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# MINNESOTA TAX HANDBOOK

**A Profile of State and  
Local Taxes in Minnesota**

**1986 Edition**



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1986

**MINNESOTA DEPARTMENT OF REVENUE  
Tax Research Division**

**February 1987**

# Minnesota Tax Handbook

## A Profile of State and Local Taxes in Minnesota 1986 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 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  
Tax Research Division (230)  
P.O. Box 64446  
St. Paul, MN 55164  
(612) 296-3425

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**SECTION ONE**

**INCOME TAXES**  
**INDIVIDUAL INCOME TAX**  
 Minnesota Statutes, Section 290.03

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

**Rates:**

**TAX YEAR 1986**  
**INDIVIDUAL INCOME TAX**  
**RATE SCHEDULES\***

**Married Couples Filing Joint Returns**

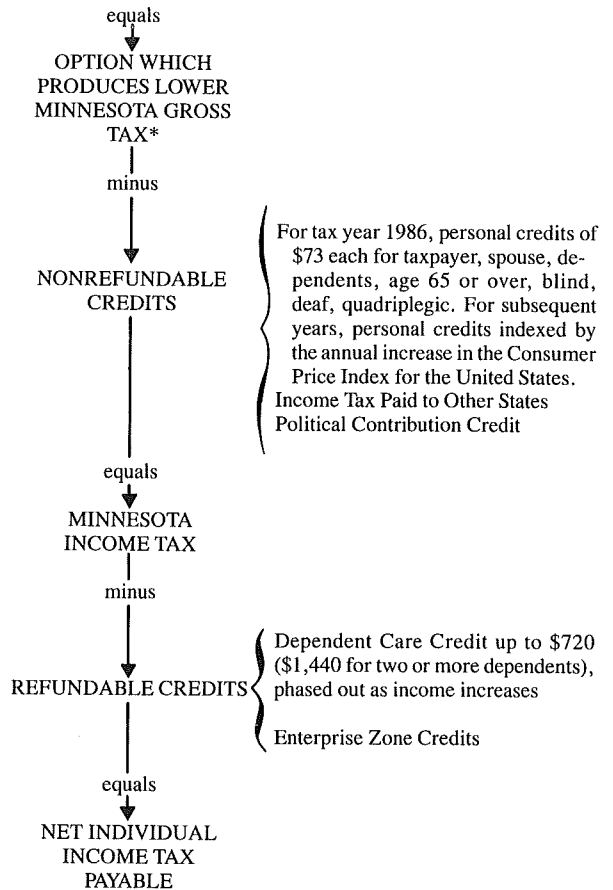
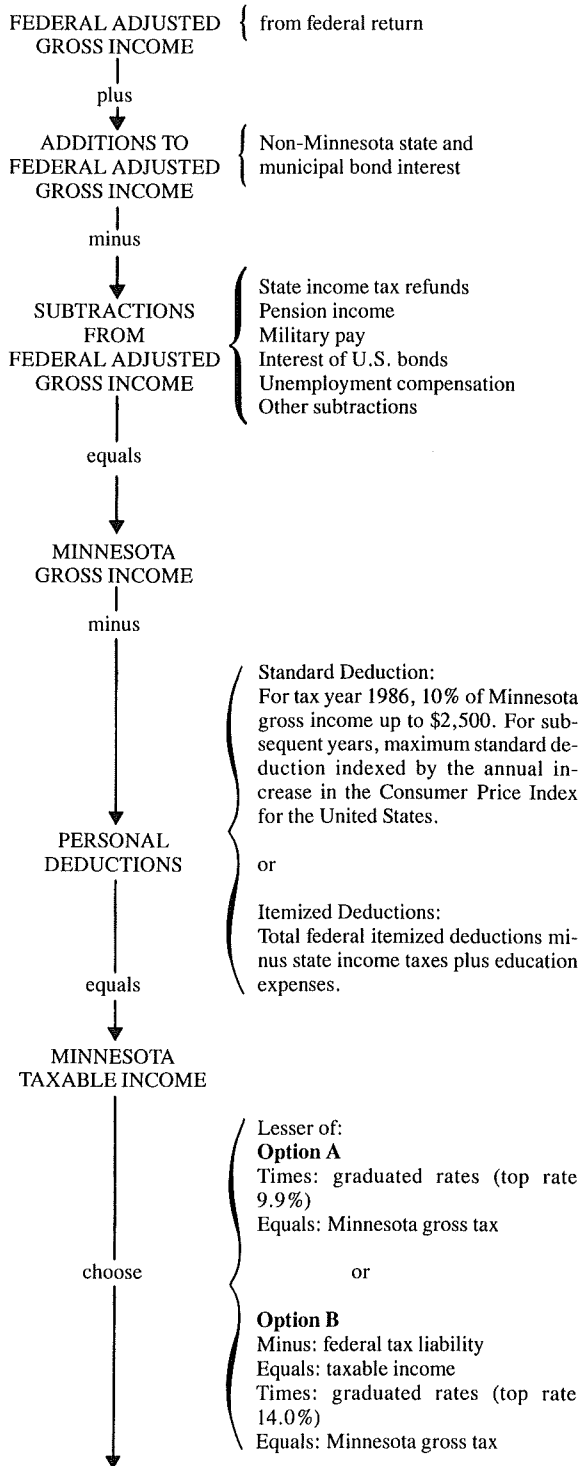
Elect to Deduct Federal Taxes		Elect NOT to Deduct Federal Taxes	
Taxable Income	Rate	Taxable Income	Rate
\$ 1 — \$ 910	1.5%	\$ 1 — \$ 1,240	1.7%
911 — 1,810	2.0	1,241 — 1,760	2.1
1,811 — 3,630	2.9	1,761 — 2,800	2.3
3,631 — 5,570	4.8	2,801 — 5,810	3.3
5,571 — 7,260	5.9	5,811 — 9,440	5.3
7,261 — 7,390	6.1	9,441 — 13,070	6.8
7,391 — 9,200	7.2	13,071 — 18,460	8.5
9,201 — 12,830	8.3	18,461 — 31,940	9.3
12,831 — 14,520	9.3	31,941 and over	9.9
14,521 — 16,590	10.0		
16,591 — 22,300	11.0		
22,301 — 22,940	11.3		
22,941 — 26,440	12.3		
26,441 — 29,550	12.6		
29,551 — 32,920	13.7		
32,921 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 — \$ 730	1.3%	\$ 1 — \$ 310	1.0%
731 — 1,450	1.9	311 — 620	1.3
1,451 — 2,900	3.2	621 — 930	1.6
2,901 — 4,460	5.4	931 — 1,350	2.1
4,461 — 5,910	6.9	1,351 — 2,070	2.7
5,911 — 7,360	8.4	2,071 — 2,900	3.7
7,361 — 10,270	9.8	2,901 — 4,460	4.5
10,271 — 13,270	11.1	4,461 — 6,640	6.1
13,271 — 15,970	12.4	6,641 — 9,750	7.5
15,971 — 20,120	13.6	9,751 — 16,800	9.3
20,121 and over	14.0	16,801 and over	9.9

\*Reflects taxable income brackets for 1986 tax year. For subsequent years, brackets will be indexed by the annual increase in the Consumer Price Index for the United States.

**Computation:**



\*Special computations apply to the alternative minimum tax and to lump sum distributions from qualified pension, profit-sharing, or stock bonus plans.

**Special Provisions:**

1. Taxpayer may assign \$2 from general fund to political parties or campaign funds.
2. Reciprocity agreements exempt North Dakota, Wisconsin, and Michigan residents from filing Minnesota returns on wage and personal service income earned in this state.
3. Taxpayers may assign \$1 or more 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. 1984	\$2,316,365,000
	F. Y. 1985	\$2,233,451,000
	F. Y. 1986	\$1,948,595,000

Disposition: State General Fund

## Administration

Agency: Minnesota Department of Revenue

Who Pays: An individual trust or estate with Minnesota income which meets or exceeds the 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. Quarterly payments of estimated tax are required for income not subject to withholding.

## History of Major Changes

- 1933 — Income tax enacted at graduated rates from 1% to 5%.
- 1937 — Graduates rates increased and credits replaced original exemptions.
- 1949 — Standard deduction of 10% up to \$500 established. 5% surtax levied on the normal rate.
- 1951 — Additional personal credits allowed for blind persons and age 65 and over.
- 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 persons 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 subtraction 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 subtraction modified and extended to private pensions. Low income credit levels and political contribution credit increased.
- 1979 — Personal credits increased; to be indexed after 1980. Additional personal credits for quadriplegic persons allowed. Maximum standard deduction increased 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 repealed. Subtraction of military pay reinstated. Political contribution credit and property tax refund increased. Credits allowed for pollution control expenditures and renewable energy source expenses.
- 1980 — Pension income subtraction 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 subtraction. 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. Nonresident tax basis changed to allocated portion of total tax.

- 1985 — Required the election of married persons (to file a joint return or separate returns) to be the same as the federal election.
- Lowered the tax rates. Replaced the one rate schedule with four.
  - Established a rate schedule for married-joint returns different from the one that applies to single persons and married-separate returns. Changed certain other provisions to be based on the joint income of the couple rather than the income of each taxpayer.
  - Made the deductibility of the federal income tax an option, with a higher set of rates used when the federal tax is deducted.
  - Changed the point at which the standard or itemized deductions are subtracted to be before any federal tax, rather than after.
  - Changed the indexing of the tax brackets, maximum standard deduction, and personal credits to be based on the annual increase in the Consumer Price Index for the United States.
  - Eliminated additions for the federal deduction for two-earner married couples, contributions to an individual retirement account, simplified employee plan, or Keogh plan, and the farm loss modification.
  - Eliminated the subtraction for social security benefits.
  - Modified the subtraction for pension income and restricted it to persons age 65 or over or disabled, with some exceptions.
  - Conformed certain itemized deductions to federal treatment.
  - Repealed the taxable net income adjustment factor.
  - Repealed the low income credit, homemaker credit, residential energy credit, resource recovery equipment credit, pollution control credits, conservation tillage credit, and equity investment credit.
  - Replaced the minimum tax with an alternative minimum tax.

