

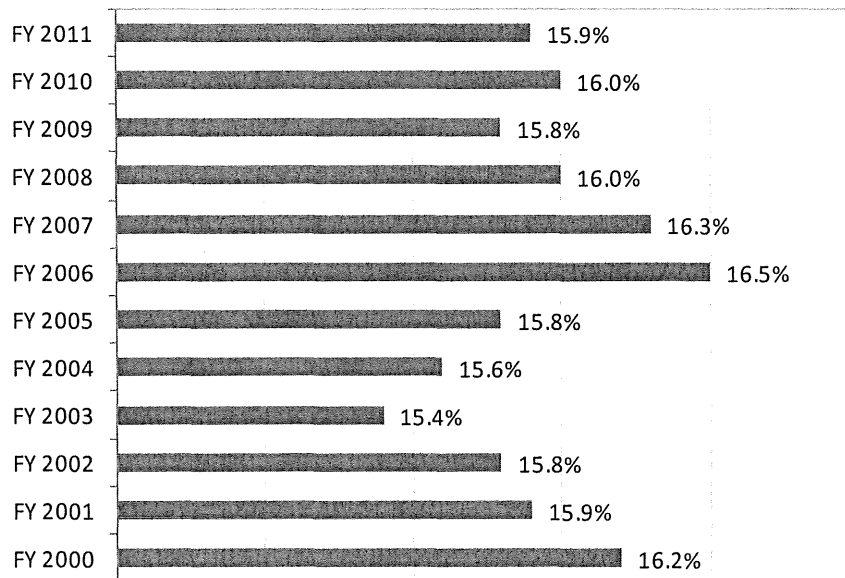
Price of Government

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 2007, fiscal year 2008, it is estimated at 16.0 percent. In other words, for every dollar of Minnesota taxpayer personal income, 16.0 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 2007</u>	<u>Percent of Total</u>	<u>FY 2008</u>	<u>Percent of Total</u>
State Revenues				
Tax Revenues	\$17,100		\$17,188	
Non-Tax Revenues	<u>3,143</u>		<u>3,707</u>	
Total State Revenues	20,243	62%	20,895	61%
Local Non-School Revenues				
Tax Revenues	4,305		4,676	
Non-Tax Revenues	<u>5,561</u>		<u>5,848</u>	
Total Local Non-School Rev	9,866	30%	10,524	31%
School District Revenues				
Tax Revenues	1,608		1,773	
Non-Tax Revenues	<u>844</u>		<u>888</u>	
Total School District Revenues	2,452	8%	2,661	8%
Total Own Source Revenues	32,561		34,080	
Minnesota Personal Income	\$200,232		\$212,606	
Governmental Revenue as Percent of Personal Income	16.3%		16.0%	

In FY 2008, of all payments Minnesotans will make in taxes, fees and charges, the state will collect 61 percent. Counties, cities, and townships will collect about 31 percent, while school districts will collect about 8 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 will spend 28 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.

After the price of government calculations were complete, the Legislature overrode the Governor’s veto of the omnibus transportation bill. Due to timing issues, the impacts of changes in the gas tax, motor vehicle tab fees, and metro area sales tax are not included in the price of government but will affect future calculations. These figures also do not include the impact of the constitutional amendment that will be on the ballot this November election. If passed, the constitutional amendment would add approximately \$276 million in sales tax revenue to the price of government total own source revenues beginning in FY 2011.

