

Fiscal Analysis Department

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ISSUE BRIEF

State Tax Dedications January 2019

The Minnesota tax revenue system has more than 15 different state taxes that fund state programs related to education, local government operations, property tax relief, and social services. Most state tax revenues are non-dedicated and their receipts are deposited into the General Fund for general purpose expenditures. Other state tax revenues are dedicated and directed for specific purposes and receipts from these dedications can be found in various funds throughout the revenue system. This document focuses on state tax dedications and the amounts collected from these dedications relative to all state tax revenues collected each year.

Within this document, [Table 1 - Common Features of Dedicated State Taxes](#) identifies ‘typical’ characteristics of tax dedications. [Table 2](#) and [Table 3](#) also contained in this document summarize the dollar (and percentage) share of total state tax revenue by tax type and by policy issue area for fiscal year 2017 and 2018.

State Taxes within the Minnesota Revenue System

The Minnesota revenue system is comprised of all revenue collected by state and local governments including public school districts which is often referred to as Minnesota own-source revenues. The Minnesota Management and Budget (MMB) Department tracks total Minnesota own source revenue at \$45.419 billion in FY 2017 and \$47.654 billion in FY 2018.¹ This total is the sum of state, local and school district tax and non-tax revenue.

State taxes are a major component of own-source revenue. This document examines dedications related to the state taxes share of the Minnesota revenue system. State taxes are tracked by MMB as totaling \$23.965 billion in FY 2017 and \$24.862 billion in FY 2018 from both general fund and non-general fund tax revenue sources.

¹ [MMB Price of Government, End of Session 2018](#)

Common Features of State Tax Dedication Laws

Legislative Control Greater with Statutory Tax Dedications

A state tax is defined by its tax base, its tax rate and the disposition of its proceeds. These defining features (tax base, tax rate and fund) are authorized in either the [Minnesota Constitution](#), Minnesota Statute or both. Legislators have more ability to create or modify a statutory tax law than they do if the law is in the constitution. The same is true of statutory laws for tax dedications.

The amount of control that the Legislature has over the design of the tax dedication depends on what parts of the tax dedication are contained in the constitution. For example, the constitution authorizes the taxation of motor vehicle fuel and registration and requires that 100 percent of the proceeds from this tax to be deposited into the Highway User Tax Distribution Fund. Even though the proceeds of the motor fuel tax are constitutionally dedicated, the tax base (what types of motor fuels are subject to tax) and the tax rate (how much) are defined by the legislature. For example, in 2008, the legislature increased the motor fuel tax rate which increased the amount of motor fuels tax revenue available to the constitutionally dedicated Highway User Tax Distribution Fund.

The amount of control that legislators have to change a tax dedication is diminished if the constitution dedicates both a percentage of the tax rate for a specific purpose and the disposition of the proceeds to a specific fund. In 2008, Minnesota voters approved a constitutional amendment known as the “Legacy Sales Tax”. The Legacy Sales Tax authorized an increase equal to three-eighths of one percent to the existing sales tax rate for 25 years with the proceeds dedicated to natural resources and cultural heritage funds. With this tax, for example, the amount generated from the tax rate and the disposition of the proceeds for the dedication are authorized in the constitution.

Forecasted Amount

The apportionment of the proceeds from a tax to dedicated funds or dedicated purposes are often forecasted. State taxes are forecasted because the amount of tax revenues may fluctuate from year to year depending on various economic or political factors that affect the tax base. Table 1 shows that while there are a few tax dedications based on fixed amounts, most tax dedications are forecasted.

On-going

The duration of a state tax dedication is almost always on-going. However, there are a few exceptions. For example, the dedication of MinnesotaCare tax receipts will expire when the tax expires at the end of calendar year 2019. As another example, the Legacy Sales Tax rate is scheduled to sunset at the end of FY 2034.