**CALENDAR YEAR 1986 ESTIMATED  
INDIVIDUAL INCOME TAX BURDENS  
FOR HYPOTHETICAL TAXPAYERS**

FILER TYPE	SIZE OF GROSS INCOME				
	\$15,000	\$25,000	\$35,000	\$50,000	\$100,000
Single Taxpayer	\$757	\$1,384	\$2,205	\$3,357	\$6,645
Married Filing Joint					
One Wage-earner	\$339	\$ 904	\$1,648	\$2,812	\$6,509
2 Dependents					
Married Filing Separate					
70-30 Income Split	\$305	\$ 834	\$1,550	\$2,664	\$6,265
2 Dependents					

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

**Comparison With Other States**

	California		Illinois	Iowa	Michigan	MINNESOTA	New York	North Dakota	Wisconsin
	No	No	No	Yes 15% to: \$1,200 3,000 1,200	No	Option 10% to: \$2,500 2,500 1,200	No	Yes	No
<b>Federal Tax Deduction Standard Deduction</b>									
Single	\$1,710						\$2,600	\$2,480	\$5,200 <sup>a</sup>
Joint	3,420						3,000	3,670	7,200 <sup>a</sup>
Married Separate	1,710						3,000	1,835	3,420 <sup>a</sup>
<b>Personal Exemptions</b>									
Single			\$1,000		\$1,500		\$ 850	\$1,080	
Joint			2,000		3,000		1,700	2,160 <sup>b</sup>	
Dependent			1,000		1,500		850	1,080	
<b>Personal Credits</b>									
Single	\$43			\$20		\$ 73			
Joint	86			40		145			
Dependent	14			15		73			
<b>Rates</b>									
Single	1% to 11% on income over \$28,790	2 1/2% on taxable net income	2 1/2% on taxable net income	.5% to 13% on taxable income over \$76,725	4.6% on taxable income	See Rates Above	2% to 13.5% on income over \$26,000	2%—9% <sup>d</sup> on taxable income over \$50,000	5% to 7.9% on income over \$30,000 single \$40,000 joint \$20,000 married-separate
	(Indexes brackets, standard deduction, and credits)	(Indexes tax brackets)	(Indexes tax brackets)	(Indexes brackets, standard deduction, and credits)					(Indexes tax brackets and standard deduction)

South Dakota and Texas do not impose personal income taxes.

<sup>a</sup>The standard deduction declines to zero as income increases from \$7,500 to \$50,830 for singles, \$10,000 to \$77,500 for joint, and \$4,750 to \$36,810 for married-separate.

<sup>b</sup>North Dakota allows an additional \$300 exemption if filing status is married filing joint, head of household, or surviving spouse with dependent child.

<sup>c</sup>New York has a 9.5% maximum rate on personal service income.

<sup>d</sup>Alternative tax liability of 10.5% of adjusted federal income tax liability may be elected.



## CORPORATION INCOME TAX

Minnesota Statutes, Section 290.02

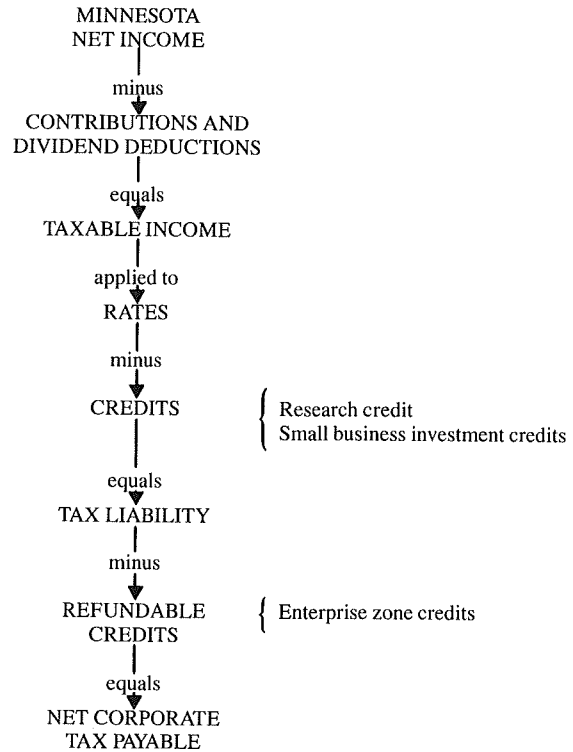
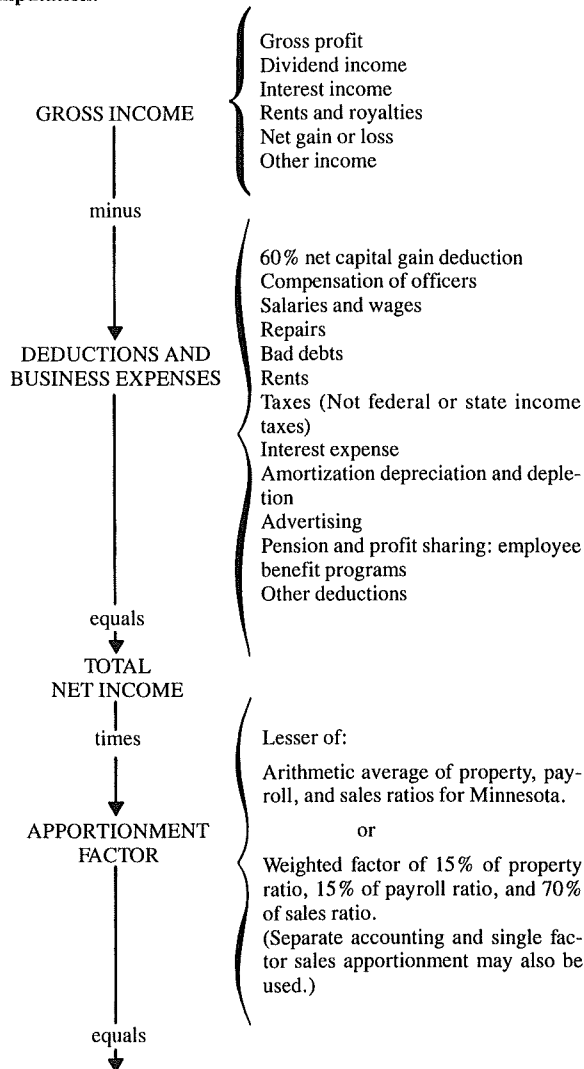
**Tax Base:** Minnesota taxable net income of the corporation. Domestic unitary reporting method is used.

**Rate:** 6% on first \$25,000 of taxable income apportioned to Minnesota; 12% on remainder.

**Major Exemptions:**

- Nonprofit corporations
- Cooperative associations
- Credit unions
- National and state banks subject to the bank excise tax
- Mining companies subject to occupation tax

**Computation:**



### Revenue

Collections:	F. Y. 1984	\$275,874,000
	F. Y. 1985	\$353,418,000
	F. Y. 1986	\$326,124,000

Disposition: State General Fund

### Administration

Agency: Minnesota Department of Revenue

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

**Payment Dates:** Quarterly payments of estimated tax 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 7 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.

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 — Nonmanufacturing 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 (ACRS) 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). ACRS 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.  
 1985 — Repealed the pollution control credits, resource recovery equipment credit, equity investment credit, and conservation tillage credit. Extended the expiration dates of the technology transfer credit and the small business assistance office credit. Allowed certain mail order firms to apportion income based only on sales.

#### 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 greater. Additional tax on subsidiary capital of .9 mill per dollar. Local tax on income may be imposed.
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

Minnesota Statutes, Section 290.361

**Tax Base:** Bank net income.

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

#### Revenue

Collections:	F.Y. 1984	\$29,624,000
	F.Y. 1985	\$26,950,000
	F.Y. 1986	\$41,187,000

Disposition: State General Fund

#### Administration

Agency: Minnesota Department of Revenue

Who Pays: National and state banks.

Payment Dates: Quarterly payments of estimated tax 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 7 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%.  
 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

	Base and Rate
California	Franchise tax of 10.93%, minimum tax of \$200.
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 or taxable assets, \$250, or 3% on alternative net income, 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

Minnesota Statutes, Section 291.01

**Tax Base:** Federal estate tax credit for state's taxes.

### Computation:

FEDERAL MAXIMUM  
CREDIT FOR STATE  
DEATH TAXES  
from federal return

↓  
times

↓  
PROPORTION

{ Minnesota gross estate to federal gross estate

↓  
equals

↓  
ESTATE TAX  
PAYABLE

### Revenue

Collections:	F.Y. 1984	\$17,923,000*
	F.Y. 1985	\$17,969,000*
	F.Y. 1986	\$15,319,000*

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

Disposition: State General Fund

## Administration

Agency: Minnesota Department of Revenue

Who Pays: Personal representative submits a return for the estate. For 1987, return required if federal gross estate exceeds \$600,000.

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.
- 1985 — Eliminated the provisions of the Minnesota rate schedule tax, so that the tax is equal to the Minnesota portion of the federal estate tax credit for state taxes, known as the "pick-up tax."

## Comparisons With Other States

New York	Rates graduated from 2% to 21% for taxable amount over \$10.1 million.
California, Illinois, MINNESOTA, North Dakota and Texas	Tax equals the state's portion of the 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. In addition to the inheritance tax, Iowa and South Dakota impose an estate tax to absorb the maximum credit available under 26 U.S.C. 2011.

## STATE SALES AND EXCISE TAXES

### SALES AND USE TAX

Minnesota Statutes, Sections 297A.02 and 297A.14

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

#### Rates:

- 6% General rate applicable to all taxable transactions except those listed below.
- 8.5% Liquor and beer, both on-sale and off-sale.
- 4% Capital equipment for new or expanding industries; special tooling.
- 2% Farm machinery; logging equipment.
- Other Property shipped outside Minnesota is taxed at the rate in the destination state under certain conditions.
- Property subject to the use tax, on which tax has been paid to another state at a rate lower than Minnesota's rate, is taxed at the difference between Minnesota's rate and the other state's rate.

**Major Exemptions:** Food for consumption off premises, clothing, drugs and medications, gasoline, publications issued at intervals of 3 months or less, motor vehicles (subject to 6% motor vehicle excise tax), materials used or consumed in agricultural or industrial production, textbooks, and home heating fuels.

#### Revenue

Collections:	F.Y. 1984	\$1,252,528,000
	F.Y. 1985	\$1,347,420,000
	F.Y. 1986	\$1,360,789,000

Disposition: State General Fund

#### Administration

Agency: Minnesota Department of Revenue

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

Who Remits: Holders of Minnesota sales and use tax permits collect and remit the tax. Holders of direct pay permits also 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% rate.
- 1971 — Rate increased to 4%, except for receipts of coin operated vending machines. Motor vehicles subject to the motor vehicle excise tax exempted.
- 1978 — Residential heating fuel exempted.
- 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%. 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.

1985 — Rate for farm machinery reduced to 2%. Exempted: repair and replacement parts for farm machinery; ticket sales and admissions to elementary and secondary school games and activities; certain sales of nonprofit organizations, including fundraising; electricity used in snowmaking; petroleum products used to improve agricultural land; and capital equipment purchased for a qualifying new or expanded manufacturing facility in a distressed county. Repealed exemption for central office telephone equipment.

1986 — Exempted: construction materials and supplies used for a qualifying new or expanded manufacturing facility in a distressed county; and purchases made in connection with a service contract by qualifying private suppliers of public services.

#### Comparison With Other States

	Rate	Local Option Sales Tax
California	4.75%	Yes <sup>a</sup>
Illinois	5.00%	Yes
Iowa	4.00%	Yes <sup>b</sup>
Michigan	4.00%	No
MINNESOTA	See rates above	No
New York	4.00% <sup>c</sup>	Yes
North Dakota	4.00% <sup>d</sup>	No
South Dakota	4.00%	Yes
Texas	4.125% <sup>e</sup>	Yes
Wisconsin	5.00%	Yes <sup>f</sup>

<sup>a</sup>Additional 1 1/4% state administered sales and use tax imposed in every county. A 1/2% state administered transactions and use tax is also applicable in five transit districts. Two 1/2% state administered transactions and use taxes are imposed in Santa Clara County.

