

**November 2000 Forecast
Price of Government
State & Local Revenues, C.Y. 1990-2004
as a Percent of Personal Income
(\$ in Thousands)**

| | C.Y. 1990 | C.Y. 1991 | C.Y. 1992 | C.Y. 1993 | C.Y. 1994 | C.Y. 1995 | C.Y. 1996 | C.Y. 1997 | C.Y. 1998 | C.Y. 1999 | C.Y. 2000 | C.Y. 2001 | C.Y. 2002 | C.Y. 2003 | C.Y. 2004 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | F.Y. 1991 | F.Y. 1992 | F.Y. 1993 | F.Y. 1994 | F.Y. 1995 | F.Y. 1996 | F.Y. 1997 | F.Y. 1998 | F.Y. 1999 | F.Y. 2000 | F.Y. 2001 | F.Y. 2002 | F.Y. 2003 | F.Y. 2004 | F.Y. 2005 |
| State Revenues | | | | | | | | | | | | | | | |
| <i>Tax Revenues:</i> | | | | | | | | | | | | | | | |
| Individual Income Tax | 2,972,983 | 3,144,636 | 3,471,374 | 3,539,994 | 3,753,268 | 4,135,332 | 4,768,390 | 4,746,569 | 5,320,918 | 5,556,366 | 5,884,600 | 6,392,100 | 6,901,200 | 7,399,500 | 7,856,200 |
| General Sales Tax | 1,965,209 | 2,193,451 | 2,378,482 | 2,522,271 | 2,722,596 | 2,901,268 | 3,012,746 | 3,251,685 | 2,140,351 | 3,120,309 | 3,939,289 | 4,146,077 | 4,453,812 | 4,701,710 | 4,963,752 |
| Corporate Income Tax | 457,934 | 420,278 | 509,534 | 551,822 | 665,757 | 701,735 | 680,898 | 752,061 | 777,491 | 800,129 | 862,000 | 827,500 | 907,500 | 994,100 | 1,031,100 |
| Gasoline & Special Fuels Taxes | 430,213 | 437,817 | 441,619 | 457,614 | 468,738 | 495,458 | 516,664 | 529,211 | 555,187 | 581,431 | 578,425 | 599,457 | 606,726 | 608,659 | 616,667 |
| Motor Vehicle License Tax | 351,664 | 370,650 | 404,655 | 425,036 | 452,317 | 475,669 | 511,113 | 539,865 | 584,359 | 638,307 | 500,940 | 508,543 | 516,040 | 524,431 | 530,661 |
| Motor Vehicle Sales Tax | 236,720 | 270,356 | 296,284 | 332,994 | 347,523 | 381,219 | 401,751 | 444,976 | 487,041 | 540,961 | 536,400 | 541,600 | 604,400 | 622,500 | 641,200 |
| Health Care Taxes | 0 | 0 | 13,566 | 64,905 | 131,397 | 154,173 | 173,767 | 135,572 | 137,529 | 151,034 | 154,935 | 179,284 | 243,771 | 268,912 | 279,681 |
| All Other Taxes | 549,253 | 585,022 | 662,167 | 748,948 | 743,678 | 792,194 | 811,597 | 881,777 | 936,798 | 972,300 | 983,439 | 996,585 | 1,028,586 | 1,045,723 | 1,062,349 |
| Subtotal - State Taxes | 6,963,976 | 7,422,210 | 8,177,681 | 8,643,584 | 9,285,274 | 10,037,048 | 10,876,926 | 11,281,716 | 10,939,674 | 12,360,837 | 13,440,028 | 14,191,146 | 15,262,035 | 16,165,535 | 16,981,610 |
| <i>Non-Tax Revenues:</i> | | | | | | | | | | | | | | | |
| Fees & Charges | 249,168 | 338,879 | 326,518 | 376,713 | 383,918 | 428,028 | 462,497 | 481,655 | 471,427 | 524,896 | 527,195 | 586,222 | 598,264 | 611,449 | 624,485 |
| Investment Earnings | 172,861 | 109,360 | 77,989 | 79,419 | 120,028 | 149,943 | 194,920 | 255,243 | 299,439 | 259,840 | 281,155 | 218,705 | 200,419 | 195,695 | 192,648 |