Table 1 – Common Features of Dedicated State Taxes

Tax Dedication	Tax Rate: Location of Authorization	Dedication of Tax Proceeds: Location of Authorization	Is Tax Dedication Amount is Forecasted?
Motor Fuels Tax	Statute	Constitution	Yes
Motor Vehicle Registration Tax	Statute	Constitution	Yes
Air Flight Property Tax	Statute	Statute	Yes
Air Craft Registration Tax	Statute	Statute	Yes
Motor Vehicle Sales Tax ²	Statute	Constitution	Yes
Sales Tax Dedication of 3/8 of 1 percent	Constitution	Constitution	Yes
Sales Tax - Sales from Legal Fireworks	Statute	Statute	Yes
Sales Tax – Proceeds from Rental Vehicles (6.5% rate)	Statute	Statute	Yes
Sales Tax – Proceeds from Rental Vehicles Tax (9.2%)	Statute	Statute	Yes
Sales Tax Dedication – Proceeds from auto parts ³	Statute	Statute	No
Lottery In lieu of Sales Tax	Statute	Statute	Yes
Solid Waste Management Tax	Statute	Statute	Yes
Occupation Tax Dedication to Schools and U of M	Statute	Constitution	Yes
Occupation Tax Dedication to Other Areas	Statute	Statute	Yes
MinnesotaCare Taxes	Statute	Statute	Yes
Insurance Tax Dedication - Police and Fire Aid	Statute	Statute	Yes
Cigarette Tax Dedication - Health Grants/Health Center	Statute	Statute	No
Lawful Gambling Net Combined Tax Receipts – Problem Gambling Program/Grants	Statute	Statute	Yes
Mortgage and Deed Taxes	Statute	Statute	Yes

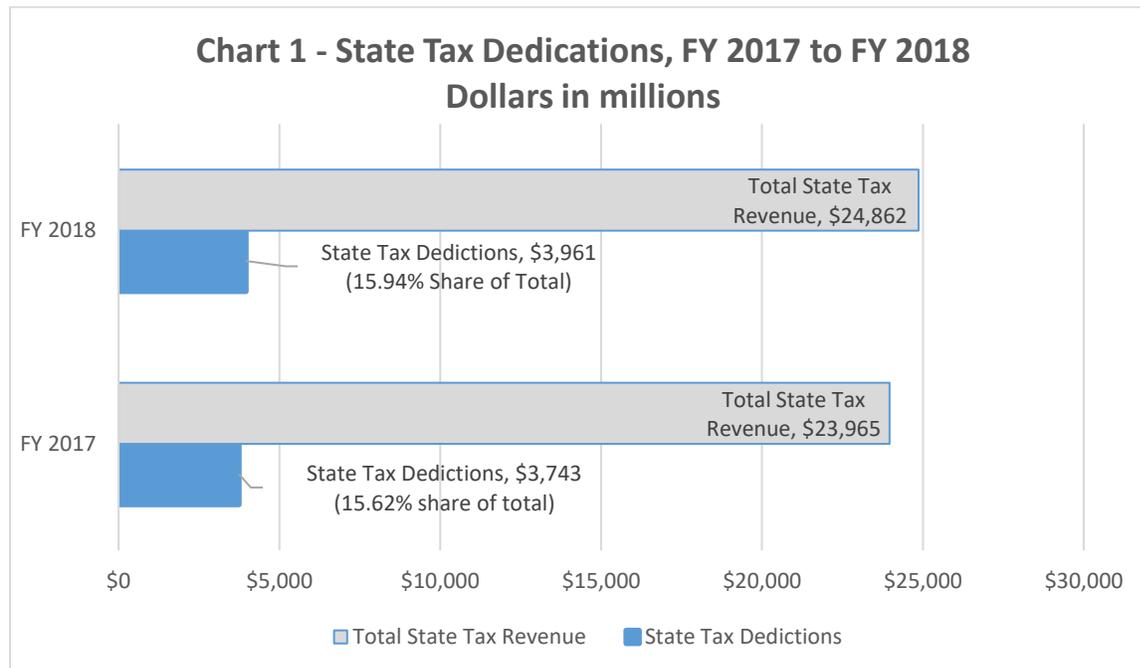
Summary of the Tax Dedication Data

[Table 2](#) and [Table 3](#) show the share of all statutory and constitutional Minnesota state tax revenue dedications increased from 15.62 percent in FY 2017 to 15.94 percent in FY 2018. Stated in dollars, the aggregate of all constitutional and statutory tax dedications is \$3.743 billion and \$3.961 billion out of \$23.965 billion and \$24.862 billion of total state tax revenue collected in FY 2017 and FY 2018. From this calculation, we know that the share of the state tax revenue that is dedicated for specific expenditures is about 15 percent, which

² The revenue from the motor vehicle sales tax must be allocated as follows: no more than 60 percent must be deposited in the highway user tax distribution fund and not less than 40 percent must be deposited in a fund dedicated solely to the public transit assistance as defined by law. Within these constitutional limitations, the legislature may modify the percentage allocations to these two funds.

³ A fixed amount of the proceeds from the sales tax on auto parts is dedicated to transportation. For each year in the FY 2018-2019 biennium, \$31.356 million is dedicated. The amount dedicated increases to \$145.644 million each fiscal year beginning FY 2020 and after.

leaves around 85 percent of state tax revenue for non-dedicated general purpose expenditures. [Chart 1](#) shows how state tax dedications have increased from FY 2017 to FY 2018.



