



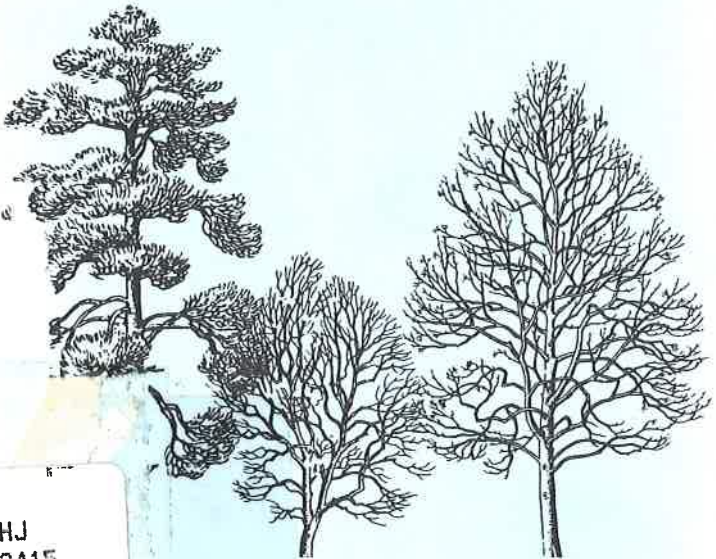
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MINNESOTA TAX HANDBOOK

A Profile of State and
Local Taxes in Minnesota

1984 Edition



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OTA DEPARTMENT OF REVENUE
Research Office

January, 1985

Minnesota Tax Handbook

A Profile of State and Local Taxes in Minnesota 1984 Edition

This handbook contains a summary of the state and local tax system in Minnesota. The first section provides a brief profile of each tax type including tax base and rates, collection amounts, comparisons with selected states, and historical summaries. The second section provides a description of the state-local fiscal system in Minnesota and provides information on state and local tax collections and various state tax rankings.

Note that collection amounts stated for the various taxes refer to net collections after refunds. Also, dates stated for major changes generally indicate the year enacted as opposed to the effective date.

A Guide to Starting a Business in Minnesota, which discusses many of the issues involved with starting a small business, is also available from the Minnesota Department of Revenue. This guidebook answers many frequently asked questions relating to starting a business and includes a discussion of tax requirements for small business.

Additional copies of the *Minnesota Tax Handbook* may be obtained by contacting:

Minnesota Department of Revenue
Research Office 113
P.O. Box 64446
St. Paul, MN 55164
(612) 296-3425

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SECTION ONE

INCOME TAXES
INDIVIDUAL INCOME TAX
(M.S., Section 290.03)

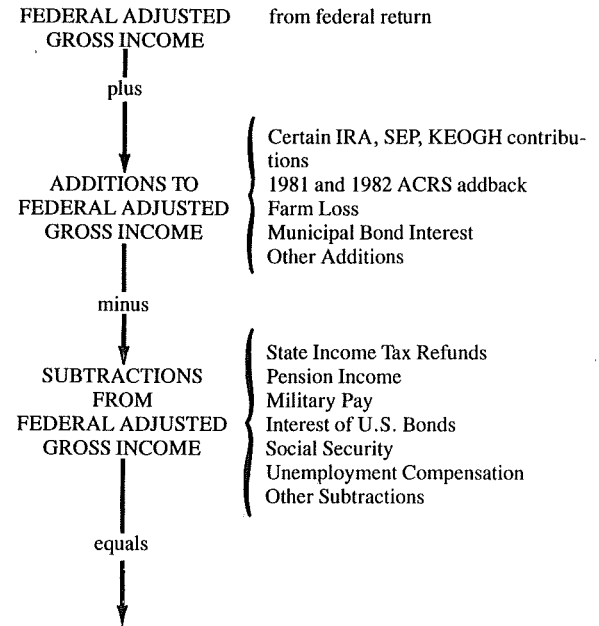
Tax Base: Federal adjusted gross income plus or minus state modifications.

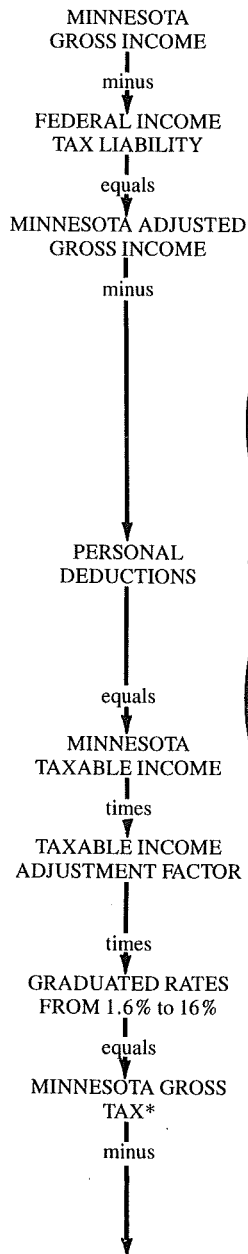
Rates:

Minnesota Taxable Income*	Rates
\$ 0 — \$ 690	1.6%
691 — 1,380	2.2
1,381 — 2,759	3.5
2,760 — 4,138	5.8
4,139 — 5,517	7.3
5,518 — 6,896	8.8
6,897 — 9,653	10.2
9,654 — 12,410	11.5
12,411 — 17,236	12.8
17,237 — 27,578	14.0
27,579 — 37,920	15.0
37,921 and Over	16.0

*Reflects taxable income brackets for 1984 tax year. For 1985, brackets will be indexed by the lesser of 100% of the annual increase in the Minneapolis-St. Paul Consumer Price Index or 100% of the annual increase in Minnesota gross income.

Computation:





Standard Deduction:
10% of Minnesota Adjusted Gross Income up to \$2,300. For 1985, standard deduction indexed at lesser of 100% of the C.P.I. increase or 100% of the increase in Minnesota gross income.

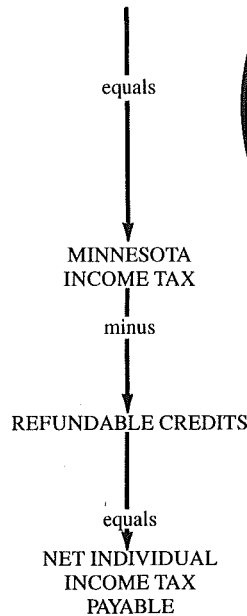
or

Itemized Deductions:
Total federal itemized deductions minus state income taxes plus education expenses plus adoption expenses.

This factor is used to adjust for the elasticity of federal income tax liability. For 1984, the factor was 1.013.

Brackets indexed annually

NON-REFUNDABLE CREDITS



Personal credits of \$70 per exemption for taxpayer, spouse, dependents, over 65, blind, deaf, quadriplegic. For 1985, personal credits indexed at the lesser of 100% of the C.P.I. increase or 100% of the increase in Minnesota gross income.

Income Tax Paid to Other States
Homemaker Credit to \$50
Pollution Control Credit for 1985
Residential Energy Credit
Political Contribution Credit
Research Credit
Low Income Credit
Resource Recovery Credit
Equity Investment Credit

Dependent Care Credit up to \$720 (\$1,440 for two or more dependents)
Gas Tax Credit
Enterprise Zone Credit

*Special computations apply to lump sum distributions from qualified pension plans, certain severance pay, back pay, payments in receipt for long term services, and special minimum tax computation.

Special Provisions:

1. Taxpayer may assign \$2 from general fund to political parties or campaign funds.
2. Reciprocity agreements with neighboring states exempts North Dakota and Wisconsin residents from filing a Minnesota return on earnings in this state.
3. Taxpayers may assign one or more dollars of their refund to the Minnesota Nongame Wildlife Fund or may contribute \$1 or more to the fund by increasing their liability.

Revenue

Collections:	F.Y. 1982	\$1,559,318,000
	F.Y. 1983	\$1,978,647,000
	F.Y. 1984	\$2,316,365,000

Disposition: State General Fund

Administration

Who Pays: Every individual, trust, and estate in Minnesota (or residing in Minnesota) which earns enough income to meet filing requirements.

Payment Dates:

1. Withholding of taxes on Minnesota earnings is required of employers. Employers remit taxes withheld on an eighth-monthly, monthly or quarterly basis.
2. Calendar year returns for individuals must be filed by April 15. Fiscal year returns are due by the 15th day of the 4th month following the close of the fiscal year.
3. Self-employed persons are required to make declarations of estimated payments in quarterly installments.

History of Major Changes

- 1933 — Income Tax enacted at graduated rates from 1% to 5%.
- 1937 — Graduated rates increased and credits replaced original exemptions.
- 1949 — Standard deduction of 10% up to \$500 established. 5% surtax levied on the normal rate.
- 1953 — Standard deduction increased to 10% up to \$1,000.
- 1957 — 5% Veteran's Bonus surtax levied.
- 1959 — Rates increased.
- 1961 — Gross income redefined as federal adjusted gross income with modifications. Withholding of income taxes imposed.
- 1967 — Rent credit and senior citizen credit enacted.
- 1971 — Married taxpayers allowed to file separately on combined return. Credits for pollution control equipment and non-public school costs established. Rates increased from 1.5% — 12% to 1.6% — 15%. Personal credits and senior citizen and rent credits increased.
- 1973 — Increased rent credit and senior citizen tax credit.
- 1974 — Low income credit and political contribution credits adopted. Dollar checkoff for Minnesota state elections campaign fund instituted.
- 1975 — Additional personal credits for deaf or blind taxpayers allowed. Rent credit replaced by income adjusted homestead credit. Low income credit levels increased.
- 1977 — Exemption for military pay repealed. Minimum tax on preference items imposed. Out of state income included in definition of income. Dependent care credit established. Maximum rate increased to 18%. Personal credits increased to \$30 each. Pension income exclusion limited to \$7,200. Income adjusted homestead credit becomes Property Tax Refund. Senior citizen property tax freeze repealed.
- 1978 — 18% top rate rescinded. Personal credits increased to \$40. Homemaker and National Guard credits allowed. Pension income exclusion modified. Low income credit levels and political contribution credit increased.
- 1979 — Personal credits increased; to be indexed after 1980. Standard deduction increased to 10% up to \$2,000; to be indexed after 1980. Low income credit levels increased. Income tax brackets indexed at 85% of increase in CPI. 17% top rate rescinded. Pension income exclusion increased to \$10,000. National Guard credit replaced by income exclusion of military pay. Political contribution credit and property tax refund increased. Credits allowed for pollution control expenditures and renewable energy source expenses.

1980 — Pension income exclusion increased to \$11,000. Low income credit levels increased. Checkoff for non-game wildlife instituted. Deduction of \$200 per person for interest allowed. Changed low income credit to low income alternative tax. Dependent care credit increased to federal levels.

1981 — Federal tax deduction changed to accrual basis. Indexing of brackets, standard deduction maximum, and personal credits changed to 100% of C.P.I. increase or 100% of increase in Minnesota gross income, whichever is smaller. Taxable income adjustment factor for federal tax elasticity adopted. Eliminated deduction of \$200 per person for interest and dividends (reverts to \$100 deduction for dividends only). Capital gains exclusion of 60% allowed. Surtax of 7% enacted.

1982 — Third Special Session:

Temporary surtax increased to 10%.

1983 — Temporary surtax of 10% extended. Indexing to be suspended in event of negative ending fund balance. Updated various itemized deductions to federal treatment. Repealed subtraction for investment tax credit. Adopted full ACRS deduction for individual taxpayers. Dependent care credit amounts increased. Pollution control credits repealed. Equity investment credit enacted.

1984 — Repealed 10% surtax. Expanded pension income exclusion. Increased maximum dependent education expense deduction. Dependent care credit phaseout schedule modified. Pollution control credits reinstated. Credits allowed for purchase of conservation tillage planters and certain hazardous waste equipment. Non-resident tax basis changed to allocated portion of total tax.

CALENDAR YEAR 1984 ESTIMATED INDIVIDUAL INCOME TAX BURDENS FOR HYPOTHETICAL TAXPAYERS

FILER TYPE	SIZE OF MINNESOTA GROSS INCOME				
	\$15,000	\$25,000	\$35,000	\$50,000	\$100,000
Single Taxpayer	\$861	\$1,492	\$2,325	\$3,500	\$7,175
Married Filing Joint					
One Wage-earner	\$695	\$1,384	\$2,342	\$3,663	\$7,772
2 Dependents					
Married Filing Separate					
70-30 Income Split	\$449	\$ 943	\$1,701	\$2,878	\$6,624
2 Dependents					

NOTE: Calculations for all filer types assumed itemized deductions were used equivalent to 20% of Minnesota gross income.

Comparison With Other States

	California	Illinois	Iowa	Michigan	MINNESOTA	New York	North Dakota	Wisconsin
Federal Tax Deduction	No	No	Yes	No	Yes	No	Yes	No
Standard Deduction			15% to:		10% to:	17% to:		
Single	\$1,510		\$1,200		\$2,300	\$2,500	\$2,300	\$2,300 ^a
Joint	3,020		3,000		2,300	2,500	3,400	3,400
Married Separate	1,510		1,200		2,300	2,500	1,700	
Personal Exemptions								
Single		\$1,000		\$1,500		\$ 800	\$1,000	
Joint		2,000		3,000		1,600	2,000 ^b	
Dependent		1,000		1,500		800	1,000	
Personal Credits								
Single	\$ 38		\$ 20		\$ 70			\$ 20
Joint	76		40		140			40
Dependent	12		15		70			20
Rates	1% to 11% on income over \$25,430	2½% on taxable net income	.5% to 13% on taxable income over \$75,000	5.35% on taxable income	See Rates Above	2% to 14% ^c on income over \$23,000	2%-9% ^d on taxable income over \$50,000	3.4% to 10% on income over \$48,200
	(Indexes brackets, standard deduction, and credits)		(Indexes tax brackets)		(Indexes brackets, standard deduction, and credits)			(Indexes tax brackets)

South Dakota and Texas do not impose personal income taxes.

- a In lieu of the standard deduction, Wisconsin allows a low income deduction in certain cases depending on income level, age, and number of dependents.
 b North Dakota allows an additional \$300 exemption if filing status is married filing joint, head of household, or surviving spouse with dependent child.
 c New York has a 10% maximum rate on personal service income.
 d Alternative tax liability of 10.5% of adjusted federal income tax liability may be elected.

CORPORATION INCOME TAX

(M.S. 290.02)

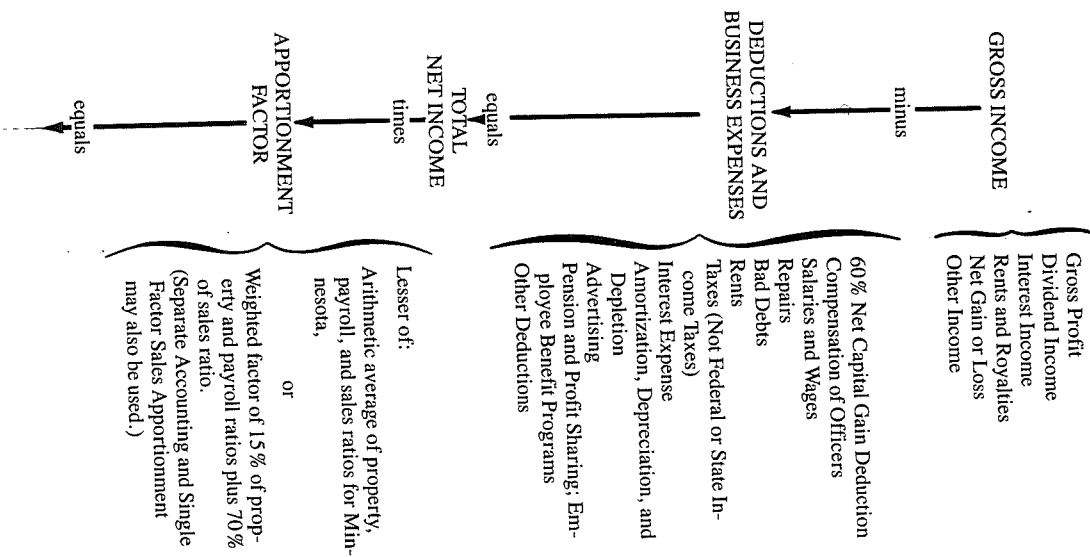
Tax Base: Minnesota taxable net income of the corporation. Domestic unitary reporting method is used.

