

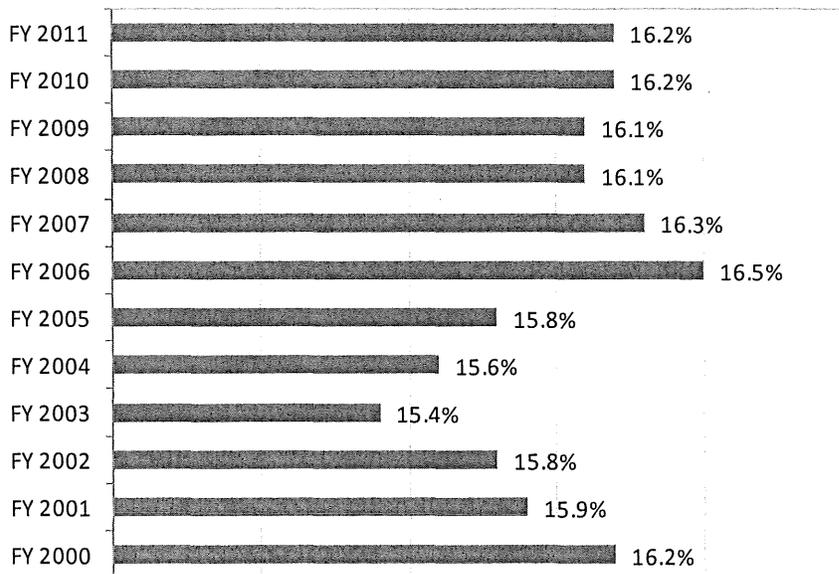
# Price of Government

## 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 16.1 percent. In other words, for every dollar of Minnesota taxpayer personal income, 16.1 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>
<b>State Revenues</b>				
Tax Revenues	\$17,100		\$17,321	
Non-Tax Revenues	<u>3,143</u>		<u>3,661</u>	
Total State Revenues	20,243	62%	20,982	61%
<b>Local Non-School Revenues</b>				
Tax Revenues	4,305		4,675	
Non-Tax Revenues	<u>5,569</u>		<u>5,842</u>	
Total Local Non-School Rev	9,874	30%	10,517	31%
<b>School District Revenues</b>				
Tax Revenues	1,608		1,772	
Non-Tax Revenues	<u>819</u>		<u>850</u>	
Total School District Revenues	2,427	8%	2,622	8%
<b>Total Own Source Revenues</b>	<b>32,544</b>		<b>34,121</b>	
<b>Minnesota Personal Income</b>	<b>\$200,232</b>		<b>\$212,271</b>	
<b>Governmental Revenue as Percent of Personal Income</b>	<b>16.3%</b>		<b>16.1%</b>	

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.

**November 2007 Forecast**  
**Price of Government**  
**State & Local Revenues, CY 1999-2010**  
**as a Percent of Personal Income**  
(\$ in Thousands)

