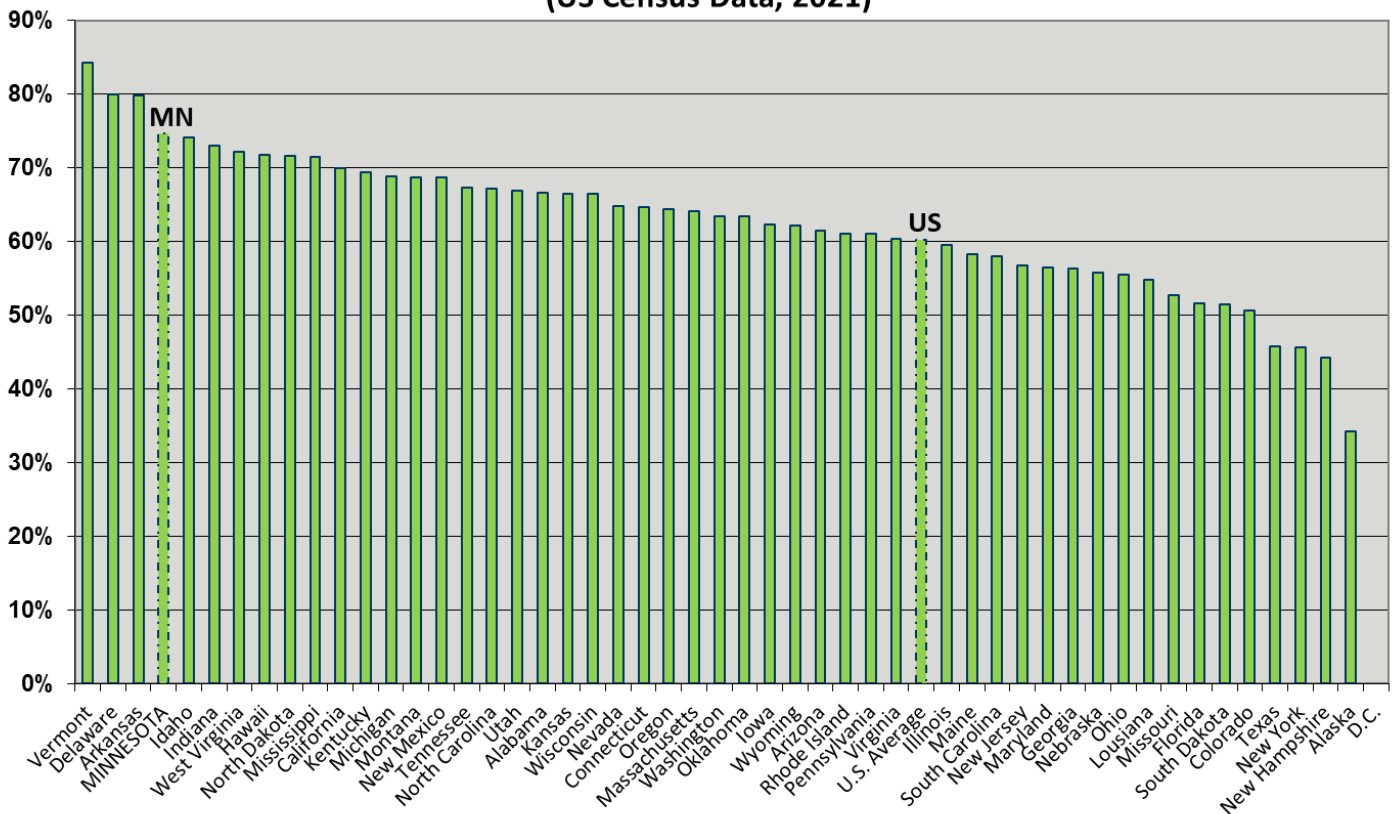


Variation in the State Share of State and Local Taxes

Minnesota’s taxes are primarily state taxes.

- In FY 2021, the state tax share for Minnesota was 74.65%; the local share (including school districts) was 25.35%.
- According to US Census data, in FY 2021 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 63.44%.
 - For the U.S. as a whole, 60.26% of state and local taxes were collected at the state level.
 - Four states had state tax shares below 50% (Alaska, Texas, New York, and New Hampshire).

