

Price of Government

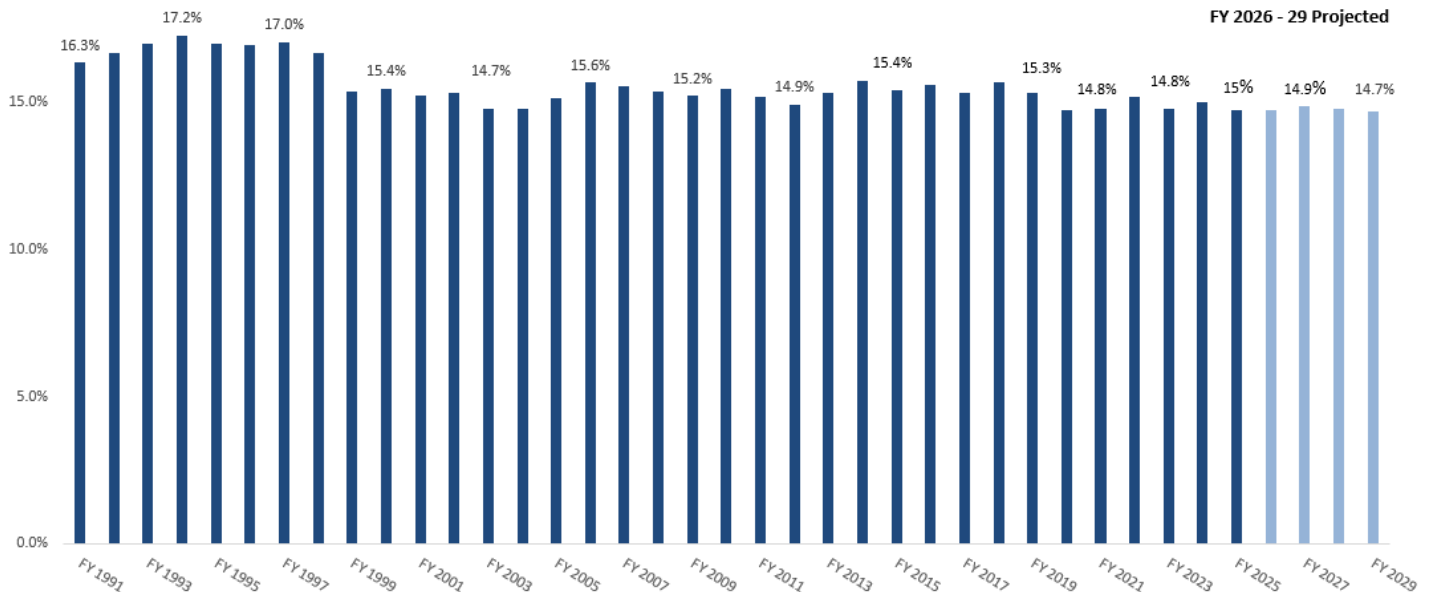
State and Local Government Revenues

The state general fund forecast represents only a portion of public sector revenues and spending in Minnesota. In broad terms, the “Price of Government” is a measure of the cost of all general government services statewide. It answers the question: ***How much do Minnesotans pay to state and local governments in total?*** It is comprehensive and includes nearly all revenues generated by state and local units of government as well as public school districts. All state taxes, property taxes, special assessments, fees, and charges are included. Federal taxes are not included. The measure serves as a financial index for the cost of public services in Minnesota.

The annual receipts collected by each unit of government are considered to represent the aggregate cost that Minnesota taxpayers pay for public services. The “Price of Government” measures that cost for each fiscal year relative to Minnesota Personal Income. The result is stated as a percentage of total statewide personal income. For fiscal year 2026, it is projected at 14.9 percent.

Minnesota Price of Government

State and Local Revenues as % of MN Personal Income



Because the price of government focuses on revenues collected by the state, local governments, and school districts, it is designed to be a performance measure for both taxpayers in general and policymakers during the budget development process.