[Table 2](#) shows the largest share of total state tax receipts dedicated at 3.80 percent (\$911.4 Million/\$23,965.0 billion = 3.80%) is motor fuels taxes. States tax revenue collected from motor vehicle sales tax (\$755.0 Million/\$23,965.0 billion = 3.15%) and from motor vehicle registration tax (\$753.0 Million/\$23,965.0 billion = 3.14%) followed motor fuels taxes as the second largest share of total state tax receipts dedicated.

[Table 3](#) reflects total Minnesota dedicated tax receipts organized by policy area. The transportation policy area receives the largest share of dedicated Minnesota state tax revenue dollars. The share of total dedicated tax revenue dollars directed to transportation issue area was 10.45 percent (\$2,504.1 billion/23,965.0 billion = 10.45%) and 10.7 percent (\$2,663.7 billion/24,862.0 billion = 10.71%) in FY 2017 and FY 2018 respectively. Health and the environment were the next largest issue areas, receiving between 1 and 3 percent of total state tax revenue dollars.

Sources and Limitations

This overview is limited to tax dedications made in statute or the Minnesota Constitution and includes only provisions with tax receipts collected at the state level. Non tax revenue such as fees, special assessments, licenses/permits, charges, local property tax revenue and intergovernmental revenue (such as federal revenue) are excluded. Finally, there are also dedicated taxes authorized by the state that can be levied if requested by a local government. City and county wheelage taxes (\$163.051 and \$426.05) are an example of such a tax used at the local level. An admissions tax of ten cents on each paid admission at licensed racing

tracks can be levied if requested by a municipality (§240.15, subdivision1). These types of local dedicated taxes are also excluded from this analysis.

[Table 2](#) and [Table 3](#) show FY 2017 and FY 2018 fiscal data. Most of the fiscal data for FY 2017 is based on the [Minnesota Department of Revenue's State Tax Collection](#) Spreadsheet. Using this spreadsheet, the amount of state tax collections was replicated in the SWIFT (StateWide Integrated Financial Tools) on-line state accounting system using revenue account codes and appropriation identification numbers for FY 2017. The same methodology of tracking the amount for FY 2017 was used to track the amount for FY 2018. In some instances, other fiscal data sources were used to provide more detail such as the Minnesota Department of Transportation forecast, [MMB's Price of Government and Consolidated Fund Balance](#) documentation and occupation tax data requested from the Property Tax Research Division within the MN Department of Revenue. Finally, the amounts in this document for the local revenue share from Mortgage and Deed Taxes were calculated based on the state's 97 percent share.

In [Table 3](#), the tax dedications are organized by policy issue areas. The organization of these policy issue areas are somewhat arbitrary based on the general intent of the tax dedication law. In some instances, the policy issue areas and categories may not align with the MMB general fund balance analysis documents.

Table Definitions:

Total State Tax Collections - Total state tax revenue collections are reported in millions as published by MMB's Price of Government data for the End of Session 2018 for total state tax revenue.

Tax Dedicated Revenue by Fiscal Year – The state tax revenue collected from tax receipts that are dedicated in law. Finally, the total amount used for dedicated tax receipts reflects net receipts with dollars rounded to the thousandths place in most instances.

Share of Total State Tax Dedicated by percentage – The ratio of total dedicated state tax revenue from a tax type over the total Minnesota state tax revenue collections in a fiscal year. By policy area, the ratio of total dedicated state tax revenue aggregated by policy area over total Minnesota state tax revenue collections in a fiscal year.

Distribution – The disposition of the dedicated tax revenue receipts as described in the constitution or Statute.

Legal Citation – constitutional or statutory citation.

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Table 2 - Minnesota Tax Revenue – All State Tax Dedications by Tax Type