Chart 1
State Share of State & Local Taxes
(US Census Data, 2021)

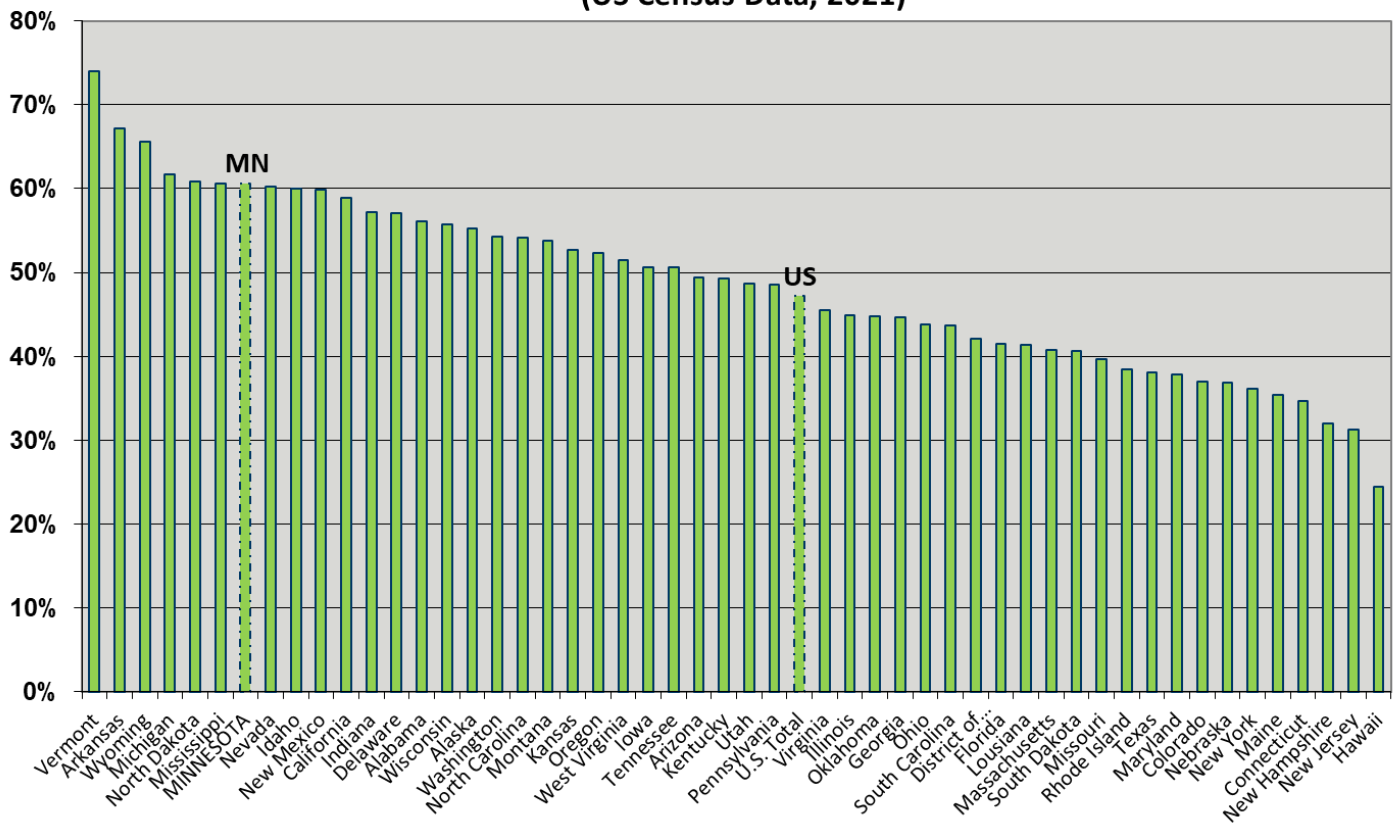


State Aids Share of Local Government Revenue

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 2021 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, North Dakota, Michigan, and Mississippi.
 - The average state aid share of state aid plus local taxes was 47.25% (far below Minnesota’s 60.59% state aid share).