The following table shows the revenues collected at each level of government, excluding federal grants, and excluding intergovernmental revenues such as state aid to school districts, cities, and counties. The results are called “own source” revenues and represent the taxes, fees, and charges at each level of government.

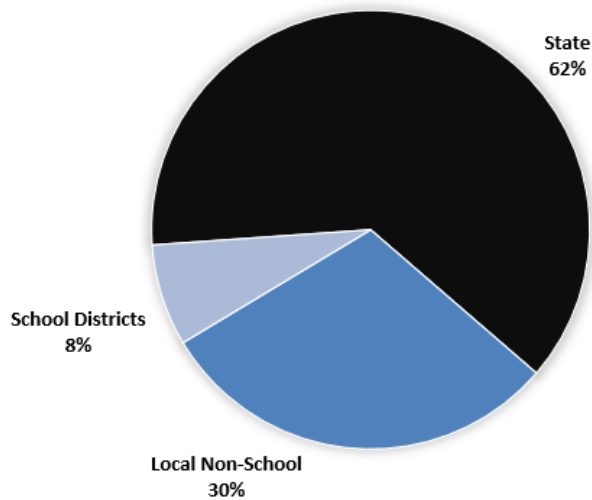
Own Source Revenues

(\$ in millions)

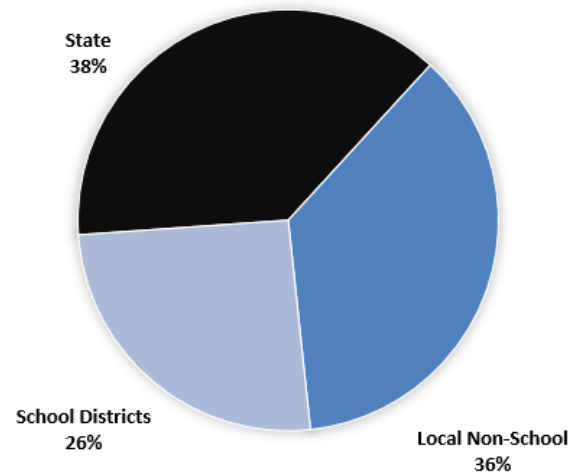
	Projected FY 2026	Percent of Total	Projected FY 2027	Percent of Total
State Revenues				
Tax Revenues	\$37,762		\$39,433	
Non-Tax Revenues	5,734		5,285	
<i>Total State Revenues</i>	<u>43,496</u>	62%	<u>44,718</u>	62%
Local Non-School Revenues				
Tax Revenues	10,878		11,625	
Non-Tax Revenues	10,047		10,488	
<i>Total Local Non-School Revenues</i>	<u>20,925</u>	30%	<u>22,113</u>	31%
School District Revenues				
Tax Revenues	3,992		4,171	
Non-Tax Revenues	1,235		1,252	
<i>Total School District Revenues</i>	<u>5,227</u>	8%	<u>5,424</u>	8%
Total Own Source Revenues	\$69,648		\$72,254	
Minnesota Personal Income	\$467,938		\$486,323	
Governmental Revenue as Percent of Personal Income	14.9%		14.9%	

In FY 2026, of all payments Minnesotans will make in taxes, fees and charges, the state will collect 62 percent. Counties, cities, and townships will collect about 30 percent, while school districts will collect about 8 percent. However, once intergovernmental aids are considered, the state will spend only 38 percent of the total, while non-school local governments will spend 36 percent, and school districts will spend 26 percent.

WHO COLLECTS?



WHO SPENDS?



A table showing price of government data follows. It includes major taxes and other revenue sources for FY 2019 through FY 2029 shown by level of government.

Personal income data is obtained from the Bureau of Economic Analysis. Minnesota personal income is the income that Minnesota residents get from paychecks, employer-provided supplements such as insurance, business ownership, rental property, social security and other government benefits, interest, and dividends.