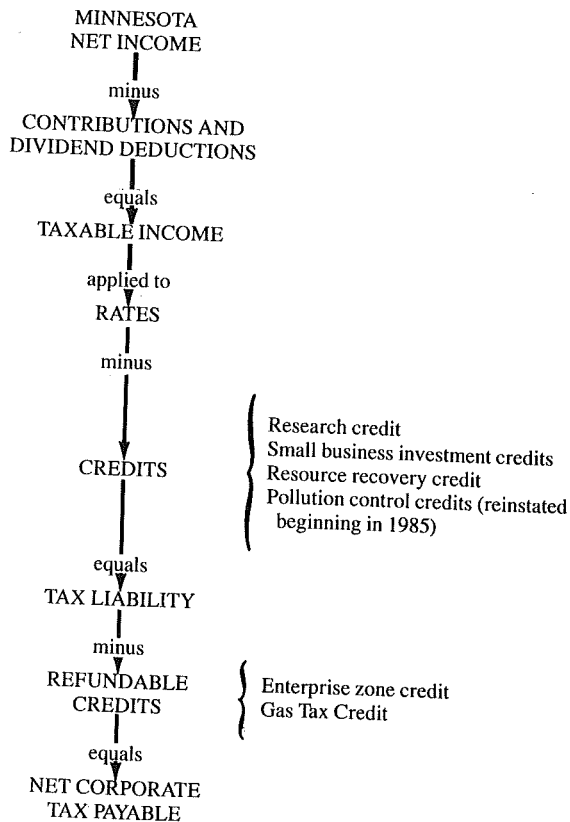
Rate: 6% on first \$25,000 of net income, 12% on remainder.

Major Exemptions:

- Non-profit corporations
- Cooperative associations
- Credit unions
- National and state banks
- Mining companies subject to Occupation Tax

Computation:





- 1947 — Specific credit reduced to \$500. \$10 minimum tax adopted.
- 1949 — 5% special surtax added; additional \$5 fee imposed. Total rate of 6.3%.
- 1953 — Non-manufacturing firms allowed apportionment option.
- 1955 — 1% surtax on taxable income added; total rate of 7.3%.
- 1957 — Property/payroll credit repealed.
- 1959 — 7.5% tax rate adopted; 1.8% additional levy imposed. Total rate of 9.3%.
- 1961 — 10% surtax added; total rate of 10.23%.
- 1967 — 1% rate added; total rate of 11.33%.
- 1969 — Pollution control credit enacted.
- 1971 — Rate increased to 12%. Federal tax deduction eliminated.
- 1973 — Minimum tax increased to \$100. Destination sales basis adopted.
- 1977 — Minimum preference tax adopted.
- 1979 — Pollution control equipment credit reinstated retroactive to 1977. Energy credit adopted.
- 1980 — \$100 minimum tax and \$500 specific credit repealed.
- 1981 — Rate reduced to 9% (6% after 1982) on first \$25,000 of taxable income. Credit for increasing research activities enacted. Limited Accelerated Cost Recovery System (A.C.R.S.) deductions allowed. Unitary method of taxation enacted. 60% capital gain exclusion allowed.
- 1982 — Research credit changed to 12.5% of qualifying expenses (6.25% of expenses over \$2,000,000). A.C.R.S. deduction limitations changed.
- 1983 — Pollution control credits repealed. Eliminated deduction for corporate income taxes paid to other states. Technology transfer credit enacted. Small business assistance office credit enacted. Equity investment credit enacted. Multi-state tax compact adopted. Credits for "enterprise zone" businesses enacted.
- 1984 — Exempted foreign source dividends and certain foreign source royalties from tax. Pollution control credits reinstated and expanded to include hazardous waste equipment. Minimum preference tax and energy credit repealed.

Comparison With Other States

	Income/Franchise Tax Rates
California	9.6% of net income; minimum tax of \$200.
Illinois	4% of net income plus 1/10 of 1% on certain capital and surplus. Additional 2.5% tax on net income for personal property tax replacement.
Iowa	6% first \$25,000; 8% next \$75,000; 10% next \$150,000; 12% of net income over \$250,000.
Michigan	2.35% of adjusted tax base that includes business income, compensation paid employees, interest payments, and depreciation of tangible assets. Local corporate income tax may be imposed.
MINNESOTA	See rates above.
New York	10% of net income, or 0.178% of capital, or 3% of net income plus compensation paid to all officers and certain stockholders less \$30,000, or \$250, whichever is greatest. Additional tax on subsidiary capital of .9 mill per dollar. Local tax on income may be imposed.

Revenue

Collections:	F.Y. 1982	\$295,457,000
	F.Y. 1983	\$228,909,000
	F.Y. 1984	\$275,874,000

Disposition: State General Fund

Administration

Who Pays: Domestic and foreign corporations which do business in Minnesota.

Payment Dates: Quarterly payments due by 15th day of 3rd month, 6th month, 9th month, and 12th month of the tax year.

Due Date: Return is due 15th day of 3rd month after tax year with 6 month extension available.

History of Major Changes

- 1933 — Enacted with rates graduated from 1% to 5% and a specific credit against income of \$1,000 established.
- 1937 — 7% flat rate adopted; 6% rate effective after 1938. Property/payroll credit enacted.
- 1939 — Manufacturing firms given arithmetic/weighted option.

North Dakota	3% first \$3,000; 4.5% next \$5,000; 6% next \$12,000; 7.5% next \$10,000; 9% next \$20,000; 10.5% of net income over \$50,000.
South Dakota	No tax.
Texas	No tax on income; 0.525% of capital stock, surplus, and undivided profits.
Wisconsin	7.9% of net income.

BANK EXCISE TAX (M.S., Section 290.361)

Tax Base: Bank net income.

Rates: 6% of first \$25,000 of taxable income, 12% of remainder.

Revenue

Collections:	F.Y. 1982	\$29,718,000
	F.Y. 1983	\$25,371,000
	F.Y. 1984	\$29,624,000

Disposition: State General Fund

Administration of Tax

Who Pays Tax: National and state banks.

Payment Dates: Quarterly payments due by 15th day of 3rd month, 6th month, 9th month, and 12th month of the tax year.

Due Date: Return is due 15th day of 3rd month after tax year with 6 month extension available.

History of Major Changes

- 1941 — Enacted at a rate of 8% of net income.
- 1949 — 5% special surtax added; total rate of 8.4%.
- 1955 — 1% surtax on taxable income added; total rate of 9.4%.
- 1957 — Property/payroll credit repealed.
- 1959 — 9.5% tax rate adopted; 1.9% additional levy imposed. Total rate of 11.4%.
- 1961 — 10% surtax added; total rate of 12.54%.
- 1967 — 1% added; total rate of 13.64%.
- 1971 — 13.64% single rate adopted. Federal tax deduction eliminated.
- 1973 — Rate reduced to 12%.
- 1980 — \$100 minimum tax repealed. \$500 specific credit repealed.
- 1981 — Rate reduced to 9% (6% after 1982) on first \$25,000 of taxable income.

Comparisons With Other States

State	Base and Rate
California	Franchise tax of 11.6%.
Illinois	Value of shares subject to local property tax rates.
Iowa	5% of net income.
Michigan	Taxed under single business tax. (See Corporation Income Tax.)

MINNESOTA	See rates above.
New York	12% on net income, \$250, or alternative stock or dividend tax, whichever is greatest.
North Dakota	7% of net income. (Includes 2% privilege tax.)
South Dakota	6% of net income.
Texas	.525% of stated capital and surplus.
Wisconsin	7.9% of net income.

ESTATE TAX (M.S., Section 291.01)

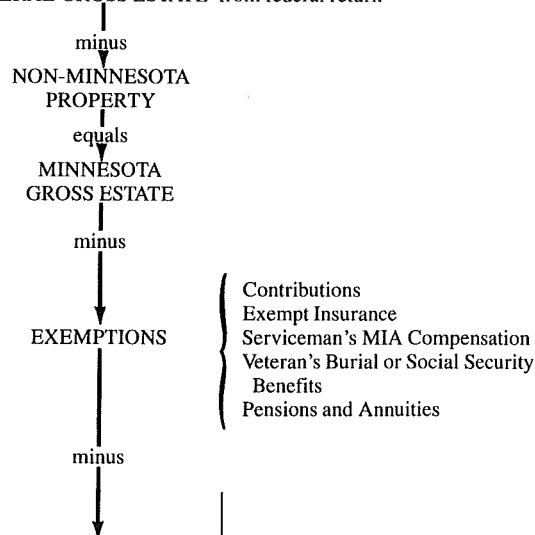
Tax Base: Federal gross estate less exemptions and deductions.

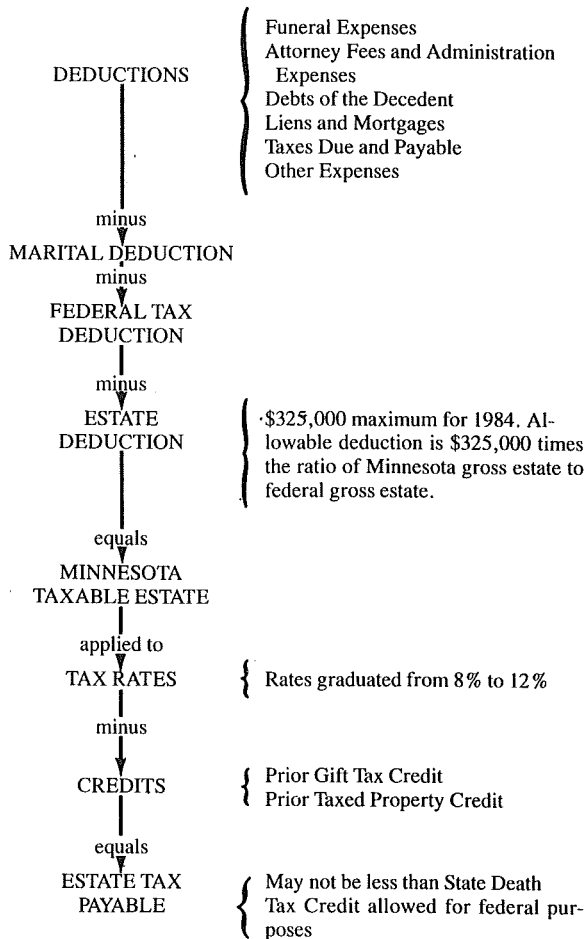
Rates: The rate schedule below is applicable for estates of decedents dying in 1984. For subsequent years, a variation of this rate structure will apply.

Minnesota Taxable Estate	Rate
\$ 0 — \$ 75,000	8%
75,000 — 175,000	9
175,000 — 375,000	10
375,000 — 875,000	11
875,000 and Over	12

Computation:

FEDERAL GROSS ESTATE from federal return





Revenue

Collections:	F.Y. 1982	\$24,393,000*
	F.Y. 1983	\$17,920,000*
	F.Y. 1984	\$17,923,000*

*Reflects total collections from inheritance, gift, and estate taxes.

Disposition: State General Fund

Administration

Who Pays: Personal representative submits a return for the estate. For 1984, return required if federal gross estate exceeds \$325,000.

Payment Dates: Tax due within nine months after death. Under certain conditions, installment payments may be elected.

History of Major Changes

- 1905 — Minnesota inheritance tax first adopted. Individual successions to property taxed at rates from 1.5% on inheritances less than \$50,000 to 5% on inheritances over \$100,000.
- 1911 — Exemptions of \$10,000 for spouse to \$100 for non-relatives provided. Rates from 1% on inheritances less than \$15,000 to 20% on amounts over \$100,000 adopted, depending on the relationship of the heir.
- 1937 — Gift tax enacted to prevent evasion of inheritance tax. Inheritance taxes increased from a maximum of 20% to 60%, not greater than 35% of value of property.
- 1959 — Rates changed and exemptions increased.
- 1976 — Homestead exemption increased \$45,000. Optional marital exemption of 50% of the gross estate to \$250,000 adopted. Marital exemption increased to \$60,000 and equalized between spouses. Exemption for minor child increased to \$30,000.
- 1979 — Inheritance and gift tax repealed; replaced by estate tax with rates graduated from 7% to 12%.
- 1981 — Eliminated 10% distribution to counties. Conformed to federal changes increasing minimum filing requirements and providing unlimited marital deduction.

Comparison With Other States

MINNESOTA	Rates graduated from 8% to 12% for taxable amounts over \$875,000.
New York	Rates graduated from 2% to 21% for taxable amount over \$10.1 million
California, Illinois, North Dakota and Texas	Tax equals maximum credit for state death taxes allowed against federal estate tax.

Iowa, Michigan, South Dakota and Wisconsin levy inheritance taxes instead of estate taxes. Inheritance tax is based upon the amount of property transferred to each beneficiary and the relationship of the beneficiary to decedent, while estate taxes are based on the value of the estate being transferred.

STATE SALES AND EXCISE TAXES

SALES AND USE TAX

(M.S., Section 297A.02)

Tax Base: Sale and rental of tangible personal property at retail.

Rates: 6% of taxable sales, except sales of new and used farm machinery, special tooling, and capital equipment for new or expanding manufacturers (4%) and, under certain conditions, property shipped outside Minnesota is subject to tax at the destination state's rate. Additional 2½% on on-sale and off-sale liquor.

Credits: Credit allowed for sales tax paid on purchases made out of state.

Major Exemptions: Food for consumption off premises, clothing, drugs and medications, gasoline, publications issued at intervals of 3 months or less, motor vehicles, materials used or consumed in agricultural or industrial production, textbooks, and home heating fuels from November through April.

Revenue

Collections:	F.Y. 1982	\$ 875,867,000
	F.Y. 1983	\$ 993,519,000
	F.Y. 1984	\$1,252,528,000

Disposition: State General Fund

Administration

Who Pays: Purchasers or consumers of taxable goods and services.

Who Remits: Holders of Minnesota Sales and Use Tax Permits and direct pay permits collect and remit the tax.

Due Dates: Monthly returns — 25th day of the month following the sales month. Accelerated payment of one-half June liability due June 25th for vendors having large liabilities. Quarterly returns — 25th of the month following the sales quarter. Annual returns — January 25th of the year following the sales year.

History of Major Changes

- 1967 — Sales tax enacted at 3 percent rate.
- 1971 — Rate increased to 4 percent, except for receipts of coin operated vending machines.
- 1972 — Motor vehicles subject to the motor vehicle excise tax exempted.
- 1978 — Residential heating fuel exempted during the months of November-April.
- 1981 — Rate temporarily increased from 4% to 5%, except for sales of new and used farm machinery. Tax on vending products increased to 5% and exemption for cigarettes repealed. June accelerated payment enacted.
- 1982 — Exemptions for candy and soft drinks repealed. Cable TV services subjected to tax. Property shipped outside Minnesota taxed at destination state's rate under certain conditions. Additional 5% tax imposed on on-sale liquor.
- 1982 — Third Special Session:
Temporarily increased rate to 6%.

1983 — Rate permanently changed to 6 percent. Additional tax on on-sale liquor reduced to 2.5% and off-sale liquor subject to additional tax. Paper and ink products used to produce publications exempted. Over-the-counter magazine sales made taxable. Enacted exemption for construction materials and equipment used in "enterprise zones." Construction materials and property of direct satellite broadcasting facilities and distilleries exempted from tax.

1984 — Rate reduced to 4% on special tooling and capital equipment for new or expanding manufacturing facilities. Tax on new mobile homes imposed on 65% of actual price. Used mobile homes, sales of candy by certain educational organizations, and equipment used to process certain solid or hazardous waste exempted from tax.

Comparison With Other States

	Rate	Local Option Sales Tax
California	4.75%	Yes*
Illinois	5.00%	Yes
Iowa	4.00%	No
Michigan	4.00%	No
MINNESOTA	See rates above	No
New York	4.00%	Yes
North Dakota	4.00%**	No
South Dakota	4.00%	Yes
Texas	4.125%	Yes
Wisconsin	5.00%	***

*Additional 1¼% state administered sales and use tax imposed in every county. A ½% state administered transactions and use tax is also applicable in five transit districts.

**3% on farm machinery, irrigation equipment and new mobile homes; 5% on alcoholic beverages.

***Authorized but not imposed as of January 1, 1984.

Of the comparison states, only South Dakota does not provide an exemption for food products. Prescription drugs are also generally exempted in these states. Only Minnesota provides an exemption for clothing.

MOTOR VEHICLE EXCISE TAX

(M.S., Section 297B.02)

Tax Base: Selling price of any motor vehicle required to be registered in Minnesota.

Rate: 6%

Credits: Credit allowed for tax paid to other states.

Major Exemptions: Purchases by governmental units and non-profit organizations, transfers between husband and wife and parent and child, and purchases for resale.

Revenue

Collections:	F.Y. 1982	\$103,767,000
	F.Y. 1983	\$123,808,000
	F.Y. 1984	\$179,018,000

Disposition: Proceeds collected before July 1, 1984:

- 100% State General Fund

Proceeds collected after June 30, 1984 and before July 1, 1987:

- 75% State General Fund
- 18.75% Highway User Tax Distribution Fund
- 6.25% Transit Assistance Fund

Administration

Who Pays: Purchasers of motor vehicles required to be registered in Minnesota.

Payment Dates: Tax is paid when the vehicle is first licensed to operate on state streets and highways.

History of Major Changes

- 1971 — Enacted at a rate of 3%. 1971 special session increased rate from 3% to 4%.
- 1981 — Rate temporarily increased from 4% to 5%. Portion of collections earmarked for Highway User Tax Distribution Fund and Transit Assistance Fund.
- 1982 — Third Special Session: Rate temporarily increased to 6%.
- 1983 — Rate permanently changed to 6%. "Purchase price" excludes any federal taxes.