<sup>b</sup>Local sales tax may be imposed based on voter approval in each local jurisdiction. The rate is 1%.

<sup>c</sup>Exempts sales of residential energy. This exemption is optional to localities.

<sup>d</sup>3% on farm machinery, irrigation equipment and new mobile homes; 5% on alcoholic beverages.

<sup>e</sup>Temporary increase to 5.25% through August 31, 1987.

<sup>f</sup>Now used in Barron and Dunn Counties.

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

Minnesota Statutes, Section 297B.02

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

**Rate:** 6%. Flat rate of \$10 for passenger cars ten years or older, in lieu of the 6% tax.

**Credits:** Credit allowed for tax paid to other states under certain conditions.

**Major Exemptions:** Purchases by governmental units and nonprofit organizations, purchases for resale by dealers, and gratuitous transfers between joint owners, spouses, and parents and children.

### Revenue

Collections:	F. Y. 1984	\$179,018,000
	F. Y. 1985	\$196,992,000
	F. Y. 1986	\$207,566,000

### Disposition:

Fiscal years	General Fund	Highway User Fund	Transit Assistance Fund
Prior to 1985	100%	0%	0%
1985	75	18.75	6.25
1986 — 1987	100	0	0
1988 — 1989	50	37.50	12.50
1990 — 1991	25	56.25	18.75
1992 and after	0	75.00	25.00

### Administration

Agency: Minnesota Department of Public Safety

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

Payment Dates: Tax is paid when ownership is transferred.

### 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.

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

1986 — Changed the disposition of the tax for fiscal years 1986 and 1987.

## 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, and 7% in Santa Clara County due to the imposition of two ½% transit taxes. Texas, Illinois and Wisconsin have a 5% rate. A 4% rate applies in Iowa, Michigan and New York.

## MOTOR FUELS TAXES

Minnesota Statutes, Section 296.02, 296.025 and 296.026

**Tax Base:** Gallons of gasoline or special fuel used in highway vehicles, snowmobiles, motorboats, all-terrain vehicles and aircraft.

**Rate:** 17¢ per gallon except for certain border areas subject to rate reduction; Aviation fuel — 5¢ per gallon. Compressed natural gas — in lieu of 17¢ special fuels tax, annual user permit fee based on vehicle weight and annual mileage.

**Credits:** Taxes paid on fuel used for non-highway use, except for snowmobiles and motorboats, may be claimed as a credit or refund. 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. Credit of 25¢ per gallon to distributors of fuel-grade alcohol blended with gasoline to produce gasohol in fiscal year 1987 and 20¢ thereafter.

### Exemptions:

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

### Revenue

Collections:		Highway Fuels	Aviation Fuels
	F. Y. 1984	\$330,284,000	\$1,773,000
	F. Y. 1985	\$347,794,000	\$2,314,000
	F. Y. 1986	\$334,036,000	\$2,232,000

### Disposition:

#### Usage

Aviation — State airports fund.

Highway\* — Highway user tax distribution fund.

Marine\* — Special revenue fund, water recreation account.

Snowmobile\* — Snowmobile trails and enforcement account.

All-terrain vehicles\* — All-terrain vehicle account.

\*Amount of distribution based on the percentage of total gasoline usage deemed by statute to be used for these purposes, as follows:

- Marine — 1.5% in fiscal years 1986 and 1987, 0.75% thereafter
- Snowmobiles — 0.75%
- All-terrain vehicles — 0.15%
- Highway — Remaining amount

## Administration

Agencies: Minnesota Department of Revenue  
Minnesota Department of Public Safety — compressed natural gas user permit.

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 2¢ a gallon.  
1929 — Increased to 3¢ a gallon.  
1937 — Temporary increase to 4¢ a gallon.  
1941 — Rate of 4¢ made permanent.  
1949 — Increased to 5¢ a gallon.  
1963 — Increased to 6¢ a gallon.  
1967 — Increased to 7¢ a gallon.  
1975 — Increased to 9¢ a gallon.  
1980 — Increased to 11¢ a gallon.  
1981 — Increased to 13¢ a gallon. Enacted rate reduction for certain border areas to not more than 3¢ per gallon above rate imposed in contiguous state.  
1983 — Increased to 16¢ a gallon and to 17¢ effective in 1984. Enacted 2¢ per gallon rate reduction for gasohol. Aviation fuel rate of 5¢ per gallon adopted.  
1985 — Replaced the reduced rates for gasohol with credits to distributors for the amount of fuel-grade alcohol blended with gasoline to produce gasohol. Enacted an annual user permit fee to be imposed, in lieu of the highway fuels tax, on vehicles using compressed natural gas.  
1986 — Reduced the amount of the credits to distributors for fuel-grade alcohol used to produce gasohol. Established the ethanol development fund from which direct payments to ethanol producers in Minnesota are made.

## Comparisons With Other States

### Rates Per Gallon

California	Gasoline and highway fuels 9¢, jet fuel 2¢, LPG and LNG 6¢, compressed natural gas 7¢ per 100 cubic feet, 4½¢ per gallon on ethanol or methanol.
Illinois	Gasoline 13¢; diesel fuel 15.5¢.
Iowa	*Gasoline 16¢; diesel fuel 17.5¢; gasohol 15¢.
Michigan	**Gasoline 15¢; diesel fuel 15¢; aircraft 3¢ (Interstate Commerce 1.5¢).
MINNESOTA	See rates above.
New York	Gasoline 8¢; diesel fuel 10¢.
North Dakota	Gasoline 13¢; special fuels 13¢ except for heating, agricultural, industrial, or railroad purposes; exempt special fuels 2% of sales price.

South Dakota Gasoline and diesel highway fuel 13¢; LP gas 11¢; aviation gas 6¢; gasohol 11¢; special fuel aviation gas 4¢.

Texas All fuels 10¢.

Wisconsin 17.5¢.

\*Diesel fuel rate increases to 18.5¢ effective January 1987.

\*\*For diesel fuel there is a 6¢ discount for commercial vehicles, coupled with "road tax" based on miles driven in state and diesel license fee.

## ALCOHOLIC BEVERAGE TAX

Minnesota Statutes, Section 297C.02

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

### Rates:

Beer: Alcohol by Weight	Tax per Barrel of 31 Gallons	
	Per Liter	Per Gallon
3.2% or less		\$2.00
More than 3.2%		\$4.00
	<hr/>	
	Tax	
	Per Liter	Per Gallon
<b>Distilled Spirits</b>	\$1.16	\$4.39
<b>Wine: Alcohol by Volume</b>		
14% or less	\$ .07	\$ .27
14% to 21%	.21	.79
21% to 24%	.42	1.58
More than 24%	.81	3.08
Sparkling wine	.40	1.50

**Credits:** Small brewers receive a credit of \$4 per barrel on the first 25,000 barrels produced each year for sale within Minnesota. To qualify, the brewer must have manufactured less than 100,000 barrels in the preceding year.

**Exemptions:** Sacramental wines and commemorative bottles sold between collectors.

**Special Provision:** Separate tax of 1¢ for each bottle or container of distilled spirits and wine. Tax is paid by the wholesaler at the time of removal from inventory for sale, delivery, or shipment.

### Revenue

Collections:	F.Y. 1984	\$53,908,000
	F.Y. 1985	\$52,427,000
	F.Y. 1986	\$51,506,000

Disposition: State General Fund

## Administration

Agency: Minnesota Department of Revenue

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

Payment Dates: 25th day of month following the month in which sale is made. Accelerated payment of one-half of June liability due June 25th for those with May liability of \$1,500 or more.

## History of Major Changes

- 1934 — Enacted at rates of \$1 per barrel of 3.2% beer and \$2 per barrel of strong beer; 60¢ per gallon of liquor; and rates for wine varying from 10¢ to 60¢ per gallon.
- 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. Minnesota brewers' credit enacted.
- 1976 — Minnesota brewers' credit amended.
- 1979 — Sparkling wine reduced from \$3.08 to \$1.50 per gallon.
- 1980 — Minnesota vintners wine taxed at \$.17 per gallon.
- 1985 — Preferential rates for Minnesota vintners repealed. Minnesota brewers' credit repealed. Small brewers' credit enacted.
- 1986 — Accelerated June payment enacted. Payment dates changed.

## Comparisons 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
Illinois	Non-liquid Distilled Spirits	\$ .02 and \$ .04 per oz.
	Wine less than 14%	\$ .23 per gallon
	Wine greater than 14%	\$ .60 per gallon
	Distilled Spirits	\$2.00 per gallon
Iowa	Beer	\$ .07 per gallon
	Distilled Spirits and Wine	15% of price set by liquor control commission
	Beer	\$5.89 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 retail price with alcoholic 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

Minnesota Statutes, Section 297.02 and 297.22

**Tax Base:** Cigarettes and little cigars sold in Minnesota.

**Rate:** 23¢ per pack of 20.

**Credits:** Distributors receive a 2% discount on the first \$1,000,000 of stamps purchased and 1.25% on additional purchases. The discount covers tax collection expenses.

### Revenue

Collections:	F.Y. 1984	\$81,683,000
	F.Y. 1985	\$82,170,000
	F.Y. 1986	\$97,700,000

### Disposition:

- 16¢ per pack to the state general fund
- 4¢ per pack to the state water pollution control fund
- 2¢ per pack to the Minnesota resources fund
- 1¢ per pack to the public health fund

### Administration

Agency: Minnesota Department of Revenue

Who Pays: Distributors, or wholesalers of cigarettes.

Payment Dates: 25th day of the month following sale to a retailer in Minnesota. Accelerated payment of one-half of June liability due June 25th for those with May liability of \$1,500 or more.

### History of Major Changes

- 1947 — Enacted at 3¢ per pack.
- 1949 — Increased to 4¢ per pack.
- 1959 — Increased to 5.5¢ per pack.
- 1961 — Increased to 7¢ per pack.
- 1963 — Increased to 8¢ per pack.
- 1969 — Increased to 13¢ per pack.
- 1971 — Increased to 18¢ per pack.
- 1985 — Increased to 23¢ per pack. Disposition changed.
- 1986 — Accelerated June payment enacted. Payment dates changed.

### Comparisons With Other States

California	10¢
Illinois	20¢
Iowa	26¢ per pack of 20; 32.5¢ per pack of 26.
Michigan	21¢
MINNESOTA	23¢
New York	21¢
North Dakota	18¢
South Dakota	23¢
Texas	20.5¢
Wisconsin	25¢

## TOBACCO PRODUCTS TAX

Minnesota Statutes, Section 297.32

**Tax Base:** Tobacco products (other than cigarettes and little cigars) sold in Minnesota, including: cigars, smoking tobacco and chewing tobacco.

**Rate:** 25% of wholesale price.

**Credits:** Distributors allowed discount equal to 2% of tax for administrative expenses.

### Revenue

Collections:	F.Y. 1984	\$3,032,000
	F.Y. 1985	\$3,144,000
	F.Y. 1986	\$3,933,000

### Disposition:

- 80% state general fund
- 20% state water pollution control fund

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

Payment Dates: 25th day of the month following receipt of the product in state. Accelerated payment of one-half of June liability due June 25th for those with May liability of \$1,500 or more.