State Tax Type	FY 2017 000s in Millions (%Share Total)	FY 2018 000s in Millions (%Share Total)	Legal Citation for Tax Dedication
Excise Tax – Cigarette			
<i>Policy Area – Health</i>			
Fixed dollar amount dedicated and deposited into an account in the Special Revenue Fund for Medical Education and Research Grants	\$3.937 (0.02%)	\$3.937 (0.02%)	§ 297F.10, subd 1, paragraph (2)
Fixed dollar amount dedicated and deposited into an account in the Special Revenue Fund for the Academic Health Center, University of Minnesota	\$22.250 (0.09%)	\$22.250 (0.09%)	§297F.10, subd 1, paragraph (1)
Subtotal – Cigarette	\$26.187 (0.11%)	\$26.187 (0.11%)	
Excise Tax - Deed			
<i>Policy Area - Local Government</i>			
3% of total Deed Tax revenue proceeds deposited into the County Revenue Fund	\$3.668 (0.02%)	\$3.962 (0.02%)	§287.29
Excise Tax - Mortgage Registry			
<i>Policy Area - Local Government</i>			
3% of total mortgage tax revenue proceeds deposited into the County Revenue Fund	\$3.905 (0.02%)	\$3.775 (0.02%)	§287.12
Excise Tax - Motor Fuels			
<i>Policy Area – Transportation</i>			
0.116 % of proceeds of total motor fuels tax are transferred from the Highway User Tax Distribution fund to the state forest road account in the special revenue fund	\$1.057 (0.00%)	\$1.075 (0.00%)	MN Constitution, Article XIV, sect. 10 (§ 296A.18, subd. 7)
2.98% of proceeds of total motor fuels tax transferred from the Highway User Tax Distribution fund to the Natural Resources fund to the Highway Motorcycle account, Off-Road Vehicle account, Snowmobile account and Water Recreation account	\$27.160 (0.11%)	\$27.617 (0.11%)	MN Constitution, Article XIV, Sect. 10 (§ 296A.18, subd. 2-6)
96.904% of proceeds of total motor fuels tax deposited into the Highway User Tax Distribution Fund and apportioned 62 percent to the Trunk Highway Fund, 29 percent to County State-Aid Highway Fund and 9 percent to the Municipal State-Aid street fund	\$883.183 (3.69%)	\$898.064 (3.61%)	MN Constitution, Article XIV, Sect. 10 (§296A, MN Statute 168D)
Subtotal – Motor Fuels	\$911.400 (3.80%)	\$926.756 (3.73%)	

Table 2 - Minnesota Tax Revenue – All State Tax Dedications by Tax Type

State Tax Type	FY 2017 000s in Millions (%Share Total)	FY 2018 000s in Millions (%Share Total)	Legal Citation for Tax Dedication
Gambling - Pari-Mutuel			
<i>Policy Area - Equine Research & Activities</i>			
Proceeds from a tax of one percent of the handle for live races conducted at a class A facility are deposited into the Breeder's Fund Administration account in the special revenue fund and to miscellaneous accounts for purse supplement, owners awards and breeders awards in the special revenue fund for equine research, horse breeding activities, and racetrack promotion and development	\$0.863 (0.00%)	\$1.191 (0.00%)	§240.15 , subd. 1 and §240.18
Gross Earnings Tax - Insurance Premium			
<i>Policy Area – Health</i>			
All proceeds collected from Health Maintenance Operations deposited into the Health Care Access Fund to increase access to health care, improve health care services, and contain costs.	\$93.985 (0.39%)	\$101.184 (0.41%)	§2971.05
<i>Policy Area - Public Safety</i>			
Fixed percentage of insurance premium taxes paid to the state is appropriated from the General Fund for police and fire state aid.	\$98.202 (0.41%)	\$100.900 (0.41%)	§69.021, subd. 5 and §69.031, subd. 3
Subtotal – Gross Earnings Tax – Insurance Premium	\$192.187 (0.80%)	\$202.084 (0.81%)	
Gross Earnings, Provider Tax - Health Care Provider and Pharmacy			
<i>Policy Area – Health</i>			
All proceeds deposited into the Health Care Access Fund to increase access to health care, improve health care services, and contain costs. This dedication expires with the tax to be repealed for gross revenues received after December 31, 2019.	\$238.167 (0.99%)	\$251.260 (1.01%)	§295.58
Gross Earnings, Provider Tax - Hospital and Surgical Center			
<i>Policy Area – Health</i>			
All proceeds deposited into the Health Care Access Fund to increase access to health care, improve health care services, and contain costs. This dedication expires with the tax to be repealed for gross revenues received after December 31, 2019.	\$239.151 (0.99%)	\$244.936 (0.99%)	§295.58
Gross Earnings, Provider Tax – Wholesale Drug Distributor			

