

GOVERNOR DAYTON'S HANDOUT
as part of his talk at First Tuesday
at University of Minnesota
March 5, 2012



How Does Minnesota Compare?

Starting in 1969, MTA released comparisons of state and local taxes and spending under the name "How Does Minnesota Compare?" These releases were historically in the fall of the year, two years after the year of comparison. The data for FY2010 is based on surveys, whereas the more complete Census of Governments occurs every five years (those years ending in a 2 or a 7).

Our historical data has gaps for FY2001 and FY2003. The Census Bureau did not publish state and local tax data by state for these years.

Why This Booklet?

This booklet is designed to provide just one snap shot of Minnesota's fiscal picture.

If you want to find out how Minnesota's overall tax collections or spending compare to the other states, this is the place to look. If you want to know whether Minnesota relies on a certain tax more than other states, this is also a good publication to check out. But if you want to know your particular tax burden, you will have to consult one of our other studies (50-state property and income tax burden studies based on specific property value and income level examples). You will not find your tax burden in this report, only averages based on statewide collections.

But the statewide averages still give you a lot of information. The two summary tables on the next page provide you an overview of the Minnesota numbers in this publication.

Source for first three pages (labeled 4, 5&6)

<http://www.fiscalexcellence.org/our-studies/hdmcfy10final.pdf>

Revenues

MINNESOTA STATE & LOCAL TAX COLLECTIONS						
per \$1,000 of Personal Income						
Tax Category	2009		2010		Rank	
	Amount	% of US	Amount	% of US	2009	2010
Property Tax (S & L)	\$31.74	91.8%	\$33.87	92.4%	27	26
Ind. Income Tax (State)	31.13	127.3%	29.25	123.0%	4	6
Ind. Income Tax (S & L)	31.13	116.2%	29.25	112.0%	6	9
Corp. Income Tax (State)	3.49	96.4%	3.27	95.1%	17	16
Sales Tax (State)	19.60	102.2%	20.05	105.6%	23	20
Sales Tax (S & L)	20.11	82.9%	20.54	85.0%	36	33
Excise Tax (State)	13.39	141.2%	15.66	157.3%	7	5
Total Taxes (S & L)	107.65	103.8%	110.36	104.8%	14	15

Percent of U.S. calculated using only states that levy the tax in question.

MINNESOTA STATE & LOCAL TAX COLLECTIONS, FY2010						
Tax Category	Per Capita			Per \$1,000 of Income		
	Amount	Rank	% of US	Amount	Rank	% of US
Property Tax (S & L)	\$1,407.83	21	98.6%	\$33.87	26	92.4%
Ind. Income Tax (State)	1,216.07	6	130.4%	29.25	6	123.0%
Ind. Income Tax (S & L)	1,216.07	8	118.5%	29.25	9	112.0%
Corp. Income Tax (State)	135.90	13	101.2%	3.27	16	95.1%
Sales Tax (State)	833.53	16	112.7%	20.05	20	105.6%
Sales Tax (S & L)	853.90	28	90.6%	20.54	33	85.0%
Excise Tax (State)	650.82	2	168.1%	15.66	5	157.3%
Total Taxes (S & L)	\$4,587.44	13	111.8%	110.36	15	104.8%

Percent of U.S. calculated using only states that levy the tax in question.

Expenditures

MINNESOTA STATE AND LOCAL EXPENDITURES per \$1,000 of Personal Income						
Spending Category	2009		2010		Rank	
	Amount	% of US	Amount	% of US	2009	2010
K-12 Education	\$47.14	100.1%	\$44.93	94.3%	26	33
Higher Education	19.99	104.6%	19.82	98.4%	28	32
Total Education	71.53	103.1%	69.44	97.3%	29	33
Public Welfare	49.14	139.8%	53.28	140.6%	7	7
Health and Hospitals	13.52	75.9%	13.42	72.1%	34	37
Highways	15.47	124.7%	16.73	129.4%	22	20
Interest on Gen. Debt	7.86	93.1%	8.50	96.9%	30	24
Police	7.38	97.3%	7.65	96.5%	17	19
Fire	1.73	52.7%	1.69	47.8%	47	48
Corrections	4.06	66.9%	3.90	64.4%	46	44
Total	207.92	103.0%	212.85	101.1%	24	25