	CY 1999	CY 2000	CY 2001	CY 2002	CY 2003	CY 2004	CY 2005	CY 2006	CY 2007	CY 2008	CY 2009	CY 2010
	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
<b>State Revenues</b>												
<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	7,642,300	8,016,500	8,529,200	9,372,900
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	4,590,731	4,608,933	4,750,172	4,922,265
Corporate Income Tax	800,129	728,970	529,458	588,656	628,048	925,874	1,061,627	1,171,101	972,800	925,700	934,600	932,300
Gasoline & Special Fuels Taxes	612,894	612,070	623,898	643,392	653,626	656,580	650,363	647,941	646,422	650,586	654,588	658,618
Motor Vehicle License Tax	606,844	454,554	473,232	491,714	492,339	496,299	491,406	483,991	482,141	486,962	491,832	496,750
Motor Vehicle Sales Tax	540,961	546,157	614,147	605,561	593,855	593,678	538,718	533,261	501,300	502,000	523,500	554,800
Statewide Property Tax	0	0	305,573	585,416	599,622	610,874	631,279	665,744	702,517	734,701	756,858	774,306
Health Care Taxes	151,034	167,315	173,923	201,080	266,804	410,014	440,980	467,410	494,200	524,400	559,300	597,800
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	1,288,453	1,292,755	1,328,632	1,385,178
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	17,320,864	17,742,537	18,528,682	19,694,917
<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	1,203,301	1,215,402	1,227,566	1,240,066
Investment Earnings	278,512	342,461	250,735	176,646	86,107	97,660	173,875	251,802	226,199	195,372	198,109	194,042
Post-Secondary Tuition	509,774	550,302	650,771	740,164	876,000	952,785	1,061,327	1,150,022	1,200,711	1,245,306	1,245,306	1,245,046
Tobacco Settlements	104,926	130,254	156,646	152,566	168,467	175,488	180,790	183,911	180,383	181,926	182,444	182,967
All Other Resources	620,461	1,201,570	648,002	559,987	484,192	480,689	521,984	379,921	850,313	827,915	816,565	816,596
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	3,660,907	3,665,921	3,669,990	3,678,977
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	20,981,771	21,408,458	22,198,672	23,373,894
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	6,846,730	7,083,237	7,155,319	7,409,406
<b>TOTAL STATE REVENUES</b>	<b>18,551,502</b>	<b>19,681,081</b>	<b>20,372,149</b>	<b>21,823,935</b>	<b>22,804,046</b>	<b>24,167,914</b>	<b>25,953,543</b>	<b>26,774,347</b>	<b>27,828,501</b>	<b>28,491,695</b>	<b>29,353,991</b>	<b>30,783,300</b>
<b>Local Non-School Revenues</b>												
<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	4,323,797	4,674,088	4,901,706	5,138,634
Sales Tax	101,717	109,814	110,537	108,939	109,805	124,986	132,799	136,571	168,153	171,328	174,701	180,599
Other Taxes	128,689	136,010	130,443	124,164	139,909	138,270	161,507	169,999	182,848	188,676	193,886	199,326
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	4,674,798	5,034,092	5,270,293	5,518,559
<i>Non-Tax Revenues:</i>												
Special Assessments	269,433	271,870	268,097	291,122	326,123	337,068	345,020	362,531	381,359	401,414	419,477	438,371
Licenses and Permits	134,092	146,620	153,870	161,960	175,918	193,546	198,782	212,731	223,852	235,650	246,185	257,191
Charges for Services	704,342	744,613	814,858	872,775	1,055,651	1,192,728	1,178,184	1,230,593	1,286,317	1,343,321	1,394,237	1,447,507
Investment Earnings	200,421	468,041	363,928	274,022	152,660	162,378	235,424	241,817	246,735	251,461	255,572	259,842
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	3,179,110	3,277,641	3,419,064	3,566,501
Miscellaneous Revenues	465,472	476,004	486,557	468,200	464,994	492,958	492,593	499,268	525,191	551,766	575,414	600,063
Subtotal - Local Non Tax Revenues	3,906,570	4,371,148	4,507,511	4,716,597	4,871,088	5,217,119	5,393,021	5,568,911	5,842,564	6,061,253	6,309,949	6,569,475
Subtotal - Local Own Source Revenues	6,918,268	7,524,852	7,882,888	7,985,506	8,406,934	8,967,842	9,399,622	9,873,920	10,517,362	11,095,345	11,580,242	12,088,034
<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	2,603,393	2,622,208	2,640,718	2,655,079
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	3,566,685	3,585,500	3,604,010	3,618,371
<b>TOTAL LOCAL NON-SCHOOL REVENUES</b>	<b>9,757,172</b>	<b>10,564,900</b>	<b>11,087,623</b>	<b>11,628,227</b>	<b>11,893,896</b>	<b>12,325,498</b>	<b>12,899,527</b>	<b>13,413,579</b>	<b>14,084,047</b>	<b>14,680,845</b>	<b>15,184,252</b>	<b>15,706,405</b>

