



**State of Minnesota
Department of Finance**

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February 28, 1997

To: Senator Keith Langseth, Chairman
Senate Education Finance Committee

Senator Linda Berglin, Chairman
Senate Human Resources Finance Committee

Senator Richard Cohen, Chairman
Senate State Government Finance Committee

Representative Loren Solberg
House Ways and Means Committee

Fr: Wayne Simoneau, Commissioner

A handwritten signature in cursive script that reads "Wayne Simoneau".

Re: Supplement Budget Items, Errata and Omissions to the Governor's 1998-99 Biennial
Budget - Change Order #2

Attached to this memorandum are the revised pages for the State and Local Finance Summary, Revenues, Local Aids & Credits. These pages are part of the Governor's revised Budget as of the February 28th forecast.

Only changes submitted under my signature should be considered as official changes in the Governor's Budget. This procedure is necessary to ensure control over the General Fund Balance as well as eliminate confusion regarding the Governor's Recommendations. This process has worked well in past legislative sessions.

Sufficient detail is provided for clarification of errata, omission or change and reference to the appropriate budget pages.

State and Local Finance Summary

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Supplemental Price of Government Recommendations

For the 1998-1999 biennium, the Governor recommends revenue targets of \$24.9 billion, or 10.0% of state personal income, for state government and \$18.5 billion, or 7.5% of state personal income, for local governments. For the 2000-01 biennium, the Governor recommends targets of \$27.4 billion, or 10.1% of state personal income, for state government and \$20.0 billion, or 7.4% of state personal income, for local governments.

These targets reflect the Governor's proposed tax reductions and revenue proposals, and return the level of state and local revenues back to the course he recommended two years ago.

Governor's Supplemental 1997 Price of Government Recommendation

(\$ in millions)

	FY 1998	FY 1999	FY 1998-99	FY 2000	FY 2001	FY 2000-01
State Tax Revenues	10,066.5	11,287.3	21,353.9	11,737.7	12,210.9	23,948.6
<i>as percent of personal income</i>	8.3%	8.9%	8.6%	8.9%	8.8%	8.8%
State Non-Tax Revenues	1,749.1	1,749.1	3,498.2	1,723.8	1,702.7	3,426.5
<i>as percent of personal income</i>	1.4%	1.4%	1.4%	1.3%	1.2%	1.3%
Subtotal - State Revenues	11,815.7	13,036.4	24,852.1	13,461.5	13,913.6	27,375.1
<i>as percent of personal income</i>	9.8%	10.3%	10.0%	10.2%	10.0%	10.1%
Local Tax Revenues	4,867.3	4,867.0	9,734.3	5,059.8	5,293.6	10,353.4
<i>as percent of personal income</i>	4.0%	3.8%	3.9%	3.8%	3.8%	3.8%
Local Non-Tax Revenues	4,306.2	4,504.0	8,810.2	4,721.9	4,960.5	9,682.5
<i>as percent of personal income</i>	3.6%	3.6%	3.6%	3.6%	3.6%	3.6%
Subtotal - Local Revenues	9,173.5	9,371.0	18,544.5	9,781.7	10,254.2	20,035.9
<i>as percent of personal income</i>	7.6%	7.4%	7.5%	7.4%	7.4%	7.4%
Total Revenues	20,989.2	22,407.4	43,396.6	23,243.3	24,167.7	47,411.0
<i>as percent of personal income</i>	17.4%	17.7%	17.5%	17.5%	17.4%	17.5%
State Personal Income	120,852.5	126,490.0	247,342.5	132,525.0	138,860.0	271,385.0
Total Revenues - February Forecast	\$21,847.8	\$22,766.6	\$44,614.4	\$23,670.6	\$24,663.4	\$48,333.9
Change from February Forecast	(\$858.6)	(\$359.2)	(\$1,217.8)	(\$427.3)	(\$495.6)	(\$923.0)

State and Local Finance Summary

Price of Government Law

The 1994 Tax Bill included provisions, commonly referred to as the "Price of Government" legislation, that made several changes in the State's budget process:

- In November and February prior to the start of a biennium, the Departments of Finance and Revenue are required to project state and local taxes, other revenues and personal income for the current biennium and the two future biennia. This historical and projected data is to be presented by type of government and major revenue source.
- In January, the Governor is required to recommend revenue targets for the next two biennia that specify:
 - the maximum percentage of personal income to be collected in state and local taxes and other revenues;
 - the division of the share between state and local government revenues;
 - the appropriate mix and rates of income, sales, and other state and local taxes and other revenues and the amount of property taxes; and
 - the effect of the recommendations on the incidence of the tax burden by income class.
- By March 15th, the Legislature is required to adopt by concurrent resolution its own revenue targets for the same periods, including the same information as presented by the Governor. The Legislature's targets will be based on the February state and local revenue forecast prepared jointly by the Departments of Finance and Revenue.

