

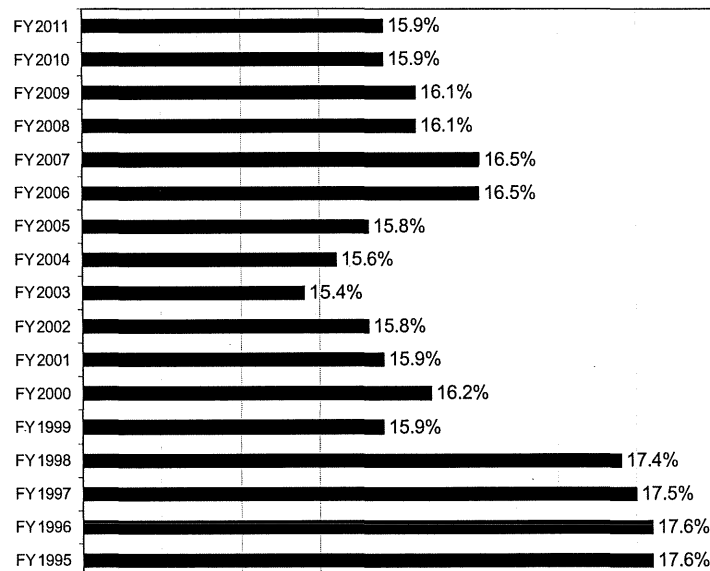
Price of Government

State and Local Government Revenues are Forecast Through 2011

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 measure serves as a financial index for the cost of public services in Minnesota.

The annual receipts collected by each unit of government are considered to represent 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 2006, fiscal year 2007, it is estimated at 16.5 percent. In other words, for every dollar of Minnesota taxpayer personal income, 16.5 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 development process.

The following table shows the revenues raised at each level of government, excluding federal grants 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	\$16,691		\$17,009	
Non-Tax Revenues	<u>3,206</u>		<u>3,565</u>	
Total State Revenues	19,897	63%	20,574	62%
Local Non-School Revenues				
Tax Revenues	4,001		4,298	
Non-Tax Revenues	<u>5,479</u>		<u>5,756</u>	
Total Local Non-School Rev	9,480	30%	10,054	30%
School District Revenues				
Tax Revenues	1,372		1,605	
Non-Tax Revenues	<u>794</u>		<u>850</u>	
Total School District Revenues	2,166	7%	2,455	8%
Total Own Source Revenues	31,543		33,083	
Minnesota Personal Income	\$191,568		\$201,079	
Governmental Revenue as Percent of Personal Income	16.5%		16.5%	

In FY 2007, of all payments Minnesotans will make in taxes, fees and charges, the state will collect 62 percent. Counties, cities, and townships will collect about 30 percent, while school districts will collect about 8 percent. However, once intergovernmental aids are considered, the state will spend only 35 percent of the total while non-school local governments will spend 38 percent, and school districts 27 percent.

A table showing price of government data follows. It includes major taxes and other revenue sources for FY 2000 through FY 2011 broken down by level of government.

November 2006 Forecast - Updated 1/9/07

Price of Government State & Local Revenues, CY 1999-2010 as a Percent of Personal Income (\$ in Thousands)

