

Staff Paper P74-14

July 1974

SUMMARY OF GOVERNMENTAL
FINANCES IN MINNESOTA

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Staff Paper Series

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Prepared as a part of the Public Policy Education Program of the
University of Minnesota Agricultural Extension Service.

Staff papers are published without formal review within the Depart-
ment of Agricultural and Applied Economics.

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INTRODUCTION

This report summarizes financial data on the revenue, expenditure, and indebtedness of state and local governments in Minnesota. The purpose of the report is to provide a broad overview of government finance in Minnesota rather than a detailed description of the state's public finance system. Additional information is available from reports of the U.S. Bureau of the Census, state agencies, local units of government, and other sources.

Sources and Definitions

Most of the information in this report is based on data compiled regularly by the Governments Division of the U.S. Bureau of the Census. The main advantage of using Census Bureau statistics is that they provide a uniform classification of state and local financial data. This facilitates inter-state comparisons of governmental finances. Where inter-state comparisons are unimportant, data from state and local sources often may be both more accurate and more current.

Statistics on state and local governmental finances are published periodically by the U.S. Census Bureau. Information on state government finance is based on an annual Census Bureau survey. Local government financial data are estimated from a random sample of local units and, therefore, are subject to sampling error. Because state government figures are not subject to sampling error, aggregate state-local figures are more reliable than the local government estimates they include.

State and local financial data are compiled on a fiscal year basis for years beginning July 1 and ending June 30. Beginning with FY 1964, financial data for local governments are grouped in terms of fiscal years which closed within the 12 months ending June 30.

This report contains statistics on the general revenue and expenditure of state and local governments. General revenue and expenditure include all revenue and expenditure except that associated with publicly-operated utilities, liquor stores, and insurance trust funds. General revenue includes all tax revenue, all intergovernmental revenue, and general revenue from charges and miscellaneous sources. Charges and miscellaneous

general revenue includes receipts from charges for public services, special assessments against property owners, interest earnings, tuition, toll charges, rents, etc. Expenditure includes all money paid out by a government other than for retirement of debt, investment in securities, extension of credit, or as agency transactions. Information about procedures and definitions of terms may be found in various Census Bureau publications.

Sources of Additional Data

Information about state and local government finances is available from a variety of sources. Some of the statistical reports of the U.S. Bureau of the Census and the Minnesota Department of Revenue are listed here.

U.S. Bureau of the Census

The most comprehensive source of data on state and local government is the federal census of governments conducted every five years (in years ending in 2 and 7). The census of governments covers four major subjects: (1) governmental organization, (2) taxable property values, (3) public employment, and (4) governmental finances. For the 1972 Census of Governments, data will be issued in 17 publications, plus a separate report for each state.

As a supplement to census data, the U.S. Bureau of the Census publishes a number of annual and quarterly reports. These reports include:

Annual Reports on Governmental Finances

1. City Government Finances
2. Governmental Finances
3. Local Government Finances in Selected Metropolitan Areas and Large Counties
4. Chart Book on Governmental Finances and Employment
5. State Tax Collections
6. Finances of Employee-Retirement Systems of State and Local Governments
7. State Government Finances

Annual Reports on Government Employment

1. City Employment
2. Public Employment
3. Local Government Employment in Selected Standard Metropolitan Statistical Areas and Large Counties

Quarterly Reports

1. Quarterly Summary of State and Local Tax Revenue
2. Construction Expenditures of State and Local Governments
3. Holdings of Selected Public Employee-Retirement Systems

Minnesota Department of Revenue

The Minnesota Department of Revenue regularly publishes a number of statistical reports concerning state and local finances. These reports include:

1. Biennial Report of the Department of Revenue
2. The Minnesota State and Local Tax System
3. The Minnesota State Individual Income Tax
4. The Minnesota State Corporation Income Tax
5. The Minnesota State Sales and Use Tax
6. Property Taxes Levied in Minnesota
7. Local Government Aid Summary
8. Local Government Levy Limitations

GENERAL REVENUE

Table 1. General revenue of state and local governments: Origin and allocation by level of government, for Minnesota, fiscal 1972

Level of government	Amount Million dollars	Percentage distribution Percent
Originating level:		
Federal	572.9	16.4
State	1,606.4	46.1
Local	1,304.5	37.4
Total	<u>3,483.8</u>	<u>100.0</u>
Final recipient level:		
State	1,107.7	31.8
Local	2,376.1	68.2
Total	<u>3,483.8</u>	<u>100.0</u>

Details may not add to totals because of rounding.