February 2008 Forecast
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	7,230,855	7,589,000	7,756,400	8,320,300	9,122,100
General Sales Tax	3,120,309	3,037,362	3,805,851	3,956,283	4,119,075	4,258,183	4,484,813	4,525,773	4,595,804	4,590,533	4,685,908	4,886,789
Corporate Income Tax	800,129	728,970	529,458	588,656	628,048	925,874	1,061,627	1,171,101	903,000	857,000	913,000	952,900
Gasoline & Special Fuels Taxes	612,894	612,070	623,898	643,392	653,626	656,580	650,363	647,941	646,422	642,704	639,014	635,350
Motor Vehicle License Tax	606,844	454,554	473,232	491,714	492,339	496,299	491,406	483,991	482,141	482,141	482,141	482,141
Motor Vehicle Sales Tax	540,961	546,157	614,147	605,561	593,855	557,678	538,718	533,261	486,800	445,300	476,500	494,900
Statewide Property Tax	0	0	305,573	585,416	599,622	610,874	631,279	665,744	702,517	739,125	765,373	782,229
Health Care Taxes	151,034	167,315	173,923	201,080	266,804	410,014	440,980	467,410	496,200	526,500	562,100	602,400
All Other Taxes	979,500	963,368	1,027,662	1,263,867	1,330,247	1,274,399	1,528,458	1,373,816	1,286,154	1,269,779	1,297,158	1,342,689
Subtotal - State Taxes	12,368,037	12,425,290	12,997,086	13,707,798	14,393,200	15,531,065	16,690,597	17,099,892	17,188,038	17,309,482	18,141,494	19,301,498
<i>Non-Tax Revenues:</i>												
Fees & Charges	524,857	525,751	614,121	758,166	861,625	892,486	1,268,418	1,177,089	1,177,201	1,208,341	1,218,800	1,229,187
Investment Earnings	278,512	342,461	250,735	176,646	86,107	97,660	173,875	251,802	258,576	166,547	177,957	181,442
Post-Secondary Tuition	509,774	550,302	650,771	740,164	876,000	952,785	1,061,327	1,150,022	1,203,400	1,263,300	1,263,300	1,263,300
Tobacco Settlements	104,926	130,254	156,646	152,566	168,467	175,488	180,790	183,911	182,004	180,987	182,040	183,103
All Other Resources	620,461	1,201,570	648,002	559,987	484,192	480,689	521,984	379,921	885,863	824,019	810,562	810,742
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	3,142,745	3,707,044	3,643,194	3,652,659	3,667,774
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	20,242,637	20,895,082	20,952,676	21,794,153	22,969,272
Federal Grants	4,144,935	4,505,453	5,054,788	5,728,608	5,934,455	6,037,741	6,056,552	6,531,710	6,881,302	7,086,733	7,158,483	7,412,751
TOTAL STATE REVENUES	18,551,502	19,681,081	20,372,149	21,823,935	22,804,046	24,167,914	25,953,543	26,774,347	27,776,384	28,039,409	28,952,636	30,382,023
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	4,325,031	4,669,048	4,896,309	5,125,784
Sales Tax	101,717	109,814	110,537	108,939	109,805	124,986	132,799	136,571	168,158	171,052	173,442	179,081
Other Taxes	128,689	136,010	130,443	124,164	139,909	138,270	161,507	169,999	183,096	190,003	195,157	200,321
Subtotal - Local Taxes	3,011,698	3,153,704	3,375,377	3,268,909	3,535,846	3,750,723	4,006,601	4,305,009	4,676,285	5,030,103	5,264,908	5,505,186
<i>Non-Tax Revenues:</i>												
Special Assessments	269,433	271,870	268,097	291,122	326,123	337,068	345,020	362,531	382,178	405,804	423,683	441,659
Licenses and Permits	134,092	146,620	153,870	161,960	175,918	193,546	198,782	212,731	224,357	238,355	248,775	259,216
Charges for Services	704,342	744,613	814,858	872,775	1,055,651	1,192,728	1,178,184	1,230,593	1,288,762	1,356,413	1,406,751	1,457,268
Investment Earnings	200,421	468,041	363,928	274,022	152,660	162,378	225,064	231,457	236,600	242,306	246,360	250,375
Selected Enterprise Revenues	2,132,810	2,264,000	2,420,201	2,648,518	2,695,742	2,838,441	2,943,018	3,021,971	3,186,300	3,316,018	3,455,824	3,595,359
Miscellaneous Revenues	465,472	476,004	486,557	468,200	464,994	492,958	495,400	502,215	529,427	561,132	584,673	608,207
Subtotal - Local Non Tax Revenues	3,906,570	4,371,148	4,507,511	4,716,597	4,871,088	5,217,119	5,385,468	5,561,498	5,847,624	6,120,028	6,366,066	6,612,084
Subtotal - Local Own Source Revenues	6,918,268	7,524,852	7,882,888	7,985,506	8,406,934	8,967,842	9,392,069	9,866,507	10,523,909	11,150,131	11,630,974	12,117,270
<i>Intergovernmental Revenue:</i>												
State Aid	2,258,959	2,383,423	2,511,171	2,918,176	2,632,590	2,475,904	2,559,880	2,576,367	2,602,342	2,621,620	2,640,265	2,654,814
Local Aid	96,302	97,932	120,046	109,320	178,908	214,384	202,940	226,207	226,207	226,207	226,207	226,207
Federal Aid	483,643	558,693	573,518	615,225	675,464	667,368	737,085	737,085	737,085	737,085	737,085	737,085
Subtotal - Intergovernmental Revenue	2,838,904	3,040,048	3,204,735	3,642,721	3,486,962	3,357,656	3,499,905	3,539,659	3,565,634	3,584,912	3,603,557	3,618,106
TOTAL LOCAL NON-SCHOOL REVENUES	9,757,172	10,564,900	11,087,623	11,628,227	11,893,896	12,325,498	12,891,974	13,406,166	14,089,543	14,735,043	15,234,531	15,735,376

