

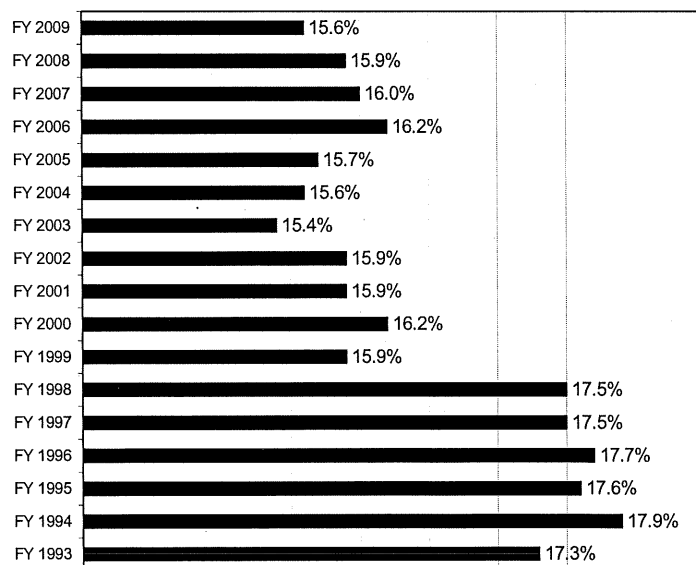
Price of Government

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 2005, fiscal year 2006, it is estimated at 16.2 percent. In other words, for every dollar of Minnesota taxpayer personal income, 16.2 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 2006</u>	<u>Percent of Total</u>	<u>FY 2007</u>	<u>Percent of Total</u>
State Revenues				
Tax Revenues	\$16,286		\$16,739	
Non-Tax Revenues	<u>3,342</u>		<u>3,343</u>	
Total State Revenues	19,628	63%	20,082	62%
Local Non-School Revenues				
Tax Revenues	3,983		4,293	
Non-Tax Revenues	<u>5,320</u>		<u>5,636</u>	
Total Local Non-School Rev	9,303	30%	9,929	31%
School District Revenues				
Tax Revenues	1,374		1,645	
Non-Tax Revenues	<u>803</u>		<u>838</u>	
Total School District Revenues	2,177	7%	2,483	7%
Total Own Source Revenues	31,108		32,495	
Minnesota Personal Income	\$191,813		\$202,541	
Governmental Revenue as Percent of Personal Income	16.2%		16.0%	

In FY 2006, of all dollars Minnesotans will pay in taxes, fees and charges, the state will collect 63 percent. Counties, cities, and townships will collect about 30 percent, while school districts will collect about 7 percent. However, once intergovernmental aids are considered, the state will spend only 34 percent of the total while non-school local governments will spend 39 percent, and school districts 27 percent.

Data Adjustment in November Forecast

Exclusive of forecast changes, state non-tax revenues for FY 2003 to FY 2009 have been reduced from levels previously shown. Proceeds from refunding general obligation bonds are now excluded, as well as proceeds from trunk highway fund bond sales. Monies received from general obligation debt or other state bonds for capital projects are not included in state and local operating revenues.