These requirements ensure that the level of resources is established first, before decisions about spending are made. As a result, taxpayers are protected from tax and revenue increases driven by spending decisions.

February Forecast of State and Local Revenues

The starting point for the Governor's supplemental revenue target recommendation is the February 1997 forecast of state and local revenues. The forecast, prepared jointly by the Departments of Finance and Revenue, projected revenues based on current law, using current tax rates.

State and Local Finance Summary

Governor's Supplemental Revenue Target Recommendation

The Governor's Supplemental Price of Government target recommendation was derived by making the following adjustments to the February Price of Government Forecast:

- *Effect of Governor's Tax Policy Initiatives* - The Governor is proposing a number of tax policy changes, including a one-time tax rebate of \$750 million, a permanent education tax credit of \$150 million for the biennium, and property tax reform of \$250 million in F.Y 1999. These tax changes must be accounted for in the Governor's Price of Government recommendation because they impact state and local own-source revenues. Additional detail on each of these proposals may be found in the tax policy initiative pages in this document.

- *Adjustment for Changes in Education Funding* - Among the Governor's education proposals is a recommendation to lift the appropriation limits on education funding enacted in 1995. These "caps" had the effect of minimally increasing the forecast of local option levies, because local school districts would likely respond to such caps by passing more referenda. The Governor's recommendation to remove the caps thus lowers the estimate of local school levies, resulting in a lower school property tax estimate.

It is important to note that the Governor's price of government recommendation has not been adjusted for any property tax impact of his proposal to reduce Local Government Aid to cities. The Governor recommends that cities respond to the elimination of aid growth by containing expenditures, restructuring local services and seeking cooperative service agreements with counties and other local governments.

A table displaying the detailed components of the Governor's Price of Government Targets is available in Appendix A.

Price of Government Recommendation by Mix and Rate of Tax Type

The following table presents the Governor's Price of Government Recommendations by mix and type of revenue source.

Governor's Supplemental 1997 Price of Government Recommendation
By Government and Revenue Type
(\$ 000s)