| Post-Secondary Tuition | 354,404 | 379,134 | 409,787 | 415,135 | 417,787 | 415,775 | 447,607 | 463,147 | 479,621 | 509,774 | 530,575 | 536,859 | 542,687 | 542,687 | 542,687 |
| Tobacco Settlements | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 297 | 0 | 104,926 | 114,829 | 372,127 | 267,389 | 193,766 | 197,870 |
| All Other Resources | 570,118 | 560,559 | 571,254 | 651,005 | 613,591 | 517,831 | 583,593 | 763,474 | 710,661 | 661,444 | 1,538,338 | 942,726 | 899,188 | 920,605 | 855,774 |
| Subtotal - State Non Tax Revenues | 1,346,551 | 1,387,932 | 1,385,548 | 1,522,272 | 1,535,324 | 1,511,577 | 1,688,617 | 1,963,816 | 1,961,148 | 2,060,880 | 2,992,092 | 2,656,639 | 2,507,947 | 2,464,202 | 2,413,464 |
| Subtotal - State Own Source Revenues | 8,310,527 | 8,810,142 | 9,563,229 | 10,165,856 | 10,820,598 | 11,548,625 | 12,565,543 | 13,245,532 | 12,900,822 | 14,421,717 | 16,432,120 | 16,847,785 | 17,769,982 | 18,629,737 | 19,395,074 |
| <i>Federal Grants</i> | | | | | | | | | | | | | | | |
| | 2,260,587 | 2,530,697 | 2,778,303 | 3,133,023 | 3,212,969 | 3,292,314 | 3,479,377 | 3,684,064 | 3,838,623 | 4,112,637 | 4,618,552 | 4,775,966 | 4,908,876 | 5,094,133 | 5,283,640 |
| TOTAL STATE REVENUES | 10,571,114 | 11,340,839 | 12,341,532 | 13,298,879 | 14,033,567 | 14,840,939 | 16,044,920 | 16,929,596 | 16,739,445 | 18,534,354 | 21,050,672 | 21,623,751 | 22,678,858 | 23,723,870 | 24,678,714 |
| Local Non-School Revenues | | | | | | | | | | | | | | | |
| <i>Tax Revenues:</i> | | | | | | | | | | | | | | | |
| Property Tax | 1,781,901 | 1,979,384 | 2,090,992 | 2,165,434 | 2,218,545 | 2,328,364 | 2,449,028 | 2,561,031 | 2,670,768 | 2,778,424 | 2,906,889 | 3,107,347 | 3,276,845 | 3,447,652 | 3,628,350 |
| Sales Tax | 49,852 | 52,750 | 60,272 | 64,023 | 74,381 | 78,433 | 80,200 | 85,349 | 94,470 | 100,705 | 105,942 | 111,560 | 120,581 | 126,611 | 132,941 |
| Other Taxes | 83,545 | 93,465 | 100,112 | 104,403 | 103,421 | 105,182 | 115,295 | 123,116 | 125,676 | 128,253 | 133,444 | 139,047 | 144,940 | 151,139 | 157,661 |
| Subtotal - Local Taxes | 1,915,298 | 2,125,599 | 2,251,376 | 2,333,860 | 2,396,347 | 2,511,979 | 2,644,523 | 2,769,496 | 2,890,914 | 3,007,382 | 3,146,275 | 3,357,954 | 3,542,366 | 3,725,402 | 3,918,952 |
| <i>Non-Tax Revenues:</i> | | | | | | | | | | | | | | | |
| Special Assessments | 203,949 | 207,957 | 239,171 | 241,280 | 227,548 | 222,077 | 236,857 | 236,273 | 270,853 | 289,459 | 309,386 | 330,728 | 345,179 | 360,645 | 377,706 |
| Licenses and Permits | 58,168 | 62,802 | 68,530 | 72,874 | 78,211 | 86,705 | 97,800 | 105,568 | 122,067 | 136,880 | 153,527 | 172,239 | 179,754 | 187,797 | 196,669 |
