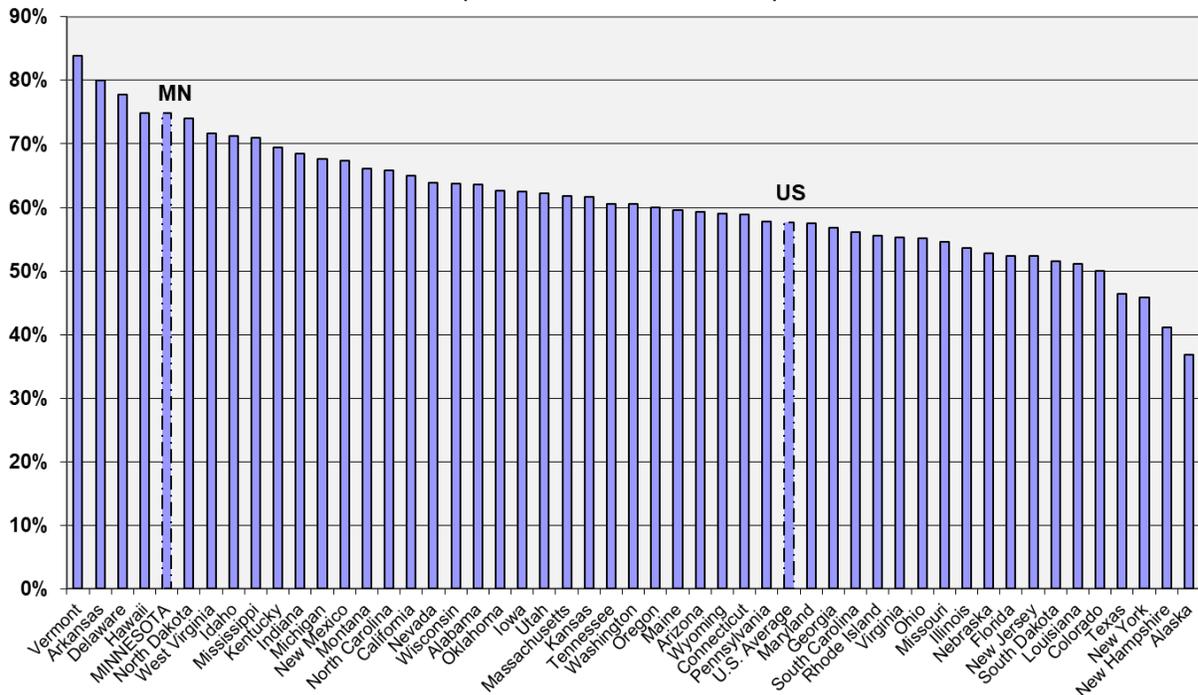


Variation in the State Share of State and Local Taxes

Minnesota's taxes are primarily state taxes.

- In FY 2016, the state tax share for Minnesota was 74.9%; the local share (including school districts) was 25.1%.
- According to US Census data, in FY 2016 only four states had a higher state tax share of state and local taxes. They included Vermont, Arkansas, Delaware, and Hawaii.
 - The median value for state tax share was 61%.
 - For the U.S. as a whole, 58% of state and local taxes were collected at the state level.
 - Four states had state tax shares below 50% (Texas, New York, New Hampshire, and Alaska).

Chart 1
State Share of State & Local Taxes
(US Census Data for 2016)