Price of Government

State & Local Revenues
as a Percent of Personal Income
End of 2026 Legislative Session

(\$ in Thousands)	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Actual FY 2023	Actual FY 2024	Actual FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029
State Revenues											
<i>Tax Revenues:</i>											
Individual Income Tax	12,405,417	12,094,129	14,103,661	16,872,708	15,777,561	14,873,007	16,655,774	17,350,648	17,769,951	18,313,773	19,357,773
General Sales Tax	6,273,252	6,359,516	6,791,570	7,300,143	8,179,886	8,454,518	8,473,996	8,905,288	9,202,899	9,376,189	9,549,294
Corporate Income Tax	1,660,015	1,580,275	2,387,370	2,822,875	2,928,921	3,171,237	3,192,096	3,302,421	3,358,678	3,369,364	3,408,354
Gasoline & Special Fuels Taxes	937,793	877,793	844,604	894,977	882,012	886,582	929,642	1,016,670	1,031,150	1,039,650	1,048,800
Motor Vehicle License Tax	803,633	812,738	853,998	823,069	824,455	903,271	1,032,843	1,122,330	1,081,641	1,130,327	1,336,885
Motor Vehicle Sales Tax	809,852	810,040	981,738	986,044	1,060,544	1,128,640	1,103,795	1,100,000	1,180,000	1,230,000	1,300,000
Statewide Property Tax	810,627	753,318	803,134	774,121	765,246	717,866	745,305	731,259	740,372	741,116	741,867
Health Care Taxes	675,936	682,734	635,367	747,824	738,680	869,686	1,008,562	964,600	1,008,800	1,070,400	1,123,400
All Other Taxes	2,298,724	2,254,049	2,559,603	2,669,809	2,602,995	2,581,395	2,714,757	3,268,973	4,059,207	4,179,387	4,313,250
Subtotal - State Taxes	26,675,249	26,224,592	29,961,045	33,891,571	33,760,300	33,586,202	35,856,770	37,762,189	39,432,698	40,450,206	42,179,623
<i>Non-Tax Revenues:</i>											
Fees & Charges	1,168,979	1,233,620	1,268,688	1,242,606	1,173,088	1,351,721	1,470,639	1,506,509	1,556,925	1,857,709	1,592,412
Investment Earnings	333,780	297,892	148,315	184,192	846,247	1,366,991	1,283,890	1,107,820	831,560	606,767	593,592
Post-Secondary Tuition	1,697,717	1,725,680	1,690,100	1,669,826	1,677,399	1,714,806	1,811,043	1,929,288	1,929,288	1,929,288	1,929,288
Tobacco Settlements	162,765	152,282	254,190	192,965	197,247	169,801	156,641	153,500	145,149	206,270	141,089
All Other Resources	882,107	793,134	1,640,090	974,269	1,233,161	1,773,270	1,525,280	1,036,672	822,169	810,474	808,473
Subtotal - State Non Tax Revenues	4,245,348	4,202,608	5,001,383	4,263,858	5,127,142	6,376,589	6,247,493	5,733,789	5,285,091	5,410,508	5,064,854
Subtotal - State Own Source Revenues	30,920,597	30,427,200	34,962,428	38,155,429	38,887,442	39,962,791	42,104,263	43,495,978	44,717,789	45,860,714	47,244,477
Federal Grants	11,825,013	14,821,726	16,839,875	21,460,920	19,980,239	18,676,018	18,841,927	25,530,316	24,961,038	26,277,767	26,240,553
TOTAL STATE REVENUES	42,745,610	45,248,926	51,802,303	59,616,349	58,867,681	58,638,809	60,946,190	69,026,294	69,678,827	72,138,481	73,485,030

Price of Government

State & Local Revenues
as a Percent of Personal Income
End of 2026 Legislative Session