February 2008 Forecast
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	1,599,861	1,764,204	1,908,848	2,096,916	2,253,653
Taconite Production Tax	12,110	11,553	11,393	0	8,031	7,983	7,842	8,500	8,490	8,897	8,665	8,908
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	1,608,361	1,772,694	1,917,745	2,105,581	2,262,561
<i>Non-Tax Revenues:</i>												
Fee Revenue	312,956	334,452	353,745	374,424	400,204	417,551	442,392	456,810	479,651	503,633	528,815	555,255
Other Miscellaneous Revenue	233,148	250,343	223,514	219,842	212,778	273,027	360,366	386,963	408,246	430,700	452,235	474,846
Subtotal - School District Non Tax Revenues	546,104	584,795	577,259	594,266	612,982	690,578	802,758	843,773	887,897	934,333	981,050	1,030,101
Subtotal - School Dist Own Source Revenues	2,397,088	2,389,362	2,510,992	1,577,805	1,801,591	1,975,849	2,174,955	2,452,134	2,660,591	2,852,078	3,086,631	3,292,662
<i>Intergovernmental Revenue:</i>												
State Aid	3,955,138	4,268,222	4,334,571	6,088,481	6,053,242	6,002,391	6,234,345	6,424,245	6,786,676	6,885,938	6,826,248	6,900,889
State Paid Tax Credits	48,879	39,129	27,597	8,959	10,411	9,593	8,706	9,440	9,488	10,275	10,215	10,262
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	56,302	52,058	49,781	47,674
Homestead Agric Land MV Credit	0	0	0	3,854	5,879	5,209	5,300	5,597	5,769	5,646	5,646	5,646
Local Aid	33,814	34,283	31,701	28,294	28,342	29,008	30,643	30,576	30,576	30,576	30,576	30,576
Federal Aid	343,022	370,881	436,464	497,532	541,432	568,689	595,642	590,552	602,363	614,411	626,699	639,233
Subtotal - Intergovernmental Revenue	4,685,482	5,153,507	5,289,551	6,696,786	6,707,951	6,679,129	6,935,516	7,120,153	7,491,174	7,598,904	7,549,165	7,634,280
TOTAL SCHOOL DISTRICT REVENUES	7,082,570	7,542,869	7,800,543	8,274,591	8,509,542	8,654,978	9,110,471	9,572,287	10,151,765	10,450,982	10,635,796	10,926,942

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	22,069,395	23,013,262	23,637,017	24,257,330	25,511,983	27,069,245
<i>Non-Tax Revenues</i>	6,491,204	7,706,281	7,405,045	7,698,392	7,960,461	8,506,805	9,394,620	9,548,016	10,442,565	10,697,555	10,999,775	11,309,959
<i>Intergovernmental Revenue</i>	11,669,321	12,699,008	13,549,074	16,068,115	16,129,368	16,074,526	16,491,973	17,191,522	17,938,110	18,270,549	18,311,205	18,665,137
TOTAL ALL REVENUES	35,391,244	37,788,850	39,260,315	41,726,753	43,207,484	45,148,390	47,955,988	49,752,800	52,017,692	53,225,434	54,822,963	57,044,341
Less: Intergovernmental Revenues	(11,669,321)	(12,699,008)	(13,549,074)	(16,068,115)	(16,129,368)	(16,074,526)	(16,491,973)	(17,191,522)	(17,938,110)	(18,270,549)	(18,311,205)	(18,665,137)

Total Own Source Revenues	23,721,923	25,089,842	25,711,241	25,658,638	27,078,116	29,073,864	31,464,015	32,561,278	34,079,582	34,954,885	36,511,758	38,379,204
----------------------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------	-------------------

Minnesota Personal Income	146,721,500	157,963,750	162,577,750	166,967,750	173,497,750	183,794,500	190,528,750	200,232,000	212,606,025	220,786,850	228,655,425	241,846,975
----------------------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------	--------------------

Revenue as Percent of Personal Income	16.2%	15.9%	15.8%	15.4%	15.6%	15.8%	16.5%	16.3%	16.0%	15.8%	16.0%	15.9%
--	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------	--------------