Chart 2
State Aid as Percentage of State Aid Plus Local Taxes
(US Census Data, 2021)

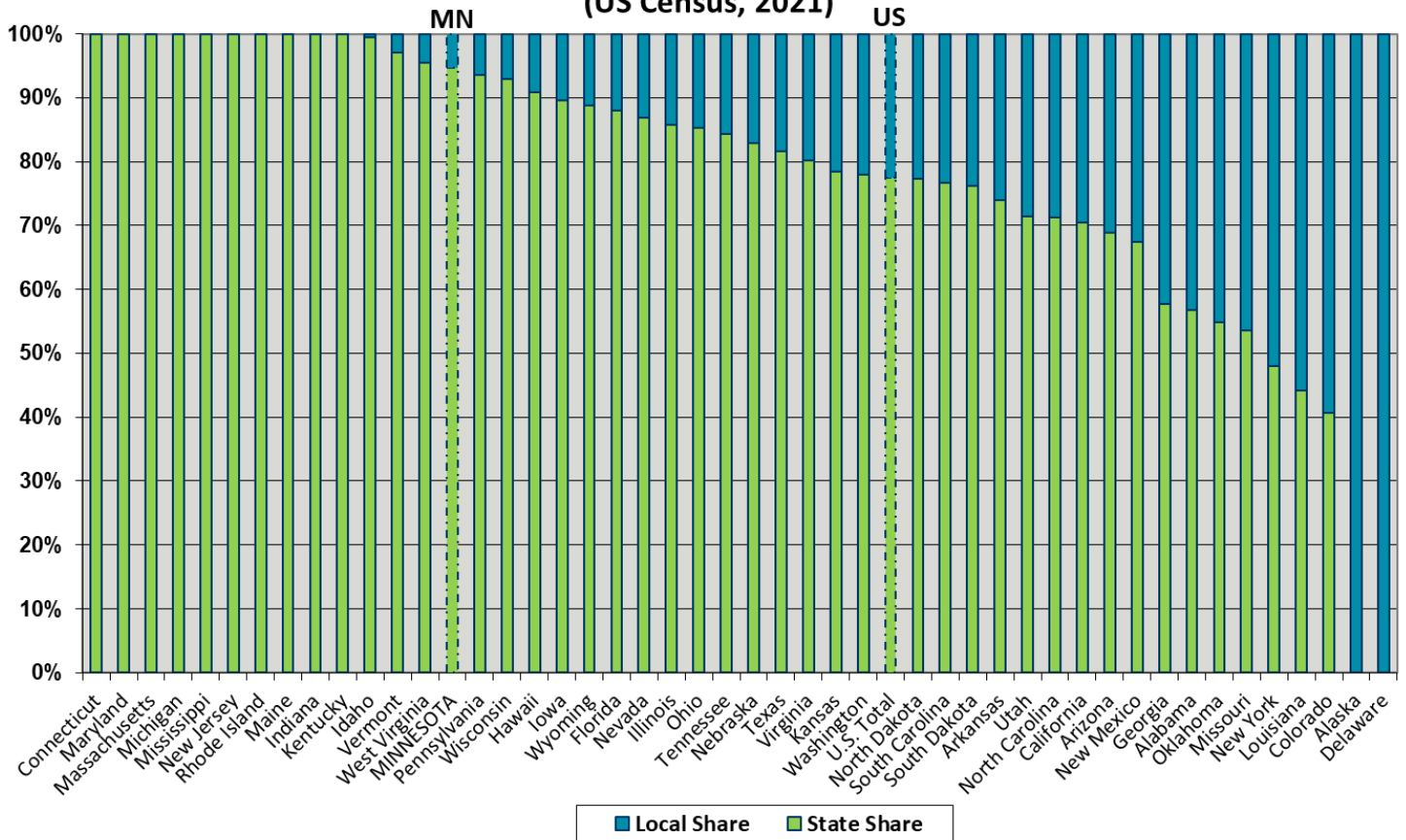


Local Sales Taxes

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

- In FY 2021, Minnesota local governments received 5.37% of total sales tax revenue (general sales tax and motor vehicle sales tax).
- According to US Census data (2021), local governments receive a higher percentage in 33 of the 46 states with either state or local sales taxes.
 - Nationwide, 22.52% 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, 2021)