(\$ in Thousands)	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Actual FY 2023	Actual FY 2024	Actual FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029
Local Non-School Revenues											
<i>Tax Revenues:</i>											
Property Tax	6,349,542	6,664,735	7,004,601	7,150,037	7,460,373	7,890,167	8,417,556	8,962,609	9,625,681	10,280,423	10,932,315
Sales Tax	643,382	692,577	628,888	726,729	851,568	992,146	1,429,023	1,532,772	1,606,700	1,648,300	1,679,700
Other Taxes	297,457	308,983	329,740	338,732	349,914	356,126	375,409	382,762	392,273	396,150	405,347
Subtotal - Local Taxes	7,290,381	7,666,295	7,963,229	8,215,498	8,661,855	9,238,439	10,221,989	10,878,143	11,624,653	12,324,873	13,017,362
<i>Non-Tax Revenues:</i>											
Special Assessments	330,645	335,367	342,274	374,687	348,589	369,374	381,044	395,271	412,433	430,679	449,959
Licenses and Permits	267,354	285,703	265,548	293,343	320,445	312,267	322,428	334,807	349,743	365,634	382,438
Charges for Services	1,526,930	1,578,810	1,427,088	1,614,623	1,721,077	1,723,284	1,777,217	1,841,953	1,918,975	2,000,610	2,086,651
Investment Earnings	189,205	413,142	268,347	9,708	(379,256)	808,423	267,500	280,875	294,919	309,665	325,148
Selected Enterprise Revenues	4,718,088	4,724,114	4,957,367	5,256,576	5,582,065	6,098,497	6,148,348	6,381,343	6,663,523	6,963,583	7,280,658
Miscellaneous Revenues	535,306	692,458	686,811	671,025	730,465	758,817	783,207	812,857	848,454	886,265	926,189
Subtotal - Local Non Tax Revenues	7,567,528	8,029,595	7,947,434	8,219,962	8,323,386	10,070,663	9,679,743	10,047,106	10,488,048	10,956,435	11,451,042
Subtotal - Local Own Source Revenues	14,857,909	15,695,890	15,910,663	16,435,460	16,985,240	19,309,102	19,901,732	20,925,249	22,112,701	23,281,308	24,468,405
<i>Intergovernmental Revenue:</i>											
State Aid	3,359,138	3,517,368	3,683,839	3,543,466	3,776,706	4,321,478	4,553,330	4,492,624	4,629,743	4,498,386	4,581,570
Local Aid	331,366	371,811	399,990	401,890	487,403	462,692	449,230	449,230	449,230	449,230	449,230
Federal Aid	1,061,055	1,065,797	2,307,605	1,615,558	2,092,636	1,894,145	1,161,500	1,164,010	1,109,132	1,120,193	1,131,365
Subtotal - Intergovernmental Revenue	4,751,560	4,954,975	6,391,434	5,560,914	6,356,744	6,678,314	6,164,060	6,105,864	6,188,105	6,067,809	6,162,165
TOTAL LOCAL NON-SCHOOL REVENUES	19,609,468	20,650,865	22,302,096	21,996,373	23,341,985	25,987,416	26,065,791	27,031,113	28,300,806	29,349,117	30,630,569

Price of Government

State & Local Revenues
as a Percent of Personal Income
End of 2026 Legislative Session