Fiscal Year	Govt. Unit	Taxes								Non-Tax Revenues		Total	
		Income		Sales		Property		Other					
1996	State	4,837,067	4.5%	2,901,268	2.7%	0	0.0%	2,336,223	2.2%	1,682,685	1.6%	11,757,243	10.9%
	Local	0	0.0%	78,433	0.1%	4,274,814	4.0%	52,088	0.0%	3,780,109	3.5%	8,185,444	7.6%
	Total	4,837,067	4.5%	2,979,701	2.8%	4,274,814	4.0%	2,388,311	2.2%	5,462,794	5.1%	19,942,687	18.5%
1997	State	5,206,100	4.5%	3,039,900	2.6%	0	0.0%	2,406,210	2.1%	1,776,483	1.5%	12,428,693	10.8%
	Local	0	0.0%	85,406	0.1%	4,533,240	3.9%	55,928	0.0%	4,033,040	3.5%	8,707,614	7.6%
	Total	5,206,100	4.5%	3,125,306	2.7%	4,533,240	3.9%	2,462,138	2.1%	5,809,523	5.0%	21,136,307	18.3%
1997-98	State	10,043,167	4.5%	5,941,168	2.7%	0	0.0%	4,742,433	2.1%	3,459,168	1.6%	24,185,936	10.8%
	Local	0	0.0%	163,839	0.1%	8,808,054	4.0%	108,016	0.0%	7,813,149	3.5%	16,893,058	7.6%
	Total	10,043,167	4.5%	6,105,007	2.7%	8,808,054	4.0%	4,850,449	2.2%	11,272,317	5.1%	41,078,994	18.4%
1998	State	4,450,900	3.9%	3,197,100	2.8%	0	0.0%	2,418,548	2.1%	1,749,140	1.5%	11,815,688	9.8%
	Local	0	0.0%	90,077	0.1%	4,717,142	4.1%	60,052	0.1%	4,306,216	3.7%	9,173,487	7.6%
	Total	4,450,900	3.9%	3,287,177	2.9%	4,717,142	4.1%	2,478,600	2.2%	6,055,356	5.3%	20,989,175	17.4%
1999	State	5,450,600	4.7%	3,352,800	2.9%	0	0.0%	2,483,925	2.2%	1,749,099	1.5%	13,036,424	10.3%
	Local	0	0.0%	94,239	0.1%	4,710,065	4.1%	62,704	0.1%	4,503,966	3.9%	9,370,974	7.4%
	Total	5,450,600	4.7%	3,447,039	3.0%	4,710,065	4.1%	2,546,629	2.2%	6,253,065	5.4%	22,407,398	17.7%
1998-99	State	9,901,500	4.0%	6,549,900	2.6%	0	0.0%	4,902,473	2.0%	3,498,239	1.4%	24,852,112	10.0%
	Local	0	0.0%	184,316	0.1%	9,427,207	3.8%	122,756	0.0%	8,810,182	3.6%	18,544,461	7.5%
	Total	9,901,500	4.0%	6,734,216	2.7%	9,427,207	3.8%	5,025,229	2.0%	12,308,421	5.0%	43,396,573	17.5%
2000	State	5,704,000	4.3%	3,496,400	2.6%	0	0.0%	2,537,303	1.9%	1,723,835	1.3%	13,461,538	10.2%
	Local	0	0.0%	98,179	0.1%	4,896,021	3.7%	65,612	0.0%	4,721,909	3.6%	9,781,721	7.4%
	Total	5,704,000	4.3%	3,594,579	2.7%	4,896,021	3.7%	2,602,915	2.0%	6,445,744	4.9%	23,243,259	17.5%
2001	State	5,966,500	4.3%	3,641,100	2.6%	0	0.0%	2,603,275	1.9%	1,702,675	1.2%	13,913,550	10.0%
	Local	0	0.0%	102,174	0.1%	5,122,670	3.7%	68,773	0.0%	4,960,546	3.6%	10,254,163	7.4%
	Total	5,966,500	4.3%	3,743,274	2.7%	5,122,670	3.7%	2,672,048	1.9%	6,663,221	4.8%	24,167,713	17.4%
2000-01	State	11,670,500	4.3%	7,137,500	2.6%	0	0.0%	5,140,578	1.9%	3,426,510	1.3%	27,375,088	10.1%
	Local	0	0.0%	200,353	0.1%	10,018,691	3.7%	134,385	0.0%	9,682,455	3.6%	20,035,884	7.4%
	Total	11,670,500	4.3%	7,337,853	2.7%	10,018,691	3.7%	5,274,963	1.9%	13,108,965	4.8%	47,410,972	17.5%

State and Local Finance Summary

Effect of Recommended Tax Changes Upon Incidence

The Governor's Price of Government Recommendation reflects his tax proposals. Three of these proposals, the \$750 million tax rebate, the proposal for \$150 million in education tax credits, and the \$30 million EdVest tax deduction program, will have the greatest impact on tax incidence, or who pays the tax. Information on the distributional impact of these tax changes, prepared by the Department of Revenue Tax Research, is detailed in the following tables. Additional tax incidence information can be found in the Department of Revenue's *Minnesota Tax Incidence Study*.

Individual Income Tax Rebate Incidence Tax Year 1996

Federal Adjusted Gross Income	Number of Returns with Tax	Average Income Tax	Rebate		Percent of Total	Percent of Rebate/Tax
			Average	Total (000s)		
Minnesota Residents:						
< \$10,000	226,593	\$101	\$51	\$11,588	1.6%	50.9%
\$10,000 - 19,999	299,151	\$409	\$95	\$28,540	3.8%	23.3%
20,000 - 29,999	308,761	\$861	\$190	\$58,716	7.9%	22.1%
30,000 - 39,999	234,138	\$1,391	\$306	\$71,667	9.6%	22.0%
40,000 - 49,999	191,812	\$1,971	\$434	\$83,184	11.1%	22.0%
50,000 - 74,999	317,133	\$2,974	\$652	\$206,972	27.7%	21.9%
75,000 - 99,999	110,239	\$4,714	\$1,017	\$112,129	15.0%	21.6%
100,000 - 199,999	74,357	\$8,087	\$1,523	\$113,270	15.2%	18.8%
200,000 - 499,999	18,669	\$20,843	\$1,704	\$31,819	4.3%	8.2%
500,000 or more	4,361	\$93,847	\$1,703	\$7,427	1.0%	1.8%
Total - MN Residents	1,785,214	\$2,228	\$406	\$725,312	97.2%	18.2%
Nonresidents	93,304	\$1,445	\$228	\$21,237	2.8%	15.7%
All Filers	1,878,518	\$2,189	\$397	\$746,549	100.0%	18.2%

