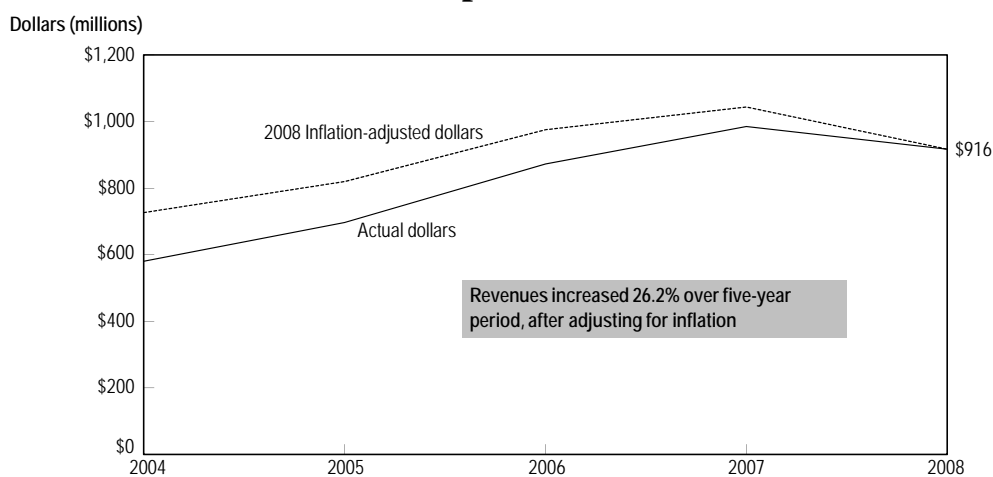
The table below shows the distribution of the corporate franchise tax in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of the corporate franchise tax for that same time period in current (actual) and constant (inflation-adjusted) dollars.

Corporate Franchise Tax: Filed Calendar Years 2004 to 2008

Current dollars, in thousands

	2004	2005	2006	2007	2008	5-Yr. Chg. Tax
State	\$580,379	\$696,227	\$872,409	\$985,217	\$916,044	58%
Northern Regions						
Northwest (1)	4,954	5,894	7,115	8,026	7,703	55
Headwaters (2)	3,720	4,373	5,370	5,953	5,577	50
Arrowhead (3)	21,244	25,371	32,610	36,314	34,280	61
West Central (4)	11,574	13,924	17,432	19,358	18,611	61
Five (5)	8,064	9,543	12,202	13,469	12,396	54
East Central (7E)	6,984	8,386	10,347	10,285	9,661	38
Southern Regions						
Six East (6E)	8,603	10,213	13,064	14,013	12,990	51
Upper MN Valley (6W)	2,278	2,881	3,980	4,623	4,409	94
Central MN (7W)	24,847	30,073	39,034	45,830	42,033	69
Southwest (8)	6,711	9,089	11,379	12,948	11,208	67
Nine (9)	14,892	18,007	23,280	25,661	23,778	60
Southeastern MN (10)	42,806	50,242	63,834	76,445	69,776	63
Total Nonmetro	\$156,676	\$187,996	\$239,647	\$272,926	\$252,422	61%
Metro Region						
Hennepin County	247,725	298,999	369,073	419,610	392,666	59
Ramsey County	80,564	94,191	117,084	127,756	118,105	47
Remaining Metro	95,414	115,040	146,604	164,925	152,851	60
Total Metro	\$423,703	\$508,231	\$632,762	\$712,290	\$663,622	57%

Statewide Corporate Franchise Tax



State General Property Tax

Program Description

A state general property tax was instituted as part of the overall property tax reform adopted during the 2001 legislative session. The state tax is levied only on commercial/industrial/public utility property and seasonal recreational property. That portion of public utility property consisting of attached machinery used in the generation of electrical energy is exempt from the state general property tax, as well as the property at the Minneapolis-St. Paul International Airport and the St. Paul intermediate airport.

For its first year in taxes payable 2002, the state general levy amount was \$592 million. Each subsequent year's amount is increased from the previous year's amount by using the increase in the implicit price deflator for government consumption expenditures and gross investments published by the U.S. Bureau of Economic Analysis (an index of inflation).

Tax Amount and Reporting

Payable Year 2009 State General Property Tax: \$774.0 million

The total state general property tax for taxes payable in 2009 was \$774.0 million.

For taxes payable in 2009, the state tax rate was 45.535 percent for commercial-industrial/public utility property and 18.214 percent for seasonal recreational property, which yielded revenues of \$735.0 million and \$38.7 million respectively.¹⁴

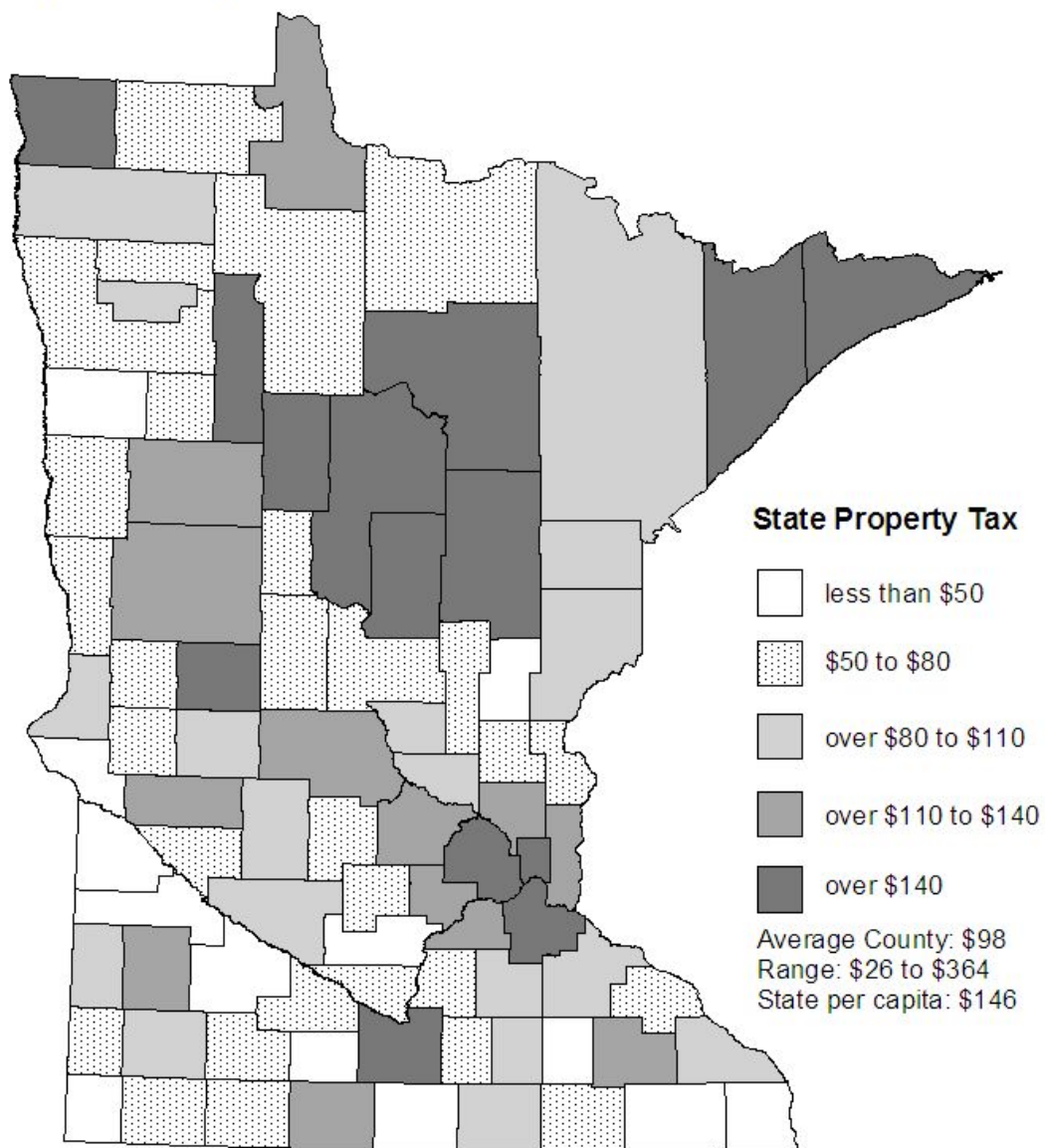
The tax rates are computed by the Department of Revenue.