### History of Major Changes

- 1955 — Enacted at rate of 15% of wholesale price.
- 1959 — Rate increased to 20% of wholesale price.
- 1985 — Rate increased to 25% of wholesale price. Disposition changed.
- 1986 — Accelerated June payment enacted. Payment dates changed.

### Comparisons With Other States

Iowa	15% of wholesale price.
MINNESOTA	25% 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.

## CONTROLLED SUBSTANCES TAX

Minnesota Statutes, Section 297D.08

**Tax Base:** Marijuana or controlled substance (as defined) that is held, possessed, transported, transferred, sold, or offered to be sold in violation of Minnesota laws.

### Rates:

- Marijuana — \$3.50 per gram or portion thereof.
- Controlled substance — \$200 per gram or portion thereof.
- Controlled substance not sold by weight — \$2,000 on each 50 dosage units, or portion thereof.



**Exemption:** Pharmacists or other persons lawfully in possession of marijuana or a controlled substance.

**Revenue:**

Disposition: State General Fund

**Administration**

Agency: Minnesota Department of Revenue

Who Pays: A dealer who in violation of Minnesota law manufactures, produces, ships, transports, or imports into Minnesota or possesses more than the specified amount of marijuana or a controlled substance.

Payment Dates: Immediately upon acquisition or possession in Minnesota by a dealer.

**History of Major Changes**

1986 — Enacted.

**MORTGAGE REGISTRY TAX**

Minnesota Statutes, 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.

**Exemptions:** Organizations exempt from the property tax.

**Revenue**

Collections:	F.Y. 1984	\$13,327,000
	F.Y. 1985	\$12,849,000
	F.Y. 1986	\$ 1,179,000*

\*Decrease in state collections figure due to change in disposition from state to counties. In F.Y. 1986, counties reported to the Department of Human Services a total Mortgage and Deed offset of about \$34,043,000. This total includes roughly 95% of Mortgage Registry Tax collections and roughly 97% of Deed Transfer Tax collections.

Disposition: County Welfare Fund

**Administration**

Agency: Treasurer of the county in which the mortgaged land is situated.

Who Pays: The lender who records or registers a 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.
- 1985 — Disposition transferred from state to county.

**Comparisons 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**

Minnesota Statutes, 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 \$500, or portion of \$500, in excess of \$1,000.

**Exemptions:** Executory contracts for the sale of land, mortgages, wills, plats, leases, transfers involving government agencies, cemetery lot deeds, deeds of distribution by personal representatives, and transfers between co-owners.

**Revenue**

Collections:	F.Y. 1984	\$13,112,000
	F.Y. 1985	\$13,196,000
	F.Y. 1986	\$ 1,013,000*

\*Decrease in state collections figure due to change in disposition from state to counties. In F.Y. 1986, counties reported to the Department of Human Services a total Mortgage and Deed offset of about \$34,043,000. This total includes roughly 95% of Mortgage Registry Tax collections and roughly 97% of Deed Transfer Tax collections.

Disposition: County Welfare Fund

**Administration**

Agency: Treasurer of the county in which the land is situated.

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.
- 1985 — Disposition transferred from state to county.

**Comparisons 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	55¢ 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.

\*Wayne County authorized to impose 75¢ per \$500.

**GAMBLING TAXES**  
**CHARITABLE GAMBLING TAX**  
 Minnesota Statutes, Section 349.212

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

**Rate:** 10%

**Exemptions:** Pull-tabs. Lawful gambling if conducted by the organization on no more than five days per year and prizes do not exceed \$50,000 per year. Raffles if value of all prizes does not exceed \$750. Bingo 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. Bingo conducted by an organization which conducts four or fewer bingo occasions in a calendar year. Bingo conducted within a nursing home or by a senior citizen organization under certain conditions.

**Revenue**

Collections:	F.Y. 1985	\$ 444,000
	F.Y. 1986	\$6,380,000*

\*Due to 1/1/87 effective date for changes in this provision, F.Y. 1986 collections still include Pull-Tab Tax.

Disposition: State General Fund

**Administration**

Agency: Charitable Gambling Control Board

Who Pays: Licensed organizations. To qualify, the organization must be a fraternal, religious, veterans, or other nonprofit organization.

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

**History of Major Changes**

1984 — Enacted.

1985 — Exempted bingo at a nursing home or senior citizen organization under certain conditions.

1986 — Pull-tabs exempted, and a separate pull-tab tax imposed. Exempted lawful gambling if conducted by an organization on no more than five days per year and prizes do not exceed \$50,000 per year.

**Comparisons With Other States**

Illinois	3% on gross proceeds.
MINNESOTA	10% on gross proceeds.

California, Iowa, Michigan, New York, North Dakota, South Dakota, Texas and Wisconsin do not have similar provisions.

**PULL-TAB TAX**  
 Minnesota Statutes, Section 349.212

**Tax Base:** Face resale value of all the pull-tabs in each deal less the total prizes which may be paid out for that deal. A "deal" is defined as each separate package, or series of packages, consisting of one game of pull-tabs.

**Rate:** 10%

**Revenue:**

Disposition: State General Fund

**Administration**

Agency: Minnesota Department of Revenue

Who Pays: Licensed distributor.

Payment Dates: 25th of the month following the month of the sale.

**History of Major Changes**

1986 — Enacted. Separate pull-tab tax replaced the charitable gambling tax on pull-tabs.

**PARI-MUTUEL TAXES**  
 Minnesota Statutes, Section 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% — State General Fund

0.5% — Minnesota Breeders Fund

Over \$48 million:

6% — State General Fund

1% — Minnesota Breeders Fund

40¢ per admission — State General Fund

**Revenue**

Collections:	F.Y. 1986	\$5,442,000
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Disposition: General Fund and Minnesota Breeders Fund (see above).

**Administration:**

Agency: Minnesota Racing Commission

Who Pays: Any licensed racetrack.

Payment Date: Within seven days of date tax collected.

**History of Major Changes**

1983 — Enacted.

**Comparisons With Other States**

California	License fee of 1.5% to 7.5% imposed on total pari-mutuel handle.
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Iowa	6% imposed on the gross sum wagered.
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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.
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Michigan	6% of total daily handle, 5% in less populated counties.
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MINNESOTA	See rates above.
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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

Minnesota Statutes, Sections 294 and 295

**Tax Base:** Gross receipts from operation of certain businesses.

**Rates:**

Rural Electric Cooperatives — 10¢ per 100 members  
 Taconite Railroads — 3.75%  
 Telegraph — 6%  
 Telephone:\*

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

\*The telephone gross earnings tax is phased out, with repeal by 1990. It will be replaced by a property tax, beginning with taxes payable in 1988.

**Revenue**

Collections:	F. Y. 1984	\$70,655,000
	F. Y. 1985	\$54,343,000
	F. Y. 1986	\$57,513,000

Disposition: State General Fund

**Administration**

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

**Payment Dates:**

Telephone — April 15  
 Telegraph — March 1  
 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%	1986
Telegraph	1887,2%	1945
Telephone	1887,2%	1985

**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 Tax Research Division in the Minnesota Department of Revenue.

## INSURANCE PREMIUMS TAXES

Minnesota Statutes, Sections 60A.15, 60A.198, 69.54, and 299F.21

**Tax Base:** Gross premiums less return premiums received on all business 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. 1984	\$68,611,000
	F.Y. 1985	\$74,201,000
	F.Y. 1986	\$94,303,000

Disposition: State General Fund

### Administration

Agency: Minnesota Department of Revenue

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.

### 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%.
- 1953 — 5% ocean marine profits tax enacted.
- 1981 — Estimated tax changed from quarterly payments to three payments per year.
- 1986 — Payment schedule modified for some companies.

### Comparisons With Other States

	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

Minnesota Statutes, Section 299.01 and 299.013

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

### Rates:

Resource	Tax Rate
Iron Ore, Taconite, Semi-taconite, and Iron Sulphides	Statutory rate: 14% Minimum rate: 5.75%
Copper-Nickel	1% plus 1% of royalties paid on silver, gold, platinum and other precious metals.

**Credits:** The royalty tax is reduced by the labor credit which makes the net effective tax rate equal to the net effective occupation tax rate.

### Revenue

F.Y.	Iron Ore	Taconite	Other
1984	\$449,000	\$3,341,000	\$12,000
1985	\$523,000	\$3,936,000	\$ 5,000
1986	\$415,000	\$3,715,000	\$ 3,000

Disposition: State General Fund

### Administration

Agency: Minnesota Department of Revenue

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.
- 1985 — Rate on taconite and iron ore reduced to 14% by 1987.

### Comparison With Other States

None of the comparison states imposes a separate tax on mineral royalties.

## OCCUPATION TAXES

Minnesota Statutes, Section 298.01 and 298.51

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

### Rates:

Resource	Tax Rate	Minimum Rate (Less Labor Credit)
Iron Ore, Taconite, Semi-taconite	14%	5.75%
Copper-Nickel Ores	1%	1.0%

### Exemptions:

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

### Credits:

**Iron Ore, Taconite, and Semi-Taconite** — A credit is allowed for labor which may reduce the effective tax rate to 5.75%. Other credits are allowed for research, experimentation and exploration, and pollution control. A loss mine credit and a discount credit are allowed against the iron ore occupation tax.

**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
1984	\$555,000	\$ 2,386,000
1985	\$380,000	\$10,606,000
1986	\$531,000	(\$ 961,000)

#### Disposition:

State General Fund:	50%*
Elementary and secondary schools	40%
University of Minnesota	10%

\*Of this amount, an amount equal to the yield of a 1¢ per ton production tax is appropriated to the Iron Range Resources and Rehabilitation Board.

### Administration

Agency: Minnesota Department of Revenue

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.

1985 — Reduced rate on taconite and iron ore to 14% by 1987.

### Comparison With Other States

	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.
	Energy Minerals	4.5% of taxable value.
Texas	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¢ per ton handled.
	Concentrates	
	Petroleum Products	5¢ per ton processed.

## PRODUCTION TAXES

Minnesota Statutes, Section 298.24, 298.35, and 298.61

**Tax Base:** Extracted tonnage of taconite and iron sulphides, semi-taconite and copper-nickel ores. For taconite, iron sulphides, and semi-taconite, it is tonnage of merchantable ore concentrate produced. For copper-nickel, it is tonnage of copper-nickel ore to be concentrated.

### 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 ore content of the product exceeds 62%. The F.Y. 1984 average rate is \$2.05 per taxable ton. For production year 1986 the rate is \$1.90 per ton, and it applies to the average production of the current year and the previous two years. Beginning with production year 1987, the rate will be increased annually by the implicit price deflator. However, the increase will not go into effect in 1987 if production is more than 33 million tons or in 1988 if production is more than 34 million tons.

**Semi-Taconite** — Sintered in Minnesota — 5¢ per gross ton plus 0.1¢ for each 1% that the iron content exceeds 55%.

Sintered outside Minnesota — 10¢ per gross ton plus 0.1¢ per gross ton for each 0.5% that the iron content exceeds 55%. The last production of semi-taconite was in 1979.