	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	CY 2009 FY 2010	CY 2010 FY 2011
State Revenues												
<i>Tax Revenues:</i>												
Individual Income Tax	5,556,366	5,915,494	5,443,342	5,371,829	5,709,584	6,341,164	6,862,953	7,192,700	7,535,700	8,005,600	8,587,600	9,485,100
General Sales Tax	3,120,309	3,037,362	3,805,851	3,956,283	4,119,075	4,258,183	4,484,813	4,557,343	4,653,182	4,872,817	5,053,503	5,251,917
Corporate Income Tax	800,129	728,970	529,458	588,656	628,048	925,874	1,061,627	1,107,900	1,031,700	1,024,300	1,123,400	1,130,800
Gasoline & Special Fuels Taxes	612,894	612,070	623,898	643,392	653,626	656,580	650,363	654,220	658,195	662,272	666,374	670,502
Motor Vehicle License Tax	606,844	454,554	473,232	491,714	492,339	496,299	491,406	477,060	482,141	486,962	491,832	496,750
Motor Vehicle Sales Tax	540,961	546,157	614,147	605,561	593,855	557,678	538,718	512,500	505,600	523,400	548,600	582,100
Statewide Property Tax	0	0	305,573	585,416	599,622	610,874	631,279	663,372	691,413	710,945	728,208	745,177
Health Care Taxes	151,034	167,315	173,923	201,080	266,804	410,014	440,980	471,232	503,574	537,909	576,517	619,054
All Other Taxes	979,500	963,368	1,027,662	1,263,867	1,330,247	1,274,399	1,528,458	1,373,068	1,353,118	1,376,745	1,418,334	1,470,463
Subtotal - State Taxes	12,368,037	12,425,290	12,997,086	13,707,798	14,393,200	15,531,065	16,690,597	17,009,395	17,414,623	18,200,950	19,194,368	20,451,863
<i>Non-Tax Revenues:</i>												
Fees & Charges	524,857	525,751	614,121	758,166	861,625	892,486	1,268,418	1,189,210	1,209,142	1,216,617	1,217,343	1,213,782
Investment Earnings	278,512	342,461	250,735	176,646	86,107	97,660	173,875	199,913	181,294	166,771	173,692	172,924
Post-Secondary Tuition	509,774	550,302	650,771	740,164	876,000	952,785	1,061,327	1,142,500	1,168,628	1,200,479	1,205,554	1,210,306
Tobacco Settlements	104,926	130,254	156,646	152,566	168,467	175,488	180,790	178,355	180,027	180,113	180,204	180,299
All Other Resources	620,461	1,201,570	648,002	559,987	484,192	480,689	521,984	854,591	739,334	735,857	712,932	715,232
Subtotal - State Non Tax Revenues	2,038,530	2,750,338	2,320,275	2,387,529	2,476,391	2,599,108	3,206,394	3,564,569	3,478,425	3,499,837	3,489,725	3,492,543
Subtotal - State Own Source Revenues	14,406,567	15,175,628	15,317,361	16,095,327	16,869,591	18,130,173	19,896,991	20,573,964	20,893,048	21,700,787	22,684,093	23,944,406
Federal Grants	4,144,935	4,505,453	5,054,788	5,728,608	5,934,455	6,037,741	6,056,552	6,680,436	6,703,330	7,013,856	6,821,404	7,371,641
TOTAL STATE REVENUES	18,551,502	19,681,081	20,372,149	21,823,935	22,804,046	24,167,914	25,953,543	27,254,400	27,596,378	28,714,643	29,505,497	31,316,047
Local Non-School Revenues												
<i>Tax Revenues:</i>												
Property Tax	2,781,292	2,907,880	3,134,397	3,035,806	3,286,132	3,487,467	3,712,295	4,001,917	4,298,100	4,503,913	4,712,950	4,932,842
Sales Tax	101,717	109,814	110,537	108,939	109,805	124,986	132,799	137,059	169,577	176,277	183,301	190,201
Other Taxes	128,689	136,010	130,443	124,164	139,909	138,270	155,946	159,215	164,104	168,926	173,834	179,039
Subtotal - Local Taxes	3,011,698	3,153,704	3,375,377	3,268,909	3,535,846	3,750,723	4,001,040	4,298,191	4,631,781	4,849,116	5,070,085	5,302,082
<i>Non-Tax Revenues:</i>												
Special Assessments	269,433	271,870	268,097	291,122	326,123	337,068	361,364	387,451	407,054	426,372	446,023	466,845
Licenses and Permits	134,092	146,620	153,870	161,960	175,918	193,546	208,690	225,029	236,658	248,121	259,795	272,187
Charges for Services	704,342	744,613	814,858	872,775	1,055,651	1,192,728	1,245,855	1,302,244	1,354,803	1,406,683	1,459,657	1,516,098
Investment Earnings	200,421	468,041	363,928	274,022	152,660	162,378	167,088	171,130	174,140	177,043	179,953	183,023
Selected Enterprise Revenues	2,132,810	2,264,000	2,420,201	2,648,518	2,695,742	2,838,441	2,993,477	3,157,054	3,313,165	3,466,087	3,621,047	3,785,114
Miscellaneous Revenues	465,472	476,004	486,557	468,200	464,994	492,958	502,832	513,182	538,098	562,545	587,333	613,549
Subtotal - Local Non Tax Revenues	3,906,570	4,371,148	4,507,511	4,716,597	4,871,088	5,217,119	5,479,306	5,756,090	6,023,918	6,286,851	6,553,808	6,836,816
Subtotal - Local Own Source Revenues	6,918,268	7,524,852	7,882,888	7,985,506	8,406,934	8,967,842	9,480,346	10,054,281	10,655,699	11,135,967	11,623,893	12,138,898
<i>Intergovernmental Revenue:</i>												
State Aid	2,258,959	2,383,423	2,511,171	2,918,176	2,632,590	2,475,904	2,608,458	2,644,666	2,674,592	2,687,857	2,702,228	2,717,985
Local Aid	96,302	97,932	120,046	109,320	178,908	216,384	205,990	205,990	205,990	205,990	205,990	205,990
Federal Aid	483,643	558,693	573,518	615,225	675,464	667,368	667,368	667,368	667,368	667,368	667,368	667,368
Subtotal - Intergovernmental Revenue	2,838,904	3,040,048	3,204,735	3,642,721	3,486,962	3,359,656	3,481,816	3,518,024	3,547,950	3,561,215	3,575,586	3,591,343
TOTAL LOCAL NON-SCHOOL REVENUES	9,757,172	10,564,900	11,087,623	11,628,227	11,893,896	12,327,498	12,962,162	13,572,305	14,203,649	14,697,182	15,199,479	15,730,241