Recent Law Changes

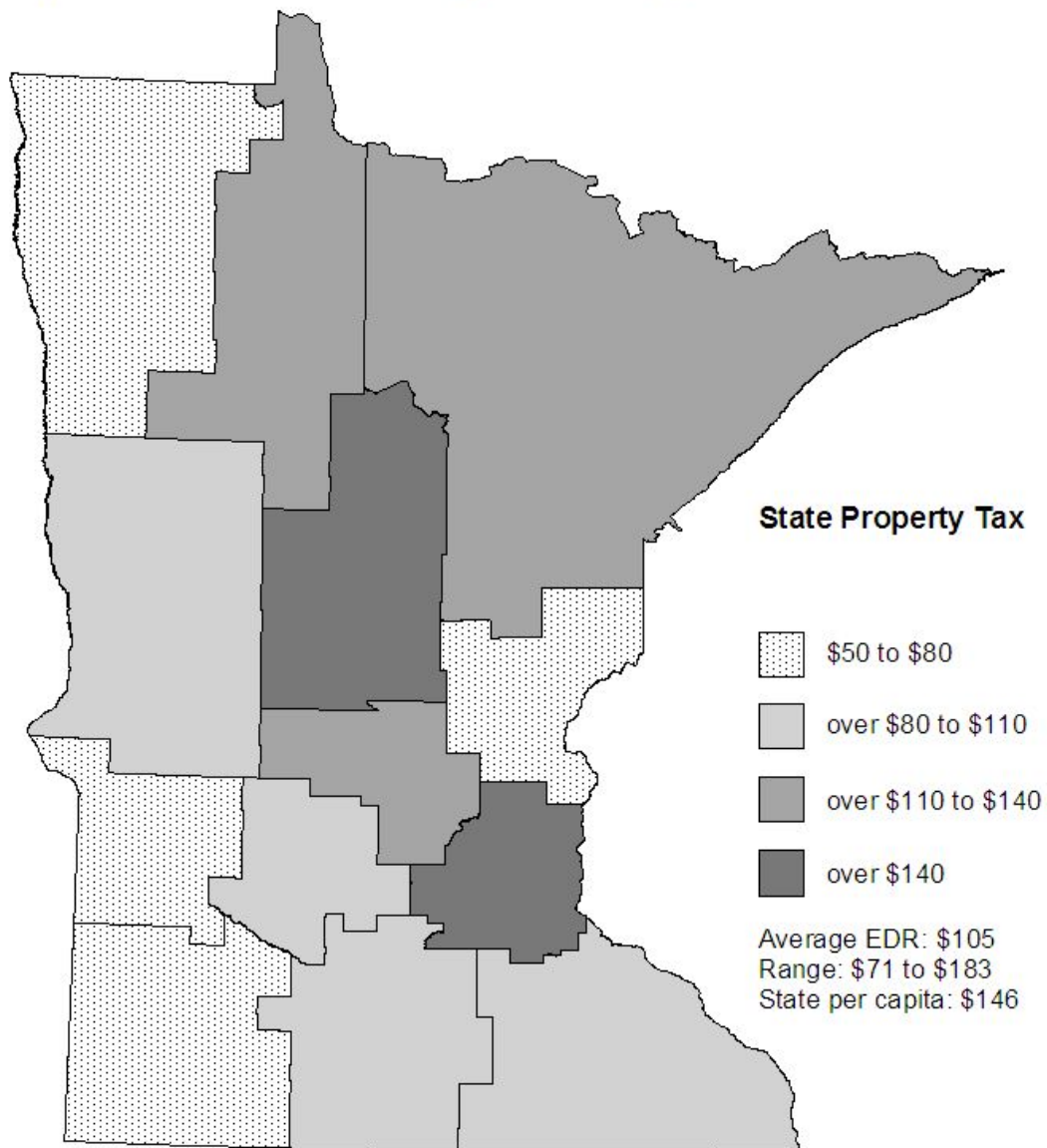
Legislation enacted in 2005 (for taxes payable in 2006) required 95 percent of the state general tax to be levied against commercial/industrial/public utility property, with the remaining 5 percent levied against seasonal recreational property.

¹⁴ The actual levy was \$774.0 million due to changes made in the tax base after the rate was established. In addition to the amount formally levied, an additional amount of approximately \$1.8 million is collected from properties that are not included in the abstract of assessment (i.e., the majority of the tax is on certain transmission and distribution line property). This amount is not included in this report because its distribution is unknown.

State General Property Tax per capita, 2009 by County



State General Property Tax per capita, 2009 by Economic Development Region



The First Five Years of State General Property Tax

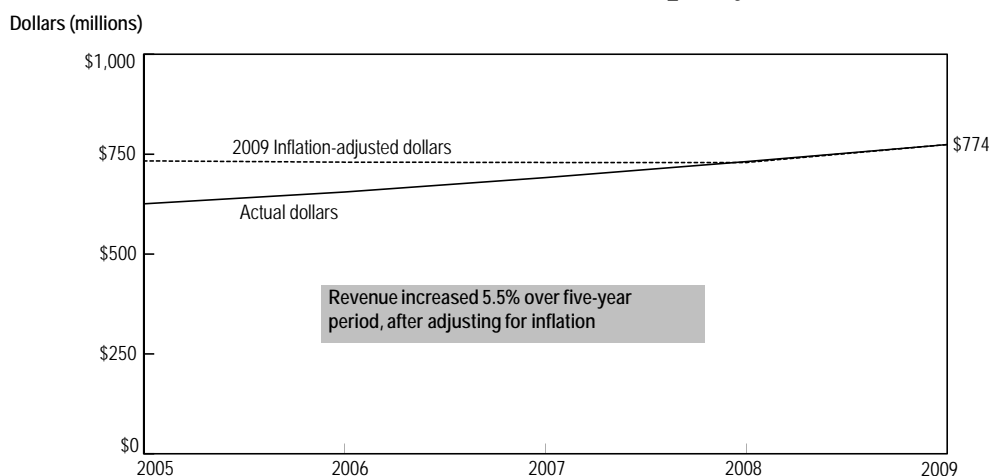
The table below shows the distribution of the state general property tax in thousands of dollars for the first five years for the state and economic development regions. The graph shows total dollars of the state general property tax for that same time period in current (actual) and constant (inflation-adjusted) dollars.

State General Property Tax: Payable 2005 to 2009

Current dollars, in thousands

	2005	2006	2007	2008	2009	5-Yr. Chg. Tax
State	\$625,576	\$655,554	\$691,014	\$731,575	\$773,957	24%
Northern Regions						
Northwest (1)	6,330	6,130	6,196	6,325	6,560	4
Headwaters (2)	8,694	7,852	8,252	8,553	9,184	6
Arrowhead (3)	34,949	32,225	32,877	34,055	36,264	4
West Central (4)	21,121	19,467	20,614	21,521	22,832	8
Five (5)	28,230	24,385	25,607	26,554	27,500	-3
East Central (7E)	9,717	9,894	10,590	10,931	11,372	17
Southern Regions						
Six East (6E)	8,303	8,274	8,637	8,928	9,648	16
Upper MN Valley (6W)	2,828	2,834	2,903	2,984	3,265	15
Central MN (7W)	34,119	37,096	39,981	41,787	44,509	30
Southwest (8)	7,566	7,835	7,974	7,891	8,842	17
Nine (9)	17,335	17,642	17,641	18,936	20,378	18
Southeastern MN (10)	38,699	41,610	41,477	43,060	46,715	21
Total Nonmetro	\$217,891	\$215,243	\$222,749	\$231,525	\$247,070	13%
Metro Region						
Hennepin County	214,055	231,321	244,575	262,407	274,286	28
Ramsey County	72,619	78,629	82,794	88,549	92,356	27
Remaining Metro	121,011	130,360	140,896	149,094	160,246	32
Total Metro	\$407,685	\$440,310	\$468,265	\$500,050	\$526,888	29%

Statewide State General Property Tax



2. Summary Data

This section contains summary data for the most recent available year on

- statewide totals
- the seven metro and the 80 nonmetro counties
- the 13 economic development regions

A sample table and a general explanation of the tables in sections 2, 3, and 4 of the report precede the data.

General Explanations of Tables

The basic format is the same for all the regional and county tables in sections 3 and 4 of the report. (See adjacent page.)

I. MAJOR STATE AIDS/CREDITS. Although all of the aids/credits listed are paid by the state, there are three types of aids/credits.

A. Aids to Local Governments

- Are paid to the local taxing district and are part of its total revenue
- Benefit all types of property in the taxing district
- Reduce what is needed from the property tax levy

B. Property Tax Credits

- Are paid to the local taxing district, but are listed on the property tax statement as a credit against the property's gross tax
- Benefit only certain types of property
- Are computed on a parcel-by-parcel basis on qualifying property

C. Property Tax Refunds (Circuit Breaker/Targeting)

- Are paid directly to homeowners and renters (property tax refund)
- Are based upon a relationship between household income and the homeowner's property tax or the renter's share of property tax (property tax refund)
- Are targeted to homeowners who have large property tax increases in one year (targeting)

II. PROPERTY TAX DATA

A. Property Tax Levy for taxes payable in 2009 by type of taxing district, including the state property tax levy

B. Property Valuation of taxable real and personal property for the 2008 assessment (taxes payable in 2009), including the total market value, referendum market value, and net tax capacity

C. The Average Tax Rates for taxes payable in 2009 of the local net tax capacity and referendum market value

III. MAJOR STATE TAXES

- Individual income tax
- Sales/use tax
- Motor vehicle sales tax
- Motor vehicle registration tax
- Motor fuels tax (i.e., gas tax)
- Corporate income tax
- State property tax

The motor vehicle sales tax, the motor vehicle registration tax, the motor fuels tax, and the corporate income tax have been included in this report on a county-by-county basis. However, it should be stressed that these county amounts are only estimates since actual collections by county are not available. (See section 1 for detail on how the county apportionments were calculated.)