Comparison With Other States

MINNESOTA	6%.
North Dakota	4%
South Dakota	3%.

Other states tax motor vehicles under state and local sales and use tax. In California, the rate is 6% or 6½% in five transit districts. Texas and Wisconsin have a 5% rate. A 4% rate applies in Illinois, Iowa, Michigan and New York.

MOTOR FUELS TAX

(M.S., Section 296.02)

Tax Base: Gallons of fuel used in highway vehicles, snowmobiles, motorboats, and aircraft.

Rate: 17 cents per gallon except for certain border areas subject to rate reduction; Gasohol 15 cents; Aviation fuel 5 cents.

Credits: Taxes paid on fuel used for non-highway use, except for snowmobiles and motorboats, may be claimed as a credit. Aviation fuel taxes are refundable by the Petroleum Division on a graduated basis, depending upon the number of gallons purchased if gallons exceed 50,000.

Exemptions:

- Petroleum substitutes produced from waste products.
- Sales to U.S. Government.
- Sales to a transit system owned by a city or town.

Revenue

		Highway Fuels	Aviation Fuels
Collections:	F.Y. 1982	\$257,391,000	\$1,960,000
	F.Y. 1983	\$261,107,000	\$1,995,000
	F.Y. 1984	\$330,284,000	\$1,773,000

Disposition: Highway Fuels — 99.25% to Highway Users Fund, .75% Department of Natural Resources; Aviation Fuels — State Airports Fund.

Administration

Who Pays: Distributors of gasoline collect and remit the tax. Sellers of special fuels collect and remit tax. Bulk purchasers of special fuels may elect to remit the tax on fuel purchased by them.

Payment Dates: 23rd day of month following purchase by distributor or dealer.

History of Major Changes

- 1925 — Enacted at two cents a gallon.
- 1929 — Increased to three cents a gallon.
- 1937 — Temporary increase to four cents a gallon.
- 1941 — Four cent rate made permanent.
- 1949 — Increased to five cents a gallon.
- 1963 — Increased to six cents a gallon.
- 1967 — Increased to seven cents a gallon.
- 1975 — Increased to nine cents a gallon.
- 1980 — Increased to eleven cents a gallon.
- 1981 — Increased to thirteen cents a gallon. Enacted rate reduction for certain border area to not more than 3 cents per gallon above rate imposed in contiguous state.
- 1983 — Increased to sixteen cents a gallon and to seventeen cents effective in 1984. Enacted two cent per gallon rate reduction for gasohol. Aviation fuel rate of 5 cents per gallon adopted.

Comparison With Other States

Rates Per Gallon

California	Gasoline and highway fuels 9 cents, jet fuel 2 cents, LPG and LNG 6 cents, compressed natural gas 7 cents per 100 cubic feet, 4½ cents per gallon on ethanol or methanol.
Illinois	Gasoline 12 cents; diesel fuel 14.5 cents.
Iowa	Gasoline 13 cents; diesel fuel 15.5 cents; gasohol 11 cents.
Michigan	Gasoline 15 cents; diesel fuel 16 cents; aircraft 3 cents (Interstate Commerce 1.5 cents).
MINNESOTA	See rates above.
New York	Gasoline 8 cents; diesel fuel 10 cents.

North Dakota	Gasoline 13 cents; special fuels 13 cents except for heating, agricultural, industrial, or railroad purposes; exempt special fuels 2% of sales price.
South Dakota	Gasoline and diesel 13 cents; gasohol 9 cents; LPG 11 cents; aircraft 6 cents; jet fuel 4 cents.
Texas	All fuels 10 cents.
Wisconsin	16 cents.

ALCOHOLIC BEVERAGE TAX

(M.S., Sectin 340.47)

Tax Base: Distilled spirits, beer, malt beverages, wines, and premixed alcoholic beverages manufactured or received for sale in Minnesota.

Rates:

Wines:

Minnesota Vintners' Wine — First 50,000 gal. to 14%	\$.04 per liter
over 14%	.13 per liter
Unfortified Wines	.07 per liter
Fortified Wines — 14% to 21% Alcohol by Volume	.21 per liter
Fortified Wines — 21% to 24% Alcohol by Volume	.42 per liter
Fortified Wines — Over 24% Alcohol by Volume	.81 per liter
Sparkling Wines	.40 per liter
Distilled Spirits	1.16 per liter
Fermented Malt Beverages:	
3.2% or less Alcohol	\$2.00 per barrel of 31 gallons
More than 3.2% Alcohol	4.00 per barrel of 31 gallons

Credits: Minnesota brewers receive a credit of \$2 per barrel on the first 75,000 barrels produced each year for sale within Minnesota.

Exemptions: Sacramental wines and commemorative bottles sold between collectors.

Revenue

Collections:	F.Y. 1982	\$55,465,000
	F.Y. 1983	\$53,336,000
	F.Y. 1984	\$53,908,000

Disposition: State General Fund

Administration

Who Pays: Wholesalers, distributors, or manufacturers upon acquisition for sale within Minnesota.

Payment Dates: Beer — 15th day of month following the month in which sale is made. Liquor — 10th day.

History of Major Changes

- 1934 — Enacted at rates of \$1 per barrel of beer and \$.60 per gallon of wine and liquor.
- 1937 — Liquor tax increased to \$1 per gallon on liquor over 24%.
- 1947 — Increased rates of tax.
- 1959 — 3.2% beer taxed at \$1.60 per barrel. Strong beer taxed at \$3.20 per barrel. Liquor surtax of 15% imposed.
- 1969 — Additional tax on liquor from \$.04 to \$.75 per gallon depending on alcoholic content.
- 1971 — Distilled spirits from \$2.50 to \$4.53 per gallon. 3.2% beer from \$1.60 to \$2 per barrel. Strong beer from \$3.20 to \$4 per barrel. Wine taxes increased.
- 1973 — Distilled spirits reduced from \$4.53 to \$4.39 per gallon.
- 1979 — Sparkling wine reduced from \$3.08 to \$1.50 per gallon.
- 1980 — Minnesota vintners wine taxed at \$.17 per gallon.

Comparison With Other States

California	Wine less than 14%	\$.01 per gallon
	Wine greater than 14%	\$.02 per gallon
	Hard Cider	\$.02 per gallon
	Sparkling Wines	\$.30 per gallon
	Distilled Spirits	\$2.00 and \$4.00 per gallon
	Beer	\$1.24 per barrel
	Non-liquid Distilled Spirits	\$.02 and \$.04 per oz.
Illinois	Wine less than 14%	\$.23 per gallon
	Wine greater than 14%	\$.60 per gallon
	Distilled Spirits	\$2.00 per gallon
	Beer	\$.07 per gallon
Iowa	Distilled Spirits and Wine	15% of price set by liquor control commission
	Beer	\$4.34 per barrel
Michigan	Wine 16% and under	\$.135 per liter
	Wine over 16%	\$.20 per liter
	Wine Produced in Michigan:	
	16% and under	\$.01 per liter
	Over 16%	\$.135 per liter
	Distilled Spirits	8%-9.85% of re- tail price with al- coholic content greater than 22%
	Beer	\$6.30 per barrel
MINNESOTA	See Rates Above	
New York	Wine (Still)	\$.032 per liter
	Artificially Carbonated Wine	\$.088 per liter
	Natural Sparkling Wine	\$.175 per liter
	Hard Cider	\$.004 per liter
	Liquor not more than 24%	\$.264 per liter
	Liquor greater than 24%	\$1.08 per liter
	Beer	\$.055 per gallon

North Dakota	Wine less than 17%	\$.50 per gallon
	Wine — 17-24%	\$.60 per gallon
	Sparkling Wine	\$1.00 per gallon
	Distilled Spirits	\$2.50 per gallon
	Alcohol	\$4.05 per gallon
	Beer in Bulk	\$.08 per gallon
	Beer in Bottles and Cans	\$.16 per gallon
South Dakota	Wine less than 14%	\$.90 per gallon
	Wine — 14-20%	\$1.40 per gallon
	Wine more than 20%	\$2.00 per gallon
	Sparkling Wine	\$2.00 per gallon
	Distilled Spirits	\$3.80 per gallon
	Beer 3.2%	\$5.00 per barrel
	Beer more than 3.2%	\$8.30 per barrel
Texas	Wine less than 14%	\$.204 per gallon
	Wine more than 14%	\$.408 per gallon
	Sparkling Wine	\$.516 per gallon
	Distilled Spirits	\$2.40 per gallon
	Beer	\$6.00 per barrel
	Malt Liquor	\$.198 per gallon
Wisconsin	Wine less than 14%	\$.25 per gallon
	Wine more than 14%	\$.45 per gallon
	Distilled Spirits	\$3.25 per gallon
	Beer	\$2.00 per barrel

CIGARETTE TAX

(M.S., Section 297.02)

Tax Base: Cigarettes and little cigars sold in Minnesota.

Rate: 18 cents per pack of 20.

Credits: Distributors receive a 2.5% discount on the first \$500,000 of stamps purchased; 2% for the next \$500,000 and 1.5% on additional purchases. The discount covers tax collection expenses.

Revenue

Collections:	F.Y. 1982	\$86,288,000
	F.Y. 1983	\$82,539,000
	F.Y. 1984	\$81,683,000

Disposition:

- 89% General Fund
- 5½% Natural Resources
- 5½% Natural Resources Acceleration Account

Administration

Who Pays: Distributors, or wholesalers of cigarettes.

Payment Dates: 18th day of the month following sale to a retailer in Minnesota.

History of Major Changes

- 1947 — Enacted at three cents a pack.
- 1949 — Increased to four cents a pack.
- 1959 — Increased to five and one-half cents a pack.
- 1961 — Increased to seven cents a pack.
- 1963 — Increased to eight cents a pack.
- 1969 — Increased to thirteen cents a pack.
- 1971 — Increased to eighteen cents a pack.

Comparison With Other States (Rate Per Pack)

California	10 cents
Illinois	12 cents
Iowa	18 cents
Michigan	21 cents
MINNESOTA	18 cents
New York	21 cents
North Dakota	18 cents
South Dakota	15 cents
Texas	19.5 cents
Wisconsin	25 cents

TOBACCO PRODUCTS TAX

(M.S., Section 297.32)

Tax Base: Cigars, smoking tobacco, chewing tobacco, and tobacco products other than cigarettes.

Rate: 20% of wholesale price.

Credits: Distributors allowed credit equal to 2½% of tax for administrative expenses.

Revenue

Collections:	F.Y. 1982	\$2,670,000
	F.Y. 1983	\$2,851,000
	F.Y. 1984	\$3,032,000

Disposition: State General Fund

Administration

Who Pays: Distributors or wholesalers of products received for sale in Minnesota.

Payment Dates: 18th day of the month following receipt of the product in state.

History of Major Changes

- 1955 — Enacted at rate of 15% of wholesale price.
- 1959 — Rate increased to 20% of wholesale price.

Comparison With Other States

Iowa	10% of wholesale price.
MINNESOTA	20% of wholesale price.
North Dakota	11% of wholesale price.
Texas	25% of factory list; variable rate on cigars.
Wisconsin	20% of manufacturer's list price.

California, Illinois, Michigan, New York and South Dakota do not impose separate taxes on tobacco products.

MORTGAGE REGISTRY TAX

(M.S., Section 287.05)

Tax Base: Principal debt which is secured by any mortgage of real property in the state.

Rate: \$.15 per \$100 of principal debt.

Revenue

Collections:	F.Y. 1982	\$10,448,000
	F.Y. 1983	\$10,721,000
	F.Y. 1984	\$13,327,000

Disposition:

- 95% State General Fund
- 5% Counties' General Funds

Administration

Who Pays: The securer of any mortgage of real property.

Payment Dates: At or before the time of filing the mortgage for record or registration.

History of Major Changes

- 1907 — Enacted at \$.50 per \$100 of principal debt.
1913 — Changed to \$.15 per \$100 where mortgage runs for five years or less, and \$.25 per \$100 for mortgages of more than five years.
1945 — Changed to \$.15 per \$100 on any mortgage.
1983 — Contracts for deed not subject to tax.

Comparison With Other States

MINNESOTA	\$.15 per \$100 of principal debt.
New York	\$1.00 per \$100 of principal debt maximum.

California, Illinois, Iowa, Michigan, North Dakota, South Dakota, Texas, and Wisconsin have no similar tax.

DEED TRANSFER TAX

(M.S., Section 287.21)

Tax Base: Transfer of real estate by any deed, instrument or writing.

Rates: \$2.20 for consideration of \$1,000 or less plus \$1.10 for each portion of \$500 in excess of \$1,000.

Exemptions: Executory contracts for the sale of land, mortgages, wills, plats, leases, government instruments, cemetery lot deeds, and deeds of distribution by personal representatives.

Revenue

Collections:	F.Y. 1982	\$ 7,508,000
	F.Y. 1983	\$ 8,858,000
	F.Y. 1984	\$13,112,000

Disposition: State General Fund

Administration

Who Pays: Any person who grants, assigns, transfers or conveys real estate.

Payment Dates: At the time of transfer.

History of Major Changes

- 1961 — Enacted at \$1.10 for first \$1,000 of consideration and \$.55 for each additional \$500.
1967 — Increased to \$2.20 for first \$1,000 and \$1.10 for each additional \$500. Earmarked proceeds for the property tax relief fund.
1969 — Distribution of proceeds changed to State General Fund.
1973 — Included corporations in those subject to tax.
1984 — Exempted transfers from co-owners partitioning undivided interests in property.

Comparison With Other States

California	\$.55 per \$500 consideration after the first \$100 at the city or county option. Equity only subject to tax.
Illinois	\$.25 per \$500 consideration.
Iowa	\$.55 per \$500 consideration after the first \$500.
Michigan	\$.75 per \$500 consideration maximum.
MINNESOTA	\$2.20 for first \$1,000 consideration plus \$1.10 for each \$500 additional consideration.
New York	\$2.00 per \$500 consideration after the first \$100.
North Dakota	No tax.
South Dakota	\$.50 per \$500 consideration.
Texas	No tax.
Wisconsin	\$.30 per \$100 consideration

CHARITABLE GAMBLING TAX

(M.S. 349.212)

Tax Base: Gross receipts of a licensed organization from lawful gambling less prizes actually paid out.

Rate: 10%

Exemptions: Raffles if value of all prizes does not exceed \$750; bingo not required to be licensed (conducted in connection with county fair, the state fair, or a civic celebration if it is not conducted for more than 12 consecutive days in a calendar year by an organization which conducts four or fewer bingo occasions in a calendar year).

Revenue:

Disposition: General Fund

Administration

Who Pays: Licensed organizations.

Payment Dates: On schedule which charitable gambling board will prescribe.

History of Major Changes

1984 — Enacted.

PARI-MUTUEL TAXES

(M.S. 240.15)

Tax Base: Total amount bet in pari-mutuel pools at a licensed racetrack; paid admissions to a licensed racetrack.

Rates: Calendar year cumulative daily bets —

Up to \$48 million:

1.75% — General Fund

.5% — Minnesota Breeder's Fund

Over \$48 million:

6% — General Fund

1% — Minnesota Breeder's Fund

\$.40 per admission.

Revenue:

Disposition: General Fund and Minnesota Breeder's Fund (see above).

Administration:

Who Pays: Any licensed racetrack.

Payment Date: Within 7 days of date tax collected.

History of Major Changes:

1983 — Enacted.

Comparison With Other States

California License fee of 1% to 6.45% imposed on total pari-mutuel handle.

Iowa 6% imposed on the gross sum wagered.

Illinois Racing privilege tax from 1.75 to 7.75% of daily pari-mutuel handle. Additional tax on multiple wagering pools. Admission tax of \$.15 per person.

Michigan 6% of total daily handle, 5% in less populated counties.

MINNESOTA See rates above.

New York Thoroughbred: Generally 5% on regular and multiple wagering pools and 7½% on exacta wagering pools; Standard bred: 2% to 12.5%; 4% admissions tax.

South Dakota Greyhound: tax of 3% to 7% of total accumulated daily handle for racing season; Horse: 2.25% to 3% of daily handle.

North Dakota, Texas and Wisconsin do not have legal pari-mutuel betting.

GROSS EARNINGS TAXES

(M.S., Section 295)

Tax Base: Gross receipts from operation of certain businesses.

Rates:

Rural Electric Cooperatives	10 cents per 100 members
Taconite Railroads	5%
Telegraph	6%
Telephone	(1) 4% from rural service (2) 4% for localities with less than 10,000 population (3) 7% from all other service (4) 30 cents per phone if company's gross earnings are \$1,000 or less.

Revenue

Collections:	F.Y. 1982	\$ 73,555,000
	F.Y. 1983	\$113,131,000
	F.Y. 1984	\$ 70,655,000

Disposition: State General Fund

Administration

Who Pays: Each of the various types of businesses subject to tax.

Payment Dates:

Telephone, Telegraph	March 15, June 15, Sept. 15, Dec. 15
Rural Electric Companies	March 1
All others	September 1 and March 1 for prior 6 months earnings.

