

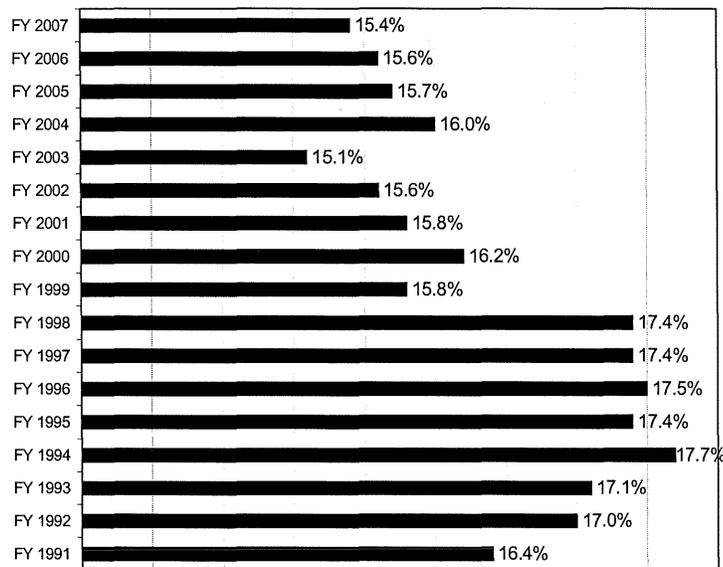
Price of Government

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. Federal taxes are not 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 2003, fiscal year 2004, it is estimated at 16 percent. In other words, for every dollar of Minnesota taxpayer personal income, 16 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 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 2004</u>	<u>Percent of Total</u>	<u>FY 2005</u>	<u>Percent of Total</u>
State Revenues				
Tax Revenues	\$14,311		\$15,002	
Non-Tax Revenues	<u>3,327</u>		<u>2,784</u>	
Total State Revenues	17,638	63%	17,786	62%
Local Non-School Revenues				
Tax Revenues	3,556		3,793	
Non-Tax Revenues	<u>4,993</u>		<u>5,289</u>	
Total Local Non-School Revenues	8,549	30%	9,082	31%
School District Revenues				
Tax Revenues	1,189		1,283	
Non-Tax Revenues	<u>682</u>		<u>707</u>	
Total School District Revenues	1,871	7%	1,990	7%
Total Own Source Revenues	28,058		28,858	
Minnesota Personal Income	\$175,274		\$183,344	
Governmental Revenue as Percent of Personal Income	16.0%		15.7%	

In FY 2004— of all dollars Minnesotans will pay in taxes, fees and charges — the state will collect 63 percent. Counties, cities, and townships will collect about 30 percent, while school districts will collect about 7 percent. However, once intergovernmental aids are considered, the state will spend only 32 percent of the total while non-school local governments will spend 39 percent, and school districts 29 percent.

The Price of Government has increased slightly from the end of the 2003 legislative session. Revenue collections and personal income have both declined.

A table showing price of government data follows. It includes major taxes and other revenues sources for FY 1991 through FY 2007 broken down by level of government.

February 2004 Forecast
Price of Government
State & Local Revenues, CY 1996-2006
as a Percent of Personal Income
(\$ in Thousands)

