



## League of Women Voters of Minnesota Records

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AGRICULTURAL EXTENSION SERVICE

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DEPARTMENT OF AGRICULTURAL AND APPLIED ECONOMICS  
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Sincerely,



Arley D. Waldo  
Extension Economist - Public Policy

Enclosure

## MINNESOTA PUBLIC FINANCE STATISTICS

The following tables provide a summary of some major aspects of state and local public finance in Minnesota. Additional information is available from reports of the U.S. Bureau of the Census, state agencies, and local units of government. The sources of these data should be consulted for information concerning definitions and procedures.

-- Arley D. Waldo

January 7, 1972

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Table 1. General Revenue of State and Local Governments: Origin and Allocation by Level of Government, for Minnesota, Fiscal 1970.

Level of government	Amount	Percentage distribution
	Million dollars	Percent
Originating level:		
Federal	403.5	15.6
State	1,242.9	48.0
Local	942.0	36.4
Total	2,588.4	100.0
Final recipient level:		
State	800.2	30.9
Local	1,788.2	69.1
Total	2,588.4	100.0

Source: U.S. Bureau of the Census, Governmental Finances in 1969-70, GF 70, No. 5 (Washington: U.S. Government Printing Office, 1971), table 23.



Table 2. General Revenue of State and Local Governments by Source, for Minnesota, Fiscal 1970.

Source	Amount	Percentage distribution
	Million dollars	Percent
All sources:		
From federal government	403.5	15.6
From own sources	<u>2,184.9</u>	<u>84.4</u>
Total	2,588.4	100.0
State and local sources:		
Taxes	1,681.7	77.0
Charges and miscellaneous	<u>503.2</u>	<u>23.0</u>
Total	2,184.9	100.0
State and local taxes:		
Property taxes	650.2	38.7
Other taxes	<u>1,031.4</u>	<u>61.3</u>
Total	1,681.7	100.0

Note: Details may not add to totals because of rounding.

Source: U.S. Bureau of the Census, Governmental Finances in 1969-70, GF 70, No. 5 (Washington: U.S. Government Printing Office, 1971), table 17.

Table 3. State and Local Tax Receipts by Source, for Minnesota, Fiscal 1970.

Source	Amount	Percentage distribution
	Million dollars	Percent
Property taxes <u>a/</u>	815.6	44.3
Income taxes	425.6	23.1
Sales and gross receipts taxes	468.3	25.5
License fees	86.2	4.7
Severance taxes	19.0	1.0
Inheritance and gift taxes	20.0	1.1
Other	4.9	.3
Total	1,839.6	100.0

a. Includes special assessments and excludes homestead credits.

Source: Minnesota Department of Taxation.

Table 4. General Revenue of State and Local Governments by Source, for Minnesota, Fiscal 1960 and Fiscal 1970.

Source	1960	1970	
		Amount	Index
	Million dollars	Million dollars	1960=100
All sources:			
From federal government	143.4	403.5	281.4
From own sources	<u>926.6</u>	<u>2,184.9</u>	235.8
Total	1,070.0	2,588.4	241.9
State and local sources:			
Taxes	743.4	1,681.7	226.2
Charges and miscellaneous	<u>183.2</u>	<u>503.2</u>	274.7
Total	926.6	2,184.9	235.8
State and local taxes:			
Property taxes	402.4	650.2	161.6
Other taxes	<u>341.0</u>	<u>1,031.4</u>	302.5
Total	743.4	1,681.7	226.2

Note: Details may not add to totals because of rounding.

Source: 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 1969-70, GF 70, No. 5 (Washington: U.S. Government Printing Office, 1971), table 17.

Table 5. Federal Aid to State and Local Governments, for Minnesota, Fiscal 1960 to Fiscal 1970.

Year	Amount	As a percentage of total state and local general expenditure
	Million dollars	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

Source: U.S. Bureau of the Census, Governmental Finances in 1969-70, GF 70, No. 5 (Washington: U.S. Government Printing Office, 1971), and earlier reports.

Table 6. State and Federal Aid to Local Governments, for Minnesota, Fiscal 1960 to Fiscal 1970.

Year	Amount <u>a/</u>	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

a. Excludes duplicative transactions between levels of government.

Source: U.S. Bureau of the Census, Governmental Finances in 1969-70, GF 70, No. 5 (Washington: U.S. Government Printing Office, 1971), and earlier reports.



Table 7. Per Capita General Revenue of State and Local Governments from Own Sources, for Minnesota and Surrounding States, Fiscal 1970.