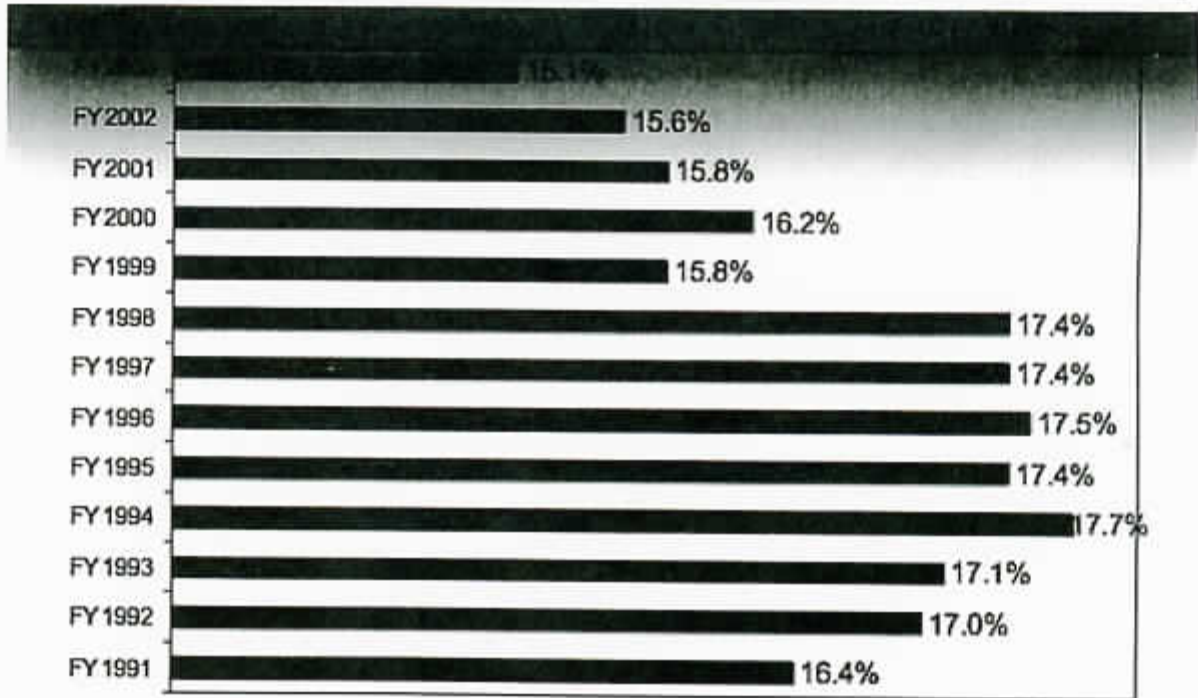
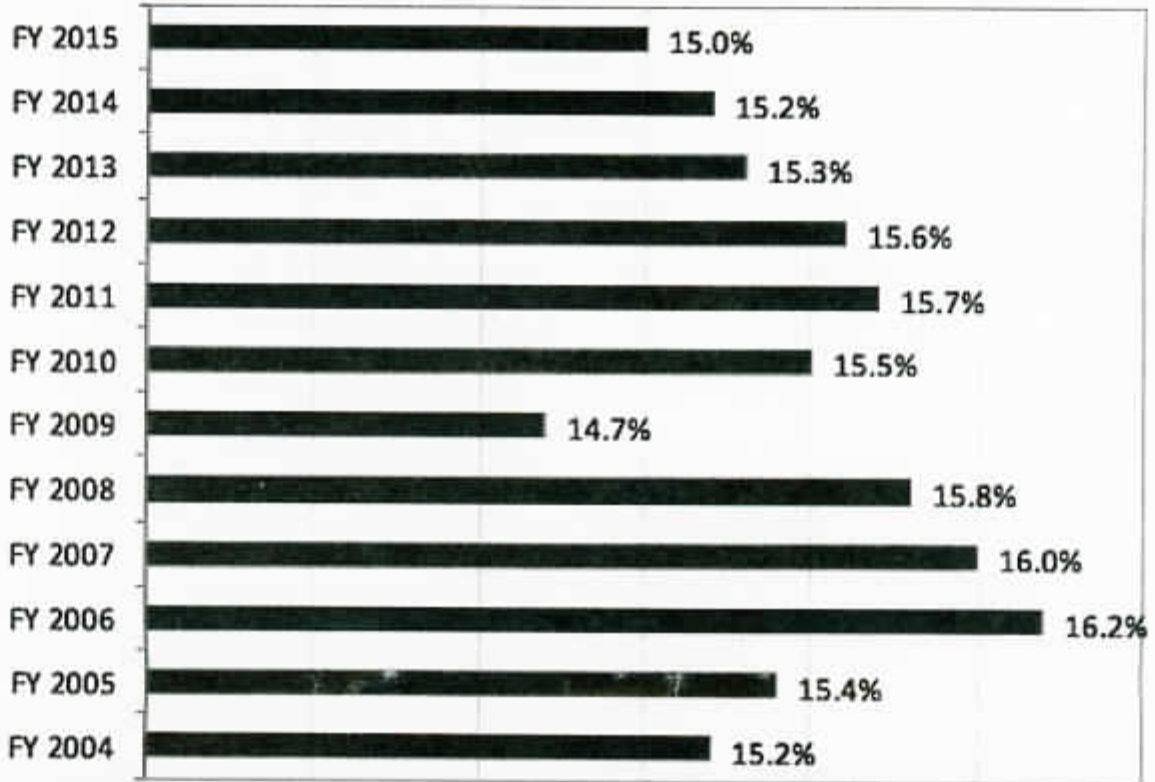
MINNESOTA STATE AND LOCAL EXPENDITURES, FY2010						
Spending Category	Per Capita			Per \$1,000 of Income		
	Amount	Rank	% of US	Amount	Rank	% of US
K-12 Education	\$1,867.86	20	100.7%	\$44.93	33	94.3%
Higher Education	823.77	27	105.0%	19.82	32	98.4%
Total Education	2,886.59	19	103.8%	69.44	33	97.3%
Public Welfare	2,214.78	5	150.0%	53.28	7	140.6%
Health and Hospitals	557.93	31	76.9%	13.42	37	72.1%
Highways	695.64	10	138.1%	16.73	20	129.4%
Interest on Gen. Debt	353.20	17	103.3%	8.50	24	96.9%
Police	317.93	13	103.0%	7.65	19	96.5%
Fire	70.28	45	51.0%	1.69	48	47.8%
Corrections	162.07	39	68.7%	3.90	44	64.4%
Total	\$8,848.04	15	107.8%	212.85	25	101.1%

