

Price of Government

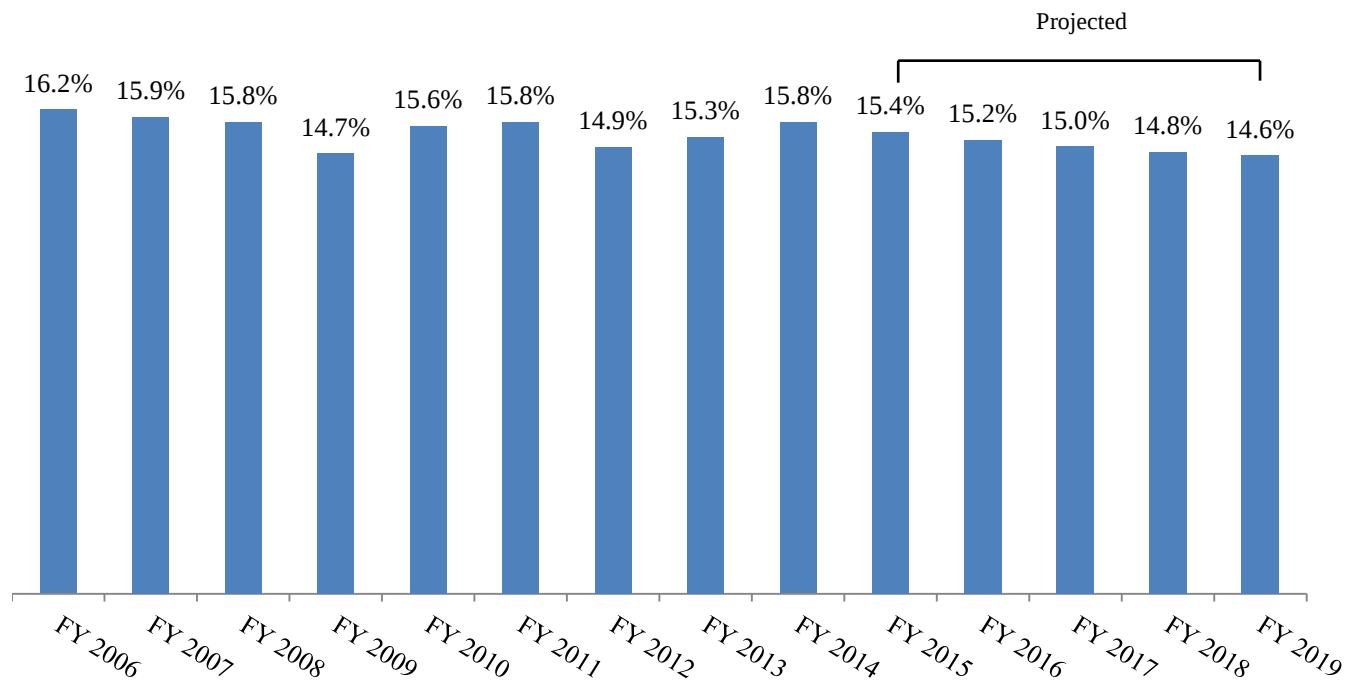
State and Local Government Revenues

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 cost 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 total statewide personal income. For fiscal year 2016 it is projected at 15.2 percent. In other words, for every dollar of Minnesota taxpayer personal income, 15.2 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 MN Personal Income



Because 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 collected 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)				
	Projected FY 2016	Percent of Total	Projected FY 2017	Percent of Total
State Revenues				
Tax Revenues	\$23,555		\$24,596	
Non-Tax Revenues	3,787		3,748	
<i>Total State Revenues</i>	<u>27,342</u>	63%	<u>28,344</u>	63%
Local Non-School Revenues				
Tax Revenues	6,170		6,401	
Non-Tax Revenues	6,466		6,680	
<i>Total Local Non-School Revenues</i>	<u>12,636</u>	29%	<u>13,081</u>	29%
School District Revenues				
Tax Revenues	2,460		2,555	
Non-Tax Revenues	818		832	
<i>Total School District Revenues</i>	<u>3,278</u>	8%	<u>3,387</u>	8%
Total Own Source Revenues	\$43,256		\$44,811	
Minnesota Personal Income	\$285,138		\$299,735	
Governmental Revenue as Percent of Personal Income	15.2%		15.0%	

In FY 2016, of all payments Minnesotans will make in taxes, fees and charges, the state will collect 63 percent. Counties, cities, and townships will collect about 29 percent, while school districts will collect about 8 percent. However, once intergovernmental aids are considered, the state will spend only 38 percent of the total while non-school local governments will spend 36 percent, and school districts will spend 27 percent.

