

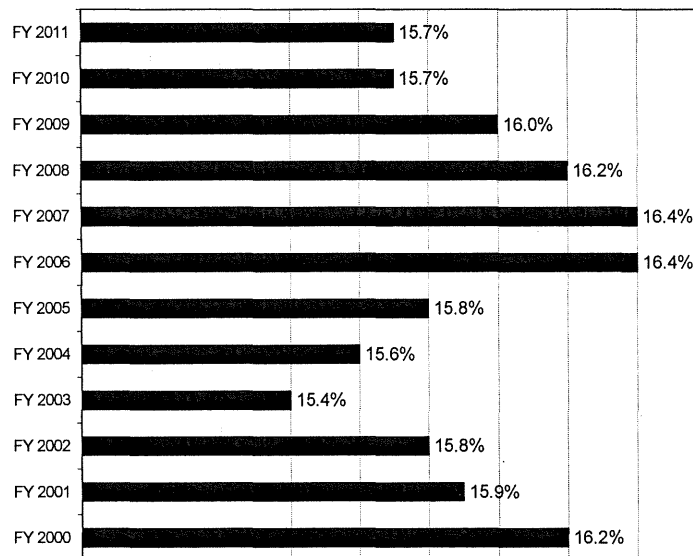
Price of Government

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 16.4 percent. In other words, for every dollar of Minnesota taxpayer personal income, 16.4 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		\$16,972	
Non-Tax Revenues	<u>3,206</u>		<u>3,579</u>	
Total State Revenues	19,897	63%	20,551	62%
Local Non-School Revenues				
Tax Revenues	4,007		4,305	
Non-Tax Revenues	<u>5,414</u>		<u>5,604</u>	
Total Local Non-School Rev	9,421	30%	9,909	30%
School District Revenues				
Tax Revenues	1,372		1,609	
Non-Tax Revenues	<u>797</u>		<u>836</u>	
Total School District Revenues	2,169	7%	2,445	8%
Total Own Source Revenues	31,487		32,905	
Minnesota Personal Income	\$191,568		\$200,779	
Governmental Revenue as Percent of Personal Income	16.4%		16.4%	

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.