Table 2 - Minnesota Tax Revenue – All State Tax Dedications by Tax Type

State Tax Type	FY 2017 000s in Millions (%Share Total)	FY 2018 000s in Millions (%Share Total)	Legal Citation for Tax Dedication
All proceeds deposited into the Health Care Access Fund to increase access to health care, improve health care services, and contain costs. This dedication expires with the tax to be repealed for gross revenues received after December 31, 2019.	\$137.486 (0.57%)	\$ 149.556 (0.60%)	§295.58
In Lieu of Property Tax - Air Flight Property Tax			
<i>Policy Area – Transportation</i>			
All proceeds deposited into the state airport fund.	\$7.000 (0.03%)	\$7.999 (0.03%)	§270.075
In Lieu of Property Tax - Aircraft Registration			
<i>Policy Area – Transportation</i>			
All proceeds deposited into the state airport fund.	\$4.201 (0.02%)	\$3.439 (0.01%)	§360.66
In Lieu of Property Tax - MV Registration			
<i>Policy Area – Transportation</i>			
All proceeds deposited into the Highway User Tax Distribution Fund.	\$753.000 (3.14%)	\$772.300 (3.11%)	MN Constitution, Article XIV, Section 9 (§168.013, subd. 8)
Lawful Gambling Combined Net Receipts Tax			
<i>Policy Area – Health</i>			
Fixed percent of the proceeds from this tax is annually dedicated to a Compulsive Gambling Treatment Program and for a grant to the state affiliate recognized by the National Council on Problem Gambling.	\$0.639 (0.00%)	\$0.712 (0.00%)	§297E.02, subdivision 3, paragraph c
Motor Vehicle Sales Tax			
<i>Policy Area – Transportation</i>			
For revenues from the motor vehicle sales tax, 100 percent is dedicated to these purposes: 40% dedicated to public transit and 60% dedicated to the Highway User Tax Distribution Fund.	\$755.000 (3.15%)	\$773.000 (3.11%)	MN Constitution, Article XIV, Sect. 12-13 (297B.09)
Sales & Use Tax			
<i>Policy Area – Environment</i>			
In lieu sales tax on lottery tickets: 72.43 percent of the proceeds from Lottery-in-Lieu Sales Tax is dedicated to these non-general fund accounts: 50% - Game and Fish Fund, 50% to the Natural Resources Fund.	\$26.422 (0.11%)	\$27.338 (0.11%)	§297A.94, paragraph (h)

Table 2 - Minnesota Tax Revenue – All State Tax Dedications by Tax Type

State Tax Type	FY 2017 000s in Millions (%Share Total)	FY 2018 000s in Millions (%Share Total)	Legal Citation for Tax Dedication
From Legacy proceeds, 33% to Outdoor Heritage Fund, 33% Clean Water Fund, and 14.25% Parks and Trails Fund. This dedication expires with the tax after FY 2034.	\$247.251 (1.03%)	\$255.856 (1.03%)	MN Constitution, Article XI, section 15.
<i>Policy Area – Transportation</i>			
<p>In FY 2017 - After deducting \$32 million directed to the General Fund, the remaining proceeds from the net revenue of sales tax on motor vehicle leases are apportioned 50 percent to County State-Aid Highway fund and the remaining to the metro transit account.</p> <p>In FY 2018 and after, all proceeds from the sales tax on leased vehicles are deposited into these funds: (1) 38% to County State Aid Highway; (2) 38% Greater MN Transit; (3) 13% to the Minnesota Transportation Fund; and (4) 11% to HUTDF.</p>	\$67.000 (0.28%)	\$97.000 (0.39%)	§297A.815, subd. 3
All proceeds from estimated sales tax on general aviation aircraft purchases are dedicated to the State Airports Fund.	\$6.501 (0.27%)	\$6.152 (0.02%)	§297A.82, subd. 4(a)
All proceeds from sales tax on rental vehicles (6.5%) deposited into Highway User Tax Distribution Fund		\$18.900 (0.08%)	§297A.62, subd. 1
All proceeds from tax on rental vehicles (9.2%) deposited into Highway User Tax Distribution Fund.		\$26.700 (0.11%)	§297A.64, 297A.94
Fixed dollar amount of sales tax receipts from auto parts dedicated to Highway User Tax Distribution Fund.		\$31.500 (0.13%)	§297A.94
<i>Policy Area – Public Safety</i>			
25 percent of the sales from legal fireworks are dedicated to the Fire Safety Account in Minnesota Statute 297I, subdivision 3 (Public Safety).		\$0.039 (0.00%)	§297A.94, paragraph (j)
25 percent of the sales from legal fireworks are dedicated to the Volunteer Assistance Grant Account in Minnesota Statute 88.068 (DNR).		\$0.039 (0.00%)	§297A.94, paragraph (j) and 297A.65
<i>Policy Area – Miscellaneous</i>			
From Legacy proceeds, 19.75% distribution to Arts and Cultural Heritage Fund. This dedication expires with the tax after FY 2034.	\$60.850 (0.25%)	\$62.968 (0.25%)	MN Constitution, Article XI, section 15.
Subtotal – Sales and Use Tax	\$408.024 (1.70%)	\$526.492 (2.12%)	

