

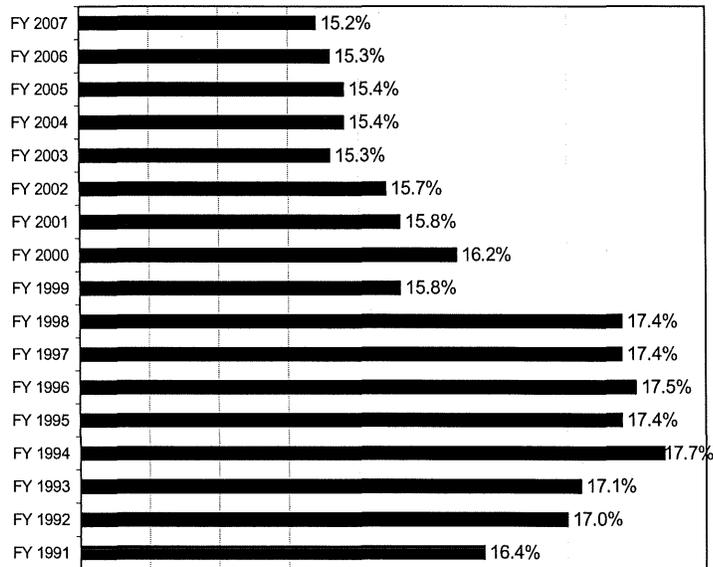
Price of Government

State and Local Government Revenues are Forecast Through 2007

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 2002, fiscal year 2003, it is estimated at 15.3 percent. In other words, for every dollar of Minnesota taxpayer personal income, 15.3 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 various levels of government, 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.

February 2003 Forecast
Price of Government
State & Local Revenues, CY 1990-2006
as a Percent of Personal Income
(\$ in Thousands)