History of Major Changes

	Original Enactment	Current Rates Enacted
Rural Electric Companies	1939 \$.10/100 members	1939
Taconite Railroad	1955, 5%	1955
Telegraph	1887, 2%	1945
Telephone	1887, 2%	1937

Comparison With Other States*

Those comparison states which impose gross earnings tax on some form of telephone service or other utility service are: California, Illinois, New York, North Dakota, South Dakota, Texas, and Wisconsin.

*The comparative information for the various states was too lengthy to include herein. If more information is desired, contact the Research Office in the Minnesota Department of Revenue.

INSURANCE PREMIUMS TAX

(M.S., Section 60A.15)

Tax Base: Gross premiums less return premiums on all business received in Minnesota.

Rates:

- 2% — Domestic and foreign companies' premiums.
- 5% — Underwriting profit on ocean marine insurance.
- 3% — Surplus line agents.
- 0.5% — Fire marshal tax on fire premiums.
- 2% — Surcharge on fire premiums for property located in cities of the first class

Revenue

Collections:	F.Y. 1982	\$73,663,000
	F.Y. 1983	\$66,631,000
	F.Y. 1984	\$68,611,000

Disposition: State General Fund

Administration

Who Pays: Domestic and foreign insurance companies doing business in Minnesota.

Payment Dates: Most companies make three estimated payments per year on April 15th, June 15th and December 15th. Domestic mutual companies pay quarterly.

History of Major Changes

- 1868 — 2% gross premiums tax imposed on foreign insurance companies.
- 1872 — 2% gross premiums tax extended to domestic companies.
- 1895 — Retaliatory tax provisions adopted.
- 1913 — Fire marshal tax of .375% adopted.
- 1934 — 2% surcharge on fire premiums enacted.
- 1937 — Fire marshal tax increased to .5%.
- 1981 — Estimated tax changed from quarterly payments to three payments per year.

Comparison With Other States

State	Premiums Tax Rate
California	2.33%.
Illinois	2% on foreign companies.
Iowa	2%.
Michigan	2% — 3% on foreign companies.
MINNESOTA	See rates above.
New York	1.0% — 1.2%.
North Dakota	2% for life insurance; .5% for accident and sickness insurance; 1% for all other insurance.
South Dakota	2.5% on domestic companies with credit given for regional or home office located in the state; 1.25% annuity tax on foreign companies; 2½% premium tax on foreign companies; ½% fire marshal tax.
Texas	1.1% to 2.5% for life, accident and health insurance depending on percentage of assets invested in state. 1.2% — 3.5% for property and casualty insurance.
Wisconsin	2% on foreign casualty and life and domestic fire insurance companies; 2¾% on foreign fire insurance; .5% on foreign marine insurance; 2% or 3.5% of gross investment income on domestic life insurance.

SEVERANCE AND TONNAGE TAXES

MINERAL TAXATION

Mineral taxation in Minnesota consists of Royalty, Occupation, Production and Property (see Local Taxes section) taxes on certain types of minerals. Except for Property Taxes, these taxes are described separately in the sections that follow.

ROYALTY TAXES

(M.S., Section 299)

Tax Base: Royalties received in connection with the exploration and mining of iron ore, taconite, semi-taconite, iron sulphides, copper-nickel ores and other ores.

Rates:

Resources	Tax Rate
Iron Ore	15.5%
Taconite, Semi-taconite, and Iron Sulphides	15.0%
Copper-Nickel	1% plus 1% of royalties paid on silver, gold, platinum and other precious metals.

Credits: The royalty tax on mined land is reduced by an amount which makes the net effective tax rate equal to the net effective occupation tax rate.

Revenue

F.Y.	Iron Ore	Taconite	Other
1982	\$464,903	\$5,530,450	\$39,511
1983	\$819,509	\$2,861,411	\$13,971
1984	\$448,639	\$3,341,291	\$12,369

Disposition: State General Fund

Administration

Who Pays: Although the recipient of the royalty is subject to the tax, lease terms normally assign this responsibility to the mining company.

Payment Dates: The tax is paid at the time specified in the lease for the royalty payment which historically has been quarterly.

History of Major Changes

- 1923 — 6% royalty tax imposed on iron ore.
- 1937 — Rate increased to 10%.
- 1939 — Rate changed to 9%.
- 1941 — Rate increased to 10.5%.
- 1947 — Rate increased to 11%.
- 1955 — 15% surtax added.
- 1959 — Additional 1% tax added.
- 1967 — Copper-nickel royalties taxed at 1%.
- 1971 — Royalty tax on taconite 15%; iron ore increased to 15.5%.
- 1984 — Conformed effective rate to that of occupation tax.

Comparison With Other States

None of the comparison states impose separate taxes on mineral royalties.

OCCUPATION TAXES

(M.S., Section 298)

Tax Base: Value of minerals mined or produced in the state as reduced by certain statutory and non-statutory deductions and credits.

Rates:

Resource	Tax Rate	Minimum Rate (Less Labor Credit)
Iron Ore	15%	6.75%
Taconite, Semi-taconite	15%	6.75%
Copper-Nickel Ores	1%	1.0%

Exemptions:

Iron Ore — Statutory deductions include costs of development, mining labor and supplies, administrative expenses, royalty, depreciation of mine plant and equipment, and ad valorem taxes on ore mined. Non-statutory deductions are the cost of beneficiation, including labor, supplies, depreciation, interest, plus allowances for stockpile loading, transportation and marketing.

Taconite, Semi-Taconite and Iron Sulfide — Statutory deductions are the same as iron ore, except the deduction for production taxes (paid in lieu of ad valorem) is limited to 25 cents per ton. Non-statutory deductions are the same as those for iron ore.

Credits:

Iron Ore — A credit is allowed for labor which may reduce the effective tax rate to approximately 14%. Other credits are allowed for research, experimentation and exploration, pollution control, a loss mine, and price discounting. Effective with the 1985 production year, the labor credit will reduce the minimum tax rate to 6.75%, the same as taconite.

Taconite, Semi-Taconite — A credit is allowed for labor which can reduce the minimum tax rate to 6.75%. Additional credits are allowed for:

1. Research, experimentation and exploration, and
2. Pollution control equipment.

Copper-Nickel — Credits are allowed for processing the ore within the state and for research, experimentation and exploration.

Revenue

Collections:

F.Y.	Iron Ore	Taconite, Semi-Taconite Iron Sulfides
1982	\$1,444,000	\$12,112,000
1983	\$ 616,000	— 0 —
1984	\$ 555,000	\$ 2,386,000

Disposition: Proceeds are deposited in the state general fund. 40% is earmarked for elementary and secondary schools and 10% is used for support of the University of Minnesota. A constant dollar amount (5% of the 1977 proceeds, which is \$1,252,520) is earmarked for maintenance of Iron Range Resources and Rehabilitation Board (IRRRB).

Administration

Who Pays: Mining companies operating in this state.

Payment Dates: On or before June 15th.

History of Major Changes

- 1921 — 6% Occupation tax imposed on iron ore.
- 1937 — Rate increased to 10%; reduced to 8% for subsequent years.
- 1941 — Labor credit enacted.
- 1947 — Rate increased to 11%; minimum rate 3.75%.
- 1955 — 15% surtax added.
- 1959 — Additional 1% tax imposed.
- 1963 — A taconite producer's occupation, royalty and excise taxes cannot exceed the greater of what a manufacturing corporation would pay or what the producer would have otherwise paid under the 1963 Occupation, Royalty and Excise Taxes.
- 1971 — Occupation tax on taconite 15%; minimum rate 6.75%. Occupation tax on iron ore 15.5%; minimum rate 14%.
- 1984 — Reduced rate to 15% for natural iron ores.

Comparison With Other States

State	Resource	Rate
Michigan	Natural Gas	5% of gross market value.
	Crude oil	6.6% of gross market value.
	Crude oil (from stripper wells)	4% of gross market value. In addition, production of natural gas and oil is subject to a fee of less than 1% of market value annually to pay state administrative expenses.
MINNESOTA	See rates above.	
North Dakota	Crude Oil and Natural Gas	5% of market value.
	North Dakota Crude Oil	6.5% of market value.
South Dakota	Mineral Products	2% gross yield; 8% of net yield from sale of extracted minerals.
Texas	Energy Minerals	4.5% of taxable value.
	Natural Gas	7.5% of market value.
	Oil Production	4.6% of market value.
Wisconsin	Metalliferous Minerals	Graduated rates from 3% to 15% on net proceeds.
	Iron Ore	5 cents per ton handled.
	Concentrates	5 cents per ton processed.
	Petroleum	
	Products	

PRODUCTION TAXES

(M.S., Section 298)

Tax Base: Extracted tonnage of taconite and iron sulphides, semi-taconite and copper-nickel ores.

Rates:

Taconite and Iron Sulphides — Base rate equals \$1.25 per gross ton of merchantable iron ore concentrate produced in 1977. After 1977, the base rate increases with changes in the steel mill products index. An additional tax of 1.6% is imposed for each percent that the iron content of the product exceeds 62%. The F.Y. 1984 average rate is \$2.05 per taxable ton.

Semi-Taconite — Sintered in Minnesota — \$.05 per gross ton plus 1/10 of \$.01 for each 1% that the iron content exceeds 55%.

Sintered outside Minnesota — \$.10 per gross ton plus 1/10 of \$.01 per gross ton for each .5% that the iron content exceeds 55%. The last production of semi-taconite was in 1979.

Copper-Nickel — Base rate is \$.025 per gross ton of ore plus 10% of the base tax per ton for each 1/10 of 1% that the average copper-nickel content per ton of ore exceeds 1%. This composite rate is subject to increase proportional to changes in the current year average monthly wholesale price index above the 1967 index. No production of copper-nickel has occurred to date.

Revenue

Collections:	F.Y. 1982.	F.Y. 1983	F.Y. 1984
	\$99,018,000	\$80,303,000	\$67,341,000

Disposition: The Taconite Production Tax base rate of \$1.25 is distributed to the state general fund and to the cities, towns, school districts and counties in which taconite is mined and processed, as follows:

- \$.025 per ton — Taconite cities and towns.
- \$.123 per ton — Taconite municipal aid account.
- \$.06 per ton — Taconite schools.
- \$.23 per ton — Those schools that qualify for the taconite homestead credit in direct proportion to their levies.
- \$.155 per ton — Taconite counties.
- \$.04 per ton — Taconite counties' road and bridge fund.
- \$.2575 per ton — Taconite homestead credit.
- \$.01 per ton — State general fund.
- \$.03 per ton — Iron Range Resources and Rehabilitation Board (IRRRB).
- \$.002 per ton — Range Association of Municipalities and Schools.

Amount distributed to counties, the taconite homestead credit fund, school fund index amount and the IRRRB will increase with the steel price index.

Local governments receive an amount equal to aid received from the taconite railroad gross earnings tax in 1977. The IRRRB receives an amount equal to the occupation tax aid received in 1977 for 1978 and subsequent years.

Remaining Production Tax proceeds go to the Taconite Environmental Protection Fund and the Northeast Economic Protection Fund.

Beginning with production year 1984 (F.Y. 1985) the taconite property tax relief account is reduced to 17.75 cents per ton. The homestead credit formula was altered so that the state homestead credit is paid first, thus the state is paying a larger share of the property tax relief. In addition, 1.5 cents per ton escalated is allocated directly to the N.E. Minnesota economic protection trust. The aids received by cities, towns, counties, and school districts will be proportionately reduced when production falls below 42 million tons. This reduction is at the rate of 2% per million tons for any amount less than 42 million tons. Beginning with production year 1987, the counties, school fund index, taconite property tax relief and IRRRB will be indexed by the implicit price deflator instead of the SMPI.

Proceeds of the production tax derived from copper-nickel and semi-taconite are distributed to the state general fund and to the various taxing districts in which copper-nickel or semi-taconite is located as follows:

- 22% — City or town
- 50% — School district
- 22% — County
- 6% — State

Administration

Who Pays: Mining companies pay production tax in lieu of property taxes.

Payment Dates: 90% of estimated tax payable by February 15th. Balance payable by April 15th.

History of Major Changes

- 1881 — Tonnage tax on iron ore of \$.01 per ton imposed.
- 1897 — Tonnage tax on iron ore repealed and replaced by ad valorem tax.
- 1941 — Taconite production tax of \$.05 per ton imposed.
- 1959 — Production tax on semi-taconite enacted.
- 1969 — Taconite production tax increased to \$.115 per ton.
- 1971 — Additional production tax of \$.04 to \$.14 per ton imposed.
- 1975 — Taconite production tax increased by \$.39 per ton.
- 1977 — Taconite production tax increased to \$1.25 per ton with tax indexed based on the price of steel.
- 1984 — Index frozen for two years and converts to implicit price deflator for production year 1987. Credit for construction of water filtration plant enacted.

Comparison With Other States

State	Resource	Rate
California	Crude oil and natural gas	Per barrel charge or uniform rate per thousand cubic feet.
North Dakota	Coal	\$.85 per ton plus \$.01 per ton for each 4 point increase in wholesale price index as adjusted twice per year.
Texas	Sulphur Cement	\$1.03 per long ton. \$.0275 per CWT.

IN LIEU OF PROPERTY TAXES

MOTOR VEHICLE LICENSE FEES TAX

(M.S., Section 168)

Tax Base: Motor vehicles using the public streets and highways.

Rates:

- Passenger Cars — \$10 plus 1.25 percent of base value based on the age of the vehicle.
- Pickup Trucks — \$10 plus 1.25 percent of base value based on the age of the vehicle.
- Commercial Vehicles — Based on registered gross weight, up to \$1,620, plus \$50 per ton for excess over 81,000 lbs.
- Intercity Buses — and other buses are taxed on a separate schedule.

Exemptions: Vehicles owned by governmental or educational units, agricultural tractors and trailers, special mobile equipment, vehicles used solely for carrying camp equipment or attached machinery, fire apparatus, and vehicles not operated on highways.

Revenue

Collections:	F.Y. 1982	F.Y. 1983	F.Y. 1984
	\$152,889,000	\$176,567,000	\$197,770,000

Disposition: Proceeds are paid into the state treasury and credited to the Highway User Tax Distribution Fund.

Administration

Who Pays: Anyone who registers a motor vehicle in the state.

Payment Dates: When first registered to use the public streets and annually on a staggered monthly schedule.

History of Major Changes

- 1911 — First motor vehicle registration law enacted. Fee of \$1.50 per vehicle.
- 1921 — Rates established based on value and weight of vehicle.
- 1941 — Passenger cars taxed at 2.2% of value.
- 1949 — Vehicles reclassified and rate schedules revised.
- 1955 — Rates increased by 5%.
- 1965 — Rate schedule modified.
- 1971 — Tax set on passenger vehicles at \$10 plus 1.25% of base value. An annual \$25 tax on school buses levied.
- 1973 — Monthly series of vehicle registrations established. New truck rates established.
- 1976 — Minimums on trucks, tractors, and combinations increased.
- 1981 — Increased rates on certain vehicles.

Comparison With Other States

State	Passenger Cars	Commercial Vehicles
California	\$22 registration fee plus additional \$1 fee plus license fee of 2% of market value.	\$8 first 3,000 lbs. up to \$620 for over 15,000 lbs.

Illinois	\$36-48 based on horsepower.	\$24 first 3,000 lbs. up to \$1,560 for between 64,000 and 73,280 lbs.
Iowa	1% of value plus 40¢/100 lbs.	Trucks — \$45 (\$35 if model is 10 years old) first 6,000 lbs. up to \$1,695 on 40 tons plus \$80 per ton over 40 tons. Trailers — \$4 under 1,000 lbs. \$10 for 1,000 lbs. and over. Semi-Trailers — \$10.
Michigan	\$24-90 based on weight for models through 1983. \$30-\$148 based on list price for 1984 and later models.	Under 5,000 lbs. — \$34-\$44 5,000-8,000 lbs. — \$38-\$218 Over 8,000 lbs. — \$316-\$2,072
MINNESOTA	See rates above.	
New York	\$12 — \$65 based on weight	\$2.50 per 500 lbs. on trucks and trailers, \$.70 per 100 lbs. on tractors.
North Dakota	\$20 — \$245 based on weight and age of vehicle.	\$21 first 4,000 lbs. up to \$1,763 for over 102,000 lbs.
South Dakota	\$20 — \$180 based on weight.	\$85 first 4,000 lbs. up to \$250 plus \$40 per ton for over 20,000 lbs.
Texas	\$12.50 plus \$12 — \$30 based on age of vehicle.	Motor Buses — \$12.50 plus 44¢-88¢ per each 100 lbs., and 99¢ per 100 lbs. for over 31,000 lbs. Trailer and semi-trailers — \$12.50 plus 33¢-66¢ per 100 lbs. up to 17,000 lbs. and 72¢ per 100 lbs. for over 17,000 lbs.
Wisconsin	\$25	\$30 first 4,500 lbs. up to \$1,682 for up to 80,000 lbs.