Table 2 - Minnesota Tax Revenue – All State Tax Dedications by Tax Type

State Tax Type	FY 2017 000s in Millions (%Share Total)	FY 2018 000s in Millions (%Share Total)	Legal Citation for Tax Dedication
Occupation Tax			
<i>Policy Area – Education</i>			
Proceeds equal to 6.0 cents per taxable ton produced in the preceding year is annually appropriated to the IRRRB account the special revenue fund for transfer to Iron Range School Consolidation and Cooperatively operated school account.	\$2.011 (0.01%)	\$1.908 (0.01%)	§298.17
40 percent of total proceeds for elementary and secondary schools	\$3.073 (0.01%)	\$5.221 (0.02%)	MN Constitution, Article 10, section 3, §298.17
10 percent of total proceeds for the general support of the University of MN	\$0.768 (0.00%)	\$1.305 (0.01%)	MN Constitution, Article 10, section 3, §298.17
<i>Policy Area – Environment</i>			
Proceeds equal to 2.5 cents per taxable ton produced in the preceding year is annually appropriated to the mining environmental and regulatory account in the Special Revenue Fund for environmental issues and regulatory services.	\$0.938 (0.00%)	\$0.838 (0.00%)	§298.17
<i>Policy Area – Miscellaneous</i>			
Proceeds equal to 1.5 cents per taxable ton produced in the preceding year is annually appropriated to the IRRRB account in the special revenue fund for environmental and economic development loans or grants in Carlton and Koochiching counties.	\$0.503 (0.00%)	\$0.477 (0.00%)	§298.17
Subtotal – Severance and Tonnage – Occupation Tax	\$7.293 (0.03%)	\$9.750 (0.04%)	
Solid Waste Management Tax			
<i>Policy Area – Environment</i>			
The greater of 70% of the proceeds or \$33.76 million is dedicated to the Environmental Fund	\$55.748 (0.23%)	\$58.500 (0.24%)	§297H.13
Grand Total - State Tax Dedications	\$3,743.919 (15.62%)	\$3,961.889 (15.94%)	
Total State Tax Collections	\$23,914.000 (100%)	\$24,862.000 (100%)	

Table 3 - Minnesota Tax Revenue – All State Tax Dedications By Policy Area

Policy Area	FY 2017 000s in millions (%Share Total)	FY 2018 000s in millions (%Share Total)	Legal Citation for Tax Dedication
Education			
Occupation Tax			
40 percent of General Fund proceeds for elementary and secondary schools	\$3.073 (0.01%)	\$5.221 (0.02%)	MN Constitution, Article 10, section 3 (298.17)
10 percent for the general support of the University of MN	\$0.768 (0.00%)	\$1.305 (0.01%)	MN Constitution, Article 10, section 3 (298.17)
Proceeds equal to 6.0 cents per taxable ton produced in the preceding year is annually appropriated to the IRRRB account the special revenue fund for transfer to Iron Range School Consolidation and Cooperatively operated school account.	\$2.011 (0.01%)	\$1.908 (0.01%)	§298.17
Subtotal – Education	\$5.852 (0.00%)	\$8.434 (0.00%)	
Environment			
Sales & Use Tax			
In lieu sales tax on lottery tickets: 72.43 percent of the proceeds from Lottery-in-Lieu Sales Tax is dedicated to these non-general fund accounts: 50% - Game and Fish Fund, 50% to the Natural Resources Fund.	\$26.422 (0.11%)	\$27.338 (0.11%)	§297A.94, paragraph (h)
From Legacy proceeds, 33% to Outdoor Heritage Fund, 33% Clean Water Fund, and 14.25% Parks and Trails Fund. This dedication expires after FY 2034.	\$247.251 (1.03%)	\$255.856 (1.03%)	MN Constitution, Article XI, section 15.
Severance and Tonnage - Mining Occupation			
Proceeds equal to 2.5 cents per taxable ton produced in the preceding year is annually appropriated to the mining environmental and regulatory account in the Special Revenue Fund for environmental issues and regulatory services.	\$0.938 (0.01%)	\$0.838 (0.00%)	§298.17
Solid Waste Management Tax			
The greater of 70% of the proceeds or \$33.76 million is dedicated to the Environmental Fund	\$55.748 (0.23%)	\$58.500 (0.24%)	§297H
Subtotal – Environment	\$322.530 (1.38%)	\$341.833 (1.38%)	
Equine Research & Activities			
Gambling - Pari-Mutuel			