	CY 1996	CY 1997	CY 1998	CY 1999	CY 2000	CY 2001	CY 2002	CY 2003	CY 2004	CY 2005	CY 2006
	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 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	5,371,829	5,526,900	5,930,000	6,359,200	6,772,600
General Sales Tax	3,012,746	3,251,685	2,140,351	3,120,309	3,037,362	3,805,851	3,956,283	4,099,154	4,247,602	4,329,182	4,474,396
Corporate Income Tax	680,898	752,061	777,491	800,129	728,970	529,458	588,656	645,600	740,200	794,200	728,100
Gasoline & Special Fuels Taxes	541,521	557,200	583,264	612,894	612,070	623,898	643,392	652,548	663,538	674,739	686,140
Motor Vehicle License Tax	486,256	511,876	556,282	606,844	454,554	473,232	491,714	485,824	501,370	517,665	534,489
Motor Vehicle Sales Tax	401,751	444,976	487,041	540,961	546,157	614,147	605,561	608,100	626,600	619,800	663,800
Statewide Property Tax	0	0	0	0	0	305,573	585,416	603,579	617,582	626,313	642,161
Health Care Taxes	173,767	140,390	137,529	151,034	167,315	173,923	201,080	271,355	412,626	445,262	483,285
All Other Taxes	817,457	882,777	943,589	979,500	963,368	1,027,662	1,263,867	1,331,931	1,226,178	1,227,007	1,246,963
Subtotal - State Taxes	10,882,786	11,287,534	10,946,465	12,368,037	12,425,290	12,997,086	13,707,798	14,224,991	14,965,696	15,593,368	16,231,934
<i>Non-Tax Revenues:</i>											
Fees & Charges	462,497	481,655	471,427	524,857	525,751	614,121	651,905	749,939	721,427	736,843	738,829
Investment Earnings	194,920	271,782	315,222	278,512	342,461	250,735	176,775	104,474	94,475	101,847	105,296
Post-Secondary Tuition	447,607	463,147	479,621	509,774	550,302	650,771	740,164	839,866	947,621	947,621	947,621
Tobacco Settlements	0	297	0	104,926	130,254	156,646	152,566	168,467	167,642	164,975	161,176
All Other Resources	577,733	741,117	688,087	620,461	1,201,570	648,002	680,472	1,509,352	865,010	855,286	878,081
Subtotal - State Non Tax Revenues	1,682,757	1,957,998	1,954,357	2,038,530	2,750,338	2,320,275	2,401,882	3,372,098	2,796,175	2,806,572	2,831,003
Subtotal - State Own Source Revenues	12,565,543	13,245,532	12,900,822	14,406,567	15,175,628	15,317,361	16,109,680	17,597,089	17,761,871	18,399,940	19,062,937
Federal Grants	3,479,377	3,684,064	3,805,703	4,144,935	4,505,453	5,054,788	5,712,255	6,079,848	6,119,323	6,286,568	6,198,175
TOTAL STATE REVENUES	16,044,920	16,929,596	16,706,525	18,551,502	19,681,081	20,372,149	21,821,935	23,676,937	23,881,194	24,686,508	25,261,112
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	3,033,739	3,287,301	3,500,029	3,638,466	3,814,732
Sales Tax	80,200	85,349	94,470	101,717	109,814	110,537	113,079	118,428	121,744	125,713	131,006
Other Taxes	115,295	123,116	125,676	128,689	136,011	130,443	133,919	149,893	157,613	166,005	175,126
Subtotal - Local Taxes	2,644,523	2,769,496	2,890,914	3,011,698	3,153,708	3,375,377	3,280,737	3,555,622	3,779,386	3,930,184	4,120,864
<i>Non-Tax Revenues:</i>											
Special Assessments	236,857	236,273	270,853	269,433	271,870	268,097	267,491	267,073	266,865	278,841	291,496
Licenses and Permits	97,800	105,568	122,067	134,092	146,620	153,870	166,219	179,560	193,973	202,639	211,793
Charges for Services	531,204	644,330	640,733	704,342	744,613	814,858	886,842	965,257	1,050,681	1,095,759	1,143,325
Investment Earnings	306,628	363,843	355,497	200,421	468,041	363,928	327,535	334,086	344,109	354,432	365,064
Selected Enterprise Revenues	1,899,526	1,963,385	2,049,239	2,132,810	2,264,000	2,420,201	2,559,890	2,708,543	2,866,792	2,991,776	3,123,155
Miscellaneous Revenues	385,130	416,599	398,050	465,472	476,004	486,557	512,025	538,854	567,119	591,658	617,556
Subtotal - Local Non Tax Revenues	3,457,145	3,729,998	3,836,439	3,906,570	4,371,148	4,507,511	4,720,002	4,993,373	5,289,539	5,515,105	5,752,389
Subtotal - Local Own Source Revenues	6,101,668	6,499,494	6,727,353	6,918,268	7,524,856	7,882,888	8,000,739	8,548,995	9,068,925	9,445,289	9,873,253
<i>Intergovernmental Revenue:</i>											
State Aid	1,865,031	1,951,178	2,157,447	2,258,959	2,383,423	2,511,171	2,595,593	2,407,773	2,330,265	2,451,109	2,467,440
Local Aid	71,143	87,949	82,756	96,302	97,932	120,046	120,046	120,046	120,046	120,046	120,046
Federal Aid	529,905	538,262	486,020	483,643	558,693	573,518	568,638	568,638	568,638	568,638	568,638
Subtotal - Intergovernmental Revenue	2,466,079	2,577,389	2,726,223	2,838,904	3,040,048	3,204,735	3,284,277	3,096,457	3,018,949	3,139,793	3,156,124
TOTAL LOCAL NON-SCHOOL REVENUES	8,567,747	9,076,883	9,453,576	9,757,172	10,564,904	11,087,623	11,285,016	11,645,452	12,087,874	12,585,082	13,029,377