A table showing price of government data follows. It includes major taxes and other revenue sources for FY 2006 through FY 2019 shown by level of government.

**2015 End of Session
Price of Government
State & Local Revenues
as a Percent of Personal Income
(\$ in Thousands)**

	Actual FY 2006	Actual FY 2007	Actual FY 2008	Actual FY 2009	Actual FY 2010	Actual FY 2011	Actual FY 2012	Actual FY 2013	Actual FY 2014	Projected FY 2015	Projected FY 2016	Projected FY 2017	Projected FY 2018	Projected FY 2019
<u>State Revenues</u>														
<i>Tax Revenues:</i>														
Individual Income Tax	6,862,953	7,230,855	7,759,209	6,988,235	6,530,958	7,529,204	7,972,460	9,012,500	9,659,554	10,045,497	10,735,768	11,331,319	12,132,965	12,812,223
General Sales Tax	4,484,813	4,525,773	4,592,576	4,366,488	4,430,792	4,686,836	4,959,128	5,065,744	5,368,451	5,523,594	5,704,348	6,006,686	6,248,852	6,479,125
Corporate Income Tax	1,061,627	1,171,101	1,020,181	708,194	663,505	924,613	1,044,159	1,280,743	1,278,209	1,317,112	1,298,850	1,276,705	1,197,413	1,252,779
Gasoline & Special Fuels Taxes	650,363	647,941	651,855	745,760	826,753	849,534	845,177	857,362	877,702	882,563	885,770	882,680	880,692	881,706
Motor Vehicle License Tax	491,406	483,991	477,323	501,441	531,551	557,175	580,240	623,210	652,951	690,050	724,927	756,009	786,009	811,627
Motor Vehicle Sales Tax	538,718	533,261	512,662	442,627	453,563	506,035	558,379	597,785	640,272	699,180	740,420	788,200	833,550	853,310
Statewide Property Tax	631,279	665,744	704,246	729,373	766,831	766,926	799,333	811,388	835,554	824,287	841,883	856,696	874,881	900,187
Health Care Taxes	440,980	467,410	481,608	516,792	525,153	546,903	484,278	513,763	525,318	561,468	597,703	632,847	668,232	702,259
All Other Taxes	1,528,458	1,373,816	1,339,263	1,333,019	1,327,011	1,358,831	1,434,307	1,419,267	2,017,761	1,994,344	2,025,668	2,064,554	2,096,894	2,130,873
Subtotal - State Taxes	16,690,597	17,099,892	17,538,923	16,331,929	16,056,117	17,726,057	18,677,461	20,181,762	21,855,772	22,538,095	23,555,337	24,595,696	25,719,488	26,824,089
<i>Non-Tax Revenues:</i>														
Fees & Charges	1,268,418	1,177,089	1,220,266	1,228,610	1,265,434	1,285,126	1,205,344	1,222,131	1,180,866	1,277,290	1,197,213	1,146,134	1,137,112	1,169,338
Investment Earnings	185,763	264,747	253,303	171,748	75,683	68,572	72,194	77,114	84,431	82,412	95,283	126,117	158,822	160,695
Post-Secondary Tuition	1,061,327	1,150,022	1,221,500	1,307,918	1,447,977	1,598,637	1,630,000	1,674,300	1,678,700	1,629,700	1,641,300	1,641,300	1,641,300	1,641,300
Tobacco Settlements	180,790	183,911	184,411	179,854	168,297	169,375	166,861	170,060	175,399	162,823	162,370	161,957	161,022	160,379
All Other Resources	569,495	474,762	533,964	701,676	760,955	777,684	854,442	906,671	1,173,559	867,231	690,495	672,337	655,418	653,825
Subtotal - State Non Tax Revenues	3,265,793	3,250,531	3,413,444	3,589,806	3,718,346	3,899,394	3,928,841	4,050,276	4,292,955	4,019,456	3,786,661	3,747,845	3,753,674	3,785,537
Subtotal - State Own Source Revenues	19,956,390	20,350,423	20,952,367	19,921,735	19,774,463	21,625,451	22,606,302	24,232,038	26,148,727	26,557,551	27,341,998	28,343,541	29,473,162	30,609,626