State and Local Finance Summary

Governor's State and Local Finance Policy Proposals

Governor's Tax Initiatives	F.Y. 1997	F.Y. 1998-99	F.Y. 2000-01
General Fund			
Income Tax Rebate		\$ (750,000)	
Education Tax Credits		\$ (150,000)	\$ (166,000)
Property Tax Reform		\$ (250,000)	\$ (650,000)
Education Investment (EdVest)		\$ (30,300)	\$ (36,900)
Repeal of Corporate Alternative Minimum Tax (AMT); Modify AMT Carryover Credit	\$ (5,300)	\$ (28,100)	\$ (16,500)
Federal Update to 1996 Federal Law Changes	\$ (2,400)	\$ (56,900)	\$ (72,200)
Elimination of Sales Tax on Replacement Capital Equipment		\$ (7,500)	\$ (7,300)
Minnesota Estimated Tax Payment Conformity with Federal Due Dates		\$ (5,800)	
Environmental Income Tax Addback/Federal Depletion Conformity	\$ (100)	\$ (500)	\$ (600)
Reduction of Composite Income Tax Rate		\$ (1,500)	\$ (1,800)
Job Training Tax Credit		\$ (500)	\$ (900)
Extension of Sales Tax to Indoor Plant Care		\$ 1,400	\$ 1,500
Extension of 2.5% Farm Machinery Sales Tax Rate to Nursery and Greenhouse Equipment		\$ (1,200)	\$ (1,400)
Extension of Sales Tax to Additional Types of Prepared Food		\$ 6,300	\$ 7,100
Sales Tax Exemption For-Profit Hospitals	\$ (100)	\$ (200)	\$ (200)
Sales Tax Exemption of State Hospitals and Veterans Homes	\$ (600)	\$ (1,200)	\$ (1,200)
Sales Tax Exemption of Fuel Used by Fire Trucks and Emergency Vehicles		\$ (200)	\$ (300)
Sales Tax on University of Minnesota Athletic Ticket Sales		\$ (1,600)	\$ (1,600)
Fuels Tax Exemption for Vehicles with Power Take-Off (PTO) Units		\$ 400	\$ 400
Removal of Property Tax Refunds From Property Tax Statement		\$ 2,745	\$ (15,260)
Elimination of Local Government Aid Inflation Adjustment		\$ 8,984	\$ 45,822
Health Care Access Fund			
Exemption of Home Health Care Providers Licensed by the Department of Health from MinnesotaCare Tax		\$ (1,300)	\$ (1,800)
Trunk Highway Fund			
Fuels Tax Exemption for Vehicles with Power Take-Off (PTO) Units		\$ (900)	\$ (1,000)
TOTAL	\$ (8,500)	\$ (1,267,871)	\$ (920,138)

F.Y. 1998-99 BUDGET RECOMMENDATION

ITEM TITLE: Income Tax Rebate

	<u>F.Y. 1997</u>	<u>1998-99 Biennium</u>	<u>2000-01 Biennium</u>		
		<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)					
General Fund					
- State Operations	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-
Revenues: (\$000s)					
General Fund	\$-0-	\$ (750,000)	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No

If yes, statutes(s) affected:

GOVERNOR'S RECOMMENDATION:

The Governor proposes a \$750 million one-time tax rebate in the fall of 1997 to return part of the income tax collected during the current budget period.

The rebate will be based on 1996 tax liability, and every filer with a positive tax liability will be eligible. The rebate schedule returns 22% of Minnesotan's 1996 tax liability, with a minimum rebate of \$50 and a maximum rebate of \$1,800 for married, joint filers at approximately \$150,000 in income, and \$900 for single filers at approximately \$75,000 in income.

RATIONALE:

The Governor believes that part of the budget surplus created by recent steady economic growth should be returned to the taxpayers. A one-time rebate will also help the state avoid permanent spending increases that can lead to long-term budget imbalances.

