

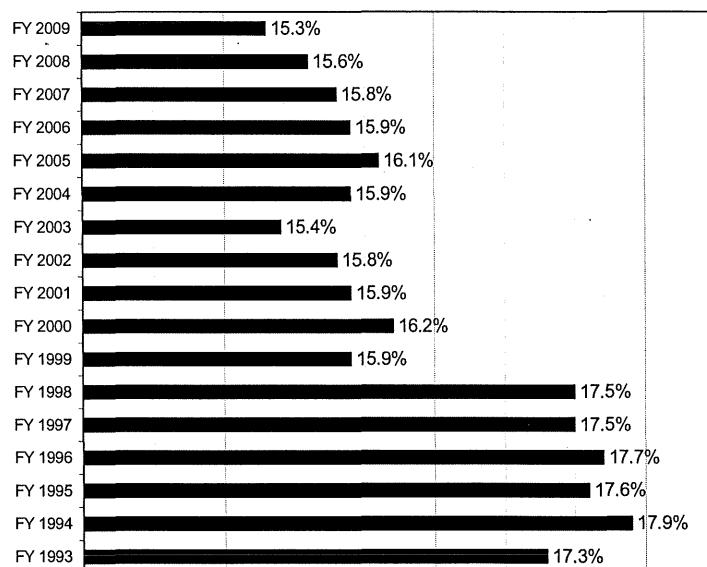
Price of Government

State and Local Government Revenues are Forecast Through 2009

The state general fund forecast represents only a portion of public sector revenues and spending in Minnesota. In broad terms, the “Price of Government” is a measure of the cost of all general government services statewide. It answers the question: *How much do Minnesotans pay to state and local governments in total?* It is comprehensive and includes nearly all revenues generated by state and local units of government as well as public school districts. All state taxes, property taxes, special assessments, fees and charges are included. Federal taxes are not included.

The aggregate annual receipts collected by each unit of government are considered to be a surrogate for the aggregate costs that Minnesota taxpayers pay for public services. The “Price of Government” measures that cost for each fiscal year relative to Minnesota Personal Income. The result is stated as a percentage of statewide personal income. For calendar year 2004, fiscal year 2005, it is estimated at 16.1 percent. In other words, for every dollar of Minnesota taxpayer personal income, 16.1 cents will be paid to state, county, township, and school districts for services during that year.

Minnesota Price of Government
State and Local Revenues as % of Personal Income



Since the price of government focuses on revenues collected by the state, local governments and school districts, it is designed to be a performance measure for both taxpayers in general and policymakers during the budget formation process. Because the emphasis is on aggregate revenues, the measure serves as a financial index for the cost of public services in Minnesota.

The following table shows the revenues raised at each level of government, excluding federal grants or aids and excluding intergovernmental revenues such as state aid to school districts, cities and counties. The results are called "own source" revenues and represent the taxes, fees and charges at each level of government.

Own Source Revenues (\$ in millions)				
	<u>FY 2004</u>	<u>Percent of Total</u>	<u>FY 2005</u>	<u>Percent of Total</u>
State Revenues				
Tax Revenues	\$14,393		\$15,147	
Non-Tax Revenues	<u>2,621</u>		<u>2,979</u>	
Total State Revenues	17,014	62%	18,126	62%
Local Non-School Revenues				
Tax Revenues	3,535		3,746	
Non-Tax Revenues	<u>4,942</u>		<u>5,239</u>	
Total Local Non-School Revenues	8,477	31%	8,985	31%
School District Revenues				
Tax Revenues	1,189		1,280	
Non-Tax Revenues	<u>716</u>		<u>757</u>	
Total School District Revenues	1,905	7%	2,037	7%
Total Own Source Revenues	27,396		29,149	
Minnesota Personal Income	\$172,217		\$181,173	
Governmental Revenue as Percent of Personal Income	15.9%		16.1%	

In FY 2005, of all dollars Minnesotans will pay in taxes, fees and charges, the state will collect 62 percent. Counties, cities, and townships will collect about 31 percent, while school districts will collect about 7 percent. However, once intergovernmental aids are considered, the state will spend only 33 percent of the total while non-school local governments will spend 39 percent, and school districts 28 percent.

