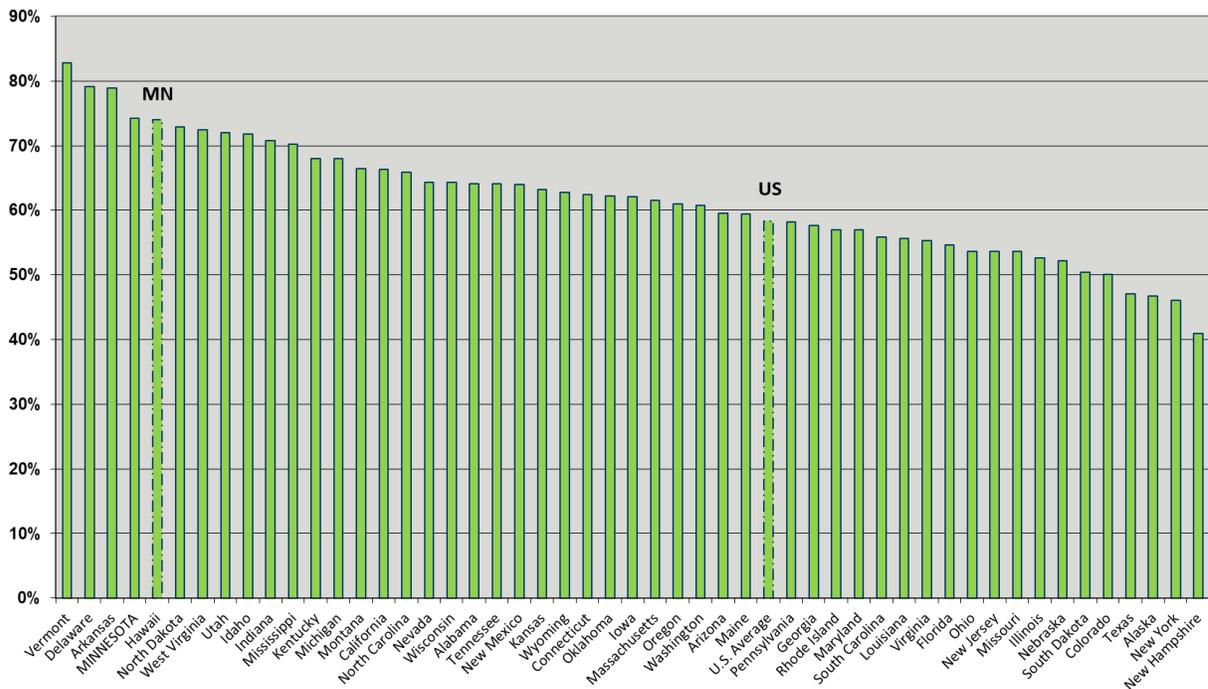


## Variation in the State Share of State and Local Taxes

Minnesota’s taxes are primarily state taxes.

- In FY 2018, the state tax share for Minnesota was 74.2%; the local share (including school districts) was 25.8%.
- According to US Census data, in FY 2018 only three states had a higher state tax share of state and local taxes. They were Vermont, Delaware, and Arkansas.
  - The median value for state tax share was 62.1%.
  - For the U.S. as a whole, 58.3% of state and local taxes were collected at the state level.
  - Four states had state tax shares below 50% (Texas, Alaska, New York, and New Hampshire).