State	Amount	As a percentage of U. S. average	Rank <u>a/</u>
	Dollars	Percent	
U. S. average	535.91	100.0	---
Wisconsin	611.26	114.1	7
Minnesota	574.21	107.1	13
North Dakota	551.40	102.9	18
Iowa	545.55	101.8	19
South Dakota	511.71	95.5	26

a. Among 50 states and the District of Columbia.

Source: U. S. Bureau of the Census, Governmental Finances in 1969-70, GF 70, No. 5 (Washington: U. S. Government Printing Office, 1971), table 22.

Table 8. Per Capita General Revenue of State and Local Governments from Own Sources, for Minnesota and Surrounding States, Fiscal 1960 and Fiscal 1970.

State	1960	1970	
		Amount	Index
	Dollars	Dollars	1960=100
U.S. average	241.87	535.91	221.6
Wisconsin	252.55	611.26	242.0
Iowa	245.49	545.55	222.2
Minnesota	270.46	574.21	212.3
South Dakota	248.68	511.71	205.8
North Dakota	274.76	551.40	200.7

Source: U.S. Bureau of the Census, Governmental Finances in 1960, G-GF 60, No. 2 (Washington: U.S. Government Printing Office, 1961), table 14; and U.S. Bureau of the Census, Governmental Finances in 1969-70, GF 70, No. 5 (Washington: U.S. Government Printing Office, 1971), table 22.

Table 9. General Revenue of State and Local Governments from Own Sources Per \$1,000 of Personal Income, for Minnesota and Surrounding States, Fiscal 1970.

State	Amount	As a percentage of U.S. average	Rank <u>a</u> /
	Dollars	Percent	
U.S. average	146.27	100.0	---
North Dakota	183.91	125.7	3
Wisconsin	175.63	120.1	5
South Dakota	170.87	116.8	9
Minnesota	162.46	111.1	15
Iowa	156.14	106.7	19

a. Among 50 states and the District of Columbia.

Source: U.S. Bureau of the Census, Governmental Finances in 1969-70, GF 70, No. 5 (Washington: U.S. Government Printing Office, 1971), table 24.



Table 10. General Expenditure of State and Local Governments by Level of Government, for Minnesota, Fiscal 1970.

Level of government	Total amount	Per capita amount	Percentage distribution
	Million dollars	Dollars	Percent
State government	846.9	222.79	30.6
Local government	<u>1,923.4</u>	<u>505.29</u>	<u>69.4</u>
Total	2,770.4	728.08	100.0

Note: Details may not add to totals because of rounding.

Source: U.S. Bureau of the Census, Governmental Finances in 1969-70, GF 70, No. 5 (Washington: U.S. Government Printing Office, 1971), tables 18 and 22.

Table 11. General Expenditure of State and Local Governments, for Minnesota, Fiscal 1960 to Fiscal 1970.

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

Source: U.S. Bureau of the Census, Governmental Finances in 1969-70, GF 70, No. 5 (Washington: U.S. Government Printing Office, 1971), and earlier reports.

Table 12. General Expenditure of State and Local Governments by Function, for Minnesota, Fiscal 1970.

Function	Amount	Percentage distribution
	Million dollars	Percent
Education	1,274.8	46.0
Highways	425.2	15.3
Public welfare	249.0	9.0
Health and hospitals	186.6	6.7
Interest on debt	83.6	3.0
Police and fire protection	79.9	2.9
Sewerage and sanitation	63.2	2.3
General control	44.5	1.6
Local parks and recreation	37.5	1.4
Financial administration	37.3	1.3
Other	288.8	10.4
Total	2,770.4	100.0

Note: Details may not add to totals because of rounding.

Source: U.S. Bureau of the Census, Governmental Finances in 1969-70, GF 70, No. 5 (Washington: U.S. Government Printing Office, 1971), table 18.

Table 13. General Expenditure of State and Local Governments for Education, for Minnesota, Fiscal 1970.

Function	Amount	Percentage distribution
	Million dollars	Percent
Local schools	920.4	72.2
Higher education	328.9	25.8
Other education	<u>25.5</u>	<u>2.0</u>
Total	1,274.8	100.0

Source: U.S. Bureau of the Census, Governmental Finances in 1969-70, GF 70, No. 5 (Washington: U.S. Government Printing Office, 1971), table 18.

Table 14. General Expenditure of State and Local Governments for Selected Functions, for Minnesota, Fiscal 1960 and Fiscal 1970.