The Price of Government has increased slightly from the February 2004 forecast due to decreased estimates of Minnesota personal income and slightly increasing revenue sources.

A table showing price of government data follows. It includes major taxes and other revenues sources for FY 1998 through FY 2009 broken down by level of government.

February 2005 Forecast
Price of Government
State & Local Revenues, CY 1997-2008
as a Percent of Personal Income
(\$ in Thousands)

	CY 1997 FY 1998	CY 1998 FY 1999	CY 1999 FY 2000	CY 2000 FY 2001	CY 2001 FY 2002	CY 2002 FY 2003	CY 2003 FY 2004	CY 2004 FY 2005	CY 2005 FY 2006	CY 2006 FY 2007	CY 2007 FY 2008	CY 2008 FY 2009
State Revenues												
<i>Tax Revenues:</i>												
Individual Income Tax	4,746,569	5,320,918	5,556,366	5,915,494	5,443,342	5,371,829	5,709,584	6,175,855	6,528,040	6,954,700	7,394,200	7,897,200
General Sales Tax	3,251,685	2,140,351	3,120,309	3,037,362	3,805,851	3,956,283	4,119,075	4,245,195	4,415,968	4,472,462	4,620,488	4,774,516
Corporate Income Tax	752,061	777,491	800,129	728,970	529,458	588,656	628,048	828,900	736,200	732,600	727,600	751,600
Gasoline & Special Fuels Taxes	557,200	583,264	612,894	612,070	623,898	643,392	653,626	663,639	677,929	686,424	698,128	710,044
Motor Vehicle License Tax	511,876	556,282	606,844	454,554	473,232	491,714	492,339	475,822	492,207	508,942	526,246	544,138
Motor Vehicle Sales Tax	444,976	487,041	540,961	546,157	614,147	605,561	593,855	568,000	561,700	586,300	600,100	621,100
Statewide Property Tax	0	0	0	0	305,573	585,416	599,622	617,774	634,698	656,519	673,838	691,952
Health Care Taxes	140,390	137,529	151,034	167,315	173,923	201,080	266,804	406,774	446,128	483,275	520,389	558,757
All Other Taxes	882,777	943,589	979,500	963,368	1,027,662	1,263,867	1,330,247	1,271,062	1,249,769	1,261,941	1,290,158	1,320,333
Subtotal - State Taxes	11,287,534	10,946,465	12,368,037	12,425,290	12,997,086	13,707,798	14,393,200	15,253,021	15,742,639	16,343,163	17,051,147	17,869,640
<i>Non-Tax Revenues:</i>												
Fees & Charges	481,655	471,427	524,857	525,751	614,121	715,880	854,678	861,600	880,540	886,692	856,600	856,983
Investment Earnings	271,782	315,222	278,512	342,461	250,735	176,646	86,107	66,511	97,489	105,142	118,994	132,691
Post-Secondary Tuition	463,147	479,621	509,774	550,302	550,771	740,164	876,000	995,417	1,002,181	1,007,136	1,012,768	1,018,069
Tobacco Settlements	297	0	104,926	130,254	156,646	152,566	168,467	175,388	171,657	168,469	164,594	162,356
All Other Resources	741,117	688,087	620,461	1,201,570	648,002	615,273	633,639	883,346	859,087	784,430	682,440	678,442
Subtotal - State Non Tax Revenues	1,957,998	1,954,357	2,038,530	2,750,338	2,320,275	2,400,529	2,618,891	2,982,262	3,010,954	2,951,869	2,835,396	2,848,541