Highlights

- * The general revenue of Minnesota state and local governments totaled almost \$3.5 billion in FY 1972.
- * About 46 percent of all general revenue originated at the state level, 37 percent at the local level, and 16 percent at the federal level.
- * After distribution of federal and state grants, local governments accounted for over 2/3 of all general revenue.

REVENUE SOURCES

Table 2. General revenue of state and local governments by source,
for Minnesota, fiscal 1972

Source	Amount Million dollars	Percentage distribution Percent
All sources:		
From federal government	572.9	16.4
From own sources	2,910.9	83.6
Total	<u>3,483.8</u>	<u>100.0</u>
State and local sources:		
Taxes	2,251.9	77.4
Charges and miscellaneous	659.0	22.6
Total	<u>2,910.9</u>	<u>100.0</u>
State and local taxes:		
Property taxes	903.8	40.1
Other taxes	1,348.1	59.9
Total	<u>2,251.9</u>	<u>100.0</u>

Highlights

- * About 84 percent of all general revenue in Minnesota came from state and local sources in FY 1972; 16 percent came from federal aid.
- * Tax collections accounted for around 3/4 of all revenue from state and local sources; nearly 1/4 came from charges and other non-tax sources.
- * Property taxes represented 40 percent of all state and local tax revenue; 60 percent came from other tax sources.

REVENUE GROWTH

Table 3. General revenue of state and local governments by source, for Minnesota, fiscal 1960 and fiscal 1972

Source	1960	1972	Average annual rate of change, 1960-72
	Million dollars	Million dollars	Percent
All sources:			
From fed. government	143.4	572.9	12.2
From own sources	926.6	2,910.9	10.0
Total	<u>1,070.0</u>	<u>3,483.8</u>	<u>10.3</u>
State and local sources:			
Taxes	743.4	2,251.9	9.7
Charges and misc.	<u>183.2</u>	<u>659.0</u>	<u>11.3</u>
Total	926.6	2,910.9	10.0
State and local taxes:			
Property taxes	402.4	903.8	7.0
Other taxes	<u>341.0</u>	<u>1,348.1</u>	<u>12.1</u>
Total	743.4	2,251.9	9.7

Highlights

- * Since 1960, the general revenue of Minnesota state and local governments has increased at an average rate of about 10 percent each year.
- * Federal aid has risen at a faster rate than revenue from state and local sources.
- * Income from charges and other nontax sources has increased at a faster rate than tax revenue.
- * Property tax revenue has increased at a much slower rate than revenue from other tax sources.

TAX RECEIPTS

Table 4. State and local tax receipts by source, for Minnesota, fiscal 1972

Source	Amount Million dollars	Percentage distribution Percent
Property taxes <u>a/</u>	902.3	40.2
Income taxes	595.3	26.5
Sales and gross receipts taxes	592.9	26.4
License fees	99.8	4.4
Severance taxes	20.1	0.9
Inheritance and gift taxes	25.8	1.1
Other	7.4	0.3
Total	2,243.6	100.0

a/ Includes special assessments and excludes homestead credits.

Details may not add to totals because of rounding.

Highlights

- * Minnesota state and local tax receipts totaled more than \$2.2 billion in FY 1972.
- * Property, income, and sales and gross receipts taxes are the three major sources of tax revenue.
- * The property tax was the largest single source of tax revenue, accounting for 40 percent of total tax receipts.
- * Income taxes and sales and gross receipts taxes each accounted for about 1/4 of all tax collections.

FEDERAL AID

Table 5. Federal aid to state and local governments, for Minnesota, fiscal 1960 to fiscal 1972

Year	Amount	As a percentage of
	Million dollars	total state and local general expenditure
		Percent
1960	143.4	12.7
1961	153.4	12.8
1962	149.4	11.9
1963	160.6	12.3
1964	194.6	13.6
1965	226.9	14.7
1966	287.0	16.9
1967	314.3	16.1
1968	369.6	17.8
1969	355.5	15.0
1970	403.5	14.6
1971	485.6	15.5
1972	572.9	16.2

Highlights

- * Federal aid to Minnesota state and local governments totaled about \$573 million in FY 1972.
- * Since the mid-1960's, federal aid has accounted for around 1/6 of the total general expenditure of Minnesota state and local governments.