Function	1960	1970	
		Amount	Index
	Million dollars	Million dollars	1960=100
All functions	1,308.1	2,770.4	211.8
Education	418.8	1,274.8	304.4
Local schools	323.3	920.4	284.7
Higher education	89.0	328.9	369.6
Highways	225.2	425.2	188.8
Public welfare	96.1	249.0	259.1
Health and hospitals	88.2	186.6	211.6

Source: U.S. Bureau of the Census, Governmental Finances in 1960, G-GF 60, No. 2 (Washington: U.S. Government Printing Office, 1961), table 16; and U.S. Bureau of the Census, Governmental Finances in 1969-70, GF 70, No. 5 (Washington: U.S. Government Printing Office, 1971), table 18.



Table 15. Per Capita General Expenditure of State and Local Governments, for Minnesota and Surrounding States, Fiscal 1970.

State	Amount	As a percentage of U.S. average	Rank <u>a</u> /
	Dollars	Percent	
U.S. average	646.31	100.0	---
Minnesota	728.08	112.7	10
Wisconsin	692.24	107.1	13
North Dakota	656.82	101.6	20
Iowa	644.39	99.7	21
South Dakota	638.47	98.8	23

a. Among 50 states and the District of Columbia.

Source: U.S. Bureau of the Census, Governmental Finances in 1969-70, GF 70, No. 5 (Washington: U.S. Government Printing Office, 1971), table 22.

Table 16. Per Capita General Expenditure of State and Local Governments, for Minnesota and Surrounding States, Fiscal 1960 and Fiscal 1970.

State	1960	1970	
		Amount	Index
	Dollars	Dollars	1960=100
U.S. average	288.24	646.31	224.2
Wisconsin	290.16	692.24	238.6
Minnesota	328.98	728.08	221.3
Iowa	293.84	644.39	219.3
South Dakota	301.47	638.47	211.8
North Dakota	368.93	656.82	178.0

Source: U.S. Bureau of the Census, Governmental Finances in 1960, G-GF 60, No. 2 (Washington: U.S. Government Printing Office, 1961), table 17; and U.S. Bureau of the Census, Governmental Finances in 1969-70, GF 70, No. 5 (Washington: U.S. Government Printing Office, 1971) table 22.

[1973]

# Property Tax Revenue U. S.

	<u>Amount</u> <u>(Bil. Dol.)</u>	<u>% of</u> <u>All Taxes</u>
1902	.7	51
1913	1.3	59
1922	3.3	45
1932	4.5	56
1942	4.5	22
1952	8.7	11
1963	19.8	15
1973	45.3	16



Property Tax Revenue  
as a Percent of --

	<u>S &amp; L</u> <u>Tax</u> <u>Revenue</u>	<u>State</u> <u>Tax</u> <u>Revenue</u>	<u>Local</u> <u>Tax</u> <u>Revenue</u>
1902	82	53	89
1913	83	46	91
1922	83	37	97
1932	73	17	97
1942	53	7	92
1952	45	4	88
1963	45	3	87
1973	37	2	83

Minnesota  
State & Local Taxes  
1974

	<u>Mil. Dol.</u>	<u>Percent</u>
Property Taxes	963	34
Income Taxes	925	33
Sales Taxes	685	24
Other	<u>241</u>	<u>9</u>
	2,815	100

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## Local Government Revenue in Minnesota 1973

	<u>Mil. Dol.</u>	<u>Percent</u>
Local Sources:		
Property Taxes	860	31
Other Taxes	33	1
Charges	422	15
State & Federal Aid		
State Aid	1,282	47
Federal Aid	<u>146</u>	<u>5</u>
	2,743	100

State Aid to Local  
Govt. in Minnesota  
(Bill. Doll.)

	<u>School Aid</u>	<u>Local Govt. Aid</u>
1967-69	.5	.3
1969-71	.7	.6
1971-73	1.1	.7
1973-75	1.3	.9
1975-77	1.7	1.2

# Property Tax Levies in Minnesota

Net Tax Payable  
(Mil. Dol.)

1965	584
1966	617
1967	654
1968	555
1969	669
1970	765
1971	913
1972	840
1973	860
1974.	892

Note: Excludes special assessments



Residential Property  
Taxes as a % of Income  
Minnesota, 1968

<u>Income</u>	<u>Percent</u>
# 2, 000	6.2
4, 000	4.1
6, 000	3.2
8, 000	2.7
10, 000	2.4
12, 000	2.1
14, 000	1.9
16, 000	1.8
18, 000	1.7
20, 000	1.6

Note: Covers non-agr. homesteads  
& excludes the elderly.