Federal Grants	6,056,552	6,531,710	6,781,953	8,031,181	9,725,606	9,756,757	8,486,104	8,808,041	9,409,547	10,939,821	11,835,361	12,084,804	12,475,863	12,894,225
TOTAL STATE REVENUES	26,012,942	26,882,133	27,734,320	27,952,916	29,500,069	31,382,208	31,092,406	33,040,079	35,558,274	37,497,372	39,177,359	40,428,345	41,949,025	43,503,851
<u>Local Non-School Revenues</u>														
<i>Tax Revenues:</i>														
Property Tax	3,691,559	3,977,679	4,303,124	4,643,104	4,875,947	4,973,156	5,057,424	5,300,123	5,367,186	5,447,711	5,574,530	5,784,488	6,023,785	6,292,401
Sales Tax	132,800	142,405	181,214	234,361	281,471	295,212	316,217	331,528	348,616	363,358	373,375	389,031	407,485	423,600
Other Taxes	161,507	164,632	148,454	186,030	186,593	172,002	175,355	176,652	215,053	219,684	221,715	227,448	233,523	239,773
Subtotal - Local Taxes	3,985,866	4,284,716	4,632,793	5,063,495	5,344,011	5,440,369	5,548,996	5,808,303	5,930,855	6,030,753	6,169,620	6,400,967	6,664,793	6,955,774
<i>Non-Tax Revenues:</i>														
Special Assessments	344,394	341,531	345,448	329,666	344,332	347,913	321,931	338,755	367,358	375,846	383,522	396,239	411,455	428,105
Licenses and Permits	199,330	197,952	180,199	168,677	151,194	157,641	170,119	189,936	205,689	210,333	214,494	221,546	230,021	239,307
Charges for Services	1,075,780	1,089,702	1,166,288	1,105,485	1,122,285	1,091,618	1,101,390	1,200,528	1,238,105	1,262,762	1,284,714	1,322,605	1,368,307	1,418,418
Investment Earnings	224,633	380,413	489,121	359,674	178,693	143,817	189,380	118,811	(19,224)	119,012	127,344	136,257	145,795	156,000
Selected Enterprise Revenues	2,943,018	3,214,027	3,294,338	3,425,271	3,468,110	3,432,935	3,586,765	3,819,575	3,723,279	3,806,328	3,880,363	4,007,708	4,161,216	4,329,519
Miscellaneous Revenues	498,821	506,124	531,468	463,039	615,737	512,230	504,049	483,034	517,018	564,293	575,620	595,293	618,381	643,449
Subtotal - Local Non Tax Revenues	5,285,976	5,729,749	6,006,862	5,851,812	5,880,351	5,686,154	5,873,634	6,150,639	6,032,225	6,338,574	6,466,057	6,679,648	6,935,175	7,214,798
Subtotal - Local Own Source Revenues	9,271,842	10,014,465	10,639,655	10,915,307	11,224,362	11,126,523	11,422,630	11,958,942	11,963,080	12,369,327	12,635,677	13,080,615	13,599,968	14,170,572
<i>Intergovernmental Revenue:</i>														
State Aid	2,570,258	2,701,489	2,765,824	2,494,934	2,587,881	2,498,658	2,541,924	2,499,281	2,491,517	2,640,090	2,748,347	2,745,836	2,765,022	2,784,937
Local Aid	203,588	239,302	457,236	541,921	340,912	308,779	333,561	330,102	346,585	346,585	346,585	346,585	346,585	346,585
Federal Aid	731,744	779,073	795,978	1,004,511	1,077,804	1,218,445	1,169,494	1,121,132	1,100,962	1,128,486	1,151,055	1,174,077	1,197,558	1,221,509
Subtotal - Intergovernmental Revenue	3,505,590	3,719,864	4,019,038	4,041,366	4,006,597	4,025,882	4,044,979	3,950,515	3,939,064	4,115,161	4,245,987	4,266,498	4,309,165	4,353,031
TOTAL LOCAL NON-SCHOOL REVENUES	12,777,432	13,734,329	14,658,693	14,956,673	15,230,959	15,152,405	15,467,609	15,909,457	15,902,144	16,484,488	16,881,664	17,347,113	17,909,133	18,523,603