| Charges for Services | 388,710 | 414,902 | 438,234 | 482,785 | 479,682 | 483,770 | 531,204 | 644,330 | 640,733 | 702,605 | 770,525 | 845,089 | 879,060 | 915,376 | 955,495 |
| Investment Earnings | 326,643 | 291,536 | 260,507 | 253,102 | 260,010 | 313,453 | 306,628 | 363,843 | 355,497 | 370,717 | 386,646 | 403,322 | 416,872 | 431,084 | 446,266 |
| Selected Enterprise Revenues | 1,238,569 | 1,418,282 | 1,527,277 | 1,627,881 | 1,750,121 | 1,834,630 | 1,899,526 | 1,963,385 | 2,049,239 | 2,129,133 | 2,213,610 | 2,302,937 | 2,400,154 | 2,504,146 | 2,618,937 |
| Miscellaneous Revenues | 254,965 | 262,455 | 273,537 | 287,094 | 324,313 | 352,768 | 385,130 | 416,599 | 398,050 | 415,601 | 434,256 | 454,088 | 472,957 | 493,135 | 515,417 |
| Subtotal - Local Non Tax Revenues | 2,471,004 | 2,657,934 | 2,807,256 | 2,965,016 | 3,119,885 | 3,293,403 | 3,457,145 | 3,729,998 | 3,836,439 | 4,044,395 | 4,267,950 | 4,508,403 | 4,693,976 | 4,892,183 | 5,110,490 |
| Subtotal - Local Own Source Revenues | 4,386,302 | 4,783,533 | 5,058,632 | 5,298,876 | 5,516,232 | 5,805,382 | 6,101,668 | 6,499,494 | 6,727,353 | 7,051,777 | 7,414,225 | 7,866,357 | 8,236,342 | 8,617,585 | 9,029,442 |
| <i>Intergovernmental Revenue:</i> | | | | | | | | | | | | | | | |
| State Aid | 1,705,405 | 1,653,999 | 1,679,951 | 1,756,573 | 1,766,189 | 1,781,400 | 1,865,031 | 1,951,178 | 2,157,447 | 2,127,783 | 2,268,281 | 2,100,028 | 2,140,863 | 2,185,430 | 2,234,152 |
| Local Aid | 66,439 | 72,799 | 72,554 | 66,338 | 72,498 | 68,512 | 71,143 | 87,949 | 82,756 | 85,804 | 85,804 | 85,804 | 85,804 | 85,804 | 85,804 |
| Federal Aid | 542,064 | 470,091 | 441,744 | 530,827 | 509,880 | 504,965 | 529,905 | 538,262 | 486,020 | 532,000 | 532,000 | 532,000 | 532,000 | 532,000 | 532,000 |
| Subtotal - Intergovernmental Revenue | 2,313,908 | 2,196,889 | 2,194,249 | 2,353,738 | 2,348,567 | 2,354,877 | 2,466,079 | 2,577,389 | 2,726,223 | 2,745,587 | 2,886,085 | 2,717,832 | 2,758,667 | 2,803,234 | 2,851,956 |
| TOTAL LOCAL NON-SCHOOL REVENUES | 6,700,210 | 6,980,422 | 7,252,881 | 7,652,614 | 7,864,799 | 8,160,259 | 8,567,747 | 9,076,883 | 9,453,576 | 9,797,364 | 10,300,310 | 10,584,189 | 10,995,009 | 11,420,819 | 11,881,398 |
| School District Revenues | | | | | | | | | | | | | | | |
| <i>Tax Revenues:</i> | | | | | | | | | | | | | | | |
| Property Tax | 1,358,929 | 1,516,895 | 1,614,796 | 1,783,311 | 1,877,076 | 1,963,009 | 2,082,650 | 2,163,208 | 1,973,608 | 1,838,874 | 1,839,149 | 1,993,498 | 2,125,408 | 2,264,029 | 2,412,681 |
| Taconite Production Tax | 23,289 | 25,344 | 25,421 | 25,536 | 26,001 | 26,028 | 26,786 | 23,576 | 23,274 | 12,110 | 11,891 | 11,891 | 11,891 | 11,891 | 11,891 |