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

February 2006 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	6,341,164	6,608,700	7,009,400	7,419,300	7,851,000
General Sales Tax	3,251,685	2,140,351	3,120,309	3,037,362	3,805,851	3,956,283	4,119,075	4,258,183	4,488,127	4,665,673	4,766,444	4,928,022
Corporate Income Tax	752,061	777,491	800,129	728,970	529,458	588,656	628,048	925,874	956,600	885,500	882,800	874,400
Gasoline & Special Fuels Taxes	557,200	583,264	612,894	612,070	623,898	643,392	653,626	656,580	653,858	664,878	676,141	687,559
Motor Vehicle License Tax	511,876	556,282	606,844	454,554	473,232	491,714	492,339	496,299	477,865	483,874	487,461	492,335
Motor Vehicle Sales Tax	444,976	487,041	540,961	546,157	614,147	605,561	593,855	557,678	540,000	549,000	557,700	581,100
Statewide Property Tax	0	0	0	0	305,573	585,416	599,622	610,874	629,977	663,930	691,756	711,048
Health Care Taxes	140,390	137,529	151,034	167,315	173,923	201,080	266,804	410,014	449,002	484,625	520,533	555,995
All Other Taxes	882,777	943,589	979,500	963,368	1,027,662	1,263,867	1,330,247	1,274,399	1,498,412	1,346,186	1,358,858	1,376,056
Subtotal - State Taxes	11,287,534	10,946,465	12,368,037	12,425,290	12,997,086	13,707,798	14,393,200	15,531,065	16,302,541	16,753,066	17,360,993	18,057,515
<i>Non-Tax Revenues:</i>												
Fees & Charges	481,655	471,427	524,857	525,751	614,121	758,166	861,625	892,132	1,207,093	1,195,314	1,199,813	1,197,412
Investment Earnings	271,782	315,222	278,512	342,461	250,735	176,646	86,107	99,808	137,922	145,687	144,882	143,801
Post-Secondary Tuition	463,147	479,621	509,774	550,302	550,771	740,164	876,000	952,785	1,076,500	1,150,200	1,150,200	1,150,200
Tobacco Settlements	297	0	104,926	130,254	156,646	152,566	168,467	175,488	179,060	173,267	175,033	175,121
All Other Resources	741,117	688,087	620,461	1,201,570	648,002	559,987	484,192	481,043	797,819	766,854	776,209	779,183
Subtotal - State Non Tax Revenues	1,957,998	1,954,357	2,038,530	2,750,338	2,320,275	2,387,529	2,476,391	2,601,256	3,398,394	3,431,322	3,446,137	3,445,717
Subtotal - State Own Source Revenues	13,245,532	12,900,822	14,406,567	15,175,628	15,317,361	16,095,327	16,869,591	18,132,321	19,700,935	20,184,388	20,807,130	21,503,232
<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	6,037,741	6,315,621	6,532,715	6,537,433	6,763,925
TOTAL STATE REVENUES	16,929,596	16,706,525	18,551,502	19,681,081	20,372,149	21,823,935	22,804,046	24,170,062	26,016,556	26,717,103	27,344,563	28,267,157
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	3,286,129	3,487,467	3,711,925	4,013,300	4,169,036	4,343,708
Sales Tax	85,349	94,470	101,717	109,814	110,537	108,939	109,805	119,595	125,491	130,485	133,291	137,862
Other Taxes	123,116	125,676	128,689	136,011	130,443	124,165	139,909	138,269	155,946	159,870	163,434	166,999
Subtotal - Local Taxes	2,769,496	2,890,914	3,011,698	3,153,708	3,375,377	3,265,040	3,535,843	3,745,331	3,993,362	4,303,655	4,465,761	4,648,569
<i>Non-Tax Revenues:</i>												
Special Assessments	236,273	270,853	269,433	271,870	268,097	291,122	324,498	331,429	355,724	381,811	396,490	411,194
Licenses and Permits	105,568	122,067	134,092	146,620	153,870	161,960	175,348	192,706	207,730	223,932	232,493	241,055
Charges for Services	644,330	640,733	704,342	744,613	814,858	872,775	934,257	953,693	1,006,819	1,063,208	1,105,715	1,148,724
Investment Earnings	363,843	355,497	200,421	468,041	363,928	274,022	145,874	153,427	157,296	160,936	163,521	166,107
Selected Enterprise Revenues	1,963,385	2,049,239	2,132,810	2,264,000	2,420,201	2,597,337	2,695,742	2,780,323	2,911,902	3,049,709	3,166,238	3,282,787
Miscellaneous Revenues	416,599	398,050	465,472	476,004	486,557	468,200	438,511	468,640	463,269	458,204	465,647	473,089
Subtotal - Local Non Tax Revenues	3,729,998	3,836,439	3,906,570	4,371,148	4,507,511	4,665,416	4,714,230	4,880,218	5,102,740	5,337,800	5,530,104	5,722,956
Subtotal - Local Own Source Revenues	6,499,494	6,727,353	6,918,268	7,524,856	7,882,888	7,930,456	8,250,073	8,625,549	9,096,102	9,641,455	9,995,865	10,371,525
<i>Intergovernmental Revenue:</i>												
State Aid	1,951,178	2,157,447	2,258,959	2,383,423	2,511,171	2,840,932	2,701,626	2,516,152	2,675,273	2,717,398	2,741,572	2,748,866
Local Aid	87,949	82,756	96,302	97,932	120,046	109,320	124,273	148,488	138,094	138,094	138,094	138,094
Federal Aid	538,262	486,020	483,643	558,693	573,518	605,645	633,325	610,174	610,174	610,174	610,174	610,174
Subtotal - Intergovernmental Revenue	2,577,389	2,726,223	2,838,904	3,040,048	3,204,735	3,555,897	3,459,224	3,274,814	3,423,541	3,465,666	3,489,840	3,497,134
TOTAL LOCAL NON-SCHOOL REVENUES	9,076,883	9,453,576	9,757,172	10,564,904	11,087,623	11,486,353	11,709,297	11,900,363	12,519,643	13,107,121	13,485,705	13,868,659