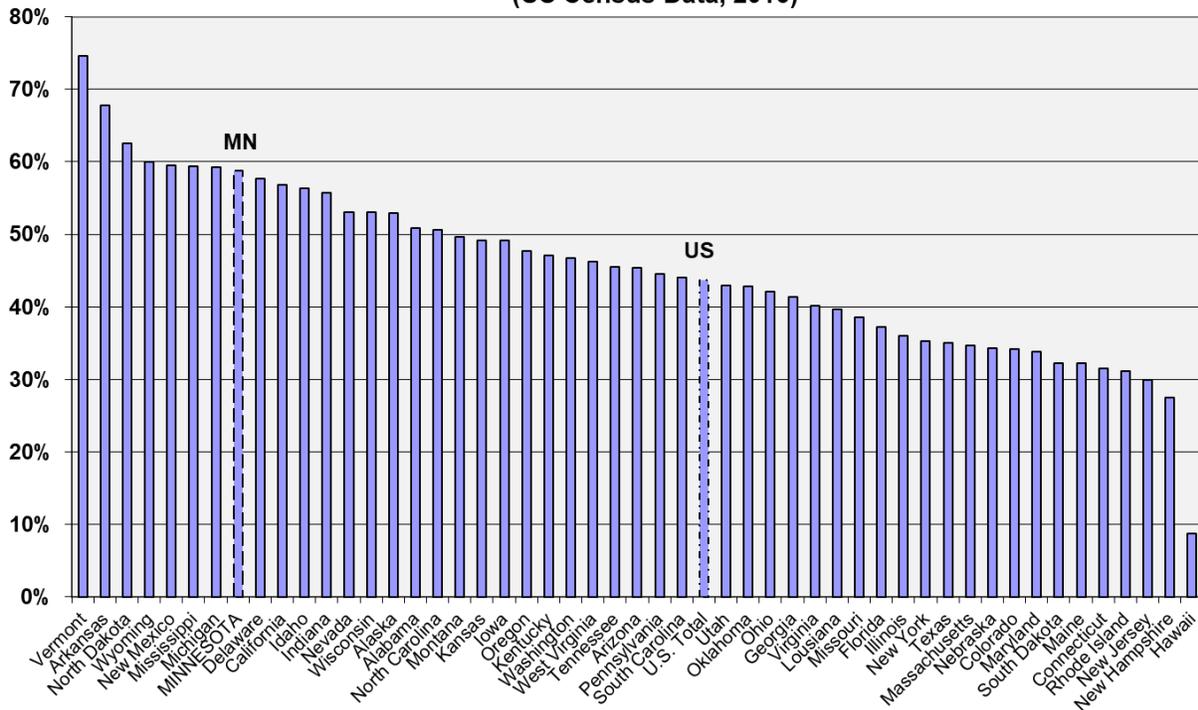


State Aids Share of Local Government Revenue

Minnesota’s high state tax share mirrors the large role for state aids to local government.

- Local taxes and state aids are alternative forms of local revenue.
- According to US Census data, in 2016 only seven states had a higher ratio of state aid to the sum of state aid plus local tax revenue. They were Vermont, Arkansas, North Dakota, Wyoming, New Mexico, Mississippi, and Michigan.
 - The average state aid share of state aid plus local taxes was 44% (far below Minnesota’s 59% state aid share).

Chart 2
State Aid as Percentage of State Aid Plus Local Taxes
(US Census Data, 2016)

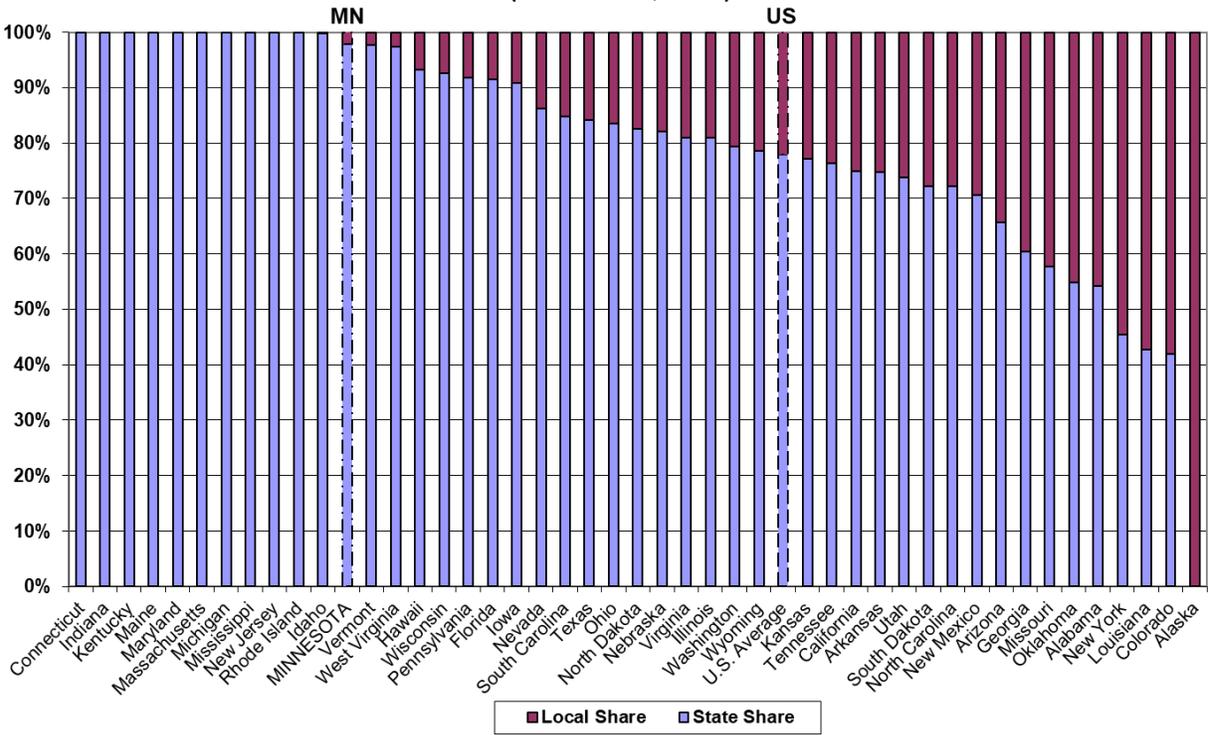


Local Sales Taxes

Local governments in Minnesota receive a relatively small share of total sales tax revenues.