	COUNTY			REGION	STATE
	Amount (000s)	Percent	Per Capita	Per Capita	Per Capita
I. Major State Aids/Credits					
A. Aids to Local Governments					
Education Aid (2008-2009)					
Human Services Aid (Calendar 2009)					
Medical Assistance					
Minnesota Family Investment Program					
General Assistance including GAMC					
Social Services					
Miscellaneous					
Total					
Highway Aid (Calendar 2009)					
County Aid					
Municipal Aid					
Township Aid					
Total					
Local Government Aid (Calendar 2009)					
Disparity Reduction Aid (Calendar 2009)					
County Program Aid (Payable 2009)					
Community Corrections Funding (2009)					
Total Aids					
B. Property Tax Credits (Payable 2009)					
Homestead Market Value Credit					
Agricultural Market Value Credit					
Miscellaneous Credits					
Total Property Tax Credits					
C. Property Tax Refunds (08 filed 09)					
Regular (Homeowners)					
Regular (Renters)					
Targeting Refund					
Total Property Tax Refunds					
Total Aids/Credits					
II. Property Tax Data					
A. Property Tax Levy (Payable 2009)					
County Levy					
City/Town Levy					
School District Net Tax Capacity Levy					
School District Referendum Market Value Levy					
Miscellaneous District Levy					
State Property Tax Levy					
Total Levy					
Less Property Tax Credits					
Net Property Taxes Payable					
B. Property Valuation (2008 Assessment)					
Market Valuation					
Referendum Market Valuation					
Net Tax Capacity (NTC)					
C. Average Local NTC Tax Rate					
Avg. Referendum Mkt. Value Tax Rate					
III. Major State Taxes					
Individual Income Tax (2008 filed 2009)					
Sales/Use Tax (Calendar 2009)					
Motor Vehicle Sales Tax (Calendar 2009)					
Motor Vehicle Registration Tax (Calendar 2009)					
Motor Fuels Tax (Calendar 2009)					
Corporate Income Tax (Calendar 2009)					
State Property Tax (Payable 2009)					
Total State Taxes					

Statewide Summary

Tables 2-1 and 2-2 contain the statewide totals of all the state aids and taxes presented in this report. Table 2-1 summarizes the total amounts for Minnesota residents only, whereas the amounts in Table 2-2 also include those dollars paid by nonresidents.

2009 population is used to calculate per capita amounts in the tables and maps throughout this report, even if 2008 is the most recent year for which data for a particular aid or tax is available, except for Appendix C and the maps on pages 112 and 113.

The total state aids and credits contained in this report equal about \$13.2 billion, whereas the total of the seven major taxes listed in this report equal \$13.4 billion paid by residents and an additional \$0.9 billion paid by nonresidents (for a total tax amount of \$14.3 billion).

The total taxes presented in this report **are not the total of all taxes collected by the state**. The total state net tax receipts were about \$17.5 billion in fiscal year 2008 and \$16.3 billion in fiscal year 2009. Furthermore, the taxes presented in this report are not for a specific time period but rather are the latest available data and/or the next data in sequence to the 2008 Update report (published December 2010). Therefore, the \$14.3 billion total taxes listed in this report (residents and nonresidents) is about 85 percent of the total taxes actually collected over that period.

The taxes not contained in this report include estate, mortgage registry and deed, insurance gross premiums, MinnesotaCare, mineral, cigarette and tobacco products, lawful gambling, and alcoholic beverages. The collections from some of these taxes are dedicated for specific purposes.

Metro/Nonmetro Data

Tables 2-3 and 2-4 contain data comparing the metro and nonmetro counties. The metro counties are the Twin Cities seven metropolitan counties—Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. The nonmetro counties are the remaining 80 counties in the state.

Table 2-3 has the metro and nonmetro dollar amounts of aids and taxes and a per capita comparison.

Table 2-4 presents a statewide breakdown of metro versus nonmetro for each of the categories. Each item adds across to 100 percent; for example 55.1 percent of the education aid goes to metro counties and 44.9 percent goes to nonmetro counties.

2009 population is used to calculate per capita amounts in the tables and maps throughout this report, even if 2008 is the most recent year for which data for a particular aid or tax is available, except for Appendix C and the maps on pages 112 and 113.

Note: The metro and nonmetro totals add to the state totals in Table 2-1, which include only Minnesota residents.

The additional amounts paid by out-of-state taxpayers have not been allocated to any county. The amount of sales and income taxes which is unallocated to Minnesota is about \$0.9 billion. Appendix B has a list of the type of tax and amounts not entirely allocated to Minnesota counties.

3. Regional Data

There are four statewide maps comparing various tax/aid factors.

- Map on page 110 is total per capita aid and credits by economic development region
- Map on page 111 is total per capita taxes (residents only) by economic development region
- Map on page 112 is per capita personal income by county
- Map on page 113 is per capita personal income by region

Table 3 compares the state aid/tax data for each of the 13 regions with the statewide totals. There is a separate table for each region.

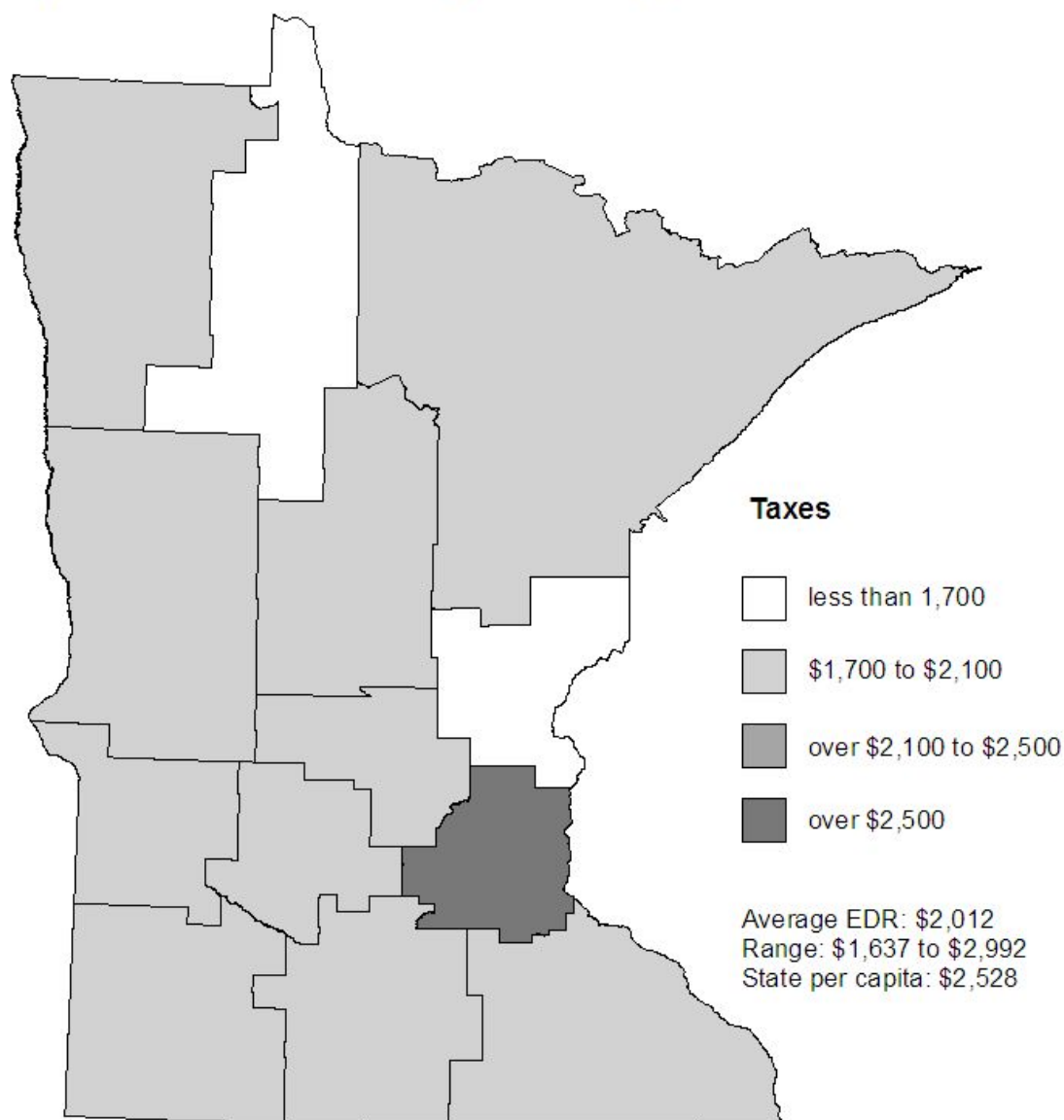
Statewide per capita amounts exclude income and sales taxes paid by nonresidents of Minnesota.

The map of Minnesota on page 4 and table on page 5 show the counties that are located in each of the 13 economic development regions.

2009 population is used to calculate per capita amounts in the tables and maps throughout this report, even if 2008 is the most recent year for which data for a particular aid or tax is available, except for Appendix C and the maps on pages 112 and 113.