November 2000 Forecast
Price of Government
State & Local Revenues, C.Y. 1990-2004
as a Percent of Personal Income
(\$ in Thousands)

| | C.Y. 1990 | C.Y. 1991 | C.Y. 1992 | C.Y. 1993 | C.Y. 1994 | C.Y. 1995 | C.Y. 1996 | C.Y. 1997 | C.Y. 1998 | C.Y. 1999 | C.Y. 2000 | C.Y. 2001 | C.Y. 2002 | C.Y. 2003 | C.Y. 2004 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | F.Y. 1991 | F.Y. 1992 | F.Y. 1993 | F.Y. 1994 | F.Y. 1995 | F.Y. 1996 | F.Y. 1997 | F.Y. 1998 | F.Y. 1999 | F.Y. 2000 | F.Y. 2001 | F.Y. 2002 | F.Y. 2003 | F.Y. 2004 | F.Y. 2005 |
| Subtotal - School District Tax Revenues | 1,382,218 | 1,542,239 | 1,640,217 | 1,808,847 | 1,903,077 | 1,989,037 | 2,109,436 | 2,186,784 | 1,996,882 | 1,850,984 | 1,851,040 | 2,005,389 | 2,137,299 | 2,275,920 | 2,424,572 |
| <i>Non-Tax Revenues:</i> | | | | | | | | | | | | | | | |
| Sales & Fee Revenue | 111,848 | 110,624 | 118,700 | 122,046 | 127,635 | 135,713 | 146,870 | 151,682 | 165,450 | 175,212 | 185,549 | 196,496 | 208,090 | 220,367 | 233,369 |
| Other Miscellaneous Revenue | 181,697 | 206,996 | 249,532 | 276,801 | 303,902 | 332,488 | 334,517 | 378,101 | 403,241 | 437,516 | 474,705 | 515,055 | 558,835 | 606,336 | 657,875 |
| Subtotal - School District Non Tax Revenues | 293,545 | 317,620 | 368,232 | 398,847 | 431,537 | 468,201 | 481,387 | 529,783 | 568,691 | 612,728 | 660,254 | 711,551 | 766,925 | 826,703 | 891,244 |
| Subtotal - School Dist Own Source Revenues | 1,675,763 | 1,859,859 | 2,008,449 | 2,207,694 | 2,334,614 | 2,457,238 | 2,590,823 | 2,716,567 | 2,565,573 | 2,463,712 | 2,511,294 | 2,716,940 | 2,904,224 | 3,102,623 | 3,315,816 |
| <i>Intergovernmental Revenue:</i> | | | | | | | | | | | | | | | |
| State Aid | 2,243,533 | 2,313,643 | 2,373,532 | 2,470,649 | 2,837,324 | 2,956,485 | 3,008,251 | 3,267,620 | 3,564,226 | 3,960,041 | 4,282,881 | 4,233,679 | 4,232,410 | 4,252,290 | 4,278,619 |
| State Paid Tax Credits | 181,582 | 166,379 | 187,905 | 210,446 | 162,920 | 165,986 | 137,379 | 113,573 | 77,649 | 48,189 | 39,256 | 28,154 | 23,548 | 20,386 | 18,534 |
| Education Homestead Credit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 160,271 | 304,629 | 395,013 | 394,426 | 398,363 | 402,347 | 406,371 |
| Education Agricultural Credit | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 45,979 | 55,705 | 55,705 | 55,705 | 55,705 | |
| Local Aid | 29,707 | 29,887 | 30,000 | 29,558 | 29,414 | 27,503 | 39,416 | 32,998 | 30,023 | 28,558 | 30,551 | 30,348 | 30,148 | 29,950 | 29,756 |
| Federal Aid | 182,435 | 200,860 | 224,445 | 236,807 | 248,375 | 254,149 | 263,193 | 294,325 | 317,583 | 339,814 | 363,601 | 389,053 | 416,287 | 445,427 | 476,606 |
| Subtotal - Intergovernmental Revenue | 2,637,257 | 2,710,769 | 2,815,882 | 2,947,460 | 3,278,033 | 3,404,123 | 3,448,239 | 3,708,516 | 4,149,752 | 4,681,231 | 5,157,281 | 5,131,365 | 5,156,461 | 5,206,105 | 5,265,591 |
| TOTAL SCHOOL DISTRICT REVENUES | 4,313,020 | 4,570,628 | 4,824,331 | 5,155,154 | 5,612,647 | 5,861,361 | 6,039,062 | 6,425,083 | 6,715,325 | 7,144,943 | 7,668,575 | 7,848,305 | 8,060,685 | 8,308,728 | 8,581,407 |