AIRFLIGHT PROPERTY TAX (M.S., Section 270.072)

Tax Base: Flight property of air carriers engaging in air commerce.

Rates: Assessed value of flight property times the average rate of property taxes throughout the state.

Major Exemptions: Airflight property of governmental units or the civil air patrol. Aircraft weighing less than 30,000 lbs. that are used on intermittent or irregularly timed flights.

Revenue

Collections:	F.Y. 1982	\$3,873,000
	F.Y. 1983	\$4,151,000
	F.Y. 1984	\$4,253,000

Disposition: Proceeds are deposited in the state treasury and credited to the Airports Fund.

Administration

Who Pays: All air carriers engaging in air commerce in Minnesota under certificates issued by the Civil Aeronautics Board and those carriers operating without a certificate who elect to be taxed under this tax rather than the 1% aircraft registration tax.

Payment Dates: The tax is due and payable on January 1 of each year, following the levy of the tax.

History of Major Changes

- 1945 — Enacted, assessed at 40% of value.
- 1953 — Changed to 33¹/₃% valuation.
- 1971 — "Market Value" for "full and true value" substituted.
- 1976 — Exemption for aircraft weighing less than 30,000 lbs. included.

Comparison With Other States

In general, most states tax air flight property at the average property tax rate statewide.

HAZARDOUS WASTE TAXES (M.S. 115B.22)

Tax Base: Volume and destination of hazardous waste generated.

Rates: Long-term containment without treatment: \$.32 per gallon or \$32 per cubic yard.

Long-term containment after treatment: \$.16 per gallon or \$16 per cubic yard.

Land treatment: \$32 per cubic yard.

Other treatment: \$.08 per gallon or \$8 per cubic yard.

Exemptions: Hazardous waste destined for recycling or reuse, used crankcase oil, hazardous waste generated as a result of any response action, hazardous waste discharged to public sewage treatment works which meets pretreatment standards, hazardous waste generated as residue from a hazardous waste incineration facility that treats waste subject to taxation.

Revenue

Collections:	F.Y. 1984	\$776,000
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Disposition: Environmental Response, Compensation and Compliance Fund.

Administration

Who Pays: Any person generating hazardous waste and required to disclose such generation under the hazardous waste rules of the Pollution Control Agency.

Payment Dates: Quarterly declarations of estimated tax required on March 15, June 15, September 15, and December 15 if tax expected to exceed \$1,000. Return due April 15.

History of Major Changes

1983 — Enacted.

1984 — Exemption for hazardous waste generated as residue from a hazardous waste incineration facility.

Comparison With Other States:

California and Iowa impose taxes or fees on various categories of hazardous waste. The comparative information was too complicated and lengthy to include herein. If more information is desired, contact the Research Office in the Minnesota Department of Revenue.

SOLID WASTE FEE

(M.S. 473.843)

Tax Base: Amount of solid waste disposed of at a solid waste disposal facility in the metropolitan area.

Rate: \$.50 per cubic yard.

Exemptions: Waste residue from energy and resource recovery facilities at which solid waste is processed for the purpose of extracting, reducing, converting to energy or otherwise separating and preparing solid waste for reuse is exempt from one-half of the tax if at least 85% of the volume of the solid waste is reduced. Prior to January 1, 1988, non-hazardous solid waste from metalcasting facilities is exempt from the tax.

Revenue:

Disposition: 50% to landfill abatement fund and 50% to metropolitan landfill contingency action fund.

Administration:

Who Pays: Operators of mixed municipal solid waste disposal facilities in Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington Counties.

Payment Dates: On or before the 20th day of each month, tax due for previous month paid.

History of Major Changes

1984 — Enacted.

UNEMPLOYMENT INSURANCE TAX

(M.S., Section 268.05)

Tax Base: A wage base of \$9,800 for each employee.

Rates: The standard rate for new employers is 2.7%. Experience ratings will vary the rate actually paid which can be from 1% to 7.5%.

Exemptions: Various categories of excluded employment exist, including service performed by: a) a son, daughter or spouse; b) independent contractors; c) members of a partnership; d) elected public officials; and e) ordained ministers for a nonprofit organization or church.

Revenue

Collections:	F.Y. 1982	\$199,482,000
	F.Y. 1983	\$223,589,000
	F.Y. 1984	\$294,888,000

Disposition: Proceeds are paid into the Minnesota Unemployment Compensation Fund and benefits are paid out of this fund and charged to each employer's account.

Administration

Who Pays: Generally, any employer who has one or more individuals employed for 20 different weeks in either the current or preceding calendar year, or having paid wages of \$1,500 in any quarter of either year.

Payment Dates: April 30, July 31, October 31, and January 31.

History of Major Changes

1936 — Unemployment Compensation Law enacted.

1939 — Standard rate set at 2.7%.

1941 — Formula for computing experience ratios adopted.

1971 — Methods of calculating contribution rates, experience rates, and minimum rates changed.

1976 — Method for setting contribution rates redetermined.

1979 — Amended to conform with federal law.

Comparison With Other States

State	Standard Rate*	Basis
California	3.4%	First \$ 7,000
Illinois	2.7	First \$ 8,000
Iowa	2.3	First \$10,400
Michigan	2.7	First \$ 8,500
MINNESOTA	2.7	First \$ 9,800
New York	3.7	First \$ 7,000
North Dakota	**	First \$10,400
South Dakota	3.5	First \$ 7,000
Texas	2.7	First \$ 7,000
Wisconsin	3.8	First \$ 9,500

*For new employers. Experience ratings determine actual rate paid in subsequent years.

**Standard rate for new employers varies from 1% — 6.9% depending on the industry.

WORKERS COMPENSATION TAX

(M.S., Section 176)

Tax Base: Annual salaries of employees.

Rates: Vary with type of employment and each specific employment classification.

Exemptions: Coverage does not apply to railroad workers, certain people employed in farming, persons whose work is casual and not in the usual course of the business of the employer, and household workers who earn less than \$500 cash in any 3 month period from a single private home or household.

Special Provisions: Qualifying firms are allowed to self insure. Insurance rates are adjusted annually subject to the approval of the Commissioner of Insurance, Department of Commerce.

Revenue

Premiums:*	C.Y. 1981	\$413,692,000
	C.Y. 1982	\$354,074,000
	C.Y. 1983	\$341,074,000

*Does not include premium amounts for firms allowed to self insure.

Disposition: Benefits are paid out to qualifying persons by the private insurance companies.

Administration

Who Pays: Most employers of one or more employees.

Payment Dates: Annually as an insurance premium.

History of Major Changes

- 1913 — First Workman's Compensation Act enacted.
- 1919 — Special compensation fund created for payments of permanent total disability resulting partly from previous disability.
- 1933 — State compensation revolving fund created.
- 1953 — Requirement that an "accident" cause injury or death deleted.
- 1967 — Department of Labor and Industry and the Industrial Commission abolished; replaced with a new Department of Labor and Industry and Workman's Compensation Commission.
- 1983 — Established a state competitive fund and provided a major re-vamping of the administrative system and the permanent partial benefit schedule.

Comparison With Other States

All the comparison states levy some form of Worker's Compensation Tax. However, due to the various job classifications and rates, a comparison by state cannot be made.

PROPERTY TAXES

LOCAL PROPERTY TAX

(M.S., Section 272-279)

Tax Base: Taxable value of non-exempt land, buildings, attached machinery and personal property. Taxable value is a varying percentage of market value for each property classification as shown for taxes payable in 1985.

Type of Property	Classification Percentage
I. Real Property	
A. Unmined Iron Ore	50%
B. Low Recovery Iron Ore	30-48 1/2%
C. Blast Furnace Products	15%
D. Agricultural Land (Non-Homestead)	19%
E. Seasonal, Recreational Residential	21%
F. Agricultural Homesteads	
1. First \$62,000 of market value.	14%
2. First \$31,000 of market value for certain blind or disabled persons.	5%
3. Excess over \$62,000 of market value.	19%
G. Non-Agricultural Homesteads	
1. First \$31,000 of market value.	17%
2. Second \$31,000 of market value.	19%
3. First \$31,000 of market value for certain blind or disabled persons.	5%
4. Next \$31,000 of market value for certain blind or disabled persons.	19%
5. Excess over \$62,000 of market value.	30%
H. Residential, Non-Homestead of Three or Fewer Units	28%
I. Apartments	
1. Standard (four or more units).	34%
2. Type I and II (four or fewer stories).	34%
3. Type I and II (five and more stories).	25%
4. Title II (in cities or towns of under 10,000 population)	5%
5. Title II (Other and low income housing).	20%
J. Timberland	19%
K. Urban Vacant Land	40%
L. Public Utility	
1. Land and buildings	34 and 43%
2. Machinery	33 1/3%
M. Commercial and Industrial	
1. First \$60,000 of market value	28%
2. Excess over \$60,000 of market value	43%
N. Seasonal Recreational Commercial (12% in certain cases if property includes homestead of the owner).	21%

II. Personal Property

- | | |
|---|---------|
| A. Mobile Homes (Assessed at rate provided for applicable real property class). | Varies |
| B. Leased Agricultural on Exempt Land | 21% |
| C. Structures on Leased Public Land in Rural Areas | 21% |
| D. Structures on Leased Public Lands in Urban Areas or on Railroad Right of Way; leased Non-Agricultural Exempt Land (first \$60,000) | 28% |
| (over \$60,000) | 43% |
| E. Tools, Implements and Machinery of an Electric Generating, Transmission or Distribution System or a Pipeline System Transporting or Distributing Water, Gas, or Petroleum Products which are Fixtures. | 33 1/3% |

Exemptions: Cemeteries; public schools; public hospitals; colleges, universities and seminaries; churches and church property; most institutions of public charity; public property used for public purposes; natural cheese held for aging by original Minnesota manufacturer; farm tools, machinery, equipment and livestock; agricultural products; inventories and equipment of manufacturers, wholesalers, retailers, and contractors including tools and machinery, manufactured articles, stocks of merchandise, parts and supplies, furniture and furnishings; pollution control equipment; agricultural wetlands; native prairie land; and solar, wind or agriculturally derived gas systems used to provide heating, cooling, or electric power for a building or structure; certain senior citizen group property; and shelters for domestic abuse.

Special Provisions: Taxing authorities have numerous statutory limitations on the amount of property taxes they may levy. In addition, there are the overall levy limitation laws governing school districts, counties and municipal governments.

Rates: Mill rates vary with taxing jurisdiction. Total mill rate includes all levies for all taxing jurisdictions within which the property is located (e.g., city or town, county, school district and special taxing districts).

The 1983 (payable 1984) average statewide gross tax rate is estimated at 98 mills. Application of the Homestead Credit, Agricultural Credit, Wetlands Credit, Native Prairie Credit, Disaster Credit, Agricultural Preserves Credit, Enterprise Zone Credit, and Power Line Credit results in an estimated average statewide net tax rate of 76 mills (a mill is \$1 for each \$1,000 of taxable value).

Credits: Several forms of tax relief are authorized for property owners. Except for Property Tax Refunds and the Power Line Credit, the state reimburses local governments for the loss of revenue represented by these credits.

1. Homestead Credit: Provides a direct reduction of tax for owner-occupied homestead property equal to 54% of gross tax up to a maximum of \$650.
2. Agricultural Credit: This direct credit is limited to agricultural, non-commercial seasonal recreational residential and timberland property. Credit for agricultural homestead property is equal to the sum of 33% of the gross tax on the first 320 acres (excluding the house, garage and 1 acre), 15% of the gross tax on the next 320 acres and 10% of the gross tax on over 640 acres; up to a maximum of \$4,000. Credit for non-homestead agricultural property is the

sum of 15% of the gross tax on the first 320 acres (excluding house, garage and 1 acre), and 10% of the gross tax on over 320 acres, up to the maximum of \$4,000. Credit for timberland property equals 10% of gross tax of qualifying property. Credit for non-commercial seasonal recreational residential property equals 13% of the gross tax of the qualifying property, up to a maximum of \$100.

3. Taconite Homestead Credit: This direct credit is limited to owner-occupied homestead property located within "taconite tax relief areas." Credit is equal to either 66% of gross tax up to a maximum of \$490, or 57% of gross tax up to a maximum of \$435, depending on the specific taconite tax relief area in which the property is located.
4. Supplementary Homestead Credit: This direct credit is limited to homestead property located within an area which was previously defined as a "taconite tax relief area." The credit provisions are the same as the taconite homestead credit provisions.
5. Property Tax Refund: Owner-occupied homesteads and residential rental units receive property tax relief based on the relationship of actual property tax paid and total household income. This relief is granted directly to the taxpayer by the state.

The formula for the gross property tax refund provides that after the claimant's tax is large enough to make him eligible for a refund, the state matches the eligibility amount paid by the claimant and then pays a certain percentage of the remainder of the bill up to a certain fixed maximum. As the claimant's income increases, the amount the state pays decreases. Eligibility for the property tax refund is limited to claimants with incomes under \$40,000.

Homeowners subtract the Homestead Credit from their gross Property Tax Refund to determine the net refund amount.

The percentage of income, matched payment amounts and overall maximum refund amount depends on whether the claimant is a senior citizen or disabled person, as shown in the table.

6. Special Property Tax Refund: If homestead net property tax in 1985 increases more than 12.5% over 1984 net tax, the homeowner is allowed a refund equal to 50% of the amount by which the increase exceeds 12.5%, up to a maximum of \$400.
7. Wetlands Credit: Direct credit is equal to .5% of the average market value of an acre of tillable land in the city or town where the qualifying wetland is located times the number of acres of wetlands owned by the taxpayer. In order to receive the wetlands credit, the owner must agree not to drain the wetland during the year for which credit is received.
8. Native Prairie Credit: Direct credit is equal to 1.5% of the average market value of an acre of tillable land in the city or town where the qualifying land is located times the number of acres of native prairie land owned by the taxpayer. In order to receive the credit the owner must agree to preserve the prairie in its natural state, during the year in which credit is received.
9. Power Line Credit: Direct credit is granted to property owners having a transmission line of 200KV or more cross their property. The credit is computed as a percentage of gross tax based on the number of acres crossed by the line. The credit is financed by a certain portion of the property tax paid by the utility companies.
10. Agricultural Preserves Credit: Direct credit is based upon assessed value of eligible property used for agricultural purposes within the seven metropolitan counties. The difference between the current year total local mill rate and 105% of the previous year's statewide

**Applicable Percentages and
Maximum Property Tax Refund Amounts**

Size of Combined Household Income	Percent of Income Which Property Taxes Must Exceed in Order to Qualify for a Refund	First Step Maximum Refund Amount	Percent of Remaining Property Taxes Which State Will Pay		Overall maximum Refund Amount
			Non-Senior, Non-Disabled Claimants	Senior and Disabled Claimants	
Less than \$1	0%	\$13	95%	95%	\$1,125
\$ 1 to 4,999	0.5% to 0.7%	\$13 to \$23	95% to 91%	95%	\$1,125
5,000 to 9,999	0.8% to 1.2%	\$40 to \$108	90% to 86%	95%	\$1,125
10,000 to 14,999	1.3% to 1.5%	\$130 to \$210	85% to 81%	94% to 90%	\$1,125
15,000 to 19,999	1.5%	\$225 to \$285	80% to 76%	90% to 88%	\$1,125
20,000 to 24,999	1.6% to 1.8%	\$320 to \$432	75% to 67%	87% to 76%	\$1,125 to \$1,105
25,000 to 29,999	1.8% to 2.0%	\$450 to \$590	65% to 53%	73% to 55%	\$1,080 to \$ 960
30,000 to 33,999	2.0% to 2.2%	\$600 to \$700	50%	50%	\$ 930 to \$ 700
34,000 to 39,999	2.2% to 2.4%	\$600 to \$100	50%	50%	\$ 600 to \$ 100
40,000 and over	—	\$0	—	—	\$0

total township mill rate is the agricultural preserve mill rate. This derived mill rate times the assessed value of eligible property is the credit amount.

- Disaster Credit: This credit compensates, in part, for property damage to homestead dwellings resulting from an officially declared disaster. Affected property is reassessed to reflect the physical damage done by the disaster. The difference between the original value and the new, lower value is the basis for determining the credit. There is no maximum credit limitation.
- Enterprise Zone Credit: This credit is granted to businesses located within an enterprise zone to encourage economic development and increase employment opportunities in these areas.

Revenue

Collections (millions):

Year Payable	Gross Taxes Levied	Home- stead Credit*	Agri- cultural Credit	Other Credits	Property Tax Refund	Net Taxes Paid
1981	\$1,904.1	447.2	70.5	13.9	171.6	\$1,200.9
1982	2,305.1	495.7	86.9	17.1	181.0	1,524.4
1983	2,540.0	521.5	96.9	17.8	182.0	1,721.8

*Includes Taconite Homestead Credit.

Disposition: Revenue is distributed by county auditors and treasurers to the counties, municipalities, school districts and other taxing authorities according to the taxable values and total millage levied by each. State-wide, school districts account for and receive nearly one-half of the total tax revenue.

Administration

Who Pays: All property owners of property not specifically exempt.