	CY 1996 FY 1997	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
State Revenues											
<i>Tax Revenues:</i>											
Individual Income Tax	4,768,390	4,746,569	5,320,918	5,556,366	5,915,494	5,443,342	5,506,900	5,804,800	6,244,300	6,694,700	7,033,400
General Sales Tax	3,012,746	3,251,685	2,140,351	3,120,309	3,037,362	3,805,851	3,954,806	3,922,630	4,322,830	4,544,030	4,739,830
Corporate Income Tax	680,898	752,061	777,491	800,129	728,970	529,458	529,800	625,200	679,600	667,600	646,200
Gasoline & Special Fuels Taxes	541,521	557,200	583,264	612,894	612,070	623,898	644,412	655,345	666,571	677,894	689,417
Motor Vehicle License Tax	486,256	511,876	556,282	606,844	454,554	473,232	487,617	503,524	519,947	536,902	554,408
Motor Vehicle Sales Tax	401,751	444,976	487,041	540,961	546,157	614,147	612,600	617,900	623,600	620,800	647,700
Statewide Property Tax	0	0	0	0	0	305,573	583,975	597,703	610,725	624,219	640,036
Health Care Taxes	173,767	140,390	137,529	151,034	167,315	173,923	193,766	255,435	360,952	395,527	431,485
All Other Taxes	817,457	882,777	943,589	979,500	963,368	1,027,662	1,205,540	1,086,509	1,084,117	1,118,484	1,149,799
Subtotal - State Taxes	10,882,786	11,287,534	10,946,465	12,368,037	12,425,290	12,997,086	13,719,416	14,069,046	15,112,642	15,880,156	16,532,275
<i>Non-Tax Revenues:</i>											
Fees & Charges	462,497	481,655	471,427	524,857	525,751	614,121	623,389	643,998	652,214	638,247	647,059
Investment Earnings	194,920	271,782	315,222	278,512	342,461	250,735	180,014	171,491	187,001	191,037	193,803
Post-Secondary Tuition	447,607	463,147	479,621	509,774	550,302	650,771	721,441	747,262	770,005	786,587	803,915
Tobacco Settlements	0	297	0	104,926	130,254	156,646	152,905	189,041	191,046	193,439	195,847
All Other Resources	577,733	741,117	688,087	620,461	1,202,143	675,857	970,577	807,943	852,740	837,123	836,625
Subtotal - State Non Tax Revenues	1,682,757	1,957,998	1,954,357	2,038,530	2,750,911	2,348,130	2,648,326	2,559,735	2,653,006	2,646,433	2,677,249
Subtotal - State Own Source Revenues	12,565,543	13,245,532	12,900,822	14,406,567	15,176,201	15,345,216	16,367,742	16,628,781	17,765,648	18,526,589	19,209,524
Federal Grants	3,479,377	3,684,064	3,805,703	4,144,935	4,505,453	5,054,788	5,996,759	5,778,242	5,941,085	6,108,665	6,267,513
TOTAL STATE REVENUES	16,044,920	16,929,596	16,706,525	18,551,502	19,681,654	20,400,004	22,364,501	22,407,023	23,706,733	24,635,254	25,477,037
Local Non-School Revenues											
<i>Tax Revenues:</i>											
Property Tax	2,449,028	2,561,031	2,670,768	2,781,292	2,907,883	3,134,397	3,033,726	3,282,811	3,452,083	3,639,901	3,849,346
Sales Tax	80,200	85,349	94,470	101,768	109,889	113,516	116,637	116,404	122,224	128,825	134,750
Other Taxes	115,295	123,116	125,676	128,689	136,011	129,474	130,729	135,295	140,126	145,237	150,646
Subtotal - Local Taxes	2,644,523	2,769,496	2,890,914	3,011,749	3,153,783	3,377,387	3,281,092	3,534,510	3,714,433	3,913,963	4,134,742
<i>Non-Tax Revenues:</i>											
Special Assessments	236,857	236,273	270,853	269,433	271,870	284,992	298,806	313,351	328,673	343,029	359,247
Licenses and Permits	97,800	105,568	122,067	134,092	146,620	163,632	182,641	203,887	227,631	237,529	248,713
Charges for Services	531,204	644,330	640,733	704,342	744,613	782,121	821,900	864,109	908,908	946,892	989,878
Investment Earnings	306,628	363,843	355,497	200,421	468,041	421,237	379,113	390,486	402,202	414,268	426,696
Selected Enterprise Revenues	1,899,526	1,963,385	2,049,239	2,132,810	2,264,000	2,374,262	2,489,976	2,611,415	2,738,865	2,855,433	2,983,976
Miscellaneous Revenues	385,130	416,599	398,050	465,472	476,004	514,596	554,998	600,962	651,382	679,137	710,523
Subtotal - Local Non Tax Revenues	3,457,145	3,729,998	3,836,439	3,906,570	4,371,148	4,540,840	4,727,434	4,984,210	5,257,661	5,476,288	5,719,033
Subtotal - Local Own Source Revenues	6,101,668	6,499,494	6,727,353	6,918,319	7,524,931	7,918,227	8,008,526	8,518,720	8,972,094	9,390,251	9,853,775
<i>Intergovernmental Revenue:</i>											
State Aid	1,865,031	1,951,178	2,157,447	2,258,959	2,337,561	2,236,013	2,554,460	2,604,295	2,647,837	2,689,515	2,738,870
Local Aid	71,143	87,949	82,756	96,302	97,252	97,252	97,252	97,252	97,252	97,252	97,252
Federal Aid	529,905	538,262	486,020	483,643	558,693	564,683	564,683	564,683	564,683	564,683	564,683
Subtotal - Intergovernmental Revenue	2,466,079	2,577,389	2,726,223	2,838,904	2,993,506	2,897,948	3,216,395	3,266,230	3,309,772	3,351,450	3,400,805
TOTAL LOCAL NON-SCHOOL REVENUES	8,567,747	9,076,883	9,453,576	9,757,223	10,518,437	10,816,175	11,224,921	11,784,950	12,281,866	12,741,701	13,254,580

February 2003 Forecast
Price of Government
State & Local Revenues, CY 1990-2006
as a Percent of Personal Income
(\$ in Thousands)