November 2006 Forecast - Updated 1/9/07

Price of Government State & Local Revenues, CY 1999-2010 as a Percent of Personal Income (\$ in Thousands)

	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	CY 2009 FY 2010	CY 2010 FY 2011
School District Revenues												
<i>Tax Revenues:</i>												
Property Tax	1,838,874	1,793,014	1,922,340	983,539	1,180,578	1,277,288	1,364,355	1,596,451	1,773,589	1,996,058	2,131,823	2,291,045
Taconite Production Tax	12,110	11,553	11,393	0	8,031	7,983	7,842	8,500	8,490	8,991	9,229	9,691
Subtotal - School District Tax Revenues	1,850,984	1,804,567	1,933,733	983,539	1,188,609	1,285,271	1,372,197	1,604,951	1,782,079	2,005,049	2,141,052	2,300,736
<i>Non-Tax Revenues:</i>												
Fee Revenue	312,956	334,452	353,745	374,424	400,204	417,551	441,817	466,117	491,754	518,800	547,334	577,438
Other Miscellaneous Revenue	233,148	250,343	223,514	219,842	212,778	273,027	352,148	383,841	403,033	423,185	444,344	466,561
Subtotal - School District Non Tax Revenues	546,104	584,795	577,259	594,266	612,982	690,578	793,965	849,958	894,787	941,985	991,678	1,043,999
Subtotal - School Dist Own Source Revenues	2,397,088	2,389,362	2,510,992	1,577,805	1,801,591	1,975,849	2,166,162	2,454,909	2,676,866	2,947,034	3,132,730	3,344,735
<i>Intergovernmental Revenue:</i>												
State Aid	3,955,138	4,268,222	4,334,571	6,088,481	6,053,242	6,002,391	6,238,223	6,429,165	6,445,209	6,390,653	6,360,968	6,354,948
State Paid Tax Credits	48,879	39,129	27,597	8,959	10,411	9,593	8,706	8,577	9,323	9,354	11,446	11,484
Education Homestead Credit	304,629	395,013	404,102	806	239	0	0	0	0	0	0	0
Education Agricultural Credit	0	45,979	55,116	0	0	0	0	0	0	0	0	0
Market Value Homestead Credit	0	0	0	68,860	68,406	64,239	60,880	63,306	55,749	53,038	50,321	47,686
Homestead Agric Land MV Credit	0	0	0	3,854	5,879	5,209	5,300	5,597	5,777	5,777	5,777	5,777
Local Aid	33,814	34,283	31,701	28,294	28,342	29,008	30,515	29,942	29,942	29,942	29,942	29,942
Federal Aid	343,022	370,881	436,464	497,532	541,432	568,689	578,488	590,058	601,859	613,896	626,174	638,698
Subtotal - Intergovernmental Revenue	4,685,482	5,153,507	5,289,551	6,696,786	6,707,951	6,679,129	6,922,112	7,126,645	7,147,859	7,102,660	7,084,628	7,088,535
TOTAL SCHOOL DISTRICT REVENUES	7,082,570	7,542,869	7,800,543	8,274,591	8,509,542	8,654,978	9,088,274	9,581,554	9,824,725	10,049,694	10,217,358	10,433,270

Total State, Local & School District Revenues

<i>Tax Revenues</i>	17,230,719	17,383,561	18,306,196	17,960,246	19,117,655	20,567,059	22,063,834	22,912,537	23,828,483	25,055,115	26,405,505	28,054,681
<i>Non-Tax Revenues</i>	6,491,204	7,706,281	7,405,045	7,698,392	7,960,461	8,506,805	9,479,665	10,170,617	10,397,130	10,728,673	11,035,211	11,373,358
<i>Intergovernmental Revenue</i>	11,669,321	12,699,008	13,549,074	16,068,115	16,129,368	16,076,526	16,460,480	17,325,105	17,399,139	17,677,731	17,481,618	18,051,519
TOTAL ALL REVENUES	35,391,244	37,788,850	39,260,315	41,726,753	43,207,484	45,150,390	48,003,979	50,408,259	51,624,752	53,461,519	54,922,334	57,479,558
Less: Intergovernmental Revenues	(11,669,321)	(12,699,008)	(13,549,074)	(16,068,115)	(16,129,368)	(16,076,526)	(16,460,480)	(17,325,105)	(17,399,139)	(17,677,731)	(17,481,618)	(18,051,519)

Total Own Source Revenues	23,721,923	25,089,842	25,711,241	25,658,638	27,078,116	29,073,864	31,543,499	33,083,154	34,225,613	35,783,788	37,440,716	39,428,039
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Minnesota Personal Income	146,721,500	157,963,750	162,577,750	166,967,750	173,755,500	184,571,500	191,567,750	201,079,425	212,029,650	222,761,625	235,074,675	248,592,375
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Revenue as Percent of Personal Income	16.2%	15.9%	15.8%	15.4%	15.6%	15.8%	16.5%	16.5%	16.1%	16.1%	15.9%	15.9%
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