Payment Dates: First half of real estate tax is due by May 15th. Second half of real estate tax is due by October 15th.

History of Major Changes

- 1860 — State Board of Equalization created to reduce inequities of assessment.
- 1913 — Formulation by legislature of first property tax classification system.
 - All taxable property was divided into four separate classes, each assessed at a different percentage of full value.
- 1933 — Property classes increased from four to seven.
- 1934 — Constitutional amendment authorized limited exemption of household goods and farm machinery.
- 1937 — First \$4,000 of homesteads exempted for state tax purposes.
 - Additional classes of property defined.
- 1945 — Property tax enacted for airflight property.
- 1959 — Lakeshore property not used for commercial purposes reclassified.
- 1961 — Indian lands exempt from taxation.
- 1967 — Homestead credit enacted.
 - Senior citizen property tax credit enacted.
 - State government property tax levy eliminated.
 - Livestock and agricultural machinery exempted from personal property tax.
 - Manufacturers granted option to exempt either tools and machinery considered as personal property or inventories.
 - Adoption of county assessor system.

- Adoption of "Minnesota Agricultural Property Tax Law" providing for assessment based on current use rather than best use for agricultural property to foster preservation of agricultural lands.
- Portion of agricultural homestead considered as the homestead for tax purposes increased from first 40 acres to first 80 acres.
- 1969 — Taconite homestead credit enacted.
 - Tax increment financing of renovation projects authorized.
 - Separate assessment of Title II property.
 - "Minnesota Open Space Property Tax law" enacted to foster preservation of recreational open spaces in urban areas.
- 1971 — Overall property tax levy limitation laws enacted for school districts, counties and municipalities.
 - Mobile homes taxed as personal property.
 - Fiscal disparities established.
 - Business inventories and tools and machinery considered as personal property made entirely exempt.
- 1973 — Separate classes for Type I and II apartments established.
 - Senior citizen property tax "freeze" credit enacted.
 - Increase in market value for residential property is limited to 5% per year.
 - Manufacturing and business machinery considered as real property is exempted.
 - Senior citizens property tax credit extended to disabled and blind persons.
- 1974 — Homestead credit increased to a larger percent of gross taxes (45%) and a larger maximum allowed amount (\$325).
 - Portion of agricultural homestead considered as the homestead for tax purposes increased from first 80 acres to first 120 acres.
- 1975 — 5% limit on increase in value for residential property is replaced with general limits on valuation increases.
 - Property tax refund enacted.
 - Flexible homestead base established. Allows portion of homestead property assessed at a lower rate to increase with inflation.
 - Agricultural mill rate differential increased.
- 1976 — Agricultural mill rate differential eliminated and replaced with an agricultural mill rate credit at a higher rate.
- 1977 — Portion of agricultural homestead property considered as the homestead for tax purposes increased from first 120 acres to first 160 acres.
 - Classification ratios for homestead property reduced.
 - Allowable relief under property tax refund is increased and senior citizen property tax "freeze" eliminated.
- 1979 — Eliminated limited market value. Enacted two-stage shift to estimated market value.
 - Homestead credit increased to a larger percent of gross taxes (50%) and a larger maximum allowed amount (\$550).
 - Classification ratios for homestead and certain other property reduced.
 - Portion of agricultural homestead property considered as the homestead for tax purposes increased from 160 acres to 240 acres.
 - Agricultural mill rate credit increased.
 - Lowered assessment rate for multi-unit structures used exclusively to provide housing for low income persons.
 - Enacted a property tax credit for owners of property crossed by high voltage electric transmission lines (will be effective in 1982).
- New credit enacted to foster preservation of wetlands.
- Replaced gross earnings tax on railroads with ad valorem tax.
- Allowable relief under property tax refund increased.
- 1980 — Classification ratios lowered for homestead and certain other property.
 - Title II reimbursement aid for local governments enacted.
 - Homestead credit increased to a larger percent of gross taxes (58%) and a larger maximum credit amount (\$650).
 - Native Prairie Credit enacted.
- 1981 — Certain property of senior citizens' groups and shelters for domestic abuse exempted.
 - Reinstated flexible homestead base adjustment.
 - Rental valuation of agricultural land used if less than market value (for taxes payable beginning in 1984).
 - Classification ratios for commercial-industrial property and certain apartment buildings reduced.
 - Targeting credit (part of property tax refund) modified.
 - Agricultural mill rate credit made more progressive.
 - Limitation on certain aid and credit entitlements enacted.
 - Overall levy limitations law changed.
- 1982 — "Enterprise Zone" classification of property created.
 - Reduced assessments for property damaged by a natural disaster enacted with state payments to offset local revenue loss.
- 1983 — Homestead credit percentage reduced to 54%.
 - Classification ratios for homestead property and certain apartments changed.
 - Agricultural property tax credit changed.
 - Classification ratio on commercial industrial property reduced.
 - Payment dates moved up 15 days.
 - Additional classification ratios for "enterprise zone" property created and state paid credit for "enterprise zone" business enacted.
 - Provided exemption for direct satellite broadcasting facilities.
 - Enacted a new property tax refund formula with new maximums.
 - Targeting refund program amended and additional targeting refund enacted.
 - Attached machinery aid for cities and towns eliminated.
 - Reduced assessment aid repealed.
- 1984 — Classification ratio for commercial-industrial property reduced.
 - Agricultural mill rate credit increased.
 - Repeals rent capitalization for agricultural valuation purposes.
 - Targeting refund modified and maximum increased.
 - Provided for exemption of hydropower facilities leased from governmental units.
 - Local option tax relief authorized in cases where homesteads are destroyed.
 - Provided state reimbursement for transit levy differentials in metro area.

Comparison With Other States

General rate comparisons cannot be made due to the complex and differing property tax systems among states. For comparison purposes, effective tax rates calculated by the Advisory Commission on Intergovernmental Relations on homes with F.H.A. insured mortgages in 1982 were used.

State	Effective Average Property Tax Rate
California	1.03 %
Illinois	1.59
Iowa	1.64
Michigan	2.68
MINNESOTA	0.77
New York	2.57
North Dakota	1.10
South Dakota	1.77
Texas	1.40
Wisconsin	2.01

TREE GROWTH TAX

(M.S., Section 270.36)

Tax Base: 5 acres or more of forest lands, used exclusively for the growing of continuous forest crops.

Rates: Lands growing commercial forest types are taxed at 30% of the value of annual growth. Temporarily non-productive forests are taxed at \$.05 per acre or \$.15 per acre for non-compliance with the reforestation agreement. Permanently non-productive types are taxed at \$.05 per acre.

Special Provisions: The tree growth tax is paid in lieu of all other property taxes and is an owner's option type tax.

Revenue

Collections:	F.Y. 1982	\$272,000
	F.Y. 1983	\$367,000
	F.Y. 1984	N/A

Disposition: County auditor distributes receipts in the same manner as ad valorem taxes.

Administration

Who Pays: Those who file for such classification with the county board.

Payment Dates: Annually as with all other ad valorem taxes.

History of Major Changes

1957 — Enacted.

1959 — Repealed section holding that a landowner may not have more than 10,000 acres in one county under this tax.

1967 — Added that ad valorem taxes could not be assessed if an agreement had been in effect for at least 6 years.

AUXILIARY FOREST TAX

(M.S., Section 88.47)

Tax Base: Any 35 acres or more of land that is suitable for forestations, or any wood lot containing 5-40 acres may be made an auxiliary forest.

Rates: \$.10 per acre.

Special Provisions: This tax is an owner's option and is in lieu of all other property taxes. Marketable timber on such land is taxed separately by a yield tax. No new auxiliary forest contracts are allowed after June 30, 1974.

Revenue

Collections:	F.Y. 1982	\$55,000
	F.Y. 1983	\$61,000
	F.Y. 1984	N/A

Disposition: Proceeds are credited to the funds of the taxing districts affected in the same proportion as other taxes.

Administration

Who Pays: Those who filed with the county auditor before June 30, 1974 to have such lands so taxed.

Payment Dates: On or before May 31 of each year.

History of Major Changes

1927 — Forestation Amendment established tax on any tract of forestable land less than 160 acres and woodlots between 20 and 40 acres. Rate of tax was 8¢ per \$1.00 of land's assessed value. Yield tax was 10% of the value of marketable timber.

1929 — Rate of tax changed to \$.05 per acre of auxiliary forest land.

1945 — Size of land plot changed to any 35 acres or more and woodlots between 5 and 40 acres. Rate changed to \$.06 per acre.

1947 — Yield tax graduated between 40% and 10% depending on year of harvest.

1957 — Rate changed to \$.10 per acre.

SEVERED MINERAL INTERESTS

(M.S., Section 273.13)

Tax Base: Mineral interests in real estate owned separately from the interest in the surface of the real estate.

Rates: Annual rate of \$.25 per acre with a minimum tax of \$2 per parcel.

Exemptions: Mineral interests taxed under other laws relating to mineral taxation or those exempt from taxation due to constitutional or statutory provisions.

Revenue

Collections: Counties are responsible for collections.

Disposition: 80% of the proceeds are distributed in the same manner as property taxes. The remaining 20% is deposited in the state general fund and credited to the reservation and non-reservation residents' loan accounts.

Administration

Who Pays: Owners of mineral interests owned separately from the affected real estate.

Payment Dates: Annually as other real estate taxes.

History of Major Changes

1973 — Enacted.

UNMINED TACONITE TAX (M.S. 298.26)

Tax Base: Inactive taconite reserve lands.

Rates: Maximum of \$10.00 per acre.

Exemption: Lands on which 1,000 tons or more of concentrate is produced are exempt. Also, exemptions are allowed by the county assessor for lands occupied by taconite production facilities.

Revenue

Counties are responsible for collections. The disposition is the same as other local ad valorem taxes.

Administration

The tax is paid to the county auditor by owners of taconite mineral interests or leasee's (usually mining companies). The payment dates are the same as other real estate taxes.

History of Major Changes

1941 — Enacted at \$1.00 per acre maximum.

1977 — Increased to \$10.00 per acre maximum.

LOCAL SALES AND EXCISE TAXES

LOCAL SALES TAX

Minnesota has a statutory prohibition against the imposition of any local sales or income tax without specific legislative authorization. There is, therefore, no local option sales tax. Local sales taxes specially authorized are described below.

	Rate	Tax Base
Bloomington:	3%	Transient lodging and admissions to spectator events
Duluth:	1%	State sales tax base
	1%	Certain food and beverages
	5%	Transient lodging
Minneapolis:	3%	Admissions, amusement, and transient lodging
Rochester:	3%	Transient lodging
	1%	State sales tax base
	\$20	Per motor vehicle sold at retail
St. Cloud:	3%	Transient lodging
St. Paul:	3%	Transient lodging

Special Provisions: Authority has been given to the Metropolitan Sports Facilities Commission to tax lodging and liquor receipts at a variable rate in the City of Minneapolis. For 1984 the rate is 2% and beginning in 1985 the tax will no longer be collected.

Revenue

Collections:

	F.Y. 1984 (000's)
Duluth	\$5,337
Bloomington	1,956
Minneapolis	2,440
Rochester	4,018
St. Cloud	144
St. Paul	633
Stadium Commission	2,953

Disposition: Local governments (costs of state collection are subtracted for Minneapolis and Rochester).

Administration

Who Pays: Purchasers or consumers of taxable goods and services.

Who Remits: Holders of city sales tax permits.

Due Dates: The 25th of the month following the sales month.

History of Major Changes

- 1969 — Minneapolis imposed a 3% tax on admissions, amusements, and transient lodging.
- 1970 — St. Paul, Duluth and Bloomington imposed a 3% tax on transient lodging.
- 1971 — Rochester imposed a 3% tax on transient lodging.
— Local governments are prohibited from imposing or increasing sales or income taxes.
- 1973 — Duluth is authorized to impose a 1% "piggyback" general sales tax.
- 1977 — Duluth is authorized to increase rate to 2% on food and beverages.
- 1979 — St. Cloud is authorized to impose a 3% tax on transient lodging.
— Metropolitan Sports Commission lodging and liquor tax authorized.
- 1980 — Duluth is exempted from prohibition against increasing rates without legislative approval.
- 1983 — Authorized any city to impose a lodging tax of up to 3% for tourism promotion. Rochester is authorized to impose a "piggyback" sales tax of up to 1% and a motor vehicle excise tax of up to \$20 per car.

GROSS EARNINGS TAXES

LOCAL GROSS EARNINGS TAX

(M.S., Sections 295.37 and 451.07)

Tax Base: Gross earnings of trust companies and utilities operating in certain cities and counties.

Rates:

- Trust companies: 6%
- Utility companies: Varies by city

Revenue

Collections: Local units collect tax.

Disposition: Local revenue funds.

Administration

Who Pays: Utilities and trust companies.

Payment Dates:

- Trust companies — March 1st
- Utility companies — established locally.

SEVERANCE TAXES

SAND AND GRAVEL OCCUPATION TAX

(M.S., Section 298.75)

Tax Base: Aggregate material removed from gravel pits or deposits.

Rates: \$.10 per cubic yard or \$.07 per ton of aggregate material.

Revenue

Collections: Individual counties collect tax.

Disposition: 60% distributed to county road and bridge fund, 30% to townships and cities for road and bridge purposes, and 10% for restoration of abandoned pits.

Administration

Who Pays: Those removing aggregate material from pits or deposits.

Payment Dates: Quarterly.

History of Major Changes

From 1961-1979, seven counties had received authority to impose this tax through special legislation.

1980 — Gave all counties the option of imposing such tax at county discretion.

1982 — Uniform rate and proceed disposition provisions enacted and extended the tax to all "aggregate materials."

1983 — Extends tax on aggregate materials to importers as well as operators. Specifies 26 counties subject to tax.

1984 — Exempted certain counties from requirement to impose tax.

SECTION TWO

STATE-LOCAL FISCAL RELATIONS

Minnesota utilizes what may be termed a "broad-based" revenue system to help pay the costs of local government. Essentially, this means that a large amount of state tax revenues are used to finance local units.

Over a period of years, the state has taken on an ever greater responsibility for financing various local functions. State aid payments are made for both the general support of local governments and for specific purposes, e.g., certain educational costs.

This section describes the major state-local aid programs in Minnesota. It is intended only to provide a general description of the state-local fiscal system, so miscellaneous aids and grants to local governments are not included.

LOCAL AIDS

Local Government Aid — Enacted in 1971, this aid supports general operations of local governmental units. Counties, cities, and towns receive distributions monthly from July through December.

Homestead Credit Aid — The amount of homestead credit is subtracted from the tax statement, and the taxpayer pays only the net amount. Then the state reimburses school districts, county, city and town governments, and special taxing districts for the tax relief provided homestead property.

Taconite Homestead Credit Aid — Local taxing districts within "taconite relief areas" are reimbursed for tax credit given homestead property.

Attached Machinery Aid (including School District Attached Machinery Aid) — Reimbursements are made each year to certain school districts and county governments for lost revenue due to the exemption of ponderous machinery and equipment from real property taxation.

Agricultural Aid to School Districts — Aid is paid to school districts for mill rate credit provided to agricultural lands, including seasonal residential recreational property and timber.

Police and Fire Aid — Aid is given to qualifying municipal fire departments, independent non-profit fire fighting corporations, county sheriff departments, and municipal police departments.

All Other Aids — Includes Taconite Aid Reimbursement, Wetlands Credit and Reimbursement, Native Prairie Credit and Reimbursement, Power Line Credit, Agricultural Preserves Credit, Insurance Surcharge Aid and Reduced Assessment Credit.

SHARED TAXES

Mortgage Registry Tax Aid — Mortgage registry tax payments are made at the county level, with 5% of such collections being retained for county purposes. 95% is remitted to the state general fund.

Taconite Production Tax Aid — Counties, cities, towns and school districts in which taconite is mined and processed receive most of the proceeds of the taconite production tax. Remaining amounts are distributed to other sources such as the IRRRB, the Environmental Protection Fund, and the state.

PUBLIC WELFARE AIDS

A combination of federal, state, and county funds are used to finance public welfare payments. The two basic categories for welfare aids are public assistance programs and general assistance programs.

Public Assistance Programs

Aid to Families with Dependent Children (AFDC) — Though federal, state, and county monies are used to finance this program, payments are made at the county level. Eligibility involves low or no income status and lack of other assets.

Minnesota Supplemental Aid Program (MSA) — This program supplements the federal Supplemental Security Income (S.S.I.) program for the aged, blind, or disabled. The majority of funds are state provided, but county funds are also used.

Medical Assistance — Funds from this program are paid to doctors, nursing homes, pharmacists, etc., for medical services provided to welfare recipients.

General Assistance Programs

These cash payments are made to low income persons who do not qualify for AFDC, MSA, or Medical Assistance.

Emergency Assistance

Cash assistance for families with children.

EDUCATION AIDS

The Department of Education administers four major aid programs for the state's school districts. These are as follows:

Foundation Aid — Amounts payable for this general support aid are based on the required expenditure per pupil, local tax support, and amounts of other aids expected.