F.Y. 1998-99 BUDGET RECOMMENDATION

ITEM TITLE: Elimination of Sales Tax on Replacement Capital Equipment

	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>		
<u>F.Y. 1997</u>	<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>	
Expenditures: (\$000s)					
General Fund					
- State Operations	\$-0-	\$-0-	\$-0-	\$-0-	
Revenues: (\$000s)					
General Fund	\$-0-	\$(4,400)	\$(3,100)	\$(3,300)	\$(4,000)

Statutory Change? Yes No

If yes, statutes(s) affected: M.S. 297A.01, Subd. 20; 297A.02, Subd. 5

GOVERNOR'S RECOMMENDATION:

The Governor recommends that the sales tax on replacement capital equipment be further reduced to 0% by July 1, 1997.

RATIONALE:

In 1994 the Legislature passed a law which began a gradual phase-out of the sales tax on replacement capital equipment. Under that law, the tax rate will be reduced to 2% by July 1, 1998. In passing the phase-out legislation, the Legislature recognized that taxing capital equipment violated basic equity and efficiency principles of good tax policy. Of the 45 states with a general sales tax, 30 have an exemption for replacement capital equipment.

Taxes on replacement capital equipment affect equity through tax pyramiding -- when taxes on business inputs are incorporated in the final sales prices of the retail good. Such tax pyramiding ultimately results in goods being taxed at different rates depending on the amount of taxable business inputs that went into production and also adds to the regressivity of the sales tax.

Taxing replacement capital equipment distorts business production decisions and is a hindrance to Minnesota businesses that want to upgrade equipment for efficient production standards in an increasingly competitive marketplace.

To further the original policy goals of reducing the tax on replacement capital equipment, the Governor recommends that the phase-out be fully implemented by reducing the tax rate to 0% by July 1, 1997.

	<u>Current Rate</u>	<u>Proposed Rate</u>
F.Y. 1998	2.9%	0.0%
F.Y. 1999	2.0%	0.0%
F.Y. 2000	2.0%	0.0%
F.Y. 2001	2.0%	0.0%

PROGRAM OUTCOMES:

This initiative will reduce the amount of sales tax ultimately borne by consumers, eliminate the impact of taxation upon business decisions, and provide some tax relief to business, promoting economic growth and job creation.

LONG-TERM IMPACT:

By eventually eliminating the sales tax on replacement capital equipment, Minnesota can reduce the amount of tax ultimately borne by consumers and eliminate the distorting effect of a tax on business inputs, promoting the equity and efficiency of its system of taxation.

F.Y. 1998-99 BUDGET RECOMMENDATION

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F.Y. 1998-99 BUDGET RECOMMENDATION

ITEM TITLE: Property Tax Reform

	<u>F.Y. 1997</u>	<u>1998-99 Biennium</u>		<u>2000-01 Biennium</u>	
		<u>F.Y. 1998</u>	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Expenditures: (\$000s)					
General Fund	\$-0-	\$-0-	\$ 250,000	\$ 300,000	\$ 350,000
Revenues: (\$000s)					
General Fund	\$-0-	\$-0-	\$-0-	\$-0-	\$-0-

Statutory Change? Yes No

GOVERNOR'S RECOMMENDATION:

The Governor recommends reform designed to make Minnesota's property tax system more accountable, competitive, efficient and simple. The plan offers relief to homeowners, renters and businesses, while restructuring the property tax system to make future tax increases more unlikely.

The Governor's plan has five components:

	<u>F.Y. 1999</u>	<u>F.Y. 2000</u>	<u>F.Y. 2001</u>
Education Homestead Credit	\$ 228.5	\$ 261.9	\$ 271.1
Cut in General Education Levy		54.5	60.6
Early Recognition Shift	18.8	4.9	4.6
Reduced Property Tax Refund	(3.8)	(10.1)	(10.1)
LGA Phase-out		(16.2)	(31.6)
TIF Aid	6.5	5.0	5.0
Total	\$ 250.0	\$ 300.0	\$ 350.0

Education Homestead Credit

A new Education Homestead Credit will reduce homeowner's 1998 taxes. The amount of the credit will be determined by the state and applied to the state-controlled general education property tax levy. For each homestead, the value of the credit will equal 50% of the general education tax rate times the tax capacity of the homestead, up to a maximum of \$310. To enhance accountability, both the general education levy and the credit will be displayed on the property tax statement and truth-in-taxation forms sent to homeowners.

