

Local Taxes Advisory Task Force Public Meeting

Date: 12/06/2023

Agenda

Task Force Meeting 2:00-3:30pm

- Welcome and check-in (Chair Marquart) **(5 min)**
- Expert Panel Department of Revenue Q&A **(15 min)**
- Work Group Activities **(60 min)**
 - Continue Discussion: High Consensus Determinations (20 min)
 - Wilder will continue to present member-proposed prompts for local sales and use tax policies that appear to require no further discussion and can move toward voting
 - Identify non-consensus items
 - Whiteboard activity (40 min)
 - Visualizing the life cycle of local taxes – viewing synthesized model from homework on MIRO board
 - Members will provide feedback and improvement suggestions
 - Finalize criteria required for relevant stages
 - Finalize authority/entity structure at each stage
 - Finalize recommendations overall

Debrief **(10 min)**

- Follow up with Department of Revenue Panel and Parking Lot
- Adjournment (Chair Marquart)

Resources

Appendix A: Relative size of state and local sales taxes and their growth over time.

Sales Tax Revenues (\$ millions)

	<u>FY 2002</u>	<u>FY 2007</u>	<u>FY 2012</u>	<u>FY 2017</u>	<u>FY 2022</u>
State	3,806	4,526	4,959	5,787	7,300
Local	111	142	316	471	725
<i>Local share</i>	2.8%	3.1%	6.0%	7.5%	9.0%

From MMB 2023 Price of Government report

Appendix B: Taxpayer Receipt Statutory Language

Sec. 3. [16A.067] TAXPAYER RECEIPT.

(a) The commissioner, in consultation with the commissioner of revenue, must develop and publish on the Department of Management and Budget's website an interactive taxpayer receipt in accordance with this section. The receipt must describe the share of state general fund expenditures represented by major expenditure categories in the most recent fiscal year for which data is available. The receipt must show the approximate allocation of motor vehicle fuel taxes among eligible transportation purposes.

(b) For each expenditure category, the receipt must include select data on the performance goals and outcomes for the category, based on the goals and outcomes data required under section 16A.10, subdivision 1b.

(c) The website must allow a user to input an income amount, and must estimate the amount of major state taxes paid by the user. The website must allocate the user's estimated state tax liability to each major expenditure category based on the category's percentage share of total state general fund spending. For the purposes of this section, "major state taxes" means income, sales, alcohol, tobacco, and motor vehicle fuels taxes.

(d) Using the income amount entered by the user, the website must estimate the amount of income and direct sales taxes paid based upon the taxpayer's income. The website must allow a user to indicate whether the user used tobacco, consumed alcohol, or purchased motor vehicle fuel in the previous year, and provide a corresponding estimate of the cigarette, alcohol, and motor vehicle fuel taxes paid by the user.

(e) The commissioner of management and budget, in consultation with the commissioner of revenue, must update the receipt by December 31 of each year, and must annually promote to the public the availability of the website.

Appendix C: Property Tax Base and Sales Tax Base Comparison

Property Tax Base and Sales Tax Base Comparison

	Cities				Totals
	Metro Core	Metro Other	Greater Minnesota Large	Greater Minnesota Other	
ANTC per capita	\$ 1,475	\$ 1,679	\$ 1,095	\$ 884	\$ 1,388
Tax Levy per capita	\$ 704	\$ 572	\$ 513	\$ 488	\$ 577
Avg. NTC Rate	41.4%	30.6%	46.5%	54.4%	38.1%
Homestead property tax as % of income	3.0%	2.8%	2.5%	2.4%	2.6%
5% NTC rate revenues per capita	\$ 74	\$ 84	\$ 55	\$ 44	\$ 69
Estimated Sales Tax Base per capita	\$ 18,029	\$ 19,128	\$ 22,660	\$ 16,454	\$ 18,956
0.5% Sales Tax Revenues per capita	\$ 90	\$ 96	\$ 113	\$ 82	\$ 95
LGA per capita	\$ 146	\$ 15	\$ 204	\$ 235	\$ 117
Population	1,098,258	2,007,555	785,541	893,412	4,784,766

	Counties			Totals
	7-County Metro	Greater Minnesota		
ANTC per capita	\$ 1,623	\$ 1,506		\$ 1,571
Tax Levy per capita	\$ 546	\$ 680		\$ 606
Avg. NTC Rate	30.0%	44.9%		36.4%
Homestead property tax as % of income	2.8%	2.4%		2.6%
5% NTC rate revenues per capita	\$ 81	\$ 75		\$ 79
Estimated Sales Tax Base per capita	\$ 17,795	\$ 17,138		\$ 17,503
0.5% Sales Tax Revenues per capita	\$ 89	\$ 86		\$ 88
CPA per capita	\$ 38	\$ 59		\$ 47
Population	3,186,349	2,555,687		5,742,036

Notes:

- The city categories are based on the city cluster analysis done by House Research.
- ANTC stands for Adjusted Net Tax Capacity, which represents the jurisdiction's general property tax base.
- LGA is city general purpose Local Government Aid
- CPA is county general purpose County Program Aid

Tax Research 12/1/2023