**Chart 1**  
**State Share of State & Local Taxes**  
**(US Census Data for 2018)**

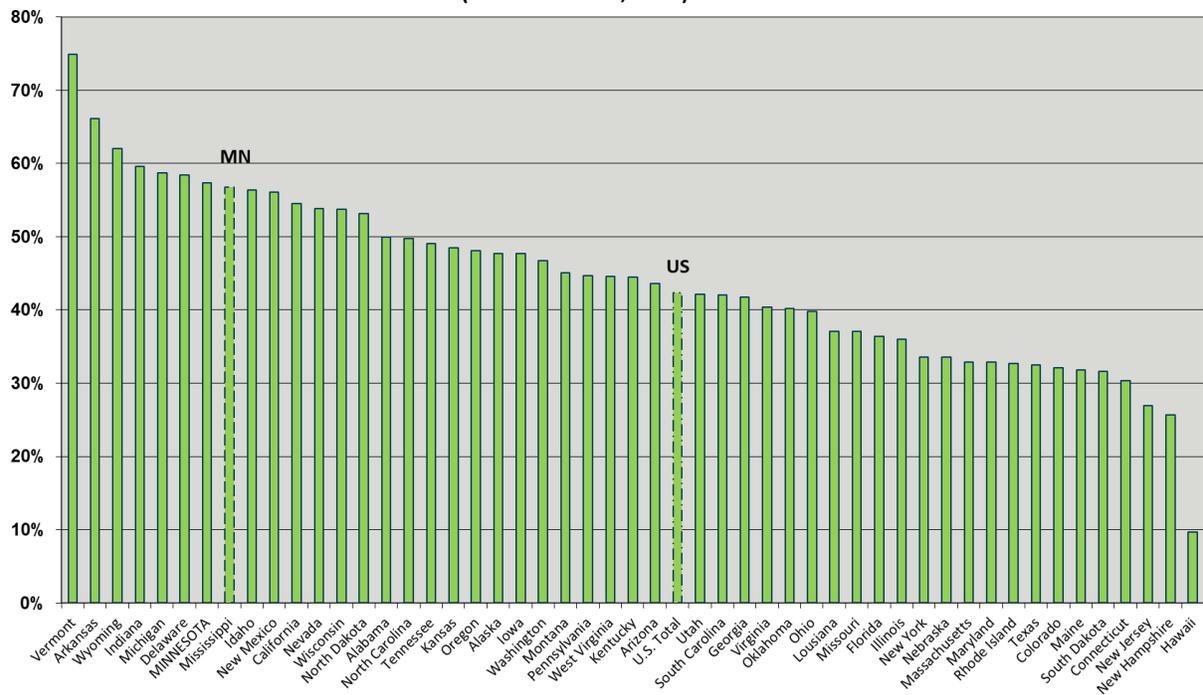


## State Aids Share of Local Government Revenue

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 FY 2018 only six states had a higher ratio of state aid to the sum of state aid plus local tax revenue. They were Vermont, Arkansas, Wyoming, Indiana, Michigan, and Delaware.
  - The average state aid share of state aid plus local taxes was 42.4% (far below Minnesota’s 57.4% state aid share).