Table 3 - Minnesota Tax Revenue – All State Tax Dedications By Policy Area

Policy Area	FY 2017 000s in millions (%Share Total)	FY 2018 000s in millions (%Share Total)	Legal Citation for Tax Dedication
Proceeds from these taxes are apportioned to the Breeder's Fund Administration account in the special revenue fund and to miscellaneous accounts for purse supplement, owners awards and breeders awards in the special revenue fund for equine research, horse breeding activities, and racetrack promotion and development	\$0.863 (0.00%)	\$1.191 (0.00%)	§240.15, subdivision 1 and §240.18
Health			
Excise Tax – Cigarette			
Fixed dollar amount deposited into an account in the Special Revenue Fund for Medical Education and Research Grants	\$3.937 (0.02%)	\$3.937 (0.02%)	§297F.10, subdivision 1, paragraph (2)
Fixed dollar amount deposited into an account in the Special Revenue Fund for the Academic Health Center, University of Minnesota	\$22.250 (0.09%)	\$22.250 (0.09%)	§297F.10, subdivision 1, paragraph (1)
Gross Earnings Tax - Insurance Premium			
All proceeds collected from Health Maintenance Operations deposited into the Health Care Access Fund to increase access to health care, improve health care services, and contain costs.	\$93.985 (0.39%)	\$100.900 (0.41%)	§297I
Gross Earnings, Provider Tax - Health Care Provider and Pharmacy			
All proceeds deposited into the Health Care Access Fund to increase access to health care, improve health care services, and contain costs. The tax is repealed for gross revenues received after December 31, 2019.	\$238.167 (0.99%)	\$251.260 (1.01%)	§295.58
Gross Earnings, Provider Tax - Hospital and Surgical Center			
All proceeds deposited into the Health Care Access Fund to increase access to health care, improve health care services, and contain costs. The tax is repealed for gross revenues received after December 31, 2019.	\$239.151 (1.00%)	\$244.936 (0.99%)	§295.58
Gross Earnings, Provider Tax - Wholesale Drug Distributor			
All proceeds deposited into the Health Care Access Fund to increase access to health care, improve health care services, and contain costs. The tax is repealed for gross revenues received after December 31, 2019.	\$137.486 (0.57%)	\$149.556 (0.60%)	§295.58
Lawful Gambling Combined Net Receipts Tax			
Fixed percent of the proceeds from this tax is annually dedicated to a Compulsive Gambling Treatment Program and for a grant to the state affiliate recognized by the National Council on Problem Gambling.	\$0.639 (0.00%)	\$0.712 (0.00%)	§297E.02, subdivision 3, paragraph c
Subtotal – Health	\$734.811 (3.07%)	\$773.551 (3.11%)	

Table 3 - Minnesota Tax Revenue – All State Tax Dedications By Policy Area

Policy Area	FY 2017 000s in millions (%Share Total)	FY 2018 000s in millions (%Share Total)	Legal Citation for Tax Dedication
Local Government			
Excise Tax – Deed			
3% of total Deed Tax revenue proceeds deposited into the County Revenue Fund	\$3.668 (0.02%)	\$3.962 (0.02%)	§287.20 to 287.32
Excise Tax - Mortgage Registry			
3% of total mortgage tax revenue proceeds deposited into the County Revenue Fund	\$3.905 (0.02%)	\$3.775 (0.02%)	§287.10 to 287.13
Subtotal – Local Government	\$7.573 (0.03%)	\$7.737 (0.03%)	
Miscellaneous			
Sales & Use Tax			
From Legacy proceeds, 19.75% distribution to Arts and Cultural Heritage Fund. This dedication expires after FY 2034.	\$60.850 (0.25%)	\$62.968 (0.25%)	MN Constitution, Article XI, section 15.
Mining Occupation			
Proceeds equal to 1.5 cents per taxable ton produced in the preceding year is annually appropriated to the IRRRB account in the special revenue fund for environmental and economic development loans or grants in Carlton and Koochiching counties.	\$0.503 (0.00%)	\$0.477 (0.00%)	§298.17
Subtotal – Miscellaneous	\$61.353 (0.26%)	\$63.445 (0.26%)	
Public Safety			
Gross Earnings Tax - Insurance Premium			
Fixed percentage of insurance premium taxes paid to the state is appropriated from the General Fund for police and fire state aid.	\$98.202 (0.41%)	\$101.184 (0.41%)	69.021, subd. 5 and 69.031, subd. 3
Sales & Use Tax			
25 percent of the sales from legal fireworks are dedicated to the Fire Safety Account in Minnesota Statute 297I, subdivision 3 (Public Safety).		\$0.039 (0.00%)	§297A.94, paragraph (j)
25 percent of the sales from legal fireworks are dedicated to the Volunteer Assistance Grant Account in Minnesota Statute 88.068 (DNR).		\$0.039 (0.00%)	§297A.94, paragraph (j) and §297A.65
Subtotal – Public Safety	\$98.202 (0.41%)	\$101.262 (0.41%)	
Transportation			
Excise Tax - Motor Fuels			