Source: Bureau of the Census, State and Local Finances 2009-10. Calculations by MTA.

Special States

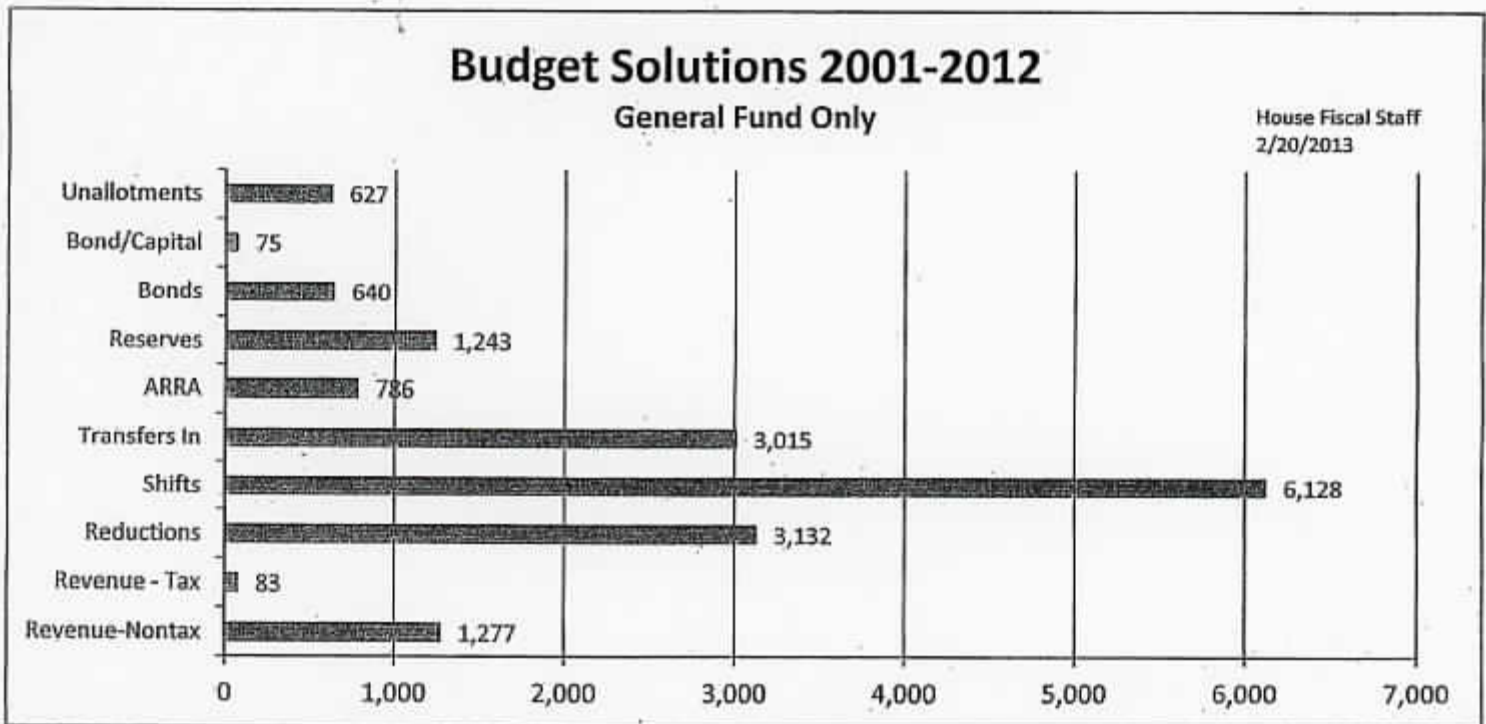
Several states have unusually high tax and/or spending numbers that affect their rankings, but do not accurately reflect the tax load on their residents. Alaska is the most prominent one, which because of its oil reserves fund, annually makes payments to its residents of about \$1,000 per person. Wyoming and Montana tax their coal industries very heavily, thus shielding the average taxpayer from the cost of higher than average spending. Consider all Alaska data and primarily spending data for Wyoming and Montana with this in mind.

Minnesota Price of Government State and Local Revenues as % of Personal Income



LCPFP Hearing

LCPFP
Likely means
Legislative Commission on Planning and Fiscal Policy
<http://www.commissions.leg.state.mn.us/lcpfp/lcpfp.htm>



**compared to Feb Forecasts*

ARRA=
Likely means
American Recovery and Reinvestment Act
<http://www.recovery.gov/Pages/default.aspx>

STATE TAX-ECONOMIC COMPARISONS

Tax Rankings for FY 2010 Per Capita Income Rankings for CY 2010

South Dakota 51st in taxes; 20th in per capita income

Tennessee 50th in taxes; 35th in income

Alabama 49th in taxes; 42nd in income

Missouri 48th in taxes; 30th in income

Idaho 47th in taxes; 49th in income

MN 15th in taxes; 10th in income

Sources:

Tax Rankings: Total State & Local Tax Collections FY 2010 (Source: Minnesota Taxpayers Association (MTA): How Does Minnesota Compare?, Sept. 2012

Per Capita Income Rankings: Per Capita Personal Income Rankings for CY 2010 (Source: US Dept. of Commerce, Bureau of Economic Analysis, Sept. 2012

This second comparison uses the recently released ranking of the states by % job increases in 2012 vs. the same FY2010 tax rankings (most recent available) also used in the first table.

Total S&L Taxes/\$1000 of PI FY10 % Job Growth CY 2012

South Dakota: 51st in taxes; 44th in % Job Growth

Tennessee: 50th in taxes; 23rd in job growth.

Alabama 49th in taxes; 38th in job growth.

Missouri: 48th in taxes; 21st in job growth.

Idaho: 47th in taxes; 7th in job growth.

New Hampshire: 46th in taxes; 46th in job growth.

MN: 15th in taxes; 12th in job growth.

North Dakota: 4th in taxes; 1st in job growth.

Sources:

Tax Rankings: Total State & Local Tax Collections FY 2010, Source: MTA How Does Minnesota Compare?, Sept. 2012

Jobs Rankings: Calendar 2012 Job Growth from US Bureau of Labor Statistics