**Chart 2**  
**State Aid as Percentage of State Aid Plus Local Taxes**  
**(US Census Data, 2018)**

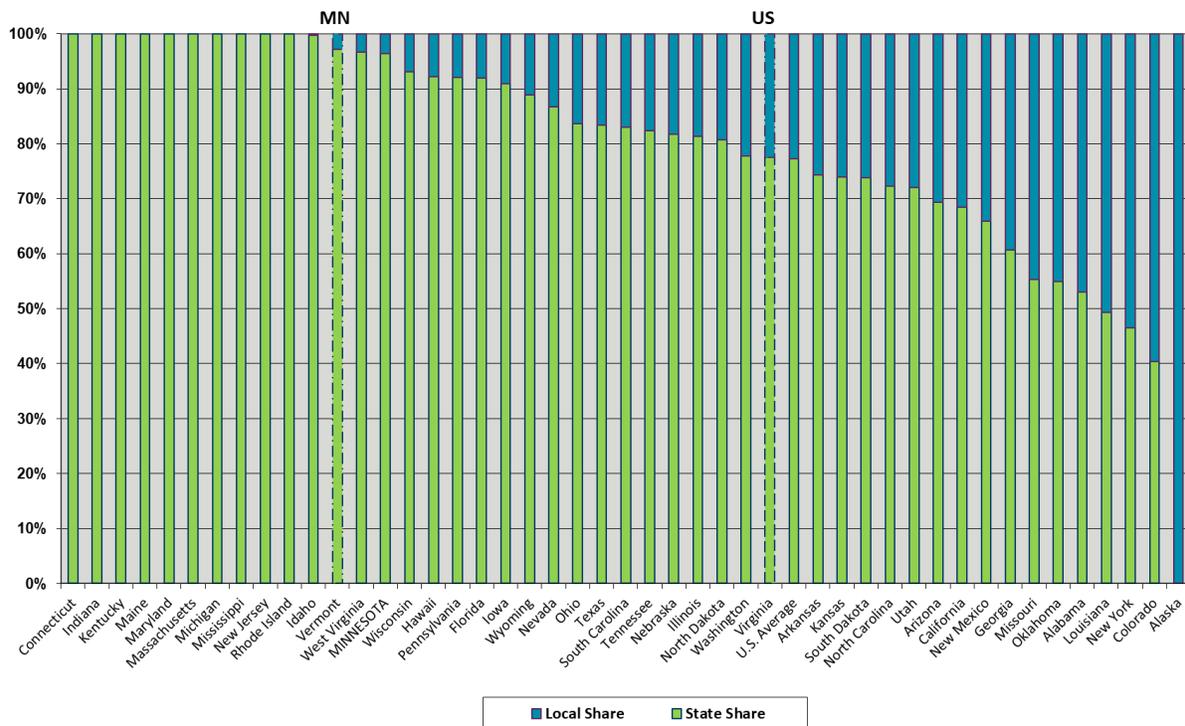


## Local Sales Taxes

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

- In FY 2018, Minnesota local governments received 2.5% of total sales tax revenue (general sales tax and motor vehicle sales tax).
- According to US Census data (2018), local governments receive a higher percentage in 34 of the 46 states with either state or local sales taxes.
  - Nationwide, 22.4% 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, 2018)

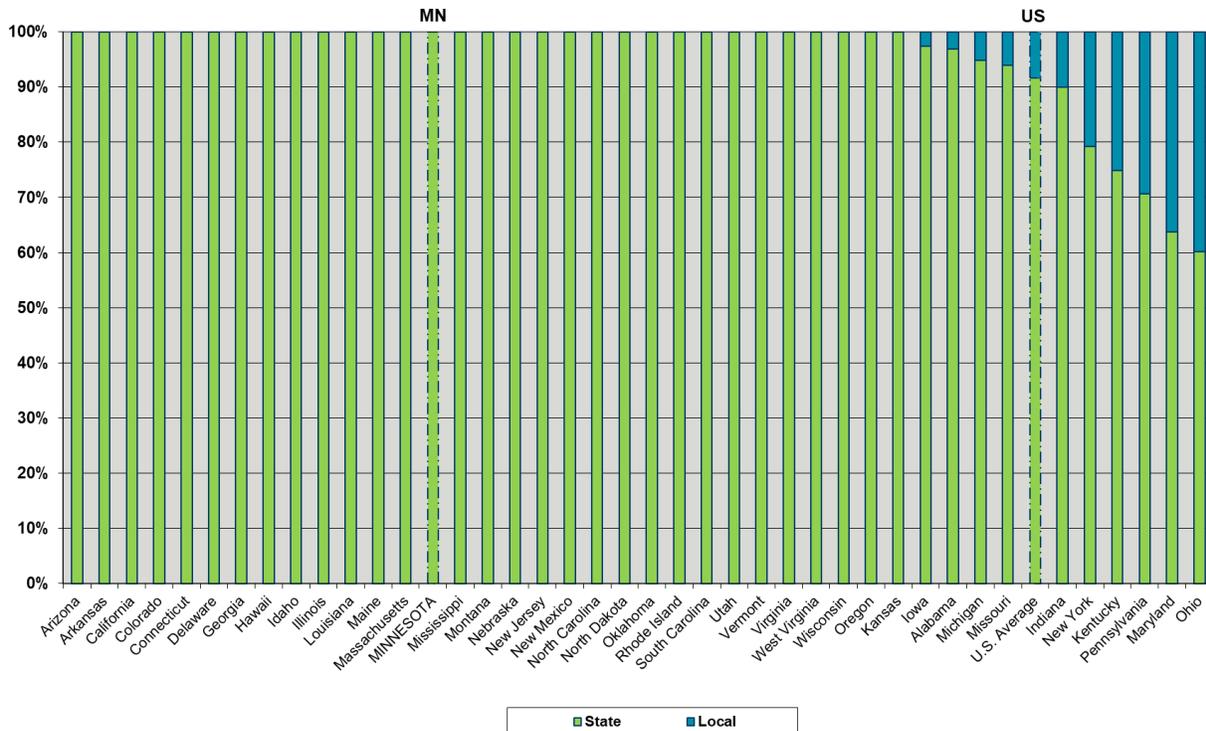


### Local Income Taxes

Local governments in Minnesota cannot levy income taxes.

- According to US Census data (2018), local governments levy income taxes in 11 of the 41 states with a broad-based income tax.\*
- Nationwide, 8.4% of state and local income tax revenue goes to local governments.

**Chart 4**  
Local Shares of State & Local Income Tax Revenue  
(US Census, 2018)



\* 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 which is included in the eleven states noted above.