LOCAL GOVERNMENT AID

Table 6. State and federal aid to local governments, for Minnesota, fiscal 1960 to fiscal 1972

Year	Amount a/	As a percentage of total local general expenditure
	Million dollars	Percent
1960	234.5	29.8
1961	252.5	30.3
1962	255.3	28.8
1963	266.6	28.3
1964	288.7	28.9
1965	314.7	30.8
1966	353.1	30.5
1967	410.0	30.3
1968	452.9	32.6
1969	681.2	41.9
1970	846.2	44.0
1971	979.3	44.9
1972	1,071.6	43.3

a/ Excludes duplicative transactions between levels of government.

Highlights

- * State and federal aid to Minnesota local governments totaled almost \$1.1 billion in FY 1972, equaling about 43 percent of the total general expenditure of local units of government.
- * Since 1960, state and federal aid to local governments in Minnesota has increased at an average annual rate of 13.5 percent each year.

PER CAPITA GENERAL REVENUE

Table 7. Per capita general revenue of state and local governments from own sources, for Minnesota and surrounding states, fiscal 1972

State	Amount	As a percentage of U.S. average	Rank <u>a/</u>
	Dollars	Percent	
U.S. average	648.79	100.0	--
Minnesota	747.15	115.2	9
Wisconsin	721.82	111.3	12
Iowa	623.00	96.0	22
South Dakota	615.04	94.8	24
North Dakota	609.63	94.0	25

a/ Among 50 states and the District of Columbia.

Highlights

- * The per capita general revenue of Minnesota state and local governments, excluding federal aid, was \$747.15 in FY 1972. This was 15 percent above the U.S. average.
- * Minnesota ranked 9th nationally in per capita general revenue from state and local sources in FY 1972. This placed Minnesota ahead of Wisconsin (12th), Iowa (22nd), South Dakota (24th), and North Dakota (25th).

GROWTH OF PER CAPITA REVENUE

Table 8. Per capita general revenue of state and local governments from own sources, for Minnesota and surrounding states, fiscal 1960 and fiscal 1972

State	1960 Dollars	1972 Dollars	Average annual rate of change, 1960-72 Percent
U.S. average	241.87	648.79	8.5
Wisconsin	252.55	721.82	9.1
Minnesota	270.46	747.15	8.8
Iowa	245.49	623.00	8.1
South Dakota	248.68	615.04	7.8
North Dakota	274.76	609.23	6.9

Highlights

- * Since 1960, the per capita general revenue of Minnesota state and local governments from their own sources has increased at a rate slightly above the U.S. average.
- * Minnesota's rate of increase was below that of Wisconsin and higher than that of Iowa, South Dakota, and North Dakota.

TAX EFFORT

Table 9. General revenue of state and local governments from own sources per \$1,000 of personal income, for Minnesota and surrounding states, fiscal 1972

State	Amount	As a percentage of U.S. average	Rank <u>a/</u>
	Dollars	Percent	
U.S. average	157.62	100.0	--
Minnesota	187.02	118.7	5
Wisconsin	186.47	118.3	6
South Dakota	179.92	114.1	9
North Dakota	173.39	110.0	14
Iowa	161.98	102.8	23

a/ Among 50 states and the District of Columbia.

Highlights

- * The general revenue of Minnesota state and local governments from their own sources was \$187.02 per \$1,000 of personal income in FY 1972. Minnesota ranked 5th nationally, 19 percent above the U.S. average.
- * Minnesota's tax effort was above that of Wisconsin (which ranked 6th nationally), South Dakota (9th), North Dakota (14th), and Iowa (23rd).

STATE AND LOCAL SPENDING

Table 10. General expenditure of state and local governments by level of government, for Minnesota, fiscal 1972

Level of government	Total Amount	Per capita amount	Percentage distribution
	Million dollars	Dollars	Percent
State government	1,054.7	270.78	29.9
Local government	<u>2,473.6</u>	<u>634.83</u>	<u>70.1</u>
Total	3,528.3	905.61	100.0

Highlights

- * The general expenditure of Minnesota state and local governments totaled \$3.5 billion in FY 1972, an average of \$905.61 per capita.
- * Local governments accounted for 70 percent of all general expenditure; the state government for 30 percent.

EXPENDITURE GROWTH

Table 11. General expenditure of state and local governments, for Minnesota, fiscal 1960 to fiscal 1972

Year	Amount	Index
	Million dollars	1960=100
1960	1,127.1	100.0
1961	1,194.8	106.0
1962	1,255.7	111.4
1963	1,308.5	116.1
1964	1,430.5	126.9
1965	1,540.1	136.6
1966	1,702.3	151.0
1967	1,958.0	173.7
1968	2,081.1	184.6
1969	2,367.8	210.1
1970	2,770.4	245.8
1971	3,127.6	277.5
1972	3,528.3	313.0

Highlights

- * The total general expenditure of Minnesota state and local governments in FY 1972 was 3 times the amount spent in FY 1960.
- * Total general expenditure increased at an average rate of 7.1 percent annually from 1960 to 1966 and 12.9 percent annually from 1966 to 1972.