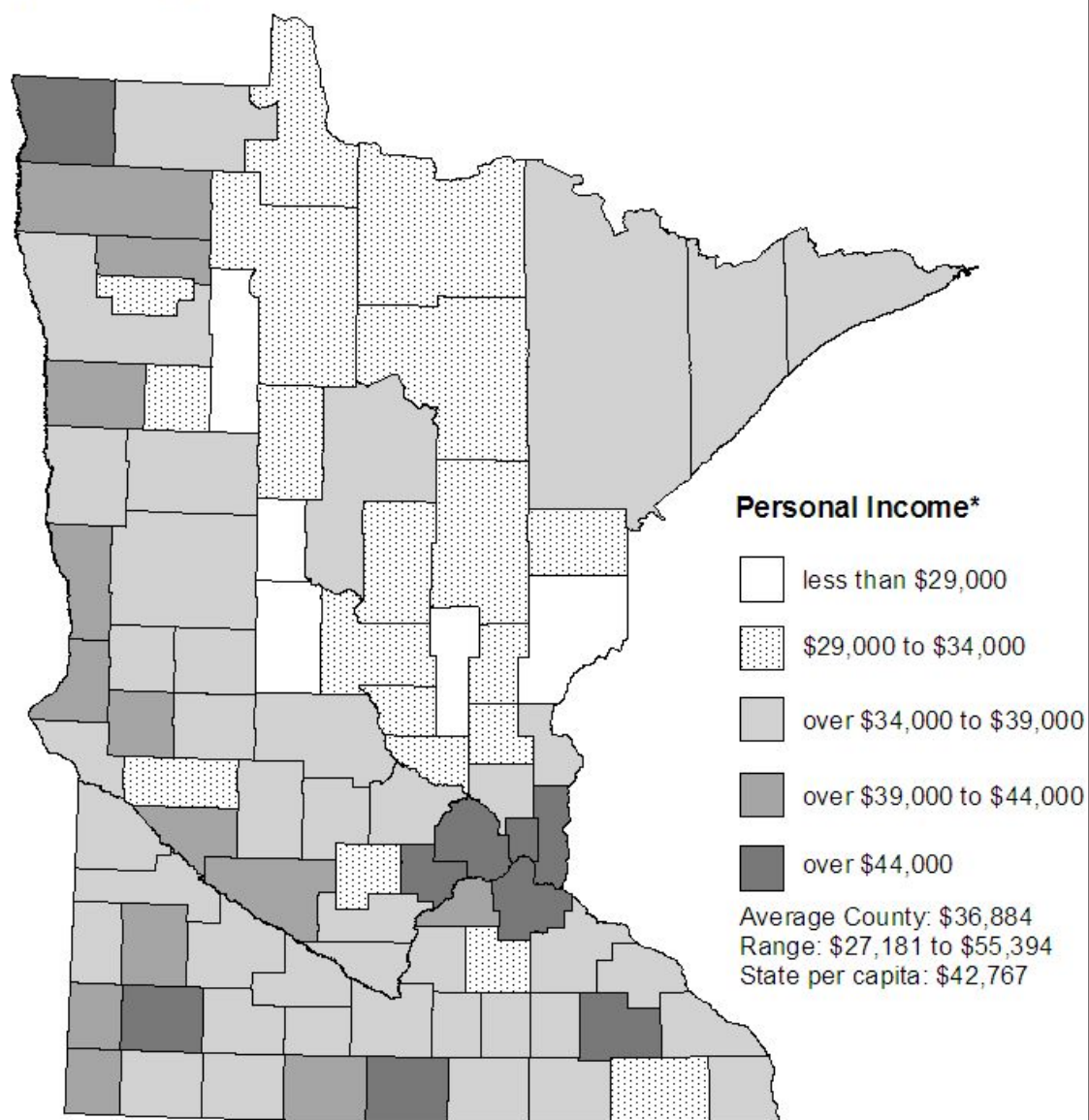


Total Taxes (\$13.4 billion),* per capita by Economic Development Region



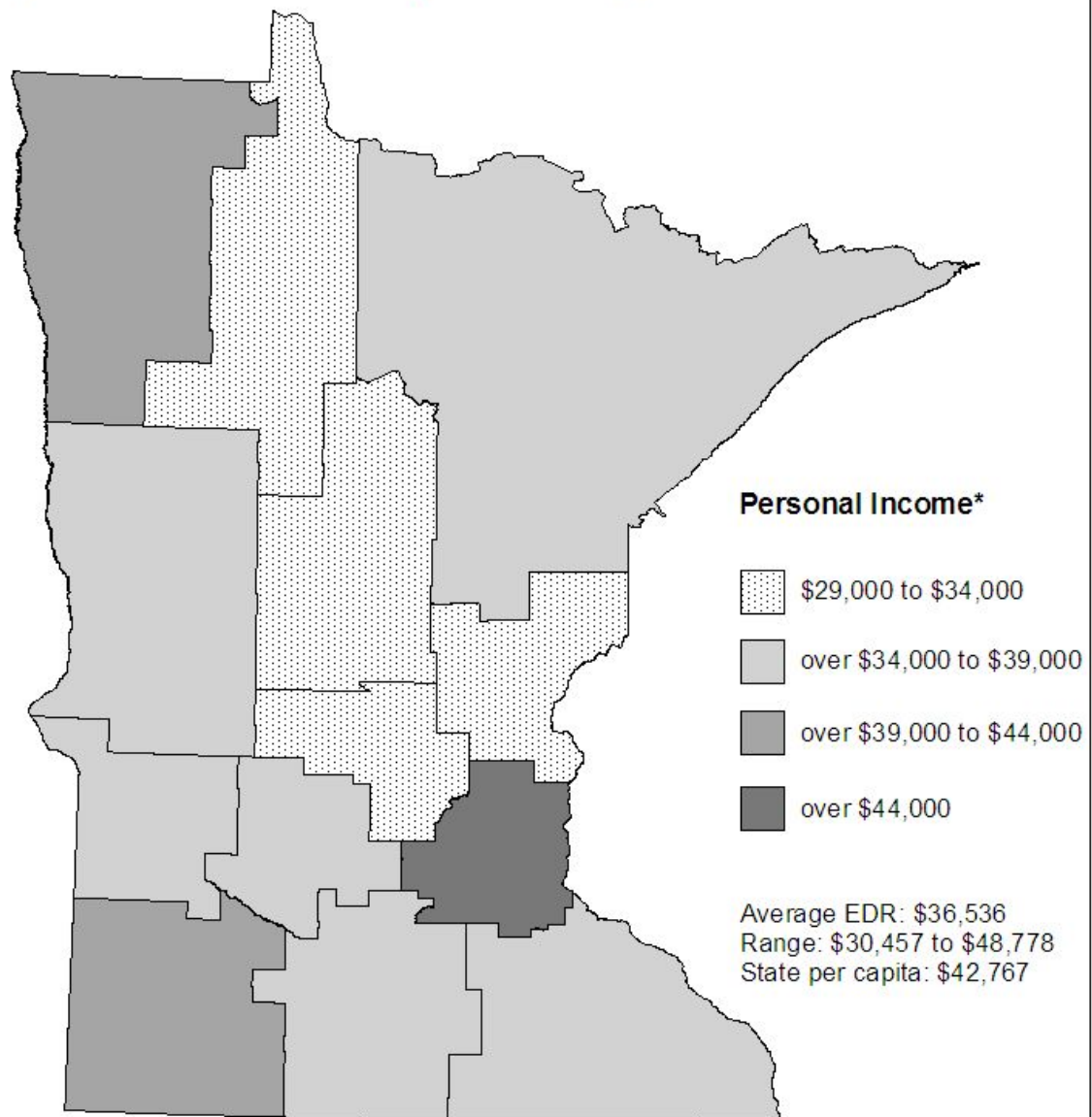
* Total taxes include only the taxes on residents. The \$0.9 billion paid by nonresidents and not allocated to Minnesota counties is excluded.

Personal Income (\$226.1 billion in 2008), per capita by County



* See Appendix C for listing of Personal Income by County and definition of Personal Income.

Personal Income (\$226.1 billion in 2008), per capita by Economic Development Region



* See Appendix C for listing of Personal Income by County and definition of Personal Income.

4. County Data

This section compares data from each county with statewide data and data from the economic development regions in which the county is located. The counties are listed in alphabetical order. There is a separate table for each county.

Statewide per capita amounts exclude income and sales tax paid by nonresidents of Minnesota.

A table containing the 2009 estimated population, which was used for each county in determining the county and region per capita amounts, is on page 6. 2009 population is used to calculate per capita amounts throughout this report, even if 2008 is the most recent year for which data for a particular aid or tax is available.

Appendix A

Education aids include state aid for general education, special education, transportation, community education, capital expenditure, secondary vocational, and other miscellaneous programs, as well as charter school aid.

Education Aids by County and by School District 2008/2009 School Year

County	School District No.	School District Name	Education Aid
Aitkin	1	Aitkin	\$9,056,360
	95	Cromwell-Wright	3,376
	182	Crosby-Ironton	677
	2580	East Central	75,466
	698	Floodwood	16,183
	2	Hill City	2,917,022
	2165	Hinckley-Finlayson	543,201
	473	Isle	1,005,279
	4	Mcgregor	3,744,145
	577	Willow River	47,728
		charters	498,141
Total			17,907,580
Anoka	11	Anoka-Hennepin	247,758,687
	12	Centennial	54,010,448
	13	Columbia Heights	25,313,379
	728	Elk River	6,922,699
	831	Forest Lake	16,893,500
	14	Fridley	23,400,528
	16	Spring Lake Park	34,402,812
	15	St. Francis	40,313,238
	624	White Bear Lake	2,120,021
		charters	14,676,499
Total			465,811,811
Becker	22	Detroit Lakes	21,461,193
	23	Frazee-Vergas	5,952,598
	2889	Lake Park Audubon	4,227,112
	821	Menahga	1,377,340
	553	New York Mills	59,290
	309	Park Rapids	1,682,070
	548	Pelican Rapids	438,856
	549	Perham	1,017
	820	Sebeka	0
	914	Ulen-Hitterdal	261,152
	435	Waubun	3,868,532
Total			39,329,159