Subtotal - State Own Source Revenues	13,245,532	12,900,822	14,406,567	15,175,628	15,317,361	16,108,327	17,012,091	18,235,283	18,753,593	19,295,032	19,886,543	20,718,181
<i>Federal Grants</i>	3,684,064	3,805,703	4,144,935	4,505,453	5,054,788	5,728,608	5,934,455	6,317,595	6,202,905	6,458,116	6,466,671	6,792,414
TOTAL STATE REVENUES	16,929,596	16,706,525	18,551,502	19,681,081	20,372,149	21,836,935	22,946,546	24,552,878	24,956,498	25,753,148	26,353,214	27,510,595
Local Non-School Revenues												
<i>Tax Revenues:</i>												
Property Tax	2,561,031	2,670,768	2,781,292	2,907,883	3,134,397	3,031,936	3,285,089	3,494,417	3,672,541	3,831,131	3,999,038	4,177,497
Sales Tax	85,349	94,470	101,717	109,814	110,537	108,939	113,328	118,340	123,915	128,415	133,155	138,216
Other Taxes	123,116	125,676	128,689	136,011	130,443	124,165	136,456	131,701	135,454	139,385	142,583	145,998
Subtotal - Local Taxes	2,769,496	2,890,914	3,011,698	3,153,708	3,375,377	3,265,040	3,534,873	3,744,458	3,931,910	4,098,931	4,274,776	4,461,711
<i>Non-Tax Revenues:</i>												
Special Assessments	236,273	270,853	269,433	271,870	268,097	291,122	298,801	306,719	314,886	323,312	335,241	347,980
Licenses and Permits	105,568	122,067	134,092	146,620	153,870	161,960	172,482	183,688	195,622	208,331	216,020	224,229
Charges for Services	644,330	640,733	704,342	744,613	814,858	872,775	941,615	1,016,127	1,096,793	1,184,139	1,228,140	1,275,101
Investment Earnings	363,843	355,497	200,421	468,041	363,928	274,022	274,022	274,022	274,022	274,022	274,022	274,022
Selected Enterprise Revenues	1,963,385	2,049,239	2,132,810	2,264,000	2,420,201	2,597,337	2,776,479	2,969,516	3,177,641	3,402,154	3,527,659	3,661,675
Miscellaneous Revenues	416,599	398,050	465,472	476,004	486,557	468,200	478,176	488,650	499,648	511,195	523,214	535,840
Subtotal - Local Non Tax Revenues	3,729,998	3,836,439	3,906,570	4,371,148	4,507,511	4,665,416	4,941,575	5,238,722	5,558,612	5,903,153	6,104,296	6,318,847
Subtotal - Local Own Source Revenues	6,499,494	6,727,353	6,918,268	7,524,856	7,882,888	7,930,456	8,476,448	8,983,180	9,490,522	10,002,084	10,379,072	10,780,558
<i>Intergovernmental Revenue:</i>												
State Aid	1,951,178	2,157,447	2,258,959	2,383,423	2,511,171	2,840,932	2,432,286	2,362,860	2,491,350	2,511,981	2,532,328	2,551,579
Local Aid	87,949	82,756	96,302	97,932	120,046	109,320	109,320	109,320	109,320	109,320	109,320	109,320
Federal Aid	538,262	486,020	483,643	558,693	573,518	605,645	605,645	605,645	605,645	605,645	605,645	605,645
Subtotal - Intergovernmental Revenue	2,577,389	2,726,223	2,838,904	3,040,048	3,204,735	3,555,897	3,147,251	3,077,825	3,206,315	3,226,946	3,247,293	3,266,544
TOTAL LOCAL NON-SCHOOL REVENUES	9,076,883	9,453,576	9,757,172	10,564,904	11,087,623	11,486,353	11,623,699	12,061,005	12,696,837	13,229,030	13,626,365	14,047,102