EXPENDITURE BY FUNCTION

Table 12. General expenditure of state and local governments by function, for Minnesota, fiscal 1972

Function	Amount	Percentage distribution
	Million dollars	Percent
Education	1,618.3	45.9
Highways	450.2	12.8
Public welfare	376.7	10.7
Health and hospitals	222.6	6.3
Interest on debt	141.3	4.0
Sewerage and sanitation	104.5	3.0
Police and fire protection	104.0	2.9
General control	59.2	1.7
Local parks and recreation	49.9	1.4
Financial administration	48.6	1.4
Other	<u>353.1</u>	<u>10.0</u>
Total	3,528.3	100.0

Details may not add to totals because of rounding.

Highlights

- * Education accounted for almost 1/2 of all state and local general expenditure in FY 1972.
- * Four functions -- education, highways, public welfare, and health and hospitals -- together accounted for 3/4 of total general expenditure.

EXPENDITURE FOR EDUCATION

Table 13. General expenditure of state and local governments for education, for Minnesota, fiscal 1972

Function	Amount	Percentage distribution
	Million dollars	Percent
Local schools	1,104.3	68.2
Higher education	476.5	29.4
Other education	37.4	2.3
Total	<u>1,618.3</u>	<u>100.0</u>
Local schools:		
Capital outlay	140.4	12.7
Other than capital outlay	963.9	87.3
Total	<u>1,104.3</u>	<u>100.0</u>
Higher education:		
Capital outlay	122.3	25.7
Other than capital outlay	354.2	74.3
Total	<u>476.5</u>	<u>100.0</u>

Details may not add to totals because of rounding.

Highlights

- * Local school districts accounted for around 2/3 of all spending for education in FY 1972.
- * About 1/6 of all spending for education was for capital outlay. Capital expenditure accounted for around 13 percent of all spending for local schools and 26 percent of all spending for higher education.

EXPENDITURE INCREASES

Table 14. General expenditure of state and local governments for selected functions, for Minnesota, fiscal 1960 and fiscal 1972

Function	1960	1972	Average annual rate of change, 1960-72
	Million dollars	Million dollars	Percent
All functions	1,127.1	3,528.3	10.0
Education <u>a/</u>	418.8	1,618.3	11.9
Local schools	323.3	1,104.3	10.8
Higher education	89.0	476.5	15.0
Highways	225.2	450.2	5.9
Public welfare	96.1	376.7	12.1
Health and hospitals	88.2	22.6	8.0

a/ Includes amounts not shown separately.

Highlights

- * Since 1960, the total general expenditure of Minnesota state and local governments for all functions has risen at an average annual rate of 10 percent.
- * Among major expenditure categories, outlays for higher education increased at the highest annual rate (15 percent per year), followed by public welfare (12.1 percent), local schools (10.8 percent), health and hospitals (8 percent), and highways (5.9 percent).

PER CAPITA GENERAL SPENDING

Table 15. Per capita general expenditure of state and local governments, for Minnesota and surrounding states, fiscal 1972

State	Amount	As a percentage of U.S. average	Rank <u>a/</u>
	Dollars	Percent	
U.S. average	801.38	100.0	--
Minnesota	905.61	113.0	9
Wisconsin	831.19	103.7	15
South Dakota	766.78	95.7	24
North Dakota	752.26	93.9	25
Iowa	731.12	91.2	27

a/ Among 50 states and the District of Columbia.

Highlights

- * The per capita general expenditure of Minnesota state and local governments in FY 1972 was \$905.31 per person, 13 percent above the U.S. average.
- * Minnesota ranked 9th nationally in per capita spending, ahead of Wisconsin (15th), South Dakota (24th), North Dakota (25th), and Iowa (27th).

GROWTH OF PER CAPITA SPENDING

Table 16. Per capita general expenditure of state and local governments, for Minnesota and surrounding states, fiscal 1960 and fiscal 1972

State	1960 Dollars	1972 Dollars	Average annual rate of change, 1960-72 Percent
U.S. average	288.24	801.38	8.9
Wisconsin	290.16	831.19	9.2
Minnesota	328.98	905.61	8.8
South Dakota	301.47	766.78	8.1
Iowa	293.84	731.12	7.9
North Dakota	368.93	752.26	6.1

Highlights

- * Since 1960, the per capita general expenditure of Minnesota state and local governments has increased at an average annual rate slightly below the U.S. average.
- * In comparison, per capita spending increased at a rate of 9.2 percent annually in Wisconsin, 8.1 percent in South Dakota, 7.9 percent in Iowa, and 6.1 percent in North Dakota.