Property classification rates of other non-homestead property (i.e. apartments, commercial/industrial, cabins, etc.) will be reduced. The education homestead credit will protect homeowners from shifts in tax burden created by compression of the class rates and will, in the vast majority of cases, result in a net reduction of their property tax bill.

Cut in General Education Levy

Reductions in the general education levy increase the role of direct state aid for education and permit additional reduction in non-homestead classification rates.

Early Recognition Shift

Funding is provided to account for the effect of the early recognition shift upon school districts.

Reduced Property Tax Refund

Because the plan reduces property tax on renters and homeowners, less property tax refunds will need to be paid.

LGA Phase-out

To further enhance accountability, "grandfathered" local government aid - aid not distributed through a need/capacity based formula - will be reduced. The Governor believes property tax relief is supplied more efficiently through the reduction of the general education levy than through aid supplied directly to cities.

TIF Aid

The Governor's proposed class rate changes will reduce property tax revenue generated by tax increment financing (TIF) districts. A fund is established to assist cities in meeting their outstanding TIF obligations.

RATIONALE:

The Governor's property tax reform plan makes Minnesota's system of property tax relief more efficient and accountable. Under our current system, much of the tax relief provided to homeowners is hidden through the classification structure, adversely impacting other types of property (i.e. apartments, commercial/industrial, cabins). The education homestead credit allows the Governor to compress property classification rates and protect homesteads from unacceptable shifts in taxes. In the vast majority of cases, the new credit will result in noticeable property tax relief for homeowners.

The Governor's plan provides property tax relief efficiently, in a manner that does not encourage wasteful local spending. The most effective way to assure that taxpayers benefit from property tax relief is to provide assistance directly to them. Aids to local governments do not directly, nor assuredly, result in property tax relief. The education homestead credit provides a tax benefit directly to homeowners for those education costs that are state-determined, but does not subsidize program and service costs, which are locally-determined.

LONG-TERM IMPACT:

The proposal will make Minnesota's property tax system more accountable, efficient and competitive. The combination of the Education Homestead Credit and structural changes in the property classification system will provide much needed tax relief and make future property tax increases more unlikely, while protecting the vast majority of homeowners from property tax increases.

Appendix - Governor's Price of Government Recommendation Table

Governor's Supplemental Budget Recommendations
State & Local Revenues, C.Y. 1990-2000
Percent of Personal Income
(\$ in Thousands)