**Education Aids by County and by School District
2008/2009 School Year**

County	School District No.	School District Name	Education Aid
Beltrami	31	Bemidji	\$36,536,136
	32	Blackduck	5,822,710
	115	Cass Lake-Bena	215,773
	447	Grygla	637,006
	36	Kelliher	2,868,484
	38	Red Lake	15,852,430
		charters	4,071,016
		Total	66,003,554
Benton	51	Foley	11,410,219
	912	Milaca	486,874
	484	Pierz	16,026
	477	Princeton	106,693
	485	Royalton	821,061
	748	Sartell-St. Stephen	206,561
	47	Sauk Rapids	27,854,050
	742	St. Cloud	3,612,910
		Total	44,514,394
Big Stone	771	Chokio-Alberta	30,612
	2888	Clinton-Graceville-Beardsley	3,073,938
	2853	Lac Qui Parle Valley	255,541
	62	Ortonville	3,998,526
		Total	7,358,617
Blue Earth	2860	Blue Earth Area	0
	391	Cleveland	63,742
	2835	Janesville-Waldorf-Pemberton	933,503
	2071	Lake Crystal-Wellcome Memorial	6,211,054
	837	Madelia	580,013
	77	Mankato	40,443,237
	2135	Maple River	7,855,743
	88	New Ulm	263,421
	75	St. Clair	4,270,681
	458	Truman	202,801
	2143	Waterville-Elysian-Morristown	10,998
		charters	881,916
		Total	61,717,109

**Education Aids by County and by School District
2008/2009 School Year**

County	School District No.	School District Name	Education Aid
Brown	2754	Cedar Mountain	263,521
	81	Comfrey	834,096
	837	Madelia	369,436
	88	New Ulm	13,176,968
	2884	Red Rock Central	92,629
	84	Sleepy Eye	5,182,806
	85	Springfield	3,953,066
	840	St. James	250,039
		charters	720,018
Total			24,842,579
Carlton	91	Barnum	\$5,614,943
	93	Carlton	4,593,930
	94	Cloquet	19,756,731
	95	Cromwell-Wright	2,681,033
	99	Esko	7,996,746
	97	Moose Lake	3,223,270
	100	Wrenshall	2,309,320
Total			46,175,973
Carver	716	Belle Plaine	928,485
	112	Chaska	66,399,183
	2859	Glencoe-Silver Lake	9,530
	2687	Howard Lake-Waverly-Winsted	28,081
	424	Lester Prairie	2,260
	276	Minnetonka	10,214,044
	108	Norwood	7,858,849
	110	Waconia	17,087,689
	111	Watertown-Mayer	8,952,439
charters			2,413,450
Total			113,894,010
Cass	181	Brainerd	5,376,965
	115	Cass Lake-Bena	8,231,942
	317	Deer River	228,311
	118	Northland Community	4,960,173
	186	Pequot Lakes	581,098
	116	Pillager	5,161,412
	2174	Pine River-Backus	4,830,057
	820	Sebeka	11,011
	2170	Staples-Motley	1,703,782
	113	Walker-Hackensack-Akeley	5,657,153
		charters	605,923
Total			37,347,828

**Education Aids by County and by School District
2008/2009 School Year**

County	School District No.	School District Name	Education Aid
Chippewa	777	Benson	96,155
	775	Kerkhoven-Murdock-Sunburg	455,921
	2853	Lac Qui Parle Valley	1,221,196
	2180	M.A.C.C.R.A.Y.	3,898,720
	129	Montevideo	11,180,255
	2190	Yellow Medicine	1,518,838
		Total	18,371,085
Chisago	314	Braham	1,194,023
	911	Cambridge-Isanti	1,347,765
	2144	Chisago Lakes	25,064,895
	831	Forest Lake	6,223,279
	323	Franconia	173,977
	138	North Branch	24,783,349
	139	Rush City	5,862,345
		charters	1,240,426
		Total	65,890,058
Clay	2854	Ada-Borup	\$255,263
	146	Barnesville	5,423,446
	2164	Dilworth-Glyndon-Felton	10,116,370
	150	Hawley	6,711,777
	2889	Lake Park Audubon	118,354
	152	Moorhead	45,336,820
	2527	Norman County West	87,262
	548	Pelican Rapids	123,452
	914	Ulen-Hitterdal	2,152,912
		Total	70,325,656
Clearwater	162	Bagley	8,402,153
	2311	Clearbrook-Gonvick	3,851,268
		Total	12,253,422
Cook	166	Cook County	4,851,562
		charters	936,392
		Total	5,787,953
Cottonwood	836	Butterfield	4,174
	81	Comfrey	363,511
	505	Fulda	19,793
	330	Heron Lake-Okabena	130,449
	173	Mountain Lake	4,217,039
	2884	Red Rock Central	2,058,762
	2898	Westbrook-Walnut Grove	2,497,270
	177	Windom	6,857,232
		Total	16,148,229

**Education Aids by County and by School District
2008/2009 School Year**

County	School District No.	School District Name	Education Aid
Crow Wing	1	Aitkin	503,756
	181	Brainerd	49,839,171
	182	Crosby-Ironton	9,335,138
	482	Little Falls	6,563
	480	Onamia	1,533,612
	186	Pequot Lakes	10,433,224
	484	Pierz	38,462
	2174	Pine River-Backus charters	2,905,805 1,373,144
		Total	75,968,874
Dakota	191	Burnsville	\$64,039,215
	252	Cannon Falls	280,391
	192	Farmington	48,901,563
	200	Hastings	31,424,151
	199	Inver Grove Heights	27,813,564
	194	Lakeville	64,015,591
	659	Northfield	4,096,283
	195	Randolph	3,281,264
	196	Rosemount-Apple Valley-Eagan	215,069,994
	6	South St. Paul	26,166,965
	197	West St. Paul-Mendota Hts.-Eagan charters	35,000,399 15,622,203
		Total	535,711,582
Dodge	756	Blooming Prairie	599,861
	531	Byron	174,472
	203	Hayfield	3,603,239
	204	Kasson-Mantorville	14,549,926
	2172	Kenyon-Wanamingo	26,553
	255	Pine Island	569,240
	2125	Triton	8,472,490
		Total	27,995,782
Douglas	206	Alexandria	29,631,329
	207	Brandon Public S	2,099,346
	208	Evansville	1,065,454
	2149	Minnewaska	85,040
	213	Osakis	3,148,151
	547	Parkers Prairie	1,589,094
	2342	West Central Area charters	1,144,780 600,387
		Total	39,363,581

**Education Aids by County and by School District
2008/2009 School Year**

County	School District No.	School District Name	Education Aid
Faribault	242	Alden-Conger	16,120
	2860	Blue Earth Area	9,864,804
	2536	Granada Huntley-East Chain	417,017
	2835	Janesville-Waldorf-Pemberton	1,347
	2135	Maple River Scho	1,220,128
	2134	United South Central	5,250,523
		Total	16,769,939
Fillmore	227	Chatfield Public	3,332,410
	2198	Fillmore Central	4,522,183
	2137	Kingsland	5,250,099
	229	Lanesboro	2,678,419
	499	Leroy	691,752
	238	Mabel-Canton	2,383,677
	239	Rushford-Peterson	4,624,902
	858	St. Charles	4,962
	534	Stewartville	311,119
		Total	23,799,523
Freeborn	241	Albert Lea	28,734,848
	242	Alden-Conger	3,542,811
	492	Austin	992,281
	756	Blooming Prairie	632,528
	2886	Glenville-Emmons	3,152,279
	497	Lyle	175,091
	2168	N.R.H.E.G.	1,895,997
	2134	United South Central	1,266,532
		Total	40,392,368
Goodhue	252	Cannon Falls	8,467,212
	656	Faribault	2,794
	253	Goodhue	4,369,782
	200	Hastings	30,658
	2172	Kenyon-Wanamingo	6,072,101
	813	Lake City	3,009,588
	659	Northfield	238,139
	255	Pine Island	3,895,031
	195	Randolph	361,056
	256	Red Wing	21,324,797
	2125	Triton	58,810
	2805	Zumbrota-Mazeppa	5,619,967
		Total	53,449,937

**Education Aids by County and by School District
2008/2009 School Year**

County	School District No.	School District Name	Education Aid
Grant	261	Ashby	1,092,171
	852	Campbell-Tintah	4,933
	208	Evansville	195,660
	264	Herman-Norcross	1,148,021
	2342	West Central Area	4,689,245
	Total		7,130,031
Hennepin	11	Anoka-Hennepin	\$69,368,266
	271	Bloomington	83,013,837
	286	Brooklyn Center	18,064,753
	877	Buffalo	8,163,918
	879	Delano	6,107,764
	272	Eden Prairie	73,156,818
	273	Edina	58,950,507
	728	Elk River	19,101,254
	270	Hopkins	60,767,410
	1	Minneapolis	372,107,492
	276	Minnnetonka	48,189,436
	278	Orono	19,320,853
	279	Osseo	177,824,623
	280	Richfield	35,486,545
	281	Robbinsdale	101,116,409
	883	Rockford	7,125,679
	282	St. Anthony-New Brighton	7,303,934
	283	St. Louis Park	34,049,164
	110	Waconia	4,865,637
	111	Watertown-Mayer	2,083,900
	284	Wayzata	74,126,722
	277	Westonka	16,250,866
		charters	133,424,597
	Total		1,429,970,385
Houston	299	Caledonia	6,641,069
	294	Houston	11,000,620
	300	Lacrescent-Hokah	9,721,310
	238	Mabel-Canton	62,371
	239	Rushford-Peterson	339,124
	297	Spring Grove	2,593,074
		charters	863,043
	Total		31,220,611
Hubbard	31	Bemidji	4,366,629
	115	Cass Lake-Bena	3,985,292
	306	Laporte	2,439,185
	821	Menahga	245,259
	308	Nevis	4,501,080
	309	Park Rapids	10,269,223
	25	Pine Point	934,362
	113	Walker-Hackensack-Akeley	1,030,971
	Total		27,772,002