STATE AND LOCAL DEBT

Table 17. Debt of state and local governments outstanding at end of fiscal year, for Minnesota, fiscal 1972

	Amount	Percentage distribution
	Million dollars	Percent
Short and long-term debt:		
State government	633.8	18.0
Local governments	2,884.6	82.0
Total	<u>3,518.4</u>	<u>100.0</u>
Short-term debt:		
State government	--	--
Local governments	161.3	100.0
Total	<u>161.3</u>	<u>100.0</u>
Long-term debt:		
State government	633.8	18.9
Local government	2,723.3	81.1
Total	<u>3,357.1</u>	<u>100.0</u>

Highlights

- * The total debt of Minnesota state and local governments outstanding at the end of FY 1972 was about \$3.5 billion.
- * Local government debt accounted for 4/5 of the total.
- * From FY 1960 to FY 1972, the total debt of Minnesota state and local governments increased at an average annual rate of 9.3 percent per year.

POPULATION AND INCOME

Table 18. Total resident population, for Minnesota and surrounding states, July 1, 1972

State	Population <u>a/</u>
Iowa	2,883,000
Minnesota	3,896,000
North Dakota	632,000
South Dakota	679,000
Wisconsin	4,520,000

a/ Provisional estimates, excluding armed forces overseas.

Table 19. Per capita personal income, for Minnesota and surrounding states, 1971

State	Amount	As a percentage of U.S. average	Rank <u>a/</u>
	Dollars	Percent	
U.S. average	4,156	100.0	--
Minnesota	4,032	97.0	20
Wisconsin	3,912	94.1	28
Iowa	3,877	93.3	30
North Dakota	3,538	85.1	36
South Dakota	3,441	82.8	39

a/ Among 50 states and the District of Columbia.

SOURCES FOR TABLES

Table

- 1 U.S. Bureau of the Census, Governmental Finances in 1971-72, GF 72, No. 5 (Washington: U.S. Government Printing Office, 1973), table 23.
- 2 U.S. Bureau of the Census, Governmental Finances in 1971-72, table 17.
- 3 U.S. Bureau of the Census, Governmental Finances in 1960, G-GF 60, No. 2 (Washington: U.S. Government Printing Office, 1961), table 13; and U.S. Bureau of the Census, Governmental Finances in 1971-72, table 17.
- 4 Minnesota Department of Revenue, The Minnesota State and Local Tax System, State and Local Tax Bulletin No. 1, March 1974, p. 55.
- 5 U.S. Bureau of the Census, Governmental Finances in 1971-72, and earlier reports.
- 6 U.S. Bureau of the Census, Governmental Finances in 1971-72, and earlier reports.
- 7 U.S. Bureau of the Census, Governmental Finances in 1971-72, table 22.
- 8 U.S. Bureau of the Census, Governmental Finances in 1960, table 14; and U.S. Bureau of the Census, Governmental Finances in 1971-72, table 22.
- 9 U.S. Bureau of the Census, Governmental Finances in 1971-72, table 24.
- 10 U.S. Bureau of the Census, Governmental Finances in 1971-72, tables 18 and 22.
- 11 U.S. Bureau of the Census, Governmental Finances in 1971-72, and earlier reports.
- 12 U.S. Bureau of the Census, Governmental Finances in 1971-72, table 18.

Table

- 13 U.S. Bureau of the Census, Governmental Finances in 1971-72, tables 18 and 20.
- 14 U.S. Bureau of the Census, Governmental Finances in 1960, table 16; and U.S. Bureau of the Census, Governmental Finances in 1971-72, table 18.
- 15 U.S. Bureau of the Census, Governmental Finances in 1971-72, table 22.
- 16 U.S. Bureau of the Census, Governmental Finances in 1960, table 17; and U.S. Bureau of the Census, Governmental Finances in 1971-72, table 22.
- 17 U.S. Bureau of the Census, Governmental Finances in 1971-72, table 19.
- 18 U.S. Bureau of the Census, Governmental Finances in 1971-72, table 26.
- 19 U.S. Bureau of the Census, Governmental Finances in 1971-72, table 26.