February 2004 Forecast
Price of Government
State & Local Revenues, CY 1996-2006
as a Percent of Personal Income
(\$ in Thousands)

	CY 1996	CY 1997	CY 1998	CY 1999	CY 2000	CY 2001	CY 2002	CY 2003	CY 2004	CY 2005	CY 2006
	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 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	1,180,578	1,274,707	1,377,881	1,480,988
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	1,188,609	1,282,738	1,385,912	1,489,019
<i>Non-Tax Revenues:</i>											
Sales & Fee Revenue	146,870	151,682	165,450	180,258	187,693	202,486	218,422	233,711	250,071	267,576	286,306
Other Miscellaneous Revenue	334,517	378,101	403,241	414,646	461,506	437,667	459,428	482,399	506,519	531,845	558,437
Subtotal - School District Non Tax Revenues	481,387	529,783	568,691	594,904	649,199	640,153	677,850	716,110	756,590	799,421	844,743
Subtotal - School Dist Own Source Revenues	2,590,823	2,716,567	2,565,573	2,445,888	2,453,766	2,573,886	1,661,389	1,904,719	2,039,328	2,185,333	2,333,762
<i>Intergovernmental Revenue:</i>											
State Aid	3,008,251	3,267,620	3,564,226	3,955,138	4,268,222	4,334,571	6,088,481	6,053,538	5,986,065	5,947,789	5,911,815
State Paid Tax Credits	137,379	113,573	77,649	48,189	39,129	28,168	8,959	9,601	9,901	9,947	9,999
Education Homestead Credit	0	0	160,271	304,629	395,013	404,102	806	239	128	128	128
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	68,406	65,953	63,589	61,309
Homestead Agric Land MV Credit	0	0	0	0	0	0	3,854	5,879	5,031	5,031	5,031
Local Aid	39,416	32,998	30,023	27,426	32,547	29,823	26,273	26,135	26,135	26,135	26,135
Federal Aid	263,193	294,325	317,583	341,744	370,319	436,648	498,291	543,137	592,019	645,301	703,378
Subtotal - Intergovernmental Revenue	3,448,239	3,708,516	4,149,752	4,677,126	5,151,209	5,288,428	6,695,524	6,706,935	6,685,232	6,697,920	6,717,795
TOTAL SCHOOL DISTRICT REVENUES	6,039,062	6,425,083	6,715,325	7,123,014	7,604,975	7,862,314	8,356,913	8,611,654	8,724,560	8,883,253	9,051,557

Total State, Local & School District Revenues

<i>Tax Revenues</i>	15,636,745	16,243,814	15,834,261	17,230,719	17,383,565	18,306,196	17,972,074	18,969,222	20,027,820	20,909,464	21,841,817
<i>Non-Tax Revenues</i>	5,621,289	6,217,779	6,359,487	6,540,004	7,770,685	7,467,939	7,799,734	9,081,581	8,842,304	9,121,098	9,428,135
<i>Intergovernmental Revenue</i>	9,393,695	9,969,969	10,681,678	11,660,965	12,696,710	13,547,951	15,692,056	15,883,240	15,823,504	16,124,281	16,072,094
TOTAL ALL REVENUES	30,651,729	32,431,562	32,875,426	35,431,688	37,850,960	39,322,086	41,463,864	43,934,043	44,693,628	46,154,843	47,342,046
Less: Intergovernmental Revenues	(9,393,695)	(9,969,969)	(10,681,678)	(11,660,965)	(12,696,710)	(13,547,951)	(15,692,056)	(15,883,240)	(15,823,504)	(16,124,281)	(16,072,094)

Total Own Source Revenues	21,258,034	22,461,593	22,193,748	23,770,723	25,154,250	25,774,135	25,771,808	28,050,803	28,870,124	30,030,562	31,269,952
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Minnesota Personal Income	122,079,500	129,020,000	140,032,500	147,151,250	159,036,500	164,784,500	170,142,250	176,571,150	184,522,075	194,091,625	205,726,175
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Revenue as Percent of Personal Income	17.4%	17.4%	15.8%	16.2%	15.8%	15.6%	15.1%	15.9%	15.6%	15.5%	15.2%
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