(\$ in Thousands)	Actual FY 2019	Actual FY 2020	Actual FY 2021	Actual FY 2022	Actual FY 2023	Actual FY 2024	Actual FY 2025	Projected FY 2026	Projected FY 2027	Projected FY 2028	Projected FY 2029
School District Revenues											
<i>Tax Revenues:</i>											
Property Tax	2,862,966	3,088,007	3,282,667	3,345,638	3,362,032	3,698,641	3,966,332	3,982,653	4,163,045	4,271,940	4,367,203
Taconite Production Tax	8,088	7,851	8,995	10,219	8,353	8,395	8,274	9,469	8,405	8,636	8,636
Subtotal - School District Tax Revenues	2,871,054	3,095,858	3,291,662	3,355,856	3,370,384	3,707,036	3,974,605	3,992,121	4,171,450	4,280,575	4,375,839
<i>Non-Tax Revenues:</i>											
Fee Revenue	609,841	509,976	287,311	440,878	628,354	528,553	550,817	561,833	573,070	584,531	596,222
Other Miscellaneous Revenue	353,881	340,552	249,881	305,856	485,490	618,668	666,031	672,691	679,418	686,212	693,074
Subtotal - School District Non Tax Revenues	963,722	850,528	537,192	746,734	1,113,844	1,147,221	1,216,847	1,234,524	1,252,488	1,270,743	1,289,296
Subtotal - School Dist Own Source Revenues	3,834,776	3,946,386	3,828,854	4,102,591	4,484,228	4,854,257	5,191,453	5,226,645	5,423,938	5,551,318	5,665,135
<i>Intergovernmental Revenue:</i>											
State Aid	9,377,205	9,608,665	9,686,331	9,755,722	10,022,367	11,670,428	12,037,218	12,567,982	13,189,307	13,418,175	13,858,150
State Paid Tax Credits	10,545	10,528	12,320	11,703	11,265	10,742	10,637	10,654	10,344	10,359	11,203
Education Homestead Credit	0	0	0	0	0	0	0	0	0	0	0
Education Agricultural Credit	0	0	0	0	0	0	0	0	0	0	0
Market Value Homestead Credit	0	0	21	28	11	2	0	0	0	0	0
Homestead Agric Land MV Credit	8,544	8,683	8,410	7,376	7,631	7,310	7,565	7,866	7,487	7,487	7,487
Ag School Bond Credit	36,033	38,055	57,040	62,672	70,867	87,662	109,489	118,840	128,189	123,835	125,529
Local Aid	50,245	48,760	51,118	74,795	73,525	74,284	82,140	82,000	82,000	82,000	82,000
Federal Aid	775,769	825,597	1,447,341	1,960,937	1,699,439	1,502,154	1,018,630	1,028,816	1,039,104	1,039,104	1,049,495
Subtotal - Intergovernmental Revenue	10,258,341	10,540,287	11,262,581	11,873,233	11,885,105	13,352,582	13,265,679	13,816,158	14,456,431	14,680,960	15,133,864
TOTAL SCHOOL DISTRICT REVENUES	14,093,117	14,486,673	15,091,435	15,975,824	16,369,333	18,206,839	18,457,132	19,042,803	19,880,369	20,232,279	20,798,999

State & Local Revenues as a Percent of Personal Income End of 2026 Legislative Session

Total State, Local & School District Revenues

Tax Revenues	36,836,684	36,986,745	41,215,936	45,462,925	45,792,539	46,531,677	50,053,364	52,632,453	55,228,802	57,055,654	59,572,824
Non-Tax Revenues	12,776,598	13,082,730	13,486,009	13,230,554	14,564,372	17,594,473	17,144,083	17,015,419	17,025,626	17,637,686	17,805,192
Intergovernmental Revenue	26,834,914	30,316,989	34,493,890	38,895,066	38,222,088	38,706,914	38,271,665	45,452,338	45,605,574	47,026,536	47,536,582
TOTAL ALL REVENUES	76,448,195	80,386,464	89,195,835	97,588,545	98,578,999	102,833,064	105,469,113	115,100,210	117,860,001	121,719,877	124,914,598
Less: Intergovernmental Revenues	(26,834,914)	(30,316,989)	(34,493,890)	(38,895,066)	(38,222,088)	(38,706,914)	(38,271,665)	(45,452,338)	(45,605,574)	(47,026,536)	(47,536,582)
Total Own Source Revenues	49,613,282	50,069,476	54,701,945	58,693,479	60,356,911	64,126,150	67,197,448	69,647,872	72,254,428	74,693,340	77,378,016
Minnesota Personal Income	324,404,854	340,634,000	371,263,785	387,414,455	408,713,793	427,999,392	447,396,154	467,937,720	486,322,500	506,612,500	527,257,500
Revenue as Percent of Personal Income	15.3%	14.7%	14.7%	15.2%	14.8%	15.0%	15.0%	14.9%	14.9%	14.7%	14.7%