**Education Aids by County and by School District
2008/2009 School Year**

County	School District No.	School District Name	Education Aid
Isanti	314	Braham	4,208,511
	911	Cambridge-Isanti	35,963,988
	728	Elk River	5,235
	912	Milaca	71,011
	332	Mora	1,770
	138	North Branch	3,028,471
	333	Ogilvie	267,707
	477	Princeton	3,840,903
	15	St. Francis	3,513,385
Total			50,900,980
Itasca	32	Blackduck	27,996
	317	Deer River	7,551,079
	318	Grand Rapids	29,617,910
	316	Greenway	9,260,276
	319	Nashwauk-Keewatin charters	5,566,723 1,178,430
Total			53,202,414
Jackson	513	Brewster	287,760
	330	Heron Lake-Okabena	2,782,055
	2895	Jackson County	9,232,294
	2448	Martin County West	22,364
	173	Mountain Lake	137,543
	516	Round Lake	274,734
	177	Windom	929,784
Total			13,666,534
Kanabec	314	Braham	1,006,790
	2580	East Central	215,987
	2165	Hinckley-Finlayson	427,501
	473	Isle	270,886
	912	Milaca	118,426
	332	Mora	13,749,865
	333	Ogilvie	4,386,527
	578	Pine City	3,425
Total			20,179,408

**Education Aids by County and by School District
2008/2009 School Year**

County	School District No.	School District Name	Education Aid
Kandiyohi	2396	A.C.G.C.	3,926,134
	2364	Belgrade-Brooten-Elrosa	1,131,536
	2534	Bird Island-Olivia-Lake Lillian	639,913
	775	Kerkhoven-Murdock-Sunburg	1,156,311
	2180	M.A.C.C.R.A.Y.	2,030,149
	345	New London-Spicer	10,899,573
	741	Paynesville	460,261
	815	Prinsburg	263,255
	2890	Renville County West	472,059
	347	Willmar	36,086,885
Total			57,066,076
Kittson	2683	Greenbush-Middle River	11,408
	2171	Kittson Central	3,050,017
	356	Lancaster	2,020,165
	2358	Tri-County	1,934,111
Total			7,015,701
Koochiching	361	International Falls	9,928,986
	36	Kelliher	24,764
	362	Littlefork-Big Falls	3,360,081
	707	Nett Lake	0
	363	South Koochiching	4,661,762
	2142	St. Louis County	18,270
Total			17,993,862
Lac qui Parle	371	Bellingham	863,494
	891	Canby	189,819
	378	Dawson-Boyd	4,385,545
	2853	Lac Qui Parle Valley	3,551,775
	129	Montevideo	936,140
	62	Ortonville	82,119
	2190	Yellow Medicine	21,061
Total			10,029,953
Lake	381	Lake Superior	9,374,208
Total			9,374,208
Lake of the Woods	390	Lake of the Woods	4,982,049
	690	Warroad	1,112,498
Total			6,094,547

**Education Aids by County and by School District
2008/2009 School Year**

County	School District No.	School District Name	Education Aid
Le Sueur	716	Belle Plaine	56,007
	391	Cleveland	2,749,252
	392	Le Center	5,211,404
	2397	Le Sueur-Henderson	6,289,772
	77	Mankato	579,025
	394	Montgomery-Lonsdale	4,130,627
	721	New Prague Area	5,571,036
	508	St. Peter	3,297,369
	2143	Waterville-Elysian-Morristown	4,351,764
		charters	1,203,583
Total			33,439,840
Lincoln	891	Canby	281,547
	402	Hendricks	1,348,859
	403	Ivanhoe	1,476,683
	404	Lake Benton	1,485,291
	414	Minneota	131,098
	2902	R.T.R.	2,305,866
Total			7,029,344
Lyon	411	Balaton	644,017
	2167	Lakeview	3,250,286
	415	Lynd	1,522,121
	413	Marshall	19,223,487
	635	Milroy	52,810
	414	Minneota	3,361,016
	2902	R.T.R.	1,787,543
	417	Tracy	3,196,706
		charters	114,363
Total			33,152,350
McLeod	2365	G.F.W.	7,960
	2859	Glencoe-Silver Lake	11,354,537
	2687	Howard Lake-Waverly-Winsted	1,983,159
	423	Hutchinson	21,670,463
	424	Lester Prairie	3,022,967
	465	Litchfield	3,803
	2887	McLeod West	1,604,815
		charters	2,879,569
Total			42,527,273
Mahnommen	601	Fosston	857,468
	432	Mahnommen	5,815,411
	435	Waubun	1,693,136
		charters	927,014
Total			9,293,029

**Education Aids by County and by School District
2008/2009 School Year**

County	School District No.	School District Name	Education Aid
Marshall	561	Goodridge	375,411
	2683	Greenbush-Middle	1,378,362
	447	Grygla	1,471,977
	441	Marshall County	3,758,943
	682	Roseau	14,408
	2856	Stephen-Argyle Central	3,476,488
	564	Thief River Falls	507,959
	2358	Tri-County Schoo	505,974
	2176	Warren-Alvarado-Oslo	3,386,908
Total			14,876,430
Martin	2860	Blue Earth Area	17,887
	836	Butterfield	144,108
	2752	Fairmont Area	14,194,094
	2536	Granada Huntley-East Chain	1,894,981
	2895	Jackson County Central	1,983
	2448	Martin County West	6,355,837
	840	St. James	157,360
	458	Truman	1,894,155
Total			24,660,405
Meeker	2396	A.C.G.C.	2,489,082
	876	Annandale	15,001
	466	Dassel-Cokato	9,571,301
	463	Eden Valley-Watkins	2,728,151
	423	Hutchinson	665,164
	739	Kimball	1,167,768
	465	Litchfield	13,386,948
	741	Paynesville	763,085
Total			30,786,499
Mille Lacs	473	Isle	2,827,555
	912	Milaca	12,507,533
	333	Ogilvie	84,616
	480	Onamia	4,561,291
	477	Princeton	8,418,086
Total			28,399,081

**Education Aids by County and by School District
2008/2009 School Year**

County	School District No.	School District Name	Education Aid
Morrison	181	Brainerd	4,608
	51	Foley	688,265
	738	Holdingford	182,849
	482	Little Falls	20,087,910
	2753	Long Prairie-Grey Eagle	53,047
	740	Melrose	2,336
	912	Milaca	479,091
	480	Onamia	1,227,343
	484	Pierz	8,471,637
	116	Pillager	926,684
	485	Royalton	4,423,149
	2170	Staples-Motley	3,581,331
	486	Swanville	1,164,915
	487	Upsala	3,134,841
	Total		44,428,005
Mower	492	Austin	37,058,595
	756	Blooming Prairie	694,357
	495	Grand Meadow	2,997,832
	203	Hayfield	2,305,188
	2137	Kingsland	161,844
	499	Leroy	1,742,535
	497	Lyle	1,969,579
	500	Southland	5,046,508
	534	Stewartville	1,498,400
	Total		53,474,839
Murray	411	Balaton	90,471
	581	Edgerton	151,998
	505	Fulda	2,825,758
	2169	Murray County Central	6,240,510
	2689	Pipestone Area	33,403
	2902	R.T.R.	152,201
	417	Tracy	2,428,056
	2898	Westbrook-Walnut Grove	669,654
	Total		12,592,051
Nicollet	2365	G.F.W.	408,044
	2397	Le Sueur-Henderson	160,226
	77	Mankato	14,596,626
	88	New Ulm	2,882,789
	507	Nicollet	2,514,473
	2310	Sibley East	282,509
	508	St. Peter	11,408,564
	Total		32,253,232

**Education Aids by County and by School District
2008/2009 School Year**

County	School District No.	School District Name	Education Aid
Nobles	511	Adrian	4,961,917
	513	Brewster	1,016,219
	581	Edgerton	397,981
	514	Ellsworth	1,295,413
	505	Fulda	934,995
	330	Heron Lake-Okabena	0
	2184	Luverne	142,258
	2169	Murray County Central	19,921
	516	Round Lake	628,398
	518	Worthington	21,211,400
		charters	961,666
Total			31,570,168
Norman	2854	Ada-Borup	4,825,321
	592	Climax	379,820
	599	Fertile-Beltrami	285,107
	432	Mahnomen	135,477
	2215	Norman County East	3,343,071
	2527	Norman County West	2,612,524
	435	Waubun	76,413
Total			11,657,732
Olmsted	531	Byron	11,848,865
	227	Chatfield	2,955,247
	533	Dover-Eyota	9,249,186
	203	Hayfield	357,436
	204	Kasson-Mantorville	133,238
	255	Pine Island	4,203,759
	2899	Plainview-Elgin-Millville	1,043,589
	535	Rochester	121,844,860
	858	St. Charles	346,025
	534	Stewartville	11,330,061
	2805	Zumbrota-Mazeppa	4,936
charters			4,090,544
Total			167,407,746