Total State, Local & School District Revenues

| | | | | | | | | | | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Tax Revenues | 10,261,492 | 11,090,048 | 12,069,274 | 12,786,291 | 13,584,698 | 14,538,064 | 15,630,885 | 16,237,996 | 15,827,470 | 17,219,203 | 18,437,343 | 19,554,489 | 20,941,700 | 22,166,857 | 23,325,134 |
| Non-Tax Revenues | 4,111,100 | 4,363,486 | 4,561,036 | 4,886,135 | 5,086,746 | 5,273,181 | 5,627,149 | 6,223,597 | 6,366,278 | 6,718,003 | 7,920,296 | 7,876,593 | 7,968,848 | 8,183,088 | 8,415,198 |
| Intergovernmental Revenue | 7,211,752 | 7,438,355 | 7,788,434 | 8,434,221 | 8,839,569 | 9,051,314 | 9,393,695 | 9,969,969 | 10,714,598 | 11,539,455 | 12,661,918 | 12,625,163 | 12,824,004 | 13,103,472 | 13,401,187 |
| TOTAL ALL REVENUES | 21,584,344 | 22,891,889 | 24,418,744 | 26,106,647 | 27,511,013 | 28,862,559 | 30,651,729 | 32,431,562 | 32,908,346 | 35,476,661 | 39,019,557 | 40,056,245 | 41,734,552 | 43,453,417 | 45,141,519 |
| Less: Intergovernmental Revenues | (7,211,752) | (7,438,355) | (7,788,434) | (8,434,221) | (8,839,569) | (9,051,314) | (9,393,695) | (9,969,969) | (10,714,598) | (11,539,455) | (12,661,918) | (12,625,163) | (12,824,004) | (13,103,472) | (13,401,187) |
| Total Own Source Revenues | 14,372,592 | 15,453,534 | 16,630,310 | 17,672,426 | 18,671,444 | 19,811,245 | 21,258,034 | 22,461,593 | 22,193,748 | 23,937,206 | 26,357,639 | 27,431,082 | 28,910,548 | 30,349,945 | 31,740,332 |
| Minnesota Personal Income | 87,795,500 | 90,713,750 | 97,025,250 | 99,787,000 | 107,156,000 | 113,216,750 | 122,079,500 | 129,136,000 | 139,441,750 | 147,050,250 | 156,012,500 | 165,498,000 | 175,058,000 | 185,968,250 | 196,345,500 |
| Revenue as Percent of Personal Income | 16.4% | 17.0% | 17.1% | 17.7% | 17.4% | 17.5% | 17.4% | 17.4% | 15.9% | 16.3% | 16.9% | 16.6% | 16.5% | 16.3% | 16.2% |