Table 3 - Minnesota Tax Revenue – All State Tax Dedications By Policy Area

Policy Area	FY 2017 000s in millions (%Share Total)	FY 2018 000s in millions (%Share Total)	Legal Citation for Tax Dedication
0.116 % of proceeds of total motor fuels tax are transferred from the Highway User Tax Distribution fund to the state forest road account in the special revenue fund	\$1.057 (0.01%)	\$1.075 (0.00%)	MN Constitution, Article XIV, Section 10 (§296A.18, subd. 7)
2.98% of proceeds of total motor fuels tax transferred from the Highway User Tax Distribution fund to the Natural Resources fund to the Highway Motorcycle account, Off-Road Vehicle account, Snowmobile account and Water Recreation account	\$27.160 (0.11%)	\$27.617 (0.11%)	MN Constitution, Article XIV, Section 10 (§296A.18, subd. 2-6)
96.904% of proceeds of total motor fuels tax deposited into the Highway User Tax Distribution Fund and apportioned 62 percent to the Trunk Highway Fund, 29 percent to County State-Aid Highway Fund and 9 percent to the Municipal State-Aid street fund	\$883.183 (3.69%)	\$898.064 (3.61%)	MN Constitution, Article XIV, Section 10 (§296A, 168D)
In Lieu of Property Tax - Air Flight Property Tax			
All proceeds deposited into the State Airports Fund to carryout aviation functions such as airport development and assistance grants, aeronautics planning, administration and operations.	\$7.000 (0.03%)	\$7.999 (0.03%)	§270.071 to §270.102
In Lieu of Property Tax - Aircraft Registration Tax			
All proceeds deposited into the State Airports Fund to carryout aviation functions such as airport development and assistance grants, aeronautics planning, administration and operations.	\$4.201 (0.02%)	\$3.439 (0.01%)	§360.511 to §360.675
In Lieu of Property Tax - Motor Vehicle Registration			
All proceeds deposited into the Highway User Tax Distribution Fund for transportation-related programs	\$753.000 (3.14%)	\$772.300 (3.11%)	MN Constitution, Article XIV, Section 9 (§168.013, subd. 8)
Motor Vehicle Sales Tax			
For revenues from the motor vehicle sales tax, 100 percent is dedicated to these purposes: 40 % dedicated to public transit and 60 % dedicated to the Highway User Tax Distribution Fund.	\$755.000 (3.15%)	\$773.000 (3.11%)	MN Constitution, Article XIV, Sect. 12-13
Sales & Use Tax			
All proceeds from estimated sales tax on general aviation aircraft purchases are dedicated to the State Airports Fund.	\$6.501 (0.03%)	\$6.152 (0.02%)	§297A.82, subd. 4(a)

Table 3 - Minnesota Tax Revenue – All State Tax Dedications By Policy Area

Policy Area	FY 2017 000s in millions (%Share Total)	FY 2018 000s in millions (%Share Total)	Legal Citation for Tax Dedication
<p>In FY 2017 - After deducting \$32 million directed to the General Fund, the remaining proceeds from the net revenue of sales tax on motor vehicle leases are apportioned 50 percent to County State-Aid Highway fund and the remaining to the metro transit account.</p> <p>In FY 2018 and after, all proceeds from the sales tax on leased vehicles are deposited into these funds: (1) 38% to County State Aid Highway; (2) 38% Greater MN Transit; (3) 13% to the Minnesota Transportation Fund; and (4) 11% to HUTDF.</p>	\$67.000 (0.28%)	\$97.000 (0.39%)	§297A.815, subd. 3
All proceeds from sales tax on rental vehicles (6.5%) deposited into the Highway User Tax Distribution Fund.		\$18.900 (0.08%)	§297A.62
All proceeds from tax on rental vehicles (9.2%) deposited into the Highway User Tax Distribution fund.		\$26.700 (0.11%)	§297A.64
Fixed dollar amount of sales tax receipts from auto parts dedicated to Highway User Tax Distribution Fund.		\$31.500 (0.13%)	§297A.94
Subtotal – Transportation	\$2,504.102 (10.45%)	\$2,663.746 (10.71%)	
Grand Total - State Tax Revenue Dedications	\$3,743.919 (15.62%)	\$3,961.889 (15.94%)	
Total State Tax Collections	\$23,914.000 (100%)	\$24,862.000 (100%)	