May 2007 End of Legislative Session
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	7,093,500	7,550,700	8,016,700	8,609,600	9,497,200
General Sales Tax	3,120,309	3,037,362	3,805,851	3,956,283	4,119,075	4,258,183	4,484,813	4,539,483	4,636,284	4,837,200	5,017,180	5,195,858
Corporate Income Tax	800,129	728,970	529,458	588,656	628,048	925,874	1,061,627	1,177,900	1,140,800	1,068,100	1,023,200	1,020,500
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	521,700	496,400	520,900	544,200	575,500
Statewide Property Tax	0	0	305,573	585,416	599,622	610,874	631,279	663,372	691,162	710,510	728,402	746,542
Health Care Taxes	151,034	167,315	173,923	201,080	266,804	410,014	440,980	465,908	497,387	531,495	568,311	608,555
All Other Taxes	979,500	963,368	1,027,662	1,263,867	1,330,247	1,274,399	1,528,458	1,379,119	1,404,460	1,448,890	1,483,192	1,527,926
Subtotal - State Taxes	12,368,037	12,425,290	12,997,066	13,707,798	14,393,200	15,531,065	16,690,597	16,972,262	17,557,529	18,283,029	19,132,291	20,339,333
<i>Non-Tax Revenues:</i>												
Fees & Charges	524,857	525,751	614,121	758,166	861,625	892,486	1,268,418	1,182,026	1,227,297	1,247,210	1,254,393	1,257,858
Investment Earnings	278,512	342,461	250,735	176,646	86,107	97,660	173,875	214,908	192,517	172,797	173,377	167,538
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	180,605	181,415	181,927	182,344	182,868
All Other Resources	620,461	1,201,570	648,002	559,987	484,192	480,689	521,984	858,726	774,528	772,782	731,746	734,053
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	3,578,765	3,544,385	3,575,195	3,547,414	3,552,623
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	20,551,027	21,101,914	21,858,224	22,679,705	23,891,956
<i>Federal Grants</i>	4,144,935	4,505,453	5,054,788	5,728,608	5,934,455	6,037,741	6,056,552	6,727,715	6,698,160	7,075,487	7,166,020	7,423,678
TOTAL STATE REVENUES	18,551,502	19,681,081	20,372,149	21,823,935	22,804,046	24,167,914	25,953,543	27,278,742	27,800,074	28,933,711	29,845,725	31,315,634
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	3,998,439	4,336,075	4,546,489	4,763,580	4,991,149
Sales Tax	101,717	109,814	110,537	108,939	109,805	124,986	132,799	136,776	169,052	175,497	182,242	188,831
Other Taxes	128,689	136,010	130,443	124,164	139,909	138,270	161,507	169,999	175,224	180,678	186,329	192,298
Subtotal - Local Taxes	3,011,698	3,153,704	3,375,377	3,268,909	3,535,846	3,750,723	4,006,601	4,305,214	4,680,351	4,902,664	5,132,151	5,372,278
<i>Non-Tax Revenues:</i>												
Special Assessments	269,433	271,870	268,097	291,122	326,123	337,068	346,523	364,349	382,338	401,131	420,626	441,232
Licenses and Permits	134,092	146,620	153,870	161,960	175,918	193,546	200,016	213,938	224,512	235,554	247,002	259,106
Charges for Services	704,342	744,613	814,858	872,775	1,055,651	1,192,728	1,245,815	1,298,505	1,347,753	1,399,122	1,452,313	1,508,529
Investment Earnings	200,421	468,041	363,928	274,022	152,660	162,378	197,925	202,068	204,929	207,887	210,917	214,096
Selected Enterprise Revenues	2,132,810	2,264,000	2,420,201	2,648,518	2,695,742	2,838,441	2,926,326	3,017,350	3,159,432	3,307,291	3,459,965	3,620,907
Miscellaneous Revenues	465,472	476,004	468,557	468,200	464,994	492,958	497,867	508,062	531,643	556,172	581,500	608,176
Subtotal - Local Non Tax Revenues	3,906,570	4,371,148	4,507,511	4,716,597	4,871,088	5,217,119	5,414,472	5,604,272	5,850,607	6,107,157	6,372,323	6,652,046
Subtotal - Local Own Source Revenues	6,918,268	7,524,852	7,882,888	7,985,506	8,406,934	8,967,842	9,421,073	9,909,486	10,530,958	11,009,821	11,504,474	12,024,324
<i>Intergovernmental Revenue:</i>												
State Aid	2,258,959	2,383,423	2,511,171	2,918,176	2,632,590	2,475,904	2,645,219	2,676,740	2,705,019	2,719,473	2,735,054	2,752,044
Local Aid	96,302	97,932	120,046	109,320	178,908	214,384	179,395	202,662	202,662	202,662	202,662	202,662
Federal Aid	483,643	558,693	573,518	615,225	675,464	667,368	677,390	677,390	677,390	677,390	677,390	677,390
Subtotal - Intergovernmental Revenue	2,838,904	3,040,048	3,204,735	3,642,721	3,486,962	3,357,656	3,502,004	3,556,792	3,585,071	3,599,525	3,615,106	3,632,096
TOTAL LOCAL NON-SCHOOL REVENUES	9,757,172	10,564,900	11,087,623	11,628,227	11,893,896	12,325,498	12,923,077	13,466,278	14,116,029	14,609,346	15,119,580	15,656,420