Supplement to November 2000 Forecast

- Price of Government -

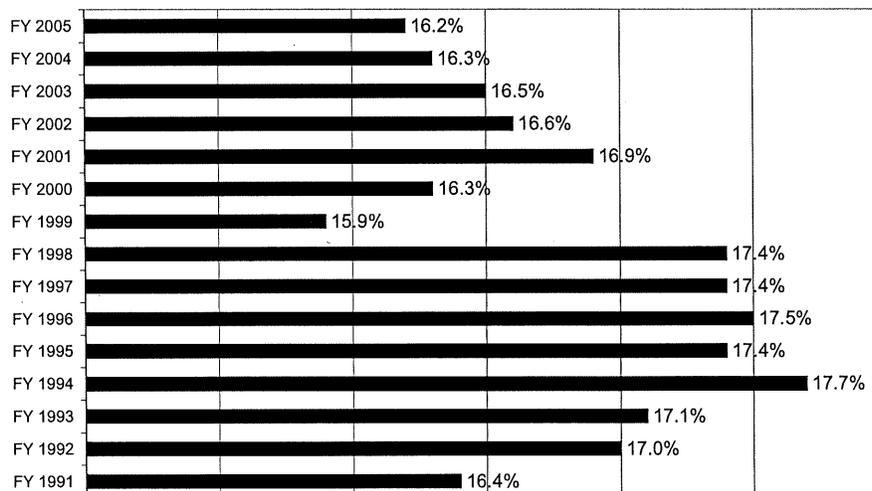
Price of Government

State and Local Government Revenues are Forecast Through 2005

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.

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 2000, fiscal year 2001, it is estimated at 16.9%. In other words, for every dollar of Minnesota taxpayer personal income, 16.9 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**



By statute, the Governor’s budget proposes price of government targets for four-year periods for each level of government. The legislature adopts targets by joint resolution. Since the price of government focuses on revenues required by various levels of government, it is designed to be a performance measure for both taxpayers in general and policy makers 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 2000</u> | <u>FY 2001</u> |
|---|----------------|----------------|
| State Revenues | | |
| Tax Revenues | \$12,361 | \$13,440 |
| Non-Tax Revenues | <u>2,061</u> | <u>2,992</u> |
| Total State Revenues | 14,422 | 16,432 |
| Local Non-School Revenues | | |
| Tax Revenues | 3,007 | 3,146 |
| Non-Tax Revenues | <u>4,045</u> | <u>4,268</u> |
| Total Local Non-School Revenues | 7,052 | 7,414 |
| School District Revenues | | |
| Tax Revenues | 1,851 | 1,851 |
| Non-Tax Revenues | <u>613</u> | <u>660</u> |
| Total School District Revenues | 2,464 | 2,511 |
| Total Own Source Revenues | 23,937 | 26,358 |
| Minnesota Personal Income | 147,050 | 156,013 |
| Governmental Revenue as Percent of Personal Income | 16.3% | 16.9% |

In F.Y 2001 – of all dollars Minnesotans will pay in taxes, fees and charges – the state will collect 62 percent. Counties, cities, and townships will collect about 28 percent, while school districts will collect about 10 percent. However, once intergovernmental aids are considered, the state will spend only 54 percent of the total while non-school local governments will spend 26 percent, and school districts 20 percent.

The Price of Government has decreased from end-of-session numbers based on the February 2000 forecast by an average of 0.5 percent per year. Actual historical data from FY 1991 through projections through 2005 have been changed to reflect a revision in U.S. Department of Commerce methodology for calculating personal income. The change in methodology resulted in a significant upward revision to dividends, interest, and rent.

A table detailing price of government data is attached. It shows major taxes and other revenues sources for FY 1991 through FY 2005 broken down by level of government.