**Copper-Nickel** — Base rate is 2.5¢ per gross ton of crude ore plus 10% of the base tax per ton for each 0.1% 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.

Special provision: Additional tax of 10¢ per ton of taconite tailings produced which are not deposited on land in accordance with specified permits. Currently the tax is not imposed because tailings are deposited in accordance with such permits.

### Revenue

Collections:	F.Y. 1984	\$67,341,000
	F.Y. 1985	\$64,514,000
	F.Y. 1986	\$65,092,000*

\*As of F.Y. 1986, the taconite production tax is paid to counties and the IRRRB, not to the state.

Disposition: The taconite production tax is distributed as follows:

### Tax Proceeds Per Taxable Ton

Taconite cities and towns	2.5¢
Taconite Municipal Aid Account	12.5¢
Taconite school districts:	
In which taconite was mined or quarried or concentrate produced	5.5¢
Qualifying districts	22.0¢
Taconite Referendum Fund	Formula amount
Counties	
Taconite counties	13.0¢
Taconite counties road and bridge funds	3.5¢
Taconite homestead property tax relief	22.0¢
Iron Range Resources and Rehabilitation Board (IRRRB)	3.0¢
Range Association of Municipalities and Schools	0.2¢
Northeast Minnesota Economic Protection Trust Fund	1.5¢*
Each city, town, school district, and county receive the amount it received from the taconite railroad gross earnings tax in 1977.	
The IRRRB receives the amount of occupation tax it received in 1977.	
Remaining proceeds after above distributions:	
Taconite Environmental Protection Fund	2/3
Northeast Minnesota Economic Protection Trust Fund	1/3

\*Increased from 1979 to 1987 by the steel mill products index and in 1988 and subsequent years by the implicit price deflator.

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

Agencies:

Minnesota Department of Revenue — determination of liability and distribution.

Eligible counties — collection and distribution to local units.

Iron Range Resources and Rehabilitation Board — collection of its share.

Who Pays: Mining companies pay the production tax in lieu of the property tax on the land, buildings, and equipment used in connection with taconite mining, quarrying, or production.

Payment Dates: For the preceding calendar year, 90% of the tax payable by February 15th. Balance payable by April 15th.

### History of Major Changes

- 1881 — Tonnage tax on iron ore of 1¢ per ton imposed.  
1897 — Tonnage tax on iron ore repealed and replaced by ad valorem tax.  
1941 — Taconite production tax of 5¢ per ton imposed.  
1959 — Production tax on semi-taconite enacted.  
1969 — Taconite production tax increased to 11.5¢ per ton.  
1971 — Additional production tax of 4¢ 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 index 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.  
1985 — Taconite production tax paid to the counties and the IRRRB. Distribution of proceeds modified.  
1986 — Rate reduced from \$2.05 to \$1.90 per ton. Indexing of rate suspended under certain conditions. Distribution of proceeds modified.

### Comparison With Other States

	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 1¢ 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 REGISTRATION TAX

Minnesota Statutes, Chapter 168

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

#### Rates:

- Passenger cars, pick-up trucks, and vans — \$10 plus 1.25% of base value based on the age of the vehicle. Minimum tax — \$35. Flat tax for vehicles over ten years old — \$35.
- Trucks, tractors, and buses — based on the type, weight, and age of the vehicle. A minimum tax applies to each type of vehicle.

**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. 1984	\$197,770,000
	F.Y. 1985	\$212,696,000
	F.Y. 1986	\$223,307,000

**Disposition:** Proceeds are paid into the state treasury and credited to the highway user tax distribution fund.

#### Administration

**Agency:** Minnesota Department of Public Safety

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

**Payment Dates:** When first registered to use the public streets and annually thereafter when reregistered.

#### 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.  
1986 — Increased rates on certain vehicles.

### Comparison With Other States:

	Passenger Cars	Commercial Vehicles
California	\$22 registration fee plus additional \$1 fee plus license fee of 2% of market value.	Annual weight fees are assessed on two-axle trucks and buses ranging from \$8 for vehicles under 3,000 lbs. to \$400 if over 14,000 lbs. Motor vehicles with 3 or more axles, and any trailer, range from \$28 for vehicles over 2,000 lbs. to \$660 for those weighing 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 — \$6 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. \$1.05 per 100 lbs. on tractors.
North Dakota	\$20 — \$245 based on weight and age of vehicle.	\$21 first 4,000 lbs. up to \$1,736 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 \$25-\$58.50 plus 60¢ per 100 lbs.	Motor Buses — \$25 plus 44¢-88¢ per each 100 lbs., and 99¢ per 100 lbs. for over 31,000 lbs. Trailer and semi-trailers — \$25 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

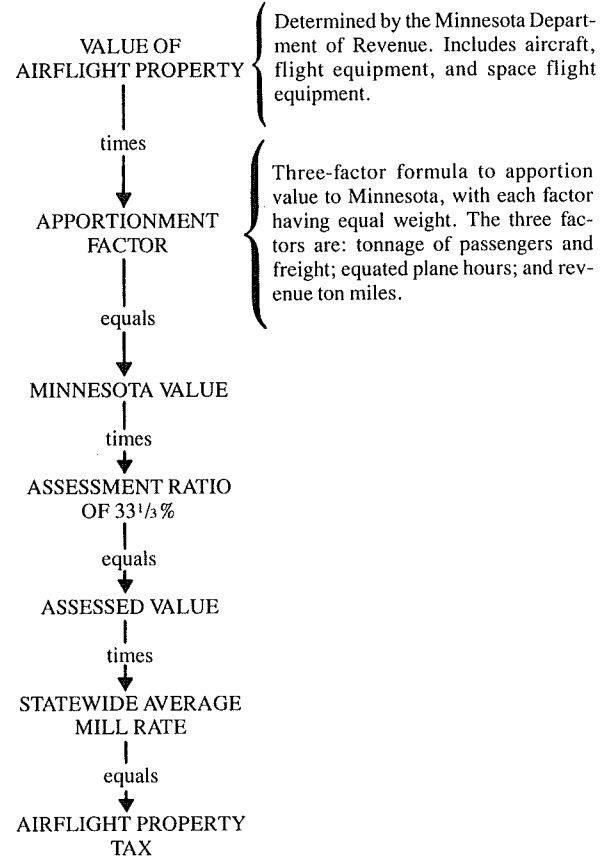
Minnesota Statutes, Section 270.072

**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:** Aircraft weighing less than 30,000 pounds that are used on intermittent or irregularly timed flights.

### Computation:



### Revenue

Collections:	F.Y. 1984	\$4,253,000
	F.Y. 1985	\$4,716,000
	F.Y. 1986	\$4,807,000

Disposition: State Airports Fund.



## Administration

Agency: Minnesota Department of Revenue

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 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 33 $\frac{1}{3}$ % valuation.
- 1971 — "Market Value" for "full and true value" substituted.
- 1976 — Exemption included for aircraft weighing less than 30,000 lbs.

## Comparison With Other States

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

## AIRCRAFT REGISTRATION TAX

Minnesota Statutes, Section 360.531

**Tax Base:** Value of noncommercial aircraft which regularly use the airspace over, and the airports in, Minnesota.

**Rate:** 1% of value. The value begins with the base price, and after the first year it is reduced for depreciation — 10% in the second year and 15% for the third and each succeeding year, subject to the minimum tax. The minimum tax is the greater of 25% of the tax computed on the original base price or \$10.

**Major Exemptions:** Aircraft of the civil air patrol; government-owned aircraft.

## Revenue

Collections:	F.Y. 1984	\$1,524,000
	F.Y. 1985	\$1,343,000
	F.Y. 1986	\$1,310,000

Disposition: State Airports Fund

## Administration

Agency: Minnesota Department of Transportation

Who Pays: Anyone who registers noncommercial aircraft in Minnesota.

Payment Dates: When the aircraft is first registered and annually thereafter on July 1.

## History of Major Changes

- 1945 — Enacted.
- 1957 — Exempted civil air patrol.

## HAZARDOUS WASTE TAXES

Minnesota Statutes, Section 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: 8¢ 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
	F.Y. 1985	\$ 995,000
	F.Y. 1986	\$1,017,000

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, Iowa and New York 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 Tax Research Division in the Minnesota Department of Revenue.

## SOLID WASTE FEE

Minnesota Statutes, Section 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

Collections:	F.Y. 1985	\$1,220,000
	F.Y. 1986	\$3,210,000

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

Minnesota Statutes, Sections 268.03 to 268.24

**Tax Base:** A wage base of \$10,700 for each employee in 1986; \$11,200 in 1987. Employers with a 1% rate use an \$8,000 wage base.

**Rates:** The standard rate for new employers is 2.9% in 1986. Experience ratings will vary the rate actually paid, which can be from 1% of 7.5%. The rate for new construction employers is 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 of a church.

### Revenue

Collections:	F.Y. 1984	\$294,888,000
	F.Y. 1985	\$346,519,000
	F.Y. 1986	\$363,716,000

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

**Agency:** Minnesota Department of Jobs and Training

**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	3.9 a	First \$ 8,500
Iowa	2.3 b	First \$12,000
Michigan	2.7 c	First \$ 9,500
MINNESOTA	2.9 d	First \$10,700
New York	3.7	First \$ 7,000
North Dakota	e	First \$10,800
South Dakota	3.5	First \$ 7,000
Texas	2.7 f	First \$ 7,000
Wisconsin	3.6 g	First \$10,500

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

- Plus four industry rates ranging from 4.0 to 5.2.
- 9.0% for construction employers.
- 4.0% for construction employers.
- 7.5% for construction employers.
- Industry rate from 1.0 to 7.0%.
- Industry rate if higher.
- 7.2% for construction employers.

## WORKERS COMPENSATION TAX

Minnesota Statutes, 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. 1983	\$358,400,000
	C. Y. 1984	\$350,000,000
	C. Y. 1985	\$392,000,000

\*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

**Agency:** Minnesota Department of Labor and Industry

**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 — Deleted requirement that an "accident" cause injury or death.
- 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.