**November 2007 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
<b>School District Revenues</b>												
<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	1,763,499	1,923,726	2,101,919	2,284,088
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	1,771,989	1,932,623	2,110,584	2,292,996
<i>Non-Tax Revenues:</i>												
Fee Revenue	312,956	334,452	353,745	374,424	400,204	417,551	442,392	455,553	473,666	499,718	527,202	556,198
Other Miscellaneous Revenue	233,148	250,343	223,514	219,842	212,778	273,027	360,366	363,405	376,361	391,416	407,072	423,355
Subtotal - School District Non Tax Revenues	546,104	584,795	577,259	594,266	612,982	690,578	802,758	818,958	850,027	891,134	934,274	979,553
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	2,427,319	2,622,016	2,823,757	3,044,858	3,272,549
<i>Intergovernmental Revenue:</i>												
State Aid	3,955,138	4,268,222	4,334,571	6,088,481	6,053,242	6,002,391	6,234,378	6,425,616	6,781,389	6,875,224	6,797,174	6,855,861
State Paid Tax Credits	48,879	39,129	27,597	8,959	10,411	9,593	8,706	9,440	9,527	10,160	10,202	10,247
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	57,068	52,855	50,491	48,287
Homestead Agric Land MV Credit	0	0	0	3,854	5,879	5,209	5,300	5,597	5,769	5,891	5,891	5,891
Local Aid	33,814	34,283	31,701	28,294	28,342	29,008	30,643	30,263	30,376	30,501	30,626	30,752
Federal Aid	343,022	370,881	436,464	497,532	541,432	568,689	595,642	566,910	592,901	604,759	616,855	629,192
Subtotal - Intergovernmental Revenue	4,685,482	5,153,507	5,289,551	6,696,786	6,707,951	6,679,129	6,935,549	7,097,569	7,477,030	7,579,390	7,511,239	7,580,230
<b>TOTAL SCHOOL DISTRICT REVENUES</b>	<b>7,082,570</b>	<b>7,542,869</b>	<b>7,800,543</b>	<b>8,274,591</b>	<b>8,509,542</b>	<b>8,654,978</b>	<b>9,110,504</b>	<b>9,524,888</b>	<b>10,099,046</b>	<b>10,403,147</b>	<b>10,556,097</b>	<b>10,852,779</b>

**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	23,767,651	24,709,252	25,909,559	27,506,472
<i>Non-Tax Revenues</i>	6,491,204	7,706,281	7,405,045	7,698,392	7,960,461	8,506,805	9,402,173	9,530,614	10,353,498	10,618,308	10,914,213	11,228,005
<i>Intergovernmental Revenue</i>	11,669,321	12,699,008	13,549,074	16,068,115	16,129,368	16,074,526	16,492,006	17,168,938	17,890,445	18,248,127	18,270,568	18,608,007
<b>TOTAL ALL REVENUES</b>	<b>35,391,244</b>	<b>37,788,850</b>	<b>39,260,315</b>	<b>41,726,753</b>	<b>43,207,484</b>	<b>45,148,390</b>	<b>47,963,574</b>	<b>49,712,814</b>	<b>52,011,594</b>	<b>53,575,687</b>	<b>55,094,340</b>	<b>57,342,484</b>
Less: Intergovernmental Revenues	(11,669,321)	(12,699,008)	(13,549,074)	(16,068,115)	(16,129,368)	(16,074,526)	(16,492,006)	(17,168,938)	(17,890,445)	(18,248,127)	(18,270,568)	(18,608,007)

<b>Total Own Source Revenues</b>	<b>23,721,923</b>	<b>25,089,842</b>	<b>25,711,241</b>	<b>25,658,638</b>	<b>27,078,116</b>	<b>29,073,864</b>	<b>31,471,568</b>	<b>32,543,876</b>	<b>34,121,149</b>	<b>35,327,560</b>	<b>36,823,772</b>	<b>38,734,477</b>
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<b>Minnesota Personal Income</b>	<b>146,721,500</b>	<b>157,963,750</b>	<b>162,577,750</b>	<b>166,967,750</b>	<b>173,497,750</b>	<b>183,794,500</b>	<b>190,528,750</b>	<b>200,232,000</b>	<b>212,271,775</b>	<b>219,002,625</b>	<b>227,702,500</b>	<b>239,335,725</b>
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<b>Revenue as Percent of Personal Income</b>	<b>16.2%</b>	<b>15.9%</b>	<b>15.8%</b>	<b>15.4%</b>	<b>15.6%</b>	<b>15.8%</b>	<b>16.5%</b>	<b>16.3%</b>	<b>16.1%</b>	<b>16.1%</b>	<b>16.2%</b>	<b>16.2%</b>
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