	C.Y. 1990 F.Y. 1991	C.Y. 1991 F.Y. 1992	C.Y. 1992 F.Y. 1993	C.Y. 1993 F.Y. 1994	C.Y. 1994 F.Y. 1995	C.Y. 1995 F.Y. 1996	C.Y. 1996 F.Y. 1997	C.Y. 1997 F.Y. 1998	C.Y. 1998 F.Y. 1999	C.Y. 1999 F.Y. 2000	C.Y. 2000 F.Y. 2001
State Revenues											
<i>Tax Revenues:</i>											
Individual Income Tax	2,972,983	3,144,636	3,471,374	3,539,994	3,753,268	4,135,332	4,540,000	3,790,000	4,772,800	4,994,700	5,211,900
General Sales Tax	1,965,209	2,193,451	2,378,482	2,522,271	2,722,596	2,901,268	3,039,900	3,197,100	3,352,800	3,496,400	3,641,100
Corporate Income Tax	457,934	420,278	509,534	551,822	685,757	701,735	666,100	660,900	677,800	709,300	754,600
Gasoline & Special Fuels Taxes	430,213	437,817	441,619	457,614	488,738	495,458	516,716	531,451	546,700	559,579	572,811
Motor Vehicle License Tax	351,664	370,650	404,655	425,036	452,317	475,669	491,383	494,886	510,984	514,880	531,377
Motor Vehicle Excise Tax	236,720	270,356	296,284	332,994	347,523	381,219	377,500	360,800	373,900	391,300	408,600
Health Care Taxes	0	0	13,566	64,532	145,978	171,597	190,141	196,086	203,507	210,464	216,143
All Other Taxes	549,253	585,022	662,167	759,729	754,684	812,280	830,470	835,325	848,834	861,080	874,344
Subtotal - State Taxes	6,963,976	7,422,210	8,177,681	8,653,992	9,310,861	10,074,558	10,652,210	10,066,548	11,287,325	11,737,703	12,210,875
<i>Non-Tax Revenues:</i>											
Fees & Charges	249,168	338,879	326,518	366,305	358,331	390,518	430,104	429,363	462,718	441,616	418,617
Investment Earnings	172,861	109,360	77,989	79,419	120,028	150,554	177,424	150,923	120,845	110,233	105,227
Post-Secondary Tuition	354,404	379,134	409,787	415,135	417,787	415,775	442,210	460,916	476,143	485,511	490,819
All Other Resources	570,118	569,559	571,254	650,922	613,591	725,838	726,745	707,938	689,393	686,475	688,012
Subtotal - State Non Tax Revenues	1,346,551	1,387,932	1,385,548	1,511,781	1,509,737	1,682,685	1,776,483	1,749,140	1,749,099	1,723,835	1,702,675
Subtotal - State Own Source Revenues	8,310,527	8,810,142	9,563,229	10,165,773	10,820,598	11,757,243	12,428,693	11,815,688	13,036,424	13,461,538	13,913,550
Federal Grants	2,260,587	2,530,697	2,778,303	3,133,023	3,212,969	3,292,314	3,753,903	3,776,967	3,925,684	4,257,127	4,210,841
TOTAL STATE REVENUES	10,571,114	11,340,839	12,341,532	13,298,796	14,033,567	15,049,557	16,182,596	15,592,655	16,962,108	17,718,665	18,124,391
Local Non-School Revenues											
<i>Tax Revenues:</i>											
Property Tax	1,781,966	1,979,384	2,090,992	2,165,435	2,219,505	2,328,357	2,449,028	2,552,258	2,674,937	2,817,582	2,963,551
Sales Tax	49,852	52,750	60,272	64,023	74,381	78,433	85,406	90,077	94,239	98,179	102,174
Other Taxes	34,131	39,188	42,272	47,093	48,511	52,088	55,928	60,052	62,704	65,612	68,773
Subtotal - Local Taxes	1,865,949	2,071,322	2,193,536	2,276,551	2,342,397	2,458,878	2,590,362	2,702,387	2,831,880	2,981,373	3,134,498
<i>Non-Tax Revenues:</i>											
Special Assessments	203,949	207,957	239,171	241,280	227,548	234,603	241,944	249,589	260,365	272,180	285,024
Licenses and Permits	58,168	62,802	68,530	72,874	78,211	84,176	90,610	97,557	101,704	106,253	111,198
Charges for Services	343,549	371,433	393,946	440,250	437,166	461,966	488,382	516,533	536,367	558,156	581,844
Investment Earnings	326,643	291,536	260,507	253,102	260,010	263,419	266,874	270,376	270,376	270,376	270,376
Selected Enterprise Revenues	1,238,569	1,418,282	1,527,277	1,627,881	1,750,121	1,877,174	2,013,454	2,159,632	2,247,196	2,343,299	2,447,779
Miscellaneous Revenues	300,126	305,924	317,825	329,629	366,829	391,054	417,582	446,652	464,580	484,258	505,650
Subtotal - Local Non Tax Revenues	2,471,004	2,657,934	2,807,256	2,965,016	3,119,885	3,312,392	3,518,846	3,740,339	3,880,588	4,034,522	4,201,871
Subtotal - Local Own Source Revenues	4,336,953	4,729,256	5,000,792	5,241,567	5,462,282	5,771,270	6,109,208	6,442,726	6,712,468	7,015,895	7,336,369
<i>Intergovernmental Revenue:</i>											
State Aid	1,751,600	1,704,411	1,733,571	1,809,720	1,816,841	1,875,203	2,411,643	2,152,987	2,099,372	2,089,809	2,082,744
Local Aid	66,439	72,799	72,554	66,338	72,497	72,543	72,543	72,543	72,543	72,543	72,543
Federal Aid	542,064	470,091	441,744	530,827	509,880	509,047	509,047	509,047	509,047	509,047	509,047
Subtotal - Intergovernmental Revenue	2,360,103	2,247,301	2,247,869	2,406,885	2,399,218	2,456,793	2,993,233	2,734,577	2,680,962	2,671,399	2,664,334
TOTAL LOCAL NON-SCHOOL REVENUES	6,697,056	6,976,557	7,248,661	7,648,452	7,861,500	8,228,063	9,102,441	9,177,303	9,393,430	9,687,294	10,000,703