**Education Aids by County and by School District
2008/2009 School Year**

County	School District No.	School District Name	Education Aid
Otter Tail	261	Ashby	873,357
	146	Barnesville	25,115
	542	Battle Lake	3,528,416
	786	Bertha-Hewitt	994,749
	207	Brandon	11,484
	846	Breckenridge	4,484
	852	Campbell-Tintah	125,332
	22	Detroit Lakes	281,237
	208	Evansville	28,868
	544	Fergus Falls	19,301,008
	23	Frazee-Vergas	1,606,814
	545	Henning	2,917,752
	2889	Lake Park Audubon	73,246
	821	Menahga	36,448
	553	New York Mills	5,400,617
	547	Parkers Prairie	2,853,625
	548	Pelican Rapids	6,628,202
	549	Perham	11,451,138
	850	Rothsay	835,983
	820	Sebeka	754,836
	550	Underwood	4,025,082
	2155	Wadena-Deer Creek	2,762,013
	2342	West Central Area	33,896
Total			64,553,702
Pennington	561	Goodridge	1,875,787
	627	Oklee	322,836
	628	Plummer	53,127
	630	Red Lake Falls	2,199
	564	Thief River Falls	15,394,133
Total			17,648,083
Pine	314	Braham	537,281
	2580	East Central	6,363,887
	2165	Hinckley-Finlayson	6,871,321
	97	Moose Lake	2,243,850
	578	Pine City	12,577,924
	139	Rush City	468,200
	577	Willow River charters	3,595,345 291,086
Total			32,948,894
Pipestone	581	Edgerton	2,165,311
	404	Lake Benton	5,051
	2689	Pipestone Area	9,706,118
	2902	R.T.R.	550,964
Total			12,427,445

**Education Aids by County and by School District
2008/2009 School Year**

County	School District No.	School District Name	Education Aid
Polk	2311	Clearbrook-Gonvick	261,222
	592	Climax	1,060,661
	593	Crookston	11,178,038
	595	East Grand Forks	13,623,002
	599	Fertile-Beltrami	4,088,783
	600	Fisher	2,135,883
	601	Fosston	5,200,058
	627	Oklee	212,667
	630	Red Lake Falls	92,340
	2176	Warren-Alvarado-Oslo	972,225
	2609	Win-E-Mac	3,876,574
Total			42,701,454
Pope	206	Alexandria	69,726
	2364	Belgrade-Brooten-Elrosa	846,300
	777	Benson	398,087
	611	Cyrus	481,603
	768	Hancock	371,294
	2149	Minnewaska	10,086,660
	213	Osakis	2,255
	743	Sauk Centre	5,249
	2342	West Central Area charters	267,397 834,327
Total			13,362,898
Ramsey	621	Mounds View	78,803,283
	622	North St Paul-Maplewood	49,151,227
	623	Roseville	50,597,422
	282	St. Anthony-New Brighton	5,165,786
	625	St. Paul	408,346,709
	624	White Bear Lake charters	48,873,750 80,075,062
Total			721,013,238
Red Lake	593	Crookston	2,328
	627	Oklee	1,452,699
	628	Plummer	1,437,592
	630	Red Lake Falls	3,684,579
	564	Thief River Falls	46,277
	2609	Win-E-Mac	51,766
Total			6,675,241

**Education Aids by County and by School District
2008/2009 School Year**

County	School District No.	School District Name	Education Aid
Redwood	2754	Cedar Mountain	2,341,801
	635	Milroy	573,672
	2884	Red Rock Central	1,941,040
	2897	Redwood Area	9,065,365
	85	Springfield	731,483
	417	Tracy	234,916
	640	Wabasso	3,459,397
	2898	Westbrook-Walnut Grove	1,677,312
	2190	Yellow Medicine charters	60,471 785,580
		Total	20,871,037
Renville	2534	Bird Island-Olivia-Lake Lillian	5,586,796
	2159	Buffalo Lake-Hector	4,455,845
	2754	Cedar Mountain	985,994
	2365	G.F.W.	1,550,439
	423	Hutchinson	134,531
	2180	M.A.C.C.R.A.Y.	120,985
	2887	McLeod West	211,705
	2897	Redwood Area	969,394
	2890	Renville County	4,262,760
	2190	Yellow Medicine	202,470
		Total	18,480,918
Rice	656	Faribault	33,176,173
	2172	Kenyon-Wanamingo	260,722
	763	Medford	1,036,961
	394	Montgomery-Lonsdale	3,476,326
	721	New Prague Area	3,420,774
	659	Northfield	24,427,086
	829	Waseca	34,488
	2143	Waterville-Elysian-Morristown charters	2,048,021 3,924,410
		Total	71,804,961
Rock	581	Edgerton	166,705
	514	Ellsworth	253,706
	671	Hills-Beaver Creek	2,613,494
	2184	Luverne	9,608,168
	2689	Pipestone Area	631,410
		Total	13,273,483

**Education Aids by County and by School District
2008/2009 School Year**

County	School District No.	School District Name	Education Aid
Roseau	676	Badger	2,035,476
	2683	Greenbush-Middle River	3,312,362
	447	Grygla	228,628
	682	Roseau	10,097,445
	2358	Tri-County	68,408
	690	Warroad	8,620,258
		Total	24,362,576
St. Louis	695	Chisholm	6,123,319
	94	Cloquet	1,242,058
	709	Duluth	82,359,909
	696	Ely	4,156,416
	2154	Eveleth-Gilbert	9,169,495
	698	Floodwood	3,039,156
	700	Hermantown	14,417,798
	701	Hibbing	18,611,691
	381	Lake Superior	2,177,725
	2711	Mesabi East	6,681,250
	712	Mountain Iron-Buhl	5,079,509
	707	Nett Lake	1,338,809
	704	Proctor	12,467,189
	2142	St. Louis County	19,454,078
	706	Virginia charters	12,899,758 15,073,727
		Total	214,291,887
Scott	716	Belle Plaine	8,763,181
	271	Bloomington	0
	191	Burnsville	17,634,537
	717	Jordan	11,591,853
	194	Lakeville	17,087,239
	2397	Le Sueur-Henderson	74,554
	721	New Prague Area	16,317,562
	719	Prior Lake-Savage Area	46,564,931
	720	Shakopee charters	49,265,776 961,526
		Total	168,261,158
Sherburne	726	Becker	18,537,063
	727	Big Lake	25,439,722
	728	Elk River	48,822,284
	51	Foley	431,096
	882	Monticello	3,088,618
	477	Princeton	12,854,683
	742	St. Cloud charters	11,200,522 4,827,226
		Total	125,201,213

**Education Aids by County and by School District
2008/2009 School Year**

County	School District No.	School District Name	Education Aid
Sibley	716	Belle Plaine	1,119,351
	2159	Buffalo Lake-Hector	298,809
	2365	G.F.W.	4,139,067
	2859	Glencoe-Silver Lake	819,041
	2397	Le Sueur-Henderson	2,647,288
	2887	McLeod West	61,699
	108	Norwood	137,873
	2310	Sibley East	9,386,330
		charters	1,411,686
Total			20,021,144
Stearns	745	Albany	11,786,363
	876	Annandale	1,389,365
	2364	Belgrade-Brooten-Elrosa	3,600,541
	463	Eden Valley-Watkins	3,804,725
	738	Holdingford	7,198,485
	739	Kimball	4,286,061
	2753	Long Prairie-Grey Eagle	13,711
	740	Melrose	11,135,202
	2149	Minnewaska	2,449
	741	Paynesville	6,934,858
	750	Rocori	16,368,720
	485	Royalton	4,347
	748	Sartell-St. Stephen	23,434,479
	743	Sauk Centre	6,144,298
	742	St. Cloud	63,892,904
	487	Upsala	142,112
		charters	2,604,495
Total			162,743,115
Steele	756	Blooming Prairie	3,248,533
	2172	Kenyon-Wanamingo	26,917
	763	Medford	4,023,923
	2168	N.R.H.E.G.	2,502,019
	761	Owatonna	38,575,816
	2125	Triton	43,897
	829	Waseca	17,163
		charters	400,021
Total			48,838,289
Stevens	771	Chokio-Alberta	1,352,252
	2888	Clinton-Graceville-Beardsley	2,693
	611	Cyrus	205,132
	768	Hancock	1,578,941
	264	Herman-Norcross	89,274
	2853	Lac Qui Parle Valley	1,889
	769	Morris	7,638,203
	2342	West Central Area	38,380
Total			10,906,764

**Education Aids by County and by School District
2008/2009 School Year**

County	School District No.	School District Name	Education Aid
Swift	777	Benson	7,634,296
	768	Hancock	50,917
	775	Kerkhoven-Murdock	2,954,736
	2853	Lac Qui Parle Valley	2,645,866
	769	Morris	5,211
	Total		13,291,026
Todd	786	Bertha-Hewitt	3,321,879
	787	Browerville	4,368,737
	2759	Eagle Valley	2,753,768
	482	Little Falls	8,483
	2753	Long Prairie-Grey Eagle	9,758,795
	740	Melrose	512,728
	213	Osakis	2,580,763
	743	Sauk Centre	2,309,617
	2170	Staples-Motley	4,687,723
	486	Swanville	1,661,838
	487	Upsala	26,420
	818	Verndale	392,729
	Total		32,398,439
Traverse	801	Browns Valley	1,312,712
	852	Campbell-Tintah	247,654
	771	Chokio-Alberta	2,668
	2888	Clinton-Graceville-Beardsley	452,896
	264	Herman-Norcross	49,569
	803	Wheaton Area	3,563,658
	Total		5,629,157
Wabasha	253	Goodhue	201,202
	813	Lake City	6,428,362
	2899	Plainview-Elgin-Millville	9,739,566
	535	Rochester	309,747
	811	Wabasha-Kellogg	4,726,316
	861	Winona Area	83,518
	2805	Zumbrota-Mazeppa	2,263,960
	Total		23,752,670
Wadena	821	Menahga	4,141,888
	820	Sebeka	3,691,642
	2170	Staples-Motley	2,063,250
	818	Verndale	3,564,614
	2155	Wadena-Deer Creek	6,259,000
	Total		19,720,393