Transportation Aid — This aid is tied to local support and is based on the number of pupils requiring transportation.

Special Education Aid — The state pays districts for employing teachers in special education and contributes a percentage of the cost for supplies and equipment.

Vocational Aid — The state pays a percentage of specified costs for vocational education programs.

HIGHWAY AND MASS TRANSIT AID

Highway aid is financed from the gasoline excise tax, motor vehicle license fees, and beginning with F.Y. 1985, a portion of motor vehicle excise tax revenues. It is distributed through the following funds:

County State Aid Highway Fund — The formula for distributing these funds is based on vehicle registrations, highway mileage, and need.

Municipal State Aid Street Fund — These funds are distributed on the basis of need and population.

The level of State funding in F.Y. 1984 for the various aid categories is indicated as follows:

Local Aids	
Local Government Aid	\$ 270,394,361
Homestead Credit Aid	509,225,909
Taconite Homestead Credit Aid	18,108,208
Attached Machinery Aid ¹	11,274,276
Agricultural Aid to School Districts	97,078,542
Police and Fire Aids	22,031,289
Other Aids	20,043,366
	<hr/>
	\$ 948,155,951
Shared Taxes	
Mortgage Registry Tax Aid	\$ 701,400 ²
Taconite Production Tax Aid	64,719,785
	<hr/>
	\$ 65,421,185
Welfare Aids	
AFDC	\$ 95,857,000
Minnesota Supplemental Aid	11,632,000
Medical Assistance	418,466,000
General Assistance	27,961,000
Emergency Assistance	193,000
General Assistance Medical Care	32,030,000
	<hr/>
	\$ 586,139,000
Education Aids	
Foundation Aid	\$ 652,686,742
Transportation Aid	80,816,589
Special Education Aid	117,244,912
Vocational Aid	123,768,639
All Other Aids	38,926,896
	<hr/>
	\$1,013,443,778
Transportation Aid	
County	\$ 151,054,413
Municipal	38,464,445
	<hr/>
	\$ 189,518,858

¹Includes School District Attached Machinery Aid.

²Estimated.

A general comparison of fiscal year 1984 state tax collections and aid expenditures is shown below. Property tax refund amounts were included because they represent payments by the state to individuals for tax relief purposes.

State Tax Collections
\$5,002.7 Million

Other Taxes \$582.4 Million
Severance and Gross Earnings \$215.6 Million
Highway Gasoline \$330.3 Million
Corporation and Bank Income \$305.5 Million
Sales and Use \$1,252.5 Million
Individual Income \$2,316.4 Million

Local Aids
\$2,988.8 Million

Transportation Aid \$189.5 Million
Property Tax Refund \$186.2 Million
Welfare Aids \$586.1 Million
Local Aids and Shared Taxes \$1,013.6 Million
Education Aids \$1,013.4 Million

Local Aids — $\frac{\$2,988.8 \text{ million}}{\$5,002.6 \text{ million}} = 60\%$
Net State Tax Collections —

STATE AND LOCAL TAX COLLECTIONS
NET STATE TAX COLLECTIONS

	F.Y. 1983 Net Collections (000's)	F.Y. 1984 Net Collections (000's)	F.Y. 1984 % of Total
Income Taxes			
* Individual	\$1,978,647	\$2,316,365	46.30%
* Corporation	228,909	275,874	5.51
* Bank Excise	25,371	29,624	0.59
* Reciprocity	11,743	14,325	0.29
Estate Taxes			
* Estate	14,512	15,907	0.32
* Inheritance	2,631	1,709	0.03
* Gift	777	307	0.01
Sales and Excise Taxes			
* General Sales and Use	993,519	1,252,528	25.04
Motor Vehicle Excise	123,808	179,018	3.58
* Highway Fuels	261,107	330,284	6.60
* Aviation Fuels	1,995	1,773	0.04
* Intoxicating Liquors	38,701	39,175	0.78
* Fermented Malt Beverages	11,611	11,658	0.23
* Wine	3,024	3,075	0.06
* Cigarettes	82,539	81,683	1.63
Tobacco Products	2,851	3,032	0.06
* Mortgage Registration	10,721	13,327	0.27
* Deed Transfer	8,858	13,112	0.26
Gross Earnings Taxes			
* Telephone	107,961	69,913	1.40
* Telegraph	2,852	1,094	0.02
* Railroad, Regular	1,188	(646)	-0.01
* Taconite Railroad	1,354	286	0.01
* Freight Line	(269)	(43)	0.00
a Insurance Premiums	66,631	68,611	1.37
a Fireman's Relief Surcharge	676	700	0.01
* Rural Electric Cooperatives	40	41	0.00
* Boxing Exhibitions	5	10	0.00
* Hazardous Waste Tax	N/A	776	0.02

Minerals Taxes

* Taconite Production	80,303	67,341	1.35
* Taconite Occupation	0	2,386	0.05
* Iron Ore Occupation	616	555	0.01
* Taconite Royalty	2,861	3,342	0.07
* Iron Ore Royalty	820	449	0.01
* Miscellaneous Ore Royalties	14	12	0.00

In Lieu of Property Taxes

Motor Vehicle Licenses	176,567	197,770	3.95
Aircraft Licenses	1,440	1,524	0.03
* Airflight Property	4,151	4,253	0.09

Collected by:

* Department of Revenue	3,879,412	4,624,308	92.44
Other Agencies	370,507	378,312	7.56
Total Collections	\$4,249,919	\$5,002,620	100.00%

^aCollected by Department of Commerce in FY 1983. Beginning FY 1984 collected by Department of Revenue.

**MINNESOTA LOCAL TAX COLLECTIONS
FISCAL YEARS ENDING
JUNE 30, 1983 AND JUNE 30, 1984**

Property Taxes ¹	Fiscal Year 1983 Amount (000)	Fiscal Year 1984 Amount (000)
Real Property ²	\$1,837,050	\$2,088,495 (E)
Personal Property	66,724	73,678 (E)
Special Assessments	137,142	133,454 (E)
Mobile Home Property ³	3,910	4,200 (E)
Tree Growth	367	N/A
Auxiliary Forest ⁴	61	N/A
3E Timberland Classification ⁴	2,838	N/A
Rural Powerlines	5,517	6,004 ⁵

Sales Tax

Bloomington	1,726	1,956
Duluth	5,029	5,337
Minneapolis	2,256	2,440
Rochester	839	4,018
St. Cloud	129	144
St. Paul	485	633
Stadium Commission	3,150	2,953

Gross Earnings Taxes⁴

Minneapolis	8,530	9,336
St. Paul	15,915	16,943

Footnotes

¹Fiscal year 1983 property taxes were levied in calendar year 1982 and were payable in calendar year 1983. Fiscal year 1984 property taxes were levied in calendar year 1983 and were payable in calendar year 1984. Taxes on mobile homes are levied and payable in the same year.

	Fiscal Year 1983 (000)	Fiscal Year 1984 (000)
After Credits		
Regular Homestead Credit	\$ 503,686	\$ 506,092 (E)
Taconite Homestead Credit	17,351	18,828 (E)
Supplemental Homestead Credit	504	589 (E)
Agricultural Credit	96,947	96,000 (E)
Native Prairie Credit	109	124 (E)
Wetlands Credit	2,792	406 (E)
Reduced Assessment Credit	14,584	—0— (E)
Power Line Credit	152	165 (E)
Agricultural Preserves Credit	125	340 (E)
Enterprise Zone Credit	—0—	65? (F)

³After Credits

Regular Homestead Credit	\$	3,563	\$	4,147 (E)
Taconite Credit		206		225 (E)
Reduced Assessment Credit		9		-0- (E)
Agricultural Credit		51		10 (E)

⁴Fiscal year figures are as of calendar years ending 12/31.⁵Otter Tail County excluded. In 1983 tax levies from Otter Tail County amounted to \$129,815.

(E) Estimated.

N/A Not Available.

STATE TAX RANKINGS

Per Capita Personal Income
Calendar Year 1983

1. Alaska	\$17,194
2. District of Columbia	15,744
3. Connecticut	14,895
4. New Jersey	14,122
5. Massachusetts	13,264
6. California	13,257
7. Maryland	12,994
8. New York	12,990
9. Colorado	12,770
10. Delaware	12,665
11. Nevada	12,451
12. Illinois	12,405
13. Kansas	12,247
14. Washington	12,177
15. Virginia	12,116
16. Hawaii	12,114
17. New Hampshire	12,021
18. MINNESOTA	11,913
19. Wyoming	11,911
20. Texas	11,685
21. Rhode Island	11,670
22. North Dakota	11,666
23. Florida	11,593
24. Michigan	11,466
25. Pennsylvania	11,448
26. Wisconsin	11,352
27. Ohio	11,216
28. Nebraska	11,212
29. Missouri	10,969
30. Oklahoma	10,963
31. Oregon	10,740
32. Iowa	10,705
33. Arizona	10,656
34. Indiana	10,476
35. Georgia	10,379
36. Louisiana	10,270
37. Vermont	9,979
38. Montana	9,949
39. South Dakota	9,847
40. Maine	9,847
41. North Carolina	9,787
42. New Mexico	9,640
43. Idaho	9,555
44. Tennessee	9,549
45. Kentucky	9,397
46. Alabama	9,242
47. South Carolina	9,187
48. West Virginia	9,159
49. Utah	8,993
50. Arkansas	8,967
51. Mississippi	8,098
U.S. Average	\$11,658

— Minnesota —

	Amount	Rank
1980	9,673	18
1981	10,725	19
1982	11,290	19

**PERCENTAGE OF PERSONAL
INCOME REMAINING AFTER
STATE AND LOCAL TAXES**

1. New Hampshire	92.09%
2. Florida	91.65
3. Tennessee	92.58
4. Missouri	91.51
5. Arkansas	91.41
6. Indiana	91.36
7. Alabama	91.27
8. Texas	91.16
9. Virginia	90.97
10. Colorado	90.87
11. Idaho	90.84
12. Kansas	90.78
13. South Dakota	90.72
14. North Carolina	90.69
15. Georgia	90.62
16. North Dakota	90.57
17. Kentucky	90.55
18. Mississippi	90.50
19. South Carolina	90.44
20. Connecticut	90.38
21. Nevada	90.25
22. Ohio	90.19
23. Arizona	90.01
24. Delaware	89.95
25. California	89.92
26. Illinois	89.88
27. Pennsylvania	89.79
28. Nebraska	89.78
29. Louisiana	89.77
30. Oklahoma	89.75
31. New Jersey	89.68
32. Maryland	89.61
33. West Virginia	89.39
34. Utah	89.30
35. Washington	89.28
36. Massachusetts	89.26
37. New Mexico	89.20
38. Iowa	89.06
39. Maine	89.01
40. Rhode Island	88.90
41. Vermont	88.60
42. Oregon	88.56
43. Montana	88.15
44. Michigan	88.05
45. Hawaii	87.97
46. MINNESOTA	87.63
47. Wisconsin	87.45
48. District of Columbia	86.46
49. New York	85.46
50. Wyoming	79.49
51. Alaska	71.46

— Minnesota —	Percent	Rank
1980	88.43	44
1981	89.14	38
1982	88.46	42

**STATE AND LOCAL TAX COLLECTIONS
Per Capita — Fiscal Year 1983**

1. Alaska	\$4,907.74
2. Wyoming	2,443.48
3. District of Columbia	2,132.43
4. New York	1,889.21
5. MINNESOTA	1,473.41
6. Hawaii	1,457.05
7. New Jersey	1,456.72
8. Connecticut	1,433.58
9. Wisconsin	1,424.60
10. Massachusetts	1,424.51
11. Michigan	1,370.35
12. Maryland	1,349.85
13. California	1,336.90
14. Washington	1,305.83
15. Rhode Island	1,294.91
16. Delaware	1,272.81
17. Illinois	1,255.27
18. Oregon	1,228.55
19. Nevada	1,214.03
20. Montana	1,178.90
21. Iowa	1,171.15
22. Pennsylvania	1,169.16
23. Colorado	1,166.30
24. Nebraska	1,146.39
25. Vermont	1,138.10
26. Kansas	1,128.79
27. Oklahoma	1,123.17
28. North Dakota	1,100.34
29. Ohio	1,100.03
30. Virginia	1,094.43
31. Maine	1,082.03
32. Arizona	1,064.28
33. Louisiana	1,050.77
34. New Mexico	1,041.01
35. Texas	1,032.50
36. Georgia	973.14
37. West Virginia	971.66
38. Florida	967.64
39. Utah	962.60
40. New Hampshire	950.52
41. Missouri	930.95
42. South Dakota	913.61
43. North Carolina	911.29
44. Indiana	905.31
45. Kentucky	888.22
46. South Carolina	878.41
47. Idaho	874.83
48. Alabama	806.40
49. Tennessee	803.91
50. Arkansas	770.66
51. Mississippi	769.46
U.S. Average	\$1,216.27

— Minnesota —	Amount	Rank
1980	1,124.73	9
1981	1,169.63	11
1982	1,289.70	10

**STATE AND LOCAL
PROPERTY TAX COLLECTIONS**

Per Capita — Fiscal Year 1983

1. Wyoming	\$1,006.90
2. Alaska	838.11
3. New Jersey	634.55
4. Connecticut	617.18
5. New York	608.72
6. New Hampshire	603.84
7. District of Columbia	588.13
8. Michigan	570.70
9. Montana	559.69
10. Rhode Island	537.30
11. Wisconsin	536.36
12. Massachusetts	523.31
13. Oregon	506.83
14. Illinois	477.30
15. Nebraska	475.67
16. Iowa	469.23
17. Vermont	451.64
18. Kansas	445.69
19. MINNESOTA	413.11
20. Maine	409.48
21. Colorado	407.91
22. South Dakota	389.05
23. Texas	380.58
24. Washington	378.96
25. Ohio	354.87
26. Maryland	353.73
27. California	346.80
28. Florida	331.80
29. Virginia	323.88
30. North Dakota	317.75
31. Arizona	315.69
32. Pennsylvania	314.44
33. Indiana	313.28
34. Utah	280.76
35. Hawaii	268.74
36. Georgia	266.28
37. Missouri	243.77
38. Idaho	238.24
39. Nevada	233.76
40. South Carolina	215.49
41. North Carolina	213.10
42. Tennessee	206.07
43. Oklahoma	188.53
44. Delaware	186.67
45. West Virginia	180.42
46. Mississippi	165.15
47. Arkansas	161.89
48. Kentucky	160.02
49. Louisiana	147.23
50. New Mexico	144.00
51. Alabama	99.16

U.S. Average

\$ 381.46

— Minnesota —	Amount	Rank
1980	324.19	22
1981	326.92	22
1982	341.50	25

**STATE INDIVIDUAL
INCOME TAX COLLECTIONS**

Per Capita — Fiscal Year 1983

1. Delaware	\$518.13
2. MINNESOTA	477.31
3. New York	468.43
4. Oregon	443.93
5. Massachusetts	428.69
6. Wisconsin	364.99
7. Hawaii	339.21
8. Maryland	338.91
9. California	303.85
10. Michigan	283.06
11. Virginia	279.13
12. Rhode Island	273.44
13. North Carolina	254.87
14. Iowa	249.27
15. Georgia	234.14
16. Idaho	226.26
17. South Carolina	220.24
18. Kansas	218.83
19. Vermont	216.71
20. Utah	213.60
21. Colorado	208.82
22. Maine	205.88
23. Oklahoma	197.45
24. New Jersey	192.85
25. Illinois	191.60
26. Montana	185.78
27. Ohio	183.52
28. Missouri	178.12
29. Nebraska	175.74
30. Kentucky	174.25
31. Pennsylvania	171.88
32. Arkansas	166.81
33. Arizona	162.24
34. West Virginia	158.06
35. Indiana	149.52
36. Alabama	140.54
37. Mississippi	77.74
38. Connecticut	56.89
39. North Dakota	51.67
40. Louisiana	51.66
41. New Hampshire	17.44
42. New Mexico	11.88
43. Tennessee	11.13
44. Alaska	3.22
Washington	0.00
Florida	0.00
South Dakota	0.00
Nevada	0.00
Wyoming	0.00
Texas	0.00
U.S. Average*	\$248.26

*Based on a 44 state average.

— Minnesota —	Amount	Rank
1980	309.71	6
1981	342.60	7
1982	380.06	4

STATE SALES TAX COLLECTIONS

Per Capita — Fiscal Year 1983

1. Hawaii	\$587.61
2. Washington	570.69
3. Nevada	413.39
4. West Virginia	379.32
5. Wyoming	369.74
6. Connecticut	351.86
7. New Mexico	342.83
8. Florida	312.19
9. California	308.51
10. Mississippi	294.31
11. Arizona	285.29
12. Indiana	277.94
13. Wisconsin	254.57
14. Tennessee	251.28
15. South Dakota	247.91
16. Utah	241.72
17. MINNESOTA	239.44
18. Maine	235.87
19. Nebraska	223.30
20. Rhode Island	222.46
21. New Jersey	222.32
22. Michigan	217.15
23. North Dakota	215.26
24. South Carolina	211.88
25. Texas	211.14
26. Illinois	208.43
27. Kansas	205.56
28. Georgia	204.65
29. Maryland	201.00
30. New York	199.92
31. Pennsylvania	198.83
32. Colorado	198.33
33. Missouri	198.16
34. Iowa	196.59
35. Louisiana	190.89
36. Kentucky	188.59
37. Arkansas	187.92
38. Ohio	186.54
39. Massachusetts	182.37
40. Idaho	167.24
41. Alabama	166.62
42. North Carolina	135.76
43. Virginia	130.01
44. Vermont	127.07
45. Oklahoma	124.05
New Hampshire	0.00
Oregon	0.00
Delaware	0.00
Montana	0.00
Alaska	0.00
U.S. Average*	\$235.43

*Based on a 45 state average.