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**Governor's Supplemental Budget Recommendations
State & Local Revenues, C.Y. 1990-2000
Percent of Personal Income
(\$ in Thousands)**

	C.Y. 1990 F.Y. 1991	C.Y. 1991 F.Y. 1992	C.Y. 1992 F.Y. 1993	C.Y. 1993 F.Y. 1994	C.Y. 1994 F.Y. 1995	C.Y. 1995 F.Y. 1996	C.Y. 1996 F.Y. 1997	C.Y. 1997 F.Y. 1998	C.Y. 1998 F.Y. 1999	C.Y. 1999 F.Y. 2000	C.Y. 2000 F.Y. 2001
School District Revenues											
<i>Tax Revenues:</i>											
Property Tax	1,358,929	1,516,895	1,614,796	1,783,311	1,877,076	1,946,457	2,084,212	2,164,884	2,035,128	2,078,439	2,159,119
<i>Non-Tax Revenues:</i>											
Sales & Fee Revenue	111,848	110,624	118,700	122,046	127,635	135,688	141,658	147,891	154,398	161,192	168,284
Other Miscellaneous Revenue	181,697	206,996	249,532	276,801	303,902	332,029	372,536	417,986	468,980	526,195	590,391
Subtotal - School District Non Tax Revenues	293,545	317,620	368,232	398,847	431,537	467,717	514,194	565,877	623,378	687,387	758,675
Subtotal - School Dist Own Source Revenues	1,652,474	1,834,515	1,983,028	2,182,158	2,308,613	2,414,174	2,598,406	2,730,761	2,658,506	2,765,826	2,917,794
<i>Intergovernmental Revenue:</i>											
State Aid	2,425,233	2,480,343	2,581,632	2,681,049	3,000,524	3,127,052	3,151,403	3,307,178	3,582,878	3,742,831	3,869,016
Local Aid	41,477	41,335	45,376	45,567	48,272	50,722	50,265	49,813	49,364	48,920	48,480
Federal Aid	182,435	200,860	224,445	236,807	253,810	253,810	253,810	253,810	253,810	253,810	248,375
Subtotal - Intergovernmental Revenue	2,649,145	2,722,538	2,831,453	2,963,423	3,302,606	3,431,584	3,455,478	3,610,801	3,886,052	4,045,561	4,165,871
TOTAL SCHOOL DISTRICT REVENUES	4,301,619	4,557,053	4,814,481	5,145,581	5,611,219	5,845,758	6,053,884	6,341,562	6,544,558	6,811,387	7,083,665

Total State, Local & School District Revenues

<i>Tax Revenues</i>	10,188,854	11,010,427	11,986,013	12,713,854	13,530,334	14,479,893	15,326,784	14,933,819	16,154,333	16,797,515	17,504,492
<i>Non-Tax Revenues</i>	4,111,100	4,363,486	4,561,036	4,875,644	5,061,159	5,462,794	5,809,523	6,055,356	6,253,065	6,445,744	6,663,221
<i>Intergovernmental Revenue</i>	7,269,835	7,500,536	7,857,625	8,503,331	8,914,793	9,180,691	10,202,614	10,122,345	10,492,698	10,974,087	11,041,046
TOTAL ALL REVENUES	21,569,789	22,874,449	24,404,674	26,092,829	27,506,286	29,123,378	31,338,921	31,111,520	32,900,096	34,217,346	35,208,759
Less: Intergovernmental Revenues	(7,269,835)	(7,500,536)	(7,857,625)	(8,503,331)	(8,914,793)	(9,180,691)	(10,202,614)	(10,122,345)	(10,492,698)	(10,974,087)	(11,041,046)

Total Own Source Revenues	14,299,954	15,373,913	16,547,049	17,589,498	18,591,493	19,942,687	21,136,307	20,989,175	22,407,398	23,243,259	24,167,713
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Minnesota Personal Income	82,325,000	85,355,000	91,507,500	94,615,000	101,652,500	107,720,000	115,267,500	120,852,500	126,490,000	132,525,000	138,860,000
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Revenue as Percent of Personal Income	17.4%	18.0%	18.1%	18.6%	18.3%	18.5%	18.3%	17.4%	17.7%	17.5%	17.4%
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