**Education Aids by County and by School District
2008/2009 School Year**

County	School District No.	School District Name	Education Aid
Waseca	2835	Janesville-Waldorf-Pemberton	3,267,464
	2135	Maple River	42,951
	763	Medford	24,330
	2168	N.R.H.E.G.	2,788,596
	761	Owatonna	9,922
	75	St. Clair	3,686
	2134	United South Central	27,726
	829	Waseca	16,010,629
	2143	Waterville-Elysian-Morristown charters	443,097 1,135,846
		Total	23,754,246
Washington	2144	Chisago Lakes	1,121,420
	831	Forest Lake	28,511,730
	200	Hastings	4,379,009
	832	Mahtomedi	23,555,148
	622	North St Paul-Maplewood	43,064,648
	833	South Washington	122,882,353
	834	Stillwater	61,911,909
	624	White Bear Lake charters	11,546,797 14,934,650
		Total	311,907,663
Watonwan	836	Butterfield	1,989,474
	81	Comfrey	194,867
	837	Madelia	3,768,499
	173	Mountain Lake	7,109
	840	St. James	9,272,857
	458	Truman	691,814
		Total	15,924,621
Wilkin	146	Barnesville	571,754
	846	Breckenridge	6,548,660
	852	Campbell-Tintah	971,407
	544	Fergus Falls	2,053
	850	Rothsay	881,845
		Total	8,975,719
Winona	227	Chatfield	9,408
	294	Houston	965,256
	300	LaCrescent-Hokah	1,334,361
	857	Lewiston-Altura	6,011,933
	2899	Plainview-Elgin-Millville	331,455
	239	Rushford-Peterson	544,691
	858	St. Charles	6,838,378
	861	Winona Area charters	28,460,914 2,897,512
		Total	47,393,908

**Education Aids by County and by School District
2008/2009 School Year**

County	School District No.	School District Name	Education Aid
Wright	876	Annandale	11,309,420
	877	Buffalo	34,750,518
	466	Dassel-Cokato	7,790,500
	879	Delano Public	10,162,842
	728	Elk River	18,125,944
	2859	Glencoe-Silver Lake	0
	2687	Howard Lake-Waverly-Winsted	5,491,126
	881	Maple Lake	7,381,021
	882	Monticello	29,079,679
	883	Rockford	3,650,316
	742	St. Cloud	2,578,253
	885	St. Michael-Albertville	34,643,560
	111	Watertown-Mayer	1,116,313
Total			167,149,227
Yellow Medicine	891	Canby	3,889,097
	378	Dawson-Boyd	102,569
	402	Hendricks	1,332
	2167	Lakeview	1,206,610
	414	Minneota	149,317
	129	Montevideo	541,289
	2897	Redwood Area	6,776
	2190	Yellow Medicine charters	5,984,808 2,538,122
Total			14,419,920
State Total:			\$6,740,999,829

Appendix B

Selected Taxes That Are Not Entirely Allocated to Minnesota Counties

Type of Tax	Allocated to Minnesota Counties		Not Allocated to Minnesota Counties		TOTAL
	Amount	Percent*	Amount	Percent*	
Individual Income Tax**	\$6,674,140,277	96.2%	\$262,389,647	3.8%	\$6,936,529,924
Sales/Use Tax**	\$3,282,128,253	84.1%	\$620,689,962	15.9%	\$3,902,818,215
Total	\$9,956,268,530	91.9%	\$883,079,609	8.1%	\$10,839,348,139

* Percents added across equal 100 percent.

** Income tax paid by nonresidents is not allocated to Minnesota counties. See page 64 for discussion of estimated sales/use tax amounts not allocated to Minnesota counties.

Appendix C

2008 Personal Income by County¹⁵

Personal income by county is estimated by the Bureau of Economic Analysis, and is defined as “the sum of wage and salary disbursements, other labor income, proprietors’ income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and transfer payments to persons, less personal contributions for social insurance.”

	Personal Income (millions)	County Per Capita Personal Income	Economic Development Region Per Capita Personal Income
Aitkin	\$469	\$29,183	\$35,230
Anoka	12,819	38,523	48,778
Becker	1,121	34,694	35,937
Beltrami	1,321	30,120	30,457
Benton	1,273	31,979	33,920
Big Stone	205	37,563	37,236
Blue Earth	2,152	35,626	37,034
Brown	969	37,030	37,034
Carlton	1,057	30,959	35,230
Carver	4,833	53,926	48,778
Cass	984	34,325	31,570
Chippewa	509	40,650	37,236
Chisago	1,741	34,564	31,406
Clay	1,959	35,045	35,937
Clearwater	229	27,794	30,457
Cook	197	36,146	35,230
Cottonwood	431	38,367	39,301
Crow Wing	1,951	31,604	31,570
Dakota	18,240	45,774	48,778
Dodge	724	36,634	38,139
Douglas	1,348	37,278	35,937
Faribault	663	44,839	37,034
Fillmore	711	33,936	38,139
Freeborn	1,098	35,192	38,139
Goodhue	1,777	38,618	38,139
Grant	232	38,725	35,937
Hennepin	64,764	55,394	48,778
Houston	725	37,071	38,139
Hubbard	610	32,431	30,457
Isanti	1,311	33,574	31,406
Itasca	1,387	31,250	35,230
Jackson	423	38,973	39,301
Kanabec	475	29,092	31,406
Kandiyohi	1,612	38,675	36,434
Kittson	231	50,141	39,530
Koochiching	440	33,047	35,230
Lac qui Parle	281	38,419	37,236
Lake	411	37,461	35,230
Lake of the Woods	125	31,312	30,457
LeSueur	973	34,726	37,034

¹⁵ Unlike the remainder of the report, 2008 population was used in this table and in the maps on pages 114 and 115 to better reflect 2008 per capita income.

	Personal Income (millions)	County Per Capita Personal Income	Economic Development Region Per Capita Personal Income
Lincoln	\$210	\$35,662	\$39,301
Lyon	973	39,117	39,301
McLeod	1,254	33,624	36,434
Mahnomen	151	29,702	30,457
Marshall	400	41,439	39,530
Martin	871	42,194	37,034
Meeker	797	34,456	36,434
Mille Lacs	717	27,181	31,406
Morrison	1,058	32,218	31,570
Mower	1,409	37,002	38,139
Murray	375	44,022	39,301
Nicollet	1,198	37,404	37,034
Nobles	794	38,936	39,301
Norman	297	43,709	39,530
Olmsted	6,273	44,388	38,139
Otter Tail	1,938	34,070	35,937
Pennington	559	40,810	39,530
Pine	795	28,066	31,406
Pipestone	376	40,152	39,301
Polk	1,153	37,376	39,530
Pope	416	37,550	35,937
Ramsey	23,014	44,479	48,778
Red Lake	130	31,581	39,530
Redwood	610	38,875	39,301
Renville	651	39,935	36,434
Rice	2,004	31,857	38,139
Rock	378	39,931	39,301
Roseau	619	38,645	39,530
St. Louis	7,317	37,370	35,230
Scott	5,282	41,108	48,778
Sherburne	2,727	31,031	33,920
Sibley	556	36,798	37,034
Stearns	5,187	35,287	33,920
Steele	1,372	37,362	38,139
Stevens	401	41,328	35,937
Swift	359	31,708	37,236
Todd	694	28,830	31,570
Traverse	154	41,447	35,937
Wabasha	826	37,183	38,139
Wadena	391	28,889	31,570
Waseca	674	34,650	37,034
Washington	11,055	47,171	48,778
Watonwan	384	34,023	37,034
Wilkin	276	42,100	35,937
Winona	1,728	34,422	38,139
Wright	4,178	35,013	33,920
Yellow Medicine	392	38,145	37,236
Metro	\$140,006	\$48,778	
Nonmetro	\$86,142	\$35,629	
Statewide	\$226,149	\$42,767	

Appendix D

Personal Income, Taxes, and Aids/Credits by Economic Development Region

Personal income by county is estimated by the Bureau of Economic Analysis and is defined as “the sum of wage and salary disbursements, other labor income, proprietors’ income with inventory valuation and capital consumption adjustments, rental income of persons with capital consumption adjustment, personal dividend income, personal interest income, and transfer payments to persons, less personal contributions for social insurance.” Per capita amounts for personal income, taxes, and aids/credits in this appendix are calculated using 2009 population, so that the tax and aids/credits per capita amounts match the amounts shown on tables throughout the report. This means that the per capita amounts for personal income in this appendix do not match the amounts shown in Appendix C, or on the maps on pages 112 and 113, which are calculated using 2008 population. State per capita taxes exclude taxes attributed to nonresidents.

		Per Capita (2009 Population)		
		Personal Income	Taxes	Aids/Credits
Northern Regions	Northwest (1)	\$39,765	\$1,962	\$3,245
	Headwaters (2)	30,430	1,637	3,352
	Arrowhead (3)	35,218	2,000	2,864
	West Central (4)	35,953	2,019	2,592
	Five (5)	31,599	1,846	2,655
	East Central (7E)	31,418	1,637	2,379
Southern Regions	Six East (6E)	36,719	1,946	2,548
	Upper MN Valley (6W)	38,122	2,060	3,150
	Central Minnesota (7W)	33,613	2,048	2,127
	Southwest (8)	39,437	1,935	2,970
	Nine (9)	37,144	1,975	2,418
	Southeastern MN (10)	38,021	2,098	2,348
Nonmetro Per Capita		\$35,609	\$1,975	\$2,551
Metro Per Capita		\$48,583	\$2,992	\$2,437
State Per Capita		\$42,662	\$2,528	\$2,489