— Minnesota —	Amount	Rank
1980	159.46	37
1981	168.47	36
1982	214.67	20

CORPORATE INCOME TAX COLLECTIONS

Per Capita — Fiscal Year 1983

1. Alaska	\$555.95
2. Massachusetts	114.56
3. Connecticut	113.88
4. Michigan	110.74
5. California	101.45
6. New Jersey	88.97
7. New Hampshire	77.12
8. New York	75.79
9. Louisiana	72.41
10. Wisconsin	71.52
11. Pennsylvania	69.79
12. MINNESOTA	61.29
13. Kansas	58.29
14. Arizona	54.14
15. Illinois	52.58
16. North Carolina	50.40
17. Delaware	49.16
18. Vermont	48.38
19. Iowa	47.67
20. Oregon	47.00
21. Kentucky	46.34
22. North Dakota	44.99
23. Rhode Island	44.45
24. New Mexico	44.13
25. Montana	43.85
26. Tennessee	43.51
27. Georgia	41.67
28. South Carolina	39.27
29. Ohio	38.62
30. Arkansas	37.34
31. Florida	34.78
32. Maryland	34.48
33. Alabama	33.78
34. Virginia	33.01
35. Nebraska	32.33
36. Idaho	31.46
37. Oklahoma	31.33
38. Maine	28.83
39. Mississippi	26.59
40. Indiana	25.55
41. Missouri	23.87
42. West Virginia	22.98
43. Hawaii	21.53
44. Utah	19.51
45. Colorado	17.90
46. South Dakota	3.66
Washington	0.00
Nevada	0.00
Wyoming	0.00
Texas	0.00
U.S. Average*	\$ 62.06

*Based on a 46 state average.

— Minnesota —	Amount	Rank
1980	93.50	4
1981	81.38	6
1982	79.81	8

PER CAPITA STATE AND LOCAL EXPENDITURES

MINNESOTA AND U.S. AVERAGE, Fiscal Year 1983

(Direct, General Expenditures —
Including Capital Outlay)

	Minnesota Per Capita	U.S. Per Capita
Education		
Local Schools	\$ 575.89	\$ 482.71
Higher Education	206.93	187.28
Other	28.36	30.39
Total Education	811.18	700.38
Veterans	.32	.32
Libraries	11.28	9.46
Welfare	356.07	251.02
Health and Hosp.	207.24	188.56
Highways	241.19	156.66
Airports	10.84	12.88
Police	66.06	76.65
Fire	27.46	32.40
Corrections	32.74	41.81
Sewerage	59.84	48.03
Housing and Renewal	33.67	36.35
Natural Resources/Parks	89.62	64.67
Financial Admin.	42.56	37.56
General Control	61.47	51.69
Public Building	17.84	15.49
Interest on Debt	154.11	103.15
All Other	180.90	158.78
Totals	\$2,404.40	\$1,985.87

	Minnesota Per Capita Rank	Minnesota as Pct. of U.S.
Education		
Local Schools	7	119%
Higher Education	23	110
Other	28	93
Total Education	18	100
Veterans	18	100
Libraries	14	119
Welfare	6	142
Health and Hosp.	14	110
Highways	11	154
Airports	21	84
Police	27	86
Fire	26	85
Corrections	30	78
Sewerage	13	125
Housing and Renewal	21	93
Natural Resources/Parks	13	139
Financial Admin.	20	113
General Control	11	119
Public Building	18	115
Interest on Debt	10	149
All Other	13	114
Total Rank/Pct.	6	121

ADDENDUM TO 1984 MINNESOTA TAX HANDBOOK

This addendum provides a brief summary of major tax law changes enacted since publication in January, 1985 of the MINNESOTA TAX HANDBOOK (light blue pocketbook). It includes tax changes made during the 1985 Regular Legislative Session and the subsequent Special Session. Also included are various tables showing updated tax rates, classifications, and collection amounts. Page numbers are listed to provide an easy reference to the handbook.

The tax handbook will be published regularly every two years, so this supplement is intended to cover interim year changes.

History of Major Changes:

Individual Income Tax (p. 5)

- 1985 — Repealed election for separate filings on a combined return for married persons. Allowed option to deduct federal taxes and replaced single rate schedule with four new rate schedules. Maximum standard deduction changed and indexing for 1986 of new tax brackets, standard deduction and personal credits based on C.P.I. for the United States. Repealed taxable income adjustment factor. Conformed certain itemized deductions to federal treatment. Replaced minimum tax with alternative minimum tax. Eliminated additions for farm losses, IRA, SEP or Keough contributions and federal deduction for two-earner married couples. Repealed subtraction for social security benefits. Restricted pension exclusion to age 65 or over or disabled, except for specified pension funds. Repealed low income credit, homemaker credit, residential energy credit, resource recovery credit, pollution control credits, conservation tillage credit and equity investment credit.

Corporate Income Tax (p. 9)

- 1985 — Pollution control credits and equity investment credit repealed. Certain mail order firms allowed to use single factor sales apportionment. Technology transfer credit and small business assistance office credit extended.

Estate Tax (p. 13)

- 1985 — Repealed the provisions of the regular estate tax based on separate rates and replaced with tax based entirely on the amount of the state death tax credit allowed for federal purposes (federal "pick-up" tax).

Sales and Use Tax (p. 15)

- 1985 — Rate reduced to 2% for farm machinery. Enacted exemptions for farm machinery repair and replacement parts, admissions to certain school events and capital equipment for construction of new or expanded manufacturing facilities in distressed counties. Exempted fund-raising sales for certain educational or social organizations, senior citizen groups and non-profit organizations, under specified conditions. Exemption for central office telephone equipment repealed.

Motor Vehicle Excise Tax (p. 16)

- 1985 — Enacted a \$10 tax on cars at least ten years old in lieu of 6% excise tax.

Motor Fuels Taxes (p. 17)

- 1985 — Enacted tax credits for distributors in lieu of reduced rates for gasohol. Imposed an annual fee for vehicles using compressed natural gas in lieu of motor fuels tax.

Alcoholic Beverage Tax (p. 19)

- 1985 — Preferential rates for Minnesota vintners' wine and Minnesota brewers' credit repealed. Small brewers' credit enacted.

Cigarette Tax (p. 21)

- 1985 — Increased to twenty-three cents a pack (subject to increase if federal tax reduced). Distribution of revenue changed as follows: 2¢ per pack to natural resources acceleration account, 4¢ per pack to water pollution control fund, 1¢ per pack to public health fund, remainder to general fund (distribution is modified if federal tax reduced).

Tobacco Products Tax (p. 21)

- 1985 — Rate increased to 25% of wholesale price with additional proceeds credited to pollution control fund.

Mortgage Registry Tax (p. 22)

- 1985 — Proceeds credited entirely to county revenue fund.

Deed Transfer Tax (p. 23)

- 1985 — Proceeds credited entirely to county revenue fund.

Gross Earnings Taxes (p. 26)

- 1985 — Enacted phase-out of telephone company gross earnings tax rates with repeal after 1989 (to be replaced by property tax).

	<u>Rural Subscribers and Cities of the Fourth Class</u>	<u>All Other Business</u>
1987	3.0%	5.5%
1988	1.5%	3.0%
1989	1.0%	2.5%
1990	- 0 -	- 0 -

Royalty Taxes (p. 28)

- 1985 — Reduced rate on taconite and natural ores to 14% by 1987.

Occupation Taxes (p.30)

- 1985 — Reduced rate on taconite and natural ores to 14% by 1987.

Production Taxes (p. 32)

- 1985 — Production taxes paid directly to counties and IRRRB. Distribution of revenue changed.

Local Property Tax (p. 45)

- 1985 — Agricultural credit increased. Classification ratios reduced for timberland, agricultural non-homesteads and qualifying non-profit community service property. Changed classification ratios for agricultural and non-agricultural homesteads and employment property. Increased classification ratio for FHA rental property. Homestead credit increased for agricultural and non-agricultural homesteads. Property tax re-fund formula changed.

**TAX YEAR 1985
INDIVIDUAL INCOME TAX
RATE SCHEDULES* (p. 1)**

Married Couples Filing Joint Returns

Elect to Deduct Federal Taxes		Elect Not to Deduct Federal Taxes	
Taxable Income	Rate	Taxable Income	Rate
\$ 1 — \$ 875	1.5%	\$ 1 — \$ 1,200	1.7%
876 — 1,750	2.0	1,201 — 1,700	2.1
1,751 — 3,500	2.9	1,701 — 2,700	2.3
3,501 — 5,375	4.8	2,701 — 5,600	3.3
5,376 — 7,000	5.9	5,601 — 9,100	5.3
7,001 — 7,125	6.1		
7,126 — 8,875	7.2		
8,876 — 12,375	8.3	9,101 — 12,600	6.8
12,376 — 14,000	9.3	12,601 — 17,800	8.5
14,001 — 16,000	10.0		
16,001 — 21,500	11.0	17,801 — 30,800	9.3
21,501 — 22,125	11.3		
22,126 — 25,500	12.3		
25,501 — 28,500	12.6		
28,501 — 31,750	13.7	30,801 and over	9.9
31,751 and over	14.0		

Single, Married-Separate, Estates, and Trusts

Elect to Deduct Federal Taxes		Elect Not to Deduct Federal Taxes	
Taxable Income	Rate	Taxable Income	Rate
\$ 1 — \$ 700	1.3%	\$ 1 — \$ 300	1.0%
		301 — 600	1.3
		601 — 900	1.6
701 — 1,400	1.9	901 — 1,300	2.1
1,401 — 2,800	3.2	1,301 — 2,000	2.7
		2,001 — 2,800	3.7
2,801 — 4,300	5.4	2,801 — 4,300	4.5
4,301 — 5,700	6.9	4,301 — 6,400	6.1
5,701 — 7,100	8.4	6,401 — 9,400	7.5
7,101 — 9,900	9.8		
9,901 — 12,800	11.1	9,401 — 16,200	9.3
12,801 — 15,400	12.4		
15,401 — 19,400	13.6		
19,401 and over	14.0	16,201 and over	9.9

* For 1986, brackets will be indexed by the C.P.I. for the United States.

**REAL PROPERTY CLASSIFICATION PERCENTAGES
TAXES PAYABLE IN 1986 (p. 39)**

Type of Property	Classification Percentage
Blind/Disabled Homestead	First \$32,000- 5%
Agricultural	\$32,000 to \$64,000-14%
	Over \$64,000-18%
Non-Agricultural	\$32,000 to \$64,000-18%
	Over \$64,000-29%
Agricultural Homestead	First \$64,000-14%
	Over \$64,000-18%
Agricultural Non-Homestead	18%
Timberland	18%
Seasonal Recreational Residential:	
Commercial, under 200 days	21%
Non-Commercial	21%
Commercial Seasonal Recreational Residential, under 200 Days and Includes Owner's Homestead	12%
Residential Homestead	First \$64,000-18%
	Over \$64,000-29%
Residential Non-Homestead:	
Apartments with 4 or more Units	
Not Title II	34%
Land of Title II	34%
Residential Non-Homestead	
3 or less Units	28%
Type I & II Apartments (Structures)	
Four or Less Stories	34%
Five or More Stories	25%
Title II National Housing (Structures)	20%
Farm Home Administration (Municipalities under 10,000 Population-Structures)	10%
Section 8 (Structures)	20%
Commercial-Industrial Land and Buildings	First \$60,000-28%
	Over \$60,000-43%
Vacant Land	40%
Public Utility:	
Land and Buildings	First \$60,000-28%
	Over \$60,000-43%
Machinery	33 1/3%
Unmined Iron Ore	50%
"Low Recovery" Iron Ore	30-48 1/2%

NOTE: Mobile Homes are Classified as Personal Property but Receive the Same Classification Percentages that would Apply if they were Classified as Real Property.

NET STATE TAX COLLECTIONS (p. 59)

Applicable Percentages and
Maximum Property Tax Refund Amounts (p. 42)

Size of Combined Household Income*	Percent of Income Which Property Taxes Must Exceed in Order to Qualify for a Refund	Percent of Remaining Property Taxes Which State Will Pay	Overall Maximum Refund Amount
Net Loss — \$ 7,999	1.0%	95% to 88%	\$1,125
\$ 8,000 — 11,999	1.1% to 1.4%	87% to 84%	\$1,125
12,000 — 19,999	1.5%	83% to 76%	\$1,125
20,000 — 22,999	1.6%	75% to 71%	\$1,125
23,000 — 25,999	1.8%	69% to 65%	\$1,125 to \$1,105
26,000 — 30,999	2.0%	62% to 50%	\$1,080 to \$ 930
31,000 — 35,999	2.2%	50%	\$ 900 to \$ 500
36,000 — 39,999	2.4%	50%	\$ 400 to \$ 100
\$40,000 And Over	—	—	No Refund

* Subsequent to 1985 Laws. Also, a \$2,000 income exclusion applies for senior citizen or disabled claimants.

	F.Y. 1985 Net Collections (000's)	F.Y. 1985 % of Total
Income Taxes		
Individual	\$ 2,233,450	43.47%
Corporation	353,418	6.88
Bank Excise	26,950	0.52
Reciprocity	16,153	0.31
Estate Taxes		
Estate	16,758	0.33
Inheritance	1,101	0.02
Gift	110	.00
Sales and Excise Taxes		
General Sales & Use	1,347,474	26.22
*Motor Vehicle Excise	197,016	3.83
Highway Fuels	347,794	6.77
Aviation Fuels	2,314	0.05
Intoxicating Liquor	37,975	0.74
Fermented Malt Beverages	11,675	0.23
Wine	2,777	0.05
Cigarettes	82,170	1.60
Tobacco Products	3,144	0.06
Mortgage Registration	12,849	0.25
Deed Transfer	13,196	0.26
Gross Earnings Taxes		
Telephone	54,340	1.06
Telegraph	520	0.01
Railroad, Regular	(559)	-0.01
Taconite Railroad	0	0.00
Freight Line	0	0.00
Insurance Gross Premiums	74,204	1.44
Fire Marshall	1,546	0.03
Fireman's Relief Surcharge	716	0.01
Rural Electric Cooperatives	42	.00
Charitable Gambling	444	0.01
Hazardous Waste Tax	995	0.02
Solid Waste Tax	1,220	0.02
Minerals Taxes		
Taconite Production	64,514	1.26
Taconite Occupation	10,606	0.21
Iron Ore Occupation	380	0.01
Taconite Royalty	3,936	0.08
Iron Ore Royalty	523	0.01
Miscellaneous Royalty	5	.00
In Lieu of Property Taxes		
*Motor Vehicle Licenses	212,511	4.14
*Aircraft Licenses	1,436	0.03
Airflight Property	4,716	0.09
Collected by:		
Department of Revenue	\$ 4,727,456	92.00%
*Other Agencies	\$ 410,963	8.00%
Total Collections	\$ 5,138,419	100.00%

LOCAL TAX COLLECTIONS (p. 61)

	<u>Fiscal Year</u> <u>1985 Amount</u> 000's
Property Taxes ¹	
Real Property ²	\$2,147,405
Personal Property	79,372
Special Assessments	136,671
Mobile Home Property ³	4,906
Tree Growth	N/A
Auxiliary Forest	N/A
3E Timberland Classification	N/A
Rural Powerlines	8,071
Sales Tax	
Bloomington	2,101
Duluth	5,496
Minneapolis	2,655
Rochester	6,237
St. Cloud	156
St. Paul	735
Stadium Commission	1,609
Gross Earnings Taxes	
Minneapolis ⁴	9,977
St. Paul	15,621

Footnotes

¹ Fiscal year 1985 property taxes were levied in calendar year 1984 and were payable in calendar year 1985. Taxes levied on mobile homes are levied and payable in the same year.

Fiscal Year
1985 Amount
 000's

² After Credits	
Regular Homestead Credit	\$ 529,044
Taconite Homestead Credit	10,772
Supplemental Homestead Credit	311
Agricultural Credit	106,513
Native Prairie Credit	139
Wetlands Credit	422
Power Line Credit	164
Agricultural Preserves Credit	391
Enterprise Zone Credit	1,014
³ After Credits	
Regular Homestead Credit	4.048
Taconite Credit	217
Agricultural Credit	34

⁴Amount for calendar year 1985.

N/A Not Available