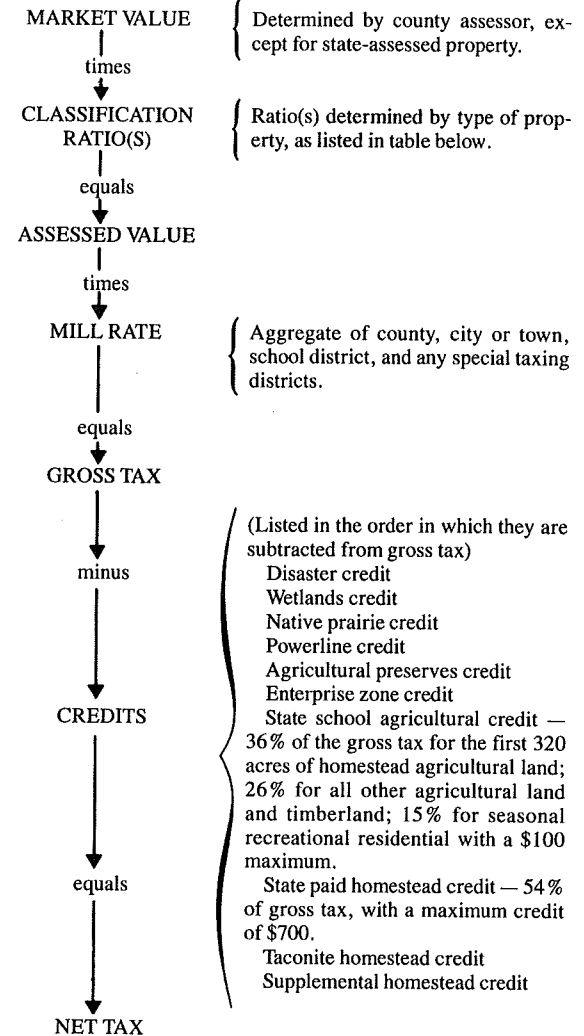
## PROPERTY TAXES

### GENERAL PROPERTY TAX

Minnesota Statutes, Section 272.01

**Tax Base:** Assessed value of real and personal property.

### Computation:



Type of Property	Classification Ratios
I. Real Property	
A. Unmined Iron Ore	50%
B. Low Recovery Iron Ore	30-48½%
C. Agricultural Land (nonhomestead)	18%
D. Seasonal, Recreational Residential	21%
E. Agricultural Homesteads	
1. First \$65,000 of market value.	14%
2. First \$32,500 of market value for certain blind or disabled persons.	5%
3. Excess over \$65,000 of market value.	18%
F. Non-Agricultural Homesteads	
1. First \$65,000 of market value.	18%
2. First \$32,500 of market value for certain blind or disabled persons.	5%
3. Excess over \$65,000 of market value.	28%
G. Residential, nonhomestead of three or fewer units	28%
H. 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)	10%
5. Title II (Other and low income housing).	20%
I. Timberland	18%
J. Urban Vacant Land	40%
K. Public Utility	
1. Land and buildings	
a. First \$60,000 of market value	28%
b. Excess over \$60,000 of market value	43%
2. Machinery	33⅓%
L. Commercial and Industrial	
1. First \$60,000 of market value	28%
2. Excess over \$60,000 of market value	43%
M. Seasonal Recreational Commercial (12% in certain cases if property includes homestead of the owner).	21%
II. Personal Property	
A. Mobile homes and owner-occupied residences on leased public or railroad lands (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.	33⅓%

**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 (city or town, county, school district and any special taxing districts).

The statewide average mill rate for taxes payable in 1986 was 105 mills. After the deduction of all credits, the net rate was 81 mills. (A mill is \$1 for each \$1,000 of taxable value.)

**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 paid directly to the taxpayer by the state.

In order to be eligible for the refund, a person's property tax must be more than a specified percentage of household income. Above that level, the state will pay a percentage of the tax, up to a maximum refund. The percent of income, percent of state payment, and maximum refund depend upon the income of the claimant. 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.

A homeowner subtracts the homestead credit from the gross property tax refund to determine the net refund amount.

#### Revenue

Collections (millions):

Year Payable	Gross Taxes Levied	Home- stead Credit*	Agri- cultural Credit	Other Credits	Property Tax Refund	Net Taxes Paid
1983	\$2,540.0	521.5	96.9	17.8	182.0	\$1,721.8
1984	2,784.2	525.5	92.7	1.7	173.0	1,991.3
1985	2,875.0	539.5	106.5	2.2	175.0	2,051.8

\*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. Statewide, school districts account for and receive nearly one-half of the total tax revenue.

## Administration

Agencies: County assessor, county auditor, county treasurer, Minnesota Department of Revenue — equalization of values and valuation of state-assessed properties.

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 — Reclassified lakeshore property not used for commercial purposes.
- 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 (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.
  - Removed 240-acre limit for agricultural homesteads.
- 1984 — Classification ratio for commercial-industrial property reduced.
- Agricultural credit increased.
  - Repealed rent capitalization for agricultural valuation purposes.
  - Provided for a targeting credit for taxes payable in 1985.
  - 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.
- 1985 — Maximum homestead credit increased to \$700.
- Agricultural credit increased and maximum credit eliminated.
  - Classification ratios changed for some types of property.
  - Classes of property reorganized and renumbered.
- 1986 — Owners of agricultural land allowed a one-month grace period for the payment of the second half of their property tax.

#### Comparison With Other States

General rate comparisons cannot be made due to the complex and differing property tax systems among states. For comparison purposes, the table below uses effective tax rates calculated by the Advisory Commission on Intergovernmental Relations on homes with F.H.A. insured mortgages in 1984.

State	Effective Average Property Tax Rate
California	1.02%
Illinois	1.63
Iowa	1.63
Michigan	2.78
MINNESOTA	0.99
New York	2.80
North Dakota	1.25
South Dakota	1.63
Texas	1.32
Wisconsin	2.00

## TREE GROWTH TAX

Minnesota Statutes, Section 270.32

**Tax Base:** Five 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 nonproductive forests are taxed at 5¢ per acre or 15¢ per acre for noncompliance with the reforestation agreement. Permanently nonproductive types are taxed at 5¢ per acre.

**Credit:** For each acre of land planted and maintained with at least 500 commercial trees, the owner is eligible for an annual credit of 50¢ per acre. The credit is applied against taxes on other lands within the same governmental subdivision and is allowed for ten years.

**Special Provisions:** The tree growth tax is in lieu of all other property taxes. The owner must apply to, and receive approval from, the county to have qualifying forest lands come under this tax.

#### Revenue

Collections:	F.Y. 1984	N/A
	F.Y. 1985	\$376,000
	F.Y. 1986	\$396,000

Disposition: Distributed in the same manner as the property tax.

#### Administration

Agencies: County auditor, county board.

Who Pays: Those who receive county board approval to have their forest lands so taxed.

Payment Dates: Annually at the same time as the property tax.

#### 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

Minnesota Statutes, Section 88.50

**Tax Base:** Any 35 acres or more of land that is suitable for forestation or any wood lot containing 5 to 40 acres.

**Rates:** Land tax — annual tax of 10¢ per acre. Yield tax — 10% to 40% of value of timber, the rate determined by the year of the harvest in relation to the contract period.

**Special Provisions:** This tax is in lieu of all other property taxes. The land is made an auxiliary forest upon the owner's application, subject to county board approval. Auxiliary forest tax applies for the duration of the contract. No new auxiliary forest contracts are allowed, or existing contracts extended, after June 30, 1974.

#### Revenue

Collections:	F.Y. 1984	N/A
	F.Y. 1985	\$61,000
	F.Y. 1986	\$61,000

**Disposition:** Proceeds are credited to the funds of the affected taxing districts (county, city or town, school district, any special district) in the same proportion as if the property tax had been levied.

#### Administration

**Agencies:** County auditor, county board.

**Who Pays:** Those who received county board approval on or before June 30, 1974 to have their lands designated auxiliary forests.

**Payment Dates:** Land tax — annually by May 31. Yield tax — at time of harvest.

#### 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. Land tax was 8¢ per \$1 of land's assessed value. Yield tax was 10% of the value of marketable timber.
- 1929 — Land tax changed to 5¢ 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 6¢ per acre.
- 1947 — Yield tax graduated between 40% and 10% depending on year of harvest.
- 1957 — Rate changed to 10¢ per acre.
- 1974 — Prohibited new auxiliary forest contracts from being issued and existing contracts from being extended, effective after June 30, 1974.

### SEVERED MINERAL INTERESTS TAX

Minnesota Statutes, Section 273.165

**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 or portion thereof 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 the property tax. The remaining 20% is deposited in the state general fund and credited to the Indian business loan account.

#### Administration

**Agency:** County auditor, county treasurer, county recorder.

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

**Payment Dates:** Annually at the same time as the property tax.

#### History of Major Changes

1973 — Enacted.

### UNMINED TACONITE TAX

Minnesota Statutes, Section 298.26

**Tax Base:** Taconite or iron sulphides in a forty-acre tract of land from which the production of iron ore concentrate is less than 1,000 tons in that year.

**Rates:** Local mill rate times assessed value (43% of market value) of the taconite or iron sulphides. Maximum tax of \$10 per acre.

#### Revenue

Counties are responsible for collections. The disposition is the same as the property tax.

#### 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 the property tax.

#### History of Major Changes

1941 — Enacted at \$1 per acre maximum.

1977 — Increased to \$10 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:	5%	Transient lodging
	5%	Liquor and beer
	3%	Admission to spectator events
	1%	State sales tax base
Duluth:	1%	State sales tax base
	1%	Certain food and beverages
	5%	Transient lodging
Minneapolis:	0.5%	State sales tax base
	3%	Transient lodging
	6%	Transient lodging — more than 50 rooms
	3%	Admissions, amusements
	3%	Liquor and beer (downtown, on-sale only)
	3%	Restaurant food (downtown)
Rochester:	3%	Transient lodging
	1%	State sales tax base
	\$20	Per motor vehicle sold at retail
St. Cloud:	5%	Transient lodging
	1%	Certain food and beverages
St. Paul:	3%	Transient lodging
	5%	Transient lodging — 50 or more rooms.

\*Not all authorized taxes are currently imposed. All cities and towns are now authorized to impose up to 3% tax on transient lodging for tourism promotion.

**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.

#### Revenue

Collections:\*

	F. Y. 1986 (000's)
Duluth	\$5,758
Bloomington	2,079
Minneapolis	2,552
Rochester	6,239
St. Cloud	156
St. Paul	727
Stadium Commission	31**

Disposition: Local governments.

\*Collection amounts for other selected cities are available from the Department of Revenue, Tax Research Division.

\*\*Collection of accounts receivable.

#### 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.
- 1985 — Extended to towns the authority to impose a local lodging tax of up to 3% for tourism promotion.
- 1986 — Minneapolis is authorized to impose the following new taxes related to Convention Center funding: 1) "piggyback" sales and use taxes of 0.5%; 2) a 3% sales tax on liquor and beer (downtown only); 3) an additional 3% lodging tax on facilities with more than 50 rooms; and 4) a 3% sales tax on restaurant food (downtown only).
  - St. Paul is authorized to impose an additional 2% tax on transient lodging facilities with 50 rooms or more. At least 95% of the proceeds must be used to fund a convention bureau.
  - To pay for development of the former Metropolitan Stadium site, Bloomington is authorized to impose a 1% "piggyback" sales tax within a designated special district. The city is also authorized to impose a 5% tax on transient lodging and a 5% sales tax on liquor and beer.
  - St. Cloud is authorized to fund a possible convention center by imposing: 1) a 1% sales tax on certain food and beverages; and 2) an additional 2% lodging tax.



## GROSS EARNINGS TAXES

### LOCAL GROSS EARNINGS TAX

Minnesota Statutes, 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

Minnesota Statutes, Section 298.75

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

**Rates:** 10¢ per cubic yard or 7¢ 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 to provide only a general description of the state-local fiscal system; 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 in two payments on July 15th and December 15th.