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	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
<u>School District Revenues</u>												
<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	1,365,849	1,599,440	1,830,468	1,978,142
Taconite Production Tax	23,576	23,274	12,110	11,553	11,393	0	8,031	7,983	7,842	8,500	8,584	8,916
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	1,283,772	1,373,691	1,607,940	1,839,052	1,987,058
<i>Non-Tax Revenues:</i>												
Sales & Fee Revenue	151,682	165,450	180,258	187,693	202,486	218,422	203,888	223,679	228,153	232,716	237,370	242,117
Other Miscellaneous Revenue	378,101	403,241	414,646	461,506	437,667	459,428	486,358	496,825	516,698	537,366	558,861	581,215
Subtotal - School District Non Tax Revenues	529,783	568,691	594,904	649,199	640,153	677,850	690,246	720,504	744,851	770,082	796,231	823,332
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	2,004,276	2,118,542	2,378,022	2,635,283	2,810,390
<i>Intergovernmental Revenue:</i>												
State Aid	3,267,620	3,564,226	3,955,138	4,268,222	4,334,571	6,088,481	6,053,242	6,002,292	6,232,687	6,439,891	6,400,157	6,340,424
State Paid Tax Credits	113,573	77,649	48,189	39,129	27,597	8,959	10,411	11,170	9,459	10,079	10,112	10,146
Education Homestead Credit	0	160,271	304,629	395,013	404,102	806	239	6	9	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	58,636	58,846	56,355	53,663
Homestead Agric Land MV Credit	0	0	0	0	0	3,854	5,879	5,209	5,296	5,545	5,545	5,545
Local Aid	32,998	30,023	27,426	32,547	29,823	26,273	27,611	28,442	28,532	28,532	28,532	28,532
Federal Aid	294,325	317,583	341,744	370,319	436,648	498,291	540,895	568,693	597,128	609,070	621,252	633,677
Subtotal - Intergovernmental Revenue	3,708,516	4,149,752	4,677,126	5,151,209	5,287,857	6,695,524	6,706,683	6,679,965	6,931,747	7,151,963	7,121,953	7,071,987
TOTAL SCHOOL DISTRICT REVENUES	6,425,083	6,715,325	7,123,014	7,604,975	7,861,743	8,356,913	8,585,538	8,684,241	9,050,289	9,529,985	9,757,236	9,882,377
<u>Total State, Local & School District Revenues</u>												
<i>Tax Revenues</i>	16,243,814	15,834,261	17,230,719	17,383,565	18,306,196	17,956,377	19,117,652	20,560,168	21,669,594	22,664,661	23,665,806	24,693,142
<i>Non-Tax Revenues</i>	6,217,779	6,359,487	6,540,004	7,770,685	7,467,939	7,730,795	7,880,867	8,201,978	9,245,985	9,539,204	9,772,472	9,992,005
<i>Intergovernmental Revenue</i>	9,969,969	10,681,678	11,660,965	12,696,710	13,547,380	15,980,029	16,100,362	15,992,520	16,670,909	17,150,344	17,149,226	17,333,046
TOTAL ALL REVENUES	32,431,562	32,875,426	35,431,688	37,850,960	39,321,515	41,667,201	43,098,881	44,754,666	47,586,488	49,354,209	50,587,504	52,018,193
Less: Intergovernmental Revenues	(9,969,969)	(10,681,678)	(11,660,965)	(12,696,710)	(13,547,380)	(15,980,029)	(16,100,362)	(15,992,520)	(16,670,909)	(17,150,344)	(17,149,226)	(17,333,046)
Total Own Source Revenues	22,461,593	22,193,748	23,770,723	25,154,250	25,774,135	25,687,172	26,998,519	28,762,146	30,915,579	32,203,865	33,438,278	34,685,147
Minnesota Personal Income	128,387,750	139,553,250	146,721,500	157,963,750	162,577,750	166,980,250	173,300,000	184,515,000	191,358,225	201,333,375	211,484,400	223,180,825
Revenue as Percent of Personal Income	17.5%	15.9%	16.2%	15.9%	15.9%	15.4%	15.6%	15.6%	16.2%	16.0%	15.8%	15.5%