

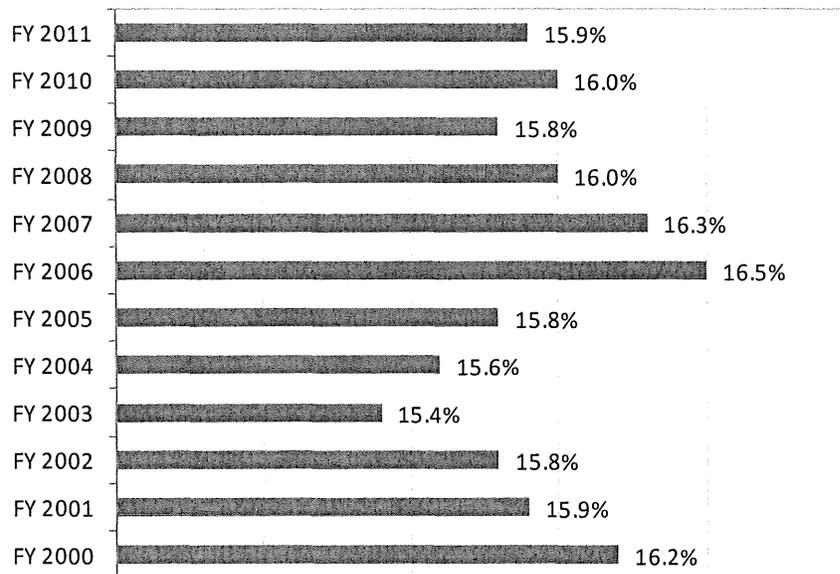
Price of Government

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 | 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 |
| 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 | 104,826 | 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 | 2,478,391 | 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 | 468,200 | 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% |
|----------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|