**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.

**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.

**School Agricultural Credit** — Aid is paid to school districts for the credit which is allowed to agricultural land, timberland, and noncommercial seasonal recreational residential property.

**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.

## PUBLIC WELFARE AIDS

A combination of federal, state, and county funds are used to finance public welfare payments.

**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.

**Preadmission Screening/Alternative Care Grants** — This program pays for: 1) screening people who are entering nursing homes; and 2) the cost of alternative forms of care (provided the cost does not exceed the cost of nursing home care).

## 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. 1986 for the various aid categories is indicated as follows:

Local Aids	
Local Government Aid	\$ 288,417,245
Homestead Credit Aid	536,596,811
Taconite Homestead Credit	10,675,938
Attached Machinery Aid <sup>1</sup>	2,381,787
School Agricultural Credit	106,667,822
Police and Fire Aids	24,441,262
Other Aids	2,856,646
	<hr/>
	\$ 972,037,511

Welfare Aids	
AFDC	\$ 111,132,800
Minnesota Supplemental Aid	16,257,400
Medical Assistance	447,356,800
General Assistance	44,571,500
Work Readiness Grants	14,059,500
Emergency Assistance	346,500
General Assistance Medical Care	56,599,500
Alternative Care Grants	10,291,000
	<hr/>
	\$ 700,615,000

Education Aids	
Foundation Aid	\$ 703,165,000
Transportation Aid	90,246,100
Special Education Aid	138,349,000
Vocational Aid	34,537,800
All Other Aids	56,748,748
	<hr/>
	\$1,023,046,648

Transportation Aid	
County	\$ 137,863,423
Municipal	43,346,660
	<hr/>
	\$ 181,210,083

<sup>1</sup>Includes School District Attached Machinery Aid.

A general comparison of fiscal year 1986 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**  
**\$4,807.8 Million**

Other Taxes \$638.7 Million
Severance and Gross Earnings \$158.4 Million
Highway Gasoline \$334.0 Million
Corporation and Bank Income \$367.3 Million
Sales and Use \$1,360.8 Million
Individual Income \$1,948.6 Million

**Local Aids**  
**\$3,058.8 Million**

Transportation Aid \$181.2 Million
Property Tax Refund \$182.0 Million
Welfare Aids \$700.6 Million
Local Aids \$972.0 Million
Education Aids \$1,023.0 Million

Local Aids —  $\frac{\$3,058.8 \text{ million}}{\$4,807.8 \text{ million}} = 64\%$   
Net State Tax Collections —

**MINNESOTA STATE TAX COLLECTIONS**  
**FISCAL YEARS ENDING**  
**JUNE 30, 1985 AND JUNE 30, 1986**

	F.Y. 1985 Net Collections (000's)	F.Y. 1986 Net Collections (000's)	F.Y. 1986 % of Total
<b>Income Taxes</b>			
Individual	\$2,233,451	\$1,948,595	40.53%
Corporation	353,418	326,124	6.78
Bank Excise	26,950	41,187	0.86
Reciprocity	16,153	15,951	0.33
<b>Estate Taxes</b>			
Estate	16,758	14,839	0.31
Inheritance	1,101	439	0.01
Gift	111	41	0.00
<b>Sales and Excise Taxes</b>			
General Sales & Use	1,347,420	1,360,789	28.30
*Motor Vehicle Excise	196,992	207,566	4.32
Highway Fuels	347,794	334,036	6.95
Aviation Fuels	2,314	2,232	0.05
Intoxicating Liquor	37,975	36,513	0.76
Fermented Malt Beverages	11,675	11,408	0.24
Wine	2,777	3,585	0.07
Cigarettes	82,170	97,700	2.03
Tobacco Products	3,144	3,933	0.08
*Mortgage Registration	12,849	1,179	0.02
*Deed Transfer	13,196	1,013	0.02
<b>Gross Earnings Taxes</b>			
Telephone	54,340	55,494	1.15
Telegraph	520	787	0.02
Railroad, Regular	(558)	0	0.00
Taconite Railroad	0	1,189	0.02
Freight Line	0	0	0.00
**Insurance Gross			
Premiums	74,201	94,303	1.96
Fire Marshall	1,546	1,915	0.04
Fireman's Relief Surcharge	716	975	0.02
Rural Electric Cooperatives	42	42	0.00
<b>Gambling Taxes</b>			
Charitable Gambling	444	6,380	0.13
Pari-Mutuel	N.A.	5,442	0.11
<b>Hazardous and Solid Waste Taxes</b>			
Hazardous Waste Tax	995	1,017	0.02
Solid Waste Tax	1,220	3,210	0.07
<b>Minerals Taxes</b>			
***Taconite Production	64,514	0	0.00
Taconite Occupation	10,606	(961)	-0.02
Iron Ore Occupation	380	531	0.01
Taconite Royalty	3,936	3,715	0.08
Iron Ore Royalty	523	415	0.01
Miscellaneous Royalty	5	3	0.00

**In Lieu of Property Taxes**

Motor Vehicle Licenses	212,696	223,307	4.64
Aircraft Licenses	1,343	1,310	0.03
Airflight Property	4,716	4,807	0.10

**Collected by:**

Department of Revenue	4,726,956	4,363,799	90.76
Other Agencies	411,475	444,005	9.24
<b>Total Collections</b>	<b>\$5,138,431</b>	<b>\$4,807,804</b>	<b>100.00%</b>

\*Effective July 1, 1985, these taxes are credited to each county's revenue fund, instead of the state general fund.

\*\*Includes Surplus Line, Unauthorized Insurance and Ocean Marine Profits Tax.

\*\*\*Starting in F.Y. 1986, the taconite production tax is collected by counties and IRRRB.

**MINNESOTA LOCAL TAX COLLECTIONS  
FISCAL YEARS ENDING  
JUNE 30, 1985 AND JUNE 30, 1986**

	F.Y. 1985 Amount (000)	F.Y. 1986 Amount (000)
<b>Property Taxes<sup>1</sup></b>		
Real Property <sup>2</sup>	\$2,147,405	\$2,282,521 (E)
Personal Property	79,372	86,818 (E)
Special Assessments	136,671	140,970 (E)
Mobile Home Property <sup>3</sup>	5,034	5,555 (E)
Tree Growth <sup>4</sup>	376	396
Auxiliary Forest <sup>4</sup>	61	61
2B Timberland Classification <sup>4</sup>	5,576	5,443
Rural Powerlines	6,426	6,983
<b>Minerals Taxes</b>		
Taconite Production	0	65,092 <sup>5</sup>
<b>Sales Tax</b>		
Bloomington	2,102	2,079
Duluth	5,497	5,758
Minneapolis	2,655	2,552
Rochester	6,237	6,239
St. Cloud	157	156
St. Paul	735	727
Stadium Commission	1,610	31
<b>Gross Earning Taxes</b>		
Minneapolis <sup>4</sup>	9,977	N/A
St. Paul	15,622	15,160

**Footnotes**

<sup>1</sup>Fiscal year 1985 property taxes were levied in calendar year 1984 and were payable in calendar year 1985. Fiscal year 1986 property taxes were levied in calendar year 1985 and were payable in calendar year 1986. Taxes on mobile homes are levied and payable in the same year.

	Fiscal Year 1985 (000)	Fiscal Year 1986 (000)
<sup>2</sup>		
After Credits		
Regular Homestead Credit	\$532,357	\$577,349 (E)
Taconite Homestead Credit	10,266	10,487 (E)
Supplemental Homestead Credit	314	341 (E)
Agricultural Credit	106,624	126,305 (E)
Native Prairie Credit	139	130 (E)
Wetlands Credit	422	396 (E)
Power Line Credit	152	171 (E)
Agricultural Preserves Credit	391	651 (E)
Enterprise Zone Credit	1,014	1,078 (E)
<sup>3</sup> After Credits		
Regular Homestead Credit	\$4,240	\$4,757 (E)
Taconite Credit	96	89 (E)
Agricultural Credit	44	51 (E)

<sup>4</sup>Fiscal year figures are as of calendar years ending 12/31.

<sup>5</sup>Starting in F.Y. 1986, the taconite production tax is collected by counties and IRRRB.

(E) Estimated.

## STATE TAX RANKINGS

Per Capita Personal Income  
Calendar Year 1985

1. Alaska	\$18,187
2. District of Columbia	18,168
3. Connecticut	18,089
4. New Jersey	17,211
5. Massachusetts	16,380
6. California	16,065
7. New York	16,050
8. Maryland	15,864
9. New Hampshire	14,964
10. Colorado	14,812
11. Illinois	14,738
12. Virginia	14,542
13. Nevada	14,488
14. Delaware	14,272
15. <b>MINNESOTA</b>	<b>14,087</b>
16. Rhode Island	13,906
17. Washington	13,876
18. Hawaii	13,814
19. Kansas	13,775
20. Florida	13,742
21. Michigan	13,608
22. Texas	13,483
23. Pennsylvania	13,437
24. Nebraska	13,281
25. Missouri	13,244
26. Ohio	13,226
27. Wyoming	13,223
28. Wisconsin	13,154
29. Arizona	12,795
30. Oregon	12,622
31. Iowa	12,594
32. Georgia	12,543
33. Indiana	12,446
34. Oklahoma	12,232
35. Vermont	12,117
36. North Dakota	12,052
37. Maine	11,887
38. North Carolina	11,617
39. Louisiana	11,274
40. Tennessee	11,243
41. South Dakota	11,161
42. Idaho	11,120
43. Montana	10,974
44. New Mexico	10,914
45. Kentucky	10,824
46. Alabama	10,673
47. South Carolina	10,586
48. Utah	10,493
49. Arkansas	10,476
50. West Virginia	10,193
51. Mississippi	9,187
<b>U.S. Average</b>	<b>\$13,867</b>

— Minnesota —	Amount	Rank
1982	11,290	19
1983	11,845	18
1984	13,247	14

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

1. New Hampshire	92.47%
2. Missouri	91.77
3. Florida	91.40
4. Tennessee	91.14
5. Virginia	91.01
6. Idaho	90.81
7. Arkansas	90.76
8. Alabama	90.72
9. South Dakota	90.66
10. Texas	90.60
11. Georgia	90.58
11. Nebraska	90.58
13. Indiana	90.51
14. Kentucky	90.45
15. Colorado	90.22
16. Kansas	90.15
16. North Carolina	90.15
18. Nevada	90.04
19. Mississippi	90.01
20. Illinois	90.00
21. Connecticut	89.96
22. Ohio	89.94
23. New Jersey	89.84
23. South Carolina	89.84
25. California	89.76
26. Maryland	89.73
27. Pennsylvania	89.69
28. Washington	89.66
29. Massachusetts	89.53
30. Oklahoma	89.46
31. Iowa	89.43
32. Rhode Island	89.37
33. Arizona	89.24
34. Delaware	89.09
35. Maine	88.83
36. Oregon	88.75
37. North Dakota	88.74
38. New Mexico	88.56
39. Vermont	88.51
40. Louisiana	88.48
41. West Virginia	88.20
42. Michigan	88.18
43. Hawaii	88.04
44. Utah	88.01
45. Wisconsin	87.75
46. <b>MINNESOTA</b>	<b>87.46</b>
47. Montana	87.40
48. District of Columbia	86.16
49. New York	85.46
50. Wyoming	80.49
51. Alaska	74.79
<b>U.S. Average</b>	<b>89.43%</b>