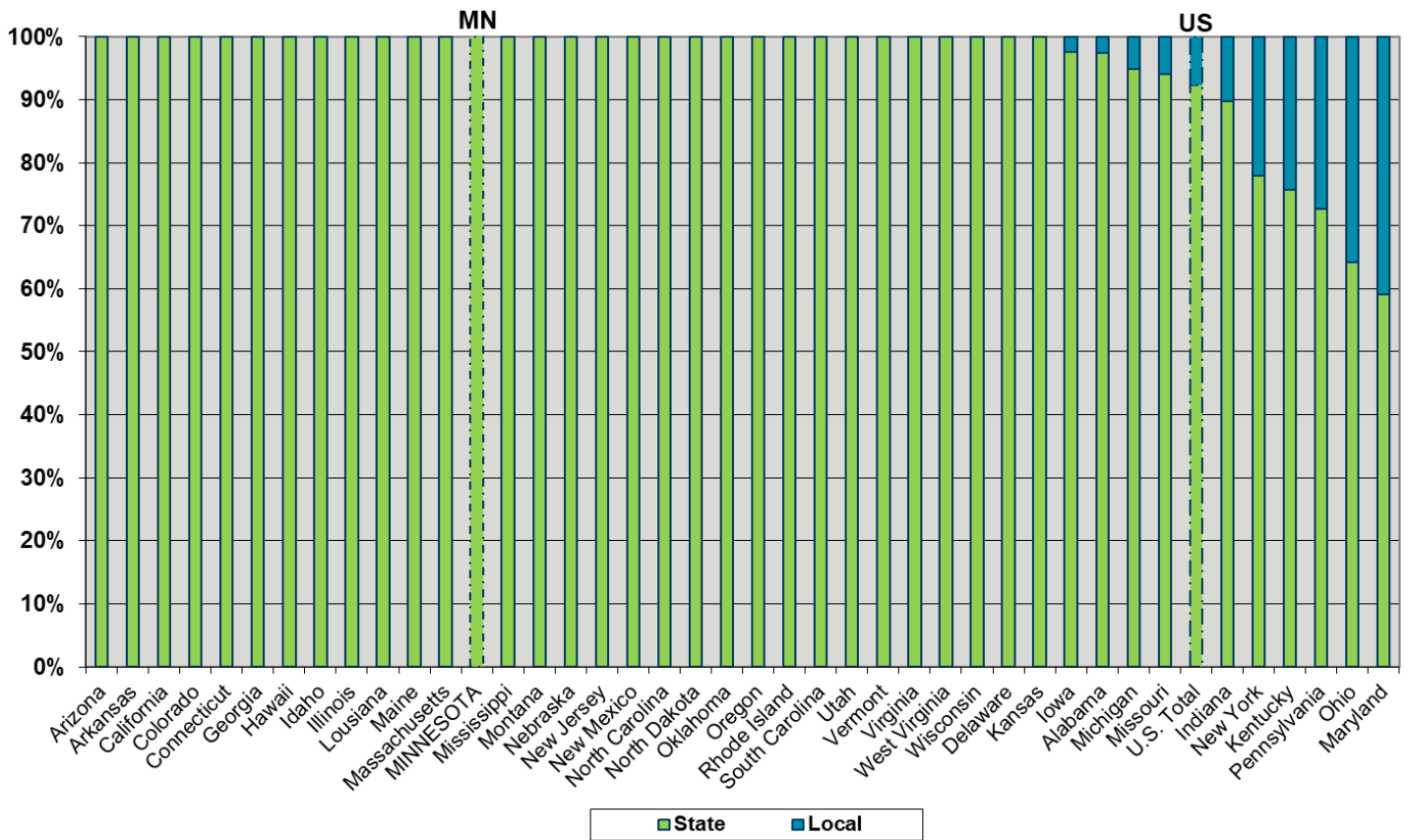


Local Income Taxes

Local governments in Minnesota cannot levy income taxes.

- According to US Census data (2021), local governments levy income taxes in 10 of the 41 states with a broad-based income tax.*
- Nationwide, 7.62% of state and local income tax revenue goes to local governments.

Chart 4
Local Shares of State & Local Income Tax Revenue
(US Census, 2021)



* 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 twelve states noted above.