February 2005 Forecast
Price of Government
State & Local Revenues, CY 1997-2008
as a Percent of Personal Income
(\$ in Thousands)

	CY 1997 FY 1998	CY 1998 FY 1999	CY 1999 FY 2000	CY 2000 FY 2001	CY 2001 FY 2002	CY 2002 FY 2003	CY 2003 FY 2004	CY 2004 FY 2005	CY 2005 FY 2006	CY 2006 FY 2007	CY 2007 FY 2008	CY 2008 FY 2009
School District Revenues												
<i>Tax Revenues:</i>												
Property Tax	2,163,208	1,973,608	1,838,874	1,793,014	1,922,340	983,539	1,180,578	1,275,789	1,363,485	1,534,243	1,634,786	1,764,485
Taconite Production Tax	23,576	23,274	12,110	11,553	11,393	0	8,031	7,499	7,499	7,499	7,499	7,499
Subtotal - School District Tax Revenues	2,186,784	1,996,882	1,850,984	1,804,567	1,933,733	983,539	1,188,609	1,283,288	1,370,984	1,541,742	1,642,285	1,771,984
<i>Non-Tax Revenues:</i>												
Sales & Fee Revenue	151,682	165,450	180,258	187,693	202,486	218,422	203,888	216,121	229,089	242,834	257,404	272,848
Other Miscellaneous Revenue	378,101	403,241	414,646	461,506	437,667	459,428	486,358	510,676	536,210	563,020	591,171	620,730
Subtotal - School District Non Tax Revenues	529,783	568,691	594,904	649,199	640,153	677,850	690,246	726,797	765,299	805,854	848,575	893,578
Subtotal - School Dist Own Source Revenues	2,716,567	2,565,573	2,445,888	2,453,766	2,573,886	1,661,389	1,878,855	2,010,085	2,136,283	2,347,596	2,490,860	2,665,562
<i>Intergovernmental Revenue:</i>												
State Aid	3,267,620	3,564,226	3,955,138	4,268,222	4,334,571	6,088,481	6,054,196	6,004,162	5,989,605	5,956,845	5,908,547	5,861,395
State Paid Tax Credits	113,573	77,649	48,189	39,129	27,597	8,959	10,411	11,073	10,853	10,887	10,923	10,961
Education Homestead Credit	0	160,271	304,629	395,013	404,102	806	239	6	0	0	0	0
Education Agricultural Credit	0	0	0	45,979	55,116	0	0	0	0	0	0	0
Market Value Homestead Credit	0	0	0	0	0	68,860	68,406	64,153	59,470	57,945	56,139	54,294
Homestead Agric Land MV Credit	0	0	0	0	0	3,854	5,879	5,209	5,316	5,316	5,316	5,316
Local Aid	32,998	30,023	27,426	32,547	29,823	26,273	27,984	27,611	27,611	27,611	27,611	27,611
Federal Aid	294,325	317,583	341,744	370,319	436,648	498,291	540,895	594,985	654,483	719,931	791,924	871,117
Subtotal - Intergovernmental Revenue	3,708,516	4,149,752	4,677,126	5,151,209	5,287,857	6,695,524	6,708,010	6,707,199	6,747,338	6,778,535	6,800,460	6,830,694
TOTAL SCHOOL DISTRICT REVENUES	6,425,083	6,715,325	7,123,014	7,604,975	7,861,743	8,356,913	8,586,865	8,717,284	8,883,621	9,126,131	9,291,320	9,496,256

Total State, Local & School District Revenues

<i>Tax Revenues</i>	16,243,814	15,834,261	17,230,719	17,383,565	18,306,196	17,956,377	19,116,682	20,280,767	21,045,533	21,983,836	22,968,208	24,103,335
<i>Non-Tax Revenues</i>	6,217,779	6,359,487	6,540,004	7,770,685	7,467,939	7,743,795	8,250,712	8,947,781	9,334,865	9,660,876	9,788,267	10,060,966
<i>Intergovernmental Revenue</i>	9,969,969	10,681,678	11,660,965	12,696,710	13,547,380	15,980,029	15,789,716	16,102,619	16,156,558	16,463,597	16,514,424	16,889,652
TOTAL ALL REVENUES	32,431,562	32,875,426	35,431,688	37,850,960	39,321,515	41,680,201	43,157,110	45,331,167	46,536,956	48,108,309	49,270,899	51,053,953
Less: Intergovernmental Revenues	(9,969,969)	(10,681,678)	(11,660,965)	(12,696,710)	(13,547,380)	(15,980,029)	(15,789,716)	(16,102,619)	(16,156,558)	(16,463,597)	(16,514,424)	(16,889,652)

Total Own Source Revenues	22,461,593	22,193,748	23,770,723	25,154,250	25,774,135	25,700,172	27,367,394	29,228,548	30,380,398	31,644,712	32,756,475	34,164,301
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Minnesota Personal Income	128,387,750	139,553,250	146,721,500	157,963,750	162,751,000	166,718,500	172,217,000	182,633,500	193,012,750	201,276,200	211,091,875	222,590,125
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Revenue as Percent of Personal Income	17.5%	15.9%	16.2%	15.9%	15.8%	15.4%	15.9%	16.0%	15.7%	15.7%	15.5%	15.3%
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