— Minnesota —	Amount	Rank
1982	88.46	42
1983	87.63	46
1984	87.12	47

## STATE AND LOCAL TAX COLLECTIONS

Per Capita — Fiscal Year 1985

1. Alaska	\$4,584.94
2. Wyoming	2,579.68
3. District of Columbia	2,515.09
4. New York	2,333.66
5. Connecticut	1,816.19
6. MINNESOTA	<b>1,766.57</b>
7. New Jersey	1,748.59
8. Massachusetts	1,715.39
9. Hawaii	1,651.81
10. California	1,644.80
11. Maryland	1,628.56
12. Wisconsin	1,610.98
13. Michigan	1,608.63
14. Delaware	1,557.62
15. Rhode Island	1,478.65
16. Illinois	1,474.37
17. Colorado	1,448.41
18. Nevada	1,443.49
19. Washington	1,435.30
20. Oregon	1,420.26
21. Vermont	1,391.97
22. Pennsylvania	1,384.82
23. Montana	1,382.62
24. Arizona	1,376.25
25. North Dakota	1,357.08
26. Kansas	1,356.68
27. Iowa	1,330.99
28. Ohio	1,330.58
29. Maine	1,327.60
30. Virginia	1,307.47
31. Louisiana	1,298.33
32. Oklahoma	1,289.14
33. Texas	1,267.04
34. Utah	1,258.34
35. Nebraska	1,251.29
36. New Mexico	1,248.56
37. West Virginia	1,202.52
38. Georgia	1,181.49
39. Florida	1,181.45
40. Indiana	1,180.84
41. North Carolina	1,144.42
42. New Hampshire	1,126.28
43. Missouri	1,090.59
44. South Carolina	1,075.97
45. South Dakota	1,042.74
46. Kentucky	1,033.37
47. Idaho	1,022.09
48. Tennessee	995.73
49. Alabama	989.95
50. Arkansas	967.49
51. Mississippi	917.91
<b>U.S. Average</b>	<b>\$1,465.16</b>

— Minnesota —	Amount	Rank
1982	1,289.70	10
1983	1,473.71	5
1984	1,706.43	5

## STATE AND LOCAL PROPERTY TAX COLLECTIONS

Per Capita — Fiscal Year 1985

1. Wyoming	\$1,101.39
2. Alaska	1,071.55
3. District of Columbia	726.99
4. New Jersey	717.12
5. Connecticut	703.05
6. New Hampshire	692.78
7. New York	688.16
8. Montana	631.28
9. Michigan	618.94
10. Oregon	617.40
11. Rhode Island	588.06
12. Wisconsin	568.55
13. Massachusetts	567.68
14. Nebraska	541.28
15. Vermont	531.54
16. Illinois	525.69
17. Iowa	520.29
18. Kansas	500.85
19. Colorado	497.24
20. MINNESOTA	<b>496.89</b>
21. Maine	471.24
22. Texas	465.87
23. South Dakota	455.14
24. California	420.37
25. Washington	411.21
26. Maryland	406.64
27. Florida	377.90
28. Indiana	377.63
29. Ohio	373.86
30. Arizona	367.06
31. Pennsylvania	366.98
32. Virginia	365.72
33. Utah	345.69
34. North Dakota	337.27
35. Nevada	315.51
36. Georgia	294.72
37. Hawaii	292.73
38. Idaho	280.48
39. North Carolina	246.62
40. South Carolina	239.37
41. Missouri	238.71
42. Oklahoma	225.65
43. Tennessee	217.89
44. Mississippi	210.39
45. Delaware	203.72
46. West Virginia	198.85
47. Kentucky	182.20
48. Louisiana	176.45
49. Arkansas	173.48
50. New Mexico	149.82
51. Alabama	115.66
<b>U.S. Average</b>	<b>\$ 434.60</b>

— Minnesota —	Amount	Rank
1982	341.50	25
1983	413.11	19
1984	466.15	19



**STATE INDIVIDUAL  
INCOME TAX COLLECTIONS**  
Per Capita — Fiscal Year 1985

1. Delaware	\$587.76
2. New York	584.56
3. Massachusetts	542.59
4. <b>MINNESOTA</b>	<b>532.67</b>
5. Oregon	487.80
6. Wisconsin	420.76
7. California	408.20
8. Hawaii	407.40
9. Maryland	402.61
10. Virginia	341.43
11. Michigan	335.44
12. North Carolina	323.50
13. Rhode Island	291.06
14. Georgia	287.54
15. Iowa	285.91
16. Colorado	280.91
17. Vermont	271.31
18. Utah	261.83
19. West Virginia	259.91
20. Ohio	258.90
21. Idaho	256.95
22. New Jersey	256.15
23. Maine	255.35
24. South Carolina	254.20
25. Kansas	246.31
26. Indiana	234.05
27. Illinois	225.48
28. Oklahoma	220.27
29. Montana	219.20
30. Pennsylvania	218.42
31. Missouri	209.50
32. Kentucky	208.42
33. Arkansas	199.85
34. Nebraska	198.54
35. Arizona	190.97
36. Alabama	176.62
37. Louisiana	117.54
38. North Dakota	111.21
39. Mississippi	99.29
40. Connecticut	91.88
41. New Mexico	58.61
42. New Hampshire	24.53
43. Tennessee	12.98
44. Alaska	2.43
South Dakota	0.00
Florida	0.00
Texas	0.00
Washington	0.00
Wyoming	0.00
Nevada	0.00
<b>U.S. Average*</b>	<b>\$312.26</b>

\*Based on a 44 state average.

— Minnesota —	Amount	Rank
1982	380.06	4
1983	477.31	2
1984	556.55	2

**STATE SALES TAX COLLECTIONS**  
Per Capita — Fiscal Year 1985

1. Hawaii	\$648.61
2. Washington	607.98
3. Nevada	489.65
4. Connecticut	484.73
5. Arizona	426.54
6. New Mexico	418.75
7. Florida	411.09
8. West Virginia	410.65
9. Indiana	384.24
10. California	367.26
11. Tennessee	365.05
12. Mississippi	356.74
13. Wyoming	353.23
14. Utah	337.64
15. <b>MINNESOTA</b>	<b>321.54</b>
16. Wisconsin	304.40
17. Maine	304.10
18. South Carolina	302.00
19. New Jersey	298.97
20. Arkansas	292.73
21. Rhode Island	283.30
22. Missouri	282.01
23. Michigan	279.72
24. Illinois	275.72
25. North Dakota	273.66
26. Ohio	268.11
27. Louisiana	266.06
28. Iowa	262.75
29. South Dakota	260.68
30. Texas	259.31
31. Georgia	256.49
32. Pennsylvania	254.73
33. Maryland	250.10
34. Massachusetts	246.99
35. New York	237.81
36. Idaho	237.36
37. Colorado	235.99
38. Kansas	223.24
39. Kentucky	220.20
40. Nebraska	212.60
41. Alabama	203.66
42. Oklahoma	191.01
43. North Carolina	185.39
44. Vermont	164.39
45. Virginia	162.62
Delaware	0.00
New Hampshire	0.00
Alaska	0.00
Oregon	0.00
Montana	0.00
<b>U.S. Average*</b>	<b>\$299.53</b>

\*Based on a 45 state average.

— Minnesota —	Amount	Rank
1982	214.67	20
1983	239.44	17
1984	300.54	14

## CORPORATE INCOME TAX COLLECTIONS

Per Capita — Fiscal Year 1985

1. Alaska	\$192.71
2. Connecticut	154.22
3. Michigan	153.15
4. Massachusetts	146.22
5. California	138.75
6. Delaware	123.89
7. North Dakota	123.28
8. New Jersey	122.08
9. New York	104.59
10. New Hampshire	95.61
11. MINNESOTA	<b>91.41</b>
12. Wisconsin	86.63
13. Pennsylvania	79.56
14. North Carolina	78.38
15. Montana	75.87
16. Rhode Island	72.83
17. Georgia	69.99
18. Louisiana	65.52
19. Vermont	65.34
20. Kansas	65.17
21. Arizona	63.48
22. Illinois	61.21
23. South Carolina	59.69
24. Oregon	57.25
25. Kentucky	56.71
26. Maryland	56.04
27. Arkansas	55.21
28. Tennessee	54.43
29. Iowa	53.54
30. Alabama	52.79
31. West Virginia	51.02
32. Virginia	50.43
33. Hawaii	46.22
34. Maine	45.99
35. New Mexico	44.18
36. Idaho	42.47
37. Mississippi	40.75
38. Ohio	40.69
39. Florida	39.95
40. Indiana	32.43
41. Missouri	31.93
42. Utah	31.73
43. Oklahoma	31.66
44. Colorado	31.46
45. Nebraska	30.49
46. South Dakota	23.92
Nevada	0.00
Washington	0.00
Wyoming	0.00
Texas	0.00
<b>U.S. Average*</b>	<b>\$ 81.69</b>

\*Based on a 46 state average.

— Minnesota —	Amount	Rank
1982	79.81	8
1983	61.29	12
1984	73.40	10

## PER CAPITA STATE AND LOCAL EXPENDITURES

MINNESOTA AND U.S. AVERAGE, Fiscal Year 1985

(Direct, General Expenditures —  
Including Capital Outlay)

	Minnesota Per Capita	U.S. Per Capita
Education		
Elementary & Secondary	\$ 656.70	\$ 552.85
Higher Education	241.84	219.13
Other Education	37.75	35.12
Total Education	936.29	807.10
Libraries	12.92	11.31
Public Welfare	430.88	299.63
Health & Hospitals	232.21	208.39
Highways	291.42	188.62
Airports	14.87	15.69
Police	75.78	87.80
Fire	26.21	37.35
Corrections	41.10	53.78
Sewerage	54.64	51.12
Housing & Development	55.02	43.45
Nat. Resources & Parks	107.12	73.38
Financial Admin.	49.48	43.77
Judicial & Legal	41.63	39.55
Public Buildings	53.15	37.62
Interest on Debt	195.77	135.83
All Other	223.95	178.94
<b>Totals</b>	<b>\$2,842.44</b>	<b>\$2,313.33</b>
	<b>Minnesota</b>	<b>Minnesota</b>
	<b>Per Capita</b>	<b>as Pct.</b>
	<b>Rank</b>	<b>of U.S.</b>
Education		
Elementary & Secondary	6	119%
Higher Education	21	110
Other Education	21	107
Total Education	10	116
Libraries	16	114
Public Welfare	5	144
Health & Hospitals	12	111
Highways	9	155
Airports	22	95
Police	24	86
Fire	34	70
Corrections	31	76
Sewerage	19	107
Housing & Development	9	127
Nat. Resources & Parks	11	146
Financial Admin.	16	113
Judicial & Legal	17	105
Public Buildings	9	141
Interest on Debt	12	144
All Other	N/A	125
<b>Total Rank/Pct.</b>	<b>5</b>	<b>123</b>