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<u>School District Revenues</u>												
<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	1,599,866	1,765,000	1,974,729	2,120,301	2,275,463
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	1,608,366	1,773,490	1,983,720	2,129,530	2,285,154
<i>Non-Tax Revenues:</i>												
Fee Revenue	312,956	334,452	353,745	374,424	400,204	417,551	442,236	466,559	492,219	519,291	547,852	577,984
Other Miscellaneous Revenue	233,148	250,343	223,514	219,842	212,778	273,027	354,721	369,755	388,243	407,655	428,038	449,439
Subtotal - School District Non Tax Revenues	546,104	584,795	577,259	594,266	612,982	690,578	796,957	836,314	880,462	926,946	975,890	1,027,423
Subtotal - School Dist Own Source Revenues	2,397,088	2,389,362	2,510,992	1,577,805	1,801,591	1,975,849	2,169,154	2,444,680	2,653,952	2,910,666	3,105,420	3,312,577
<i>Intergovernmental Revenue:</i>												
State Aid	3,955,138	4,268,222	4,334,571	6,088,481	6,053,242	6,002,391	6,234,768	6,428,015	6,797,575	6,848,521	6,753,606	6,794,849
State Paid Tax Credits	48,879	39,129	27,597	8,959	10,411	9,593	8,706	8,807	9,469	9,518	11,615	11,661
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	59,743	55,177	52,490	49,798	47,186
Homestead Agric Land MV Credit	0	0	0	3,854	5,879	5,209	5,300	5,597	5,672	5,672	5,672	5,672
Local Aid	33,814	34,283	31,701	28,294	28,342	29,008	30,555	29,982	29,982	29,982	29,982	29,982
Federal Aid	343,022	370,881	436,464	497,532	541,432	568,689	594,040	605,921	618,039	630,400	643,008	655,868
Subtotal - Intergovernmental Revenue	4,685,482	5,153,507	5,289,551	6,696,786	6,707,951	6,679,129	6,934,249	7,138,065	7,515,914	7,576,583	7,493,681	7,545,218
TOTAL SCHOOL DISTRICT REVENUES	7,082,570	7,542,869	7,800,543	8,274,591	8,509,542	8,654,978	9,103,403	9,582,745	10,169,866	10,487,249	10,599,101	10,857,795
<u>Total State, Local & School District Revenues</u>												
<i>Tax Revenues</i>	17,230,719	17,383,561	18,306,196	17,960,246	19,117,655	20,567,059	22,069,395	22,885,842	24,011,370	25,169,413	26,393,972	27,996,765
<i>Non-Tax Revenues</i>	6,491,204	7,706,281	7,405,045	7,698,392	7,960,461	8,506,805	9,417,823	10,019,351	10,275,454	10,609,298	10,895,627	11,232,092
<i>Intergovernmental Revenue</i>	11,669,321	12,699,008	13,549,074	16,068,115	16,129,368	16,074,526	16,492,805	17,422,572	17,799,145	18,251,595	18,274,807	18,600,992
TOTAL ALL REVENUES	35,391,244	37,788,850	39,260,315	41,726,753	43,207,484	45,148,390	47,980,023	50,327,765	52,085,969	54,030,306	55,564,406	57,829,849
Less: Intergovernmental Revenues	(11,669,321)	(12,699,008)	(13,549,074)	(16,068,115)	(16,129,368)	(16,074,526)	(16,492,805)	(17,422,572)	(17,799,145)	(18,251,595)	(18,274,807)	(18,600,992)
Total Own Source Revenues	23,721,923	25,089,842	25,711,241	25,658,638	27,078,116	29,073,864	31,487,218	32,905,193	34,286,824	35,778,711	37,289,599	39,228,857
Minnesota Personal Income	146,721,500	157,963,750	162,577,750	166,967,750	173,755,500	184,571,500	191,567,750	200,779,475	212,278,875	223,784,950	236,930,550	250,298,875
Revenue as Percent of Personal Income	16.2%	15.9%	15.8%	15.4%	15.6%	15.8%	16.4%	16.4%	16.2%	16.0%	15.7%	15.7%