**2015 End of Session
Price of Government
State & Local Revenues
as a Percent of Personal Income
(\$ in Thousands)**

	Actual FY 2006	Actual FY 2007	Actual FY 2008	Actual FY 2009	Actual FY 2010	Actual FY 2011	Actual FY 2012	Actual FY 2013	Actual FY 2014	Projected FY 2015	Projected FY 2016	Projected FY 2017	Projected FY 2018	Projected FY 2019
<u>School District Revenues</u>														
<i>Tax Revenues:</i>														
Property Tax	1,364,355	1,599,861	1,764,204	1,908,471	2,056,723	2,122,599	2,162,072	2,262,056	2,297,370	2,339,269	2,451,275	2,546,361	2,615,318	2,678,581
Taconite Production Tax	7,842	8,500	8,490	8,867	8,667	8,805	7,679	7,606	7,257	8,908	9,119	8,920	9,135	9,249
Subtotal - School District Tax Revenues	1,372,197	1,608,361	1,772,694	1,917,338	2,065,390	2,131,404	2,169,751	2,269,662	2,304,627	2,348,177	2,460,394	2,555,281	2,624,453	2,687,830
<i>Non-Tax Revenues:</i>														
Fee Revenue	442,392	456,810	479,537	491,257	487,304	493,927	509,731	516,350	526,486	537,016	547,756	558,711	569,885	581,283
Other Miscellaneous Revenue	360,366	386,963	375,218	317,470	266,948	261,008	261,224	248,829	264,903	267,552	270,228	272,930	275,659	278,416
Subtotal - School District Non Tax Revenues	802,758	843,773	854,755	808,727	754,252	754,935	770,955	765,179	791,389	804,568	817,984	831,641	845,545	859,699
Subtotal - School Dist Own Source Revenues	2,174,955	2,452,134	2,627,449	2,726,065	2,819,642	2,886,339	2,940,706	3,034,841	3,096,016	3,152,745	3,278,378	3,386,921	3,469,998	3,547,529
<i>Intergovernmental Revenue:</i>														
State Aid	6,234,345	6,424,245	6,760,948	6,864,416	6,755,240	6,868,597	7,007,915	7,285,035	7,527,881	8,118,115	8,361,180	8,626,985	8,783,708	8,946,734
State Paid Tax Credits	8,706	9,440	9,489	9,425	9,592	9,567	10,184	9,934	9,766	9,660	10,049	10,049	10,049	10,049
Market Value Homestead Credit	60,880	59,743	56,302	53,475	53,994	57,165	60,934	132	0	0	0	0	0	0
Homestead Agric Land MV Credit	5,300	5,597	5,768	5,777	5,624	5,470	5,345	5,279	5,134	5,021	8,767	8,767	8,767	8,767
Local Aid	30,643	30,576	36,389	38,738	43,389	40,314	40,927	43,350	47,235	47,859	47,859	47,859	47,859	47,859
Federal Aid	595,642	590,552	609,822	633,187	1,362,002	905,266	797,199	709,503	695,420	702,374	709,398	716,492	723,657	730,893
Subtotal - Intergovernmental Revenue	6,935,516	7,120,153	7,478,718	7,605,018	8,229,841	7,886,379	7,922,504	8,053,233	8,285,436	8,883,029	9,137,253	9,410,152	9,574,039	9,744,302
TOTAL SCHOOL DISTRICT REVENUES	9,110,471	9,572,287	10,106,167	10,331,083	11,049,483	10,772,718	10,863,210	11,088,074	11,381,452	12,035,774	12,415,631	12,797,074	13,044,037	13,291,831
<u>Total State, Local & School District Revenues</u>														
<i>Tax Revenues</i>	22,048,660	22,992,969	23,944,410	23,312,762	23,465,518	25,297,830	26,396,208	28,259,727	30,091,254	30,917,025	32,185,351	33,551,944	35,008,734	36,467,693
<i>Non-Tax Revenues</i>	9,354,527	9,824,053	10,275,061	10,250,345	10,352,949	10,340,483	10,573,430	10,966,094	11,116,569	11,162,598	11,070,702	11,259,134	11,534,394	11,860,034
<i>Intergovernmental Revenue</i>	16,497,658	17,371,727	18,279,709	19,677,565	21,962,044	21,669,018	20,453,587	20,811,789	21,634,047	23,938,011	25,218,601	25,761,454	26,359,067	26,991,558
TOTAL ALL REVENUES	47,900,845	50,188,749	52,499,180	53,240,672	55,780,511	57,307,331	57,423,225	60,037,610	62,841,870	66,017,634	68,474,654	70,572,532	72,902,195	75,319,285
Less: Intergovernmental Revenues	(16,497,658)	(17,371,727)	(18,279,709)	(19,677,565)	(21,962,044)	(21,669,018)	(20,453,587)	(20,811,789)	(21,634,047)	(23,938,011)	(25,218,601)	(25,761,454)	(26,359,067)	(26,991,558)
Total Own Source Revenues	31,403,187	32,817,022	34,219,471	33,563,107	33,818,467	35,638,313	36,969,638	39,225,821	41,207,823	42,079,623	43,256,053	44,811,077	46,543,128	48,327,727
Minnesota Personal Income	193,989,000	205,856,500	216,840,750	228,070,000	216,267,000	225,853,000	247,630,000	256,846,000	261,232,000	272,655,000	285,138,000	299,735,000	315,190,000	330,078,000
Revenue as Percent of Personal Income	16.2%	15.9%	15.8%	14.7%	15.6%	15.8%	14.9%	15.3%	15.8%	15.4%	15.2%	15.0%	14.8%	14.6%