	CY 1996 FY 1997	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
School District Revenues											
<i>Tax Revenues:</i>											
Property Tax	2,082,650	2,163,208	1,973,608	1,838,874	1,793,014	1,922,340	983,539	1,187,092	1,358,234	1,550,108	1,702,304
Taconite Production Tax	26,786	23,576	23,274	12,110	11,553	11,393	0	8,031	8,031	8,031	8,031
Subtotal - School District Tax Revenues	2,109,436	2,186,784	1,996,882	1,850,984	1,804,567	1,933,733	983,539	1,195,123	1,366,265	1,558,139	1,710,335
<i>Non-Tax Revenues:</i>											
Sales & Fee Revenue	146,870	151,682	165,450	180,258	187,693	202,486	222,735	245,008	269,509	296,460	326,106
Other Miscellaneous Revenue	334,517	378,101	403,241	414,646	461,506	437,667	437,667	437,667	437,667	437,667	437,667
Subtotal - School District Non Tax Revenues	481,387	529,783	568,691	594,904	649,199	640,153	660,402	682,675	707,176	734,127	763,773
Subtotal - School Dist Own Source Revenues	2,590,823	2,716,567	2,565,573	2,445,888	2,453,766	2,573,886	1,643,941	1,877,798	2,073,441	2,292,266	2,474,108
<i>Intergovernmental Revenue:</i>											
State Aid	3,008,251	3,267,620	3,564,226	3,955,138	4,268,222	4,336,323	6,128,042	6,156,146	6,177,313	6,196,422	6,224,539
State Paid Tax Credits	137,379	113,573	77,649	48,189	39,129	28,168	8,959	9,933	10,035	10,078	10,126
Education Homestead Credit	0	0	160,271	304,629	395,013	404,102	806	305	102	101	100
Education Agricultural Credit	0	0	0	0	45,979	55,116	0	0	0	0	0
Market Value Homestead Credit	0	0	0	0	0	0	68,860	68,052	67,254	66,466	65,686
Homestead Agric Land MV Credit	0	0	0	0	0	0	3,854	5,062	5,062	5,062	5,062
Local Aid	39,416	32,998	30,023	27,426	27,701	29,823	30,059	30,370	30,688	31,011	31,342
Federal Aid	263,193	294,325	317,583	341,744	370,319	436,648	467,213	499,918	534,913	572,356	612,421
Subtotal - Intergovernmental Revenue	3,448,239	3,708,516	4,149,752	4,677,126	5,146,363	5,290,180	6,707,793	6,769,786	6,825,367	6,881,496	6,949,276
TOTAL SCHOOL DISTRICT REVENUES	6,039,062	6,425,083	6,715,325	7,123,014	7,600,129	7,864,066	8,351,734	8,647,584	8,898,808	9,173,762	9,423,384

Total State, Local & School District Revenues

<i>Tax Revenues</i>	15,636,745	16,243,814	15,834,261	17,230,770	17,383,640	18,308,206	17,984,047	18,798,679	20,193,340	21,352,258	22,377,352
<i>Non-Tax Revenues</i>	5,621,289	6,217,779	6,359,487	6,540,004	7,771,258	7,529,123	8,036,162	8,226,620	8,617,843	8,856,848	9,160,055
<i>Intergovernmental Revenue</i>	9,393,695	9,969,969	10,681,678	11,660,965	12,645,322	13,242,916	15,920,947	15,814,258	16,076,224	16,341,611	16,617,594
TOTAL ALL REVENUES	30,651,729	32,431,562	32,875,426	35,431,739	37,800,220	39,080,245	41,941,156	42,839,557	44,887,407	46,550,717	48,155,001
Less: Intergovernmental Revenues	(9,393,695)	(9,969,969)	(10,681,678)	(11,660,965)	(12,645,322)	(13,242,916)	(15,920,947)	(15,814,258)	(16,076,224)	(16,341,611)	(16,617,594)

Total Own Source Revenues	21,258,034	22,461,593	22,193,748	23,770,774	25,154,898	25,837,329	26,020,209	27,025,299	28,811,183	30,209,106	31,537,407
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Minnesota Personal Income	122,079,500	129,020,000	140,032,500	146,892,500	158,817,500	164,587,500	169,110,000	176,470,000	187,137,500	198,865,000	209,890,000
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Revenue as Percent of Personal Income	17.4%	17.4%	15.8%	16.2%	15.8%	15.7%	15.4%	15.3%	15.4%	15.2%	15.0%
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