- In FY 2016, Minnesota local governments received 2% of total sales tax revenue (general sales tax and motor vehicle sales tax).
- According to US Census data (2016), local governments receive a higher percentage in 33 of the 46 states with either state or local sales taxes.
 - Nationwide, 22% of sales tax revenue (general sales tax and motor vehicle sales tax) goes to local governments.

Chart 3
Local Share of Sales Tax Revenues by State
(US Census, 2016)

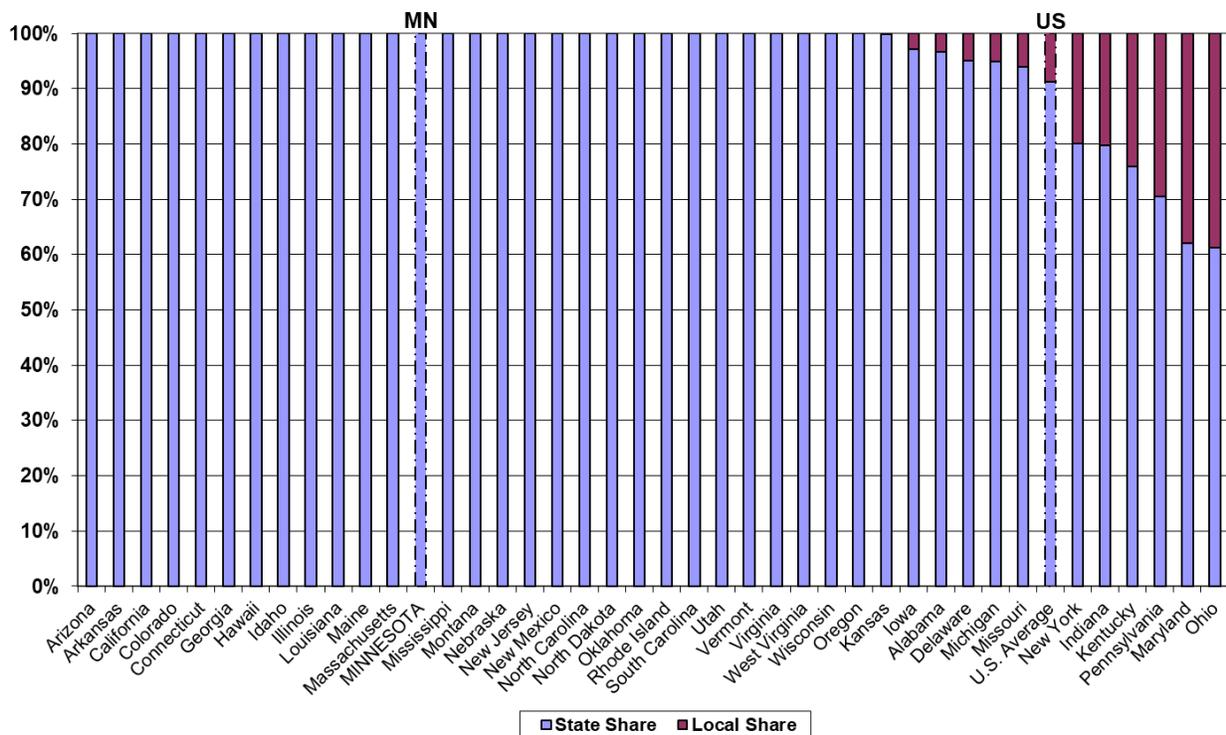


Local Income Taxes

Local governments in Minnesota cannot levy income taxes.

- According to US Census data (2016), local governments levy income taxes in 11 of the 41 states with a broad-based income tax.*
- Nationwide, 9% of state and local income tax revenue goes to local governments.

Chart 4
Local Shares of State & Local Income Tax Revenue
(US Census, 2016)



* New Hampshire and Tennessee are excluded because their income tax applies only to interest and dividend income. Census data also shows a very small amount of local income tax revenue in Kansas and Oregon.