## Property Tax Administration

1. Assessment & Classification
2. Review of Assessments
3. Equalization
4. Appeal Procedures
5. Tax Levy
6. Tax Collection

Classified Property  
Tax System

Estimated Market Value

X

Classification Ratio

=

Taxable Value



## Taxable Value

### Commercial:

Market Value	\$ 30,000
Class. Ratio	<u>43%</u>
Taxable Value	\$ 12,900

### Non-Agr Homestead:

Market Value	\$ 30,000
Class. Ratio	
1st \$12,000	\$ 12,000
	<u>25%</u>
	\$ 3,000

Excess

	\$ 18,000
	<u>40%</u>
	\$ 7,200
Taxable Value	\$ 10,200

## Alternative for Minimizing Property Tax Increases

1. Minimize increases in local public services
2. Increase state (& federal) aid to local units
3. State (or federal) takeover of local services
4. Provide other sources of local tax revenue

## Specific Issues

1. Quality of assessments
2. Levy limitations
3. 5% limit on increases in property valuation
4. Classification system
5. Exempt property
6. Senior citizen tax freeze
7. Homestead v. Renter Credit

## Governor's Proposals

1. "Circuit Breaker"
2. Return Gross Earnings Taxes to Local Govt.
3. Increase Homestead Classification to \$14,000
4. State-Paid Tax Reliefs for the Elderly, Blind, & Paraplegic Veterans
5. Increased State Aid



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ECONOMIC GROWTH IN MINNESOTA  
COMPARED TO NEIGHBORING STATES AND THE U.S.

Terri Erickson  
John D. Helmberger

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ECONOMIC GROWTH IN MINNESOTA:  
COMPARED TO NEIGHBORING STATES AND THE U.S.

Terri Erickson and  
John D. Helmberger

It is often correctly reported that Minnesota's population has been and is growing at a lower rate than the U.S. as a whole. It is also often incorrectly reported that Minnesota's personal income and per capita personal income have been growing at a lower rate. Much has been made of the fact that per capita personal income in Minnesota has been lower than for the nation as a whole. It has been lower but it has grown faster and it has, at least temporarily, overtaken the U.S. average. The usual image that has been projected is that Minnesota's economy is lagging. It is not an accurate image.

The relevant statistics for Minnesota are compared below with those of other Plains States (Iowa, Missouri, North Dakota, South Dakota, Nebraska, and Kansas), with adjoining Wisconsin, and the U.S. as a whole in Tables 1-8 at the end of this paper.

Minnesota's personal income increased 1,055% from the 3 year average, 1927-29, to the 3 year average, 1971-73, compared to an increase of 1,051% for the U.S. as a whole. The rate of growth from the mid-fifties to 1971-73 was also greater for Minnesota than for the U.S.; 226% and 221%, respectively, as was the case comparing the 3 year average 1968-70 with the 3 year average 1971-73, 27.51% and 26.75%, respectively. (See Table 1). Minnesota's growth is especially good considering the fact that it has more than its proportionate share of farmers (whose incomes are lower than urban incomes) and it experienced net out-migration which added personal income in other states while subtracting it from Minnesota. But why did Minnesota experience out-migration? Out-migration occurred because of sharp reduction in the number of farmers all over the country as farmers flocked to urban

areas. Minnesota's cities absorbed most of its rural migrants but not all of them. Farming is (and has been) relatively more important in Minnesota than in the U.S. as a whole. In 1929, Minnesota's farm income accounted for 13.9% of its personal income while such income accounted for 6.9% of U.S. personal income. These figures declined to 4.60% and 2.38% by 1970. All of the states which had relatively more than their share of farmers experienced net out-migration except Virginia, which is a special case because of spill over of population from Washington, D. C. The more important farming is in a state, the greater the out-migration. Wisconsin and all the other Plains States, except Missouri, experienced a greater rate of out-migration than did Minnesota and all had a smaller rate of increase in personal income than did Minnesota.

Growth in personal income per capita is a better measure of welfare than the increase in total personal income. It is increasing income per capita that measures material well-being. Table 2 reveals that per capita personal income in Minnesota increased 656% between the 3 year period 1927-29 and the 3 year period 1971-73 while it increased 563% in the U.S. as a whole. Per capita income in Minnesota increased from \$598 in 1929 to \$4,921 in 1973 while per capita income for the U.S. as a whole increased from \$703 to \$4,918. Minnesota's per capita income gained both absolutely and relatively. The (short run) spurt in farm income has brought Minnesota's per capita income, at least temporarily, above the U.S. average. Of the 7 Plains States and Wisconsin, Minnesota had the highest per capita income for the 1971-73 period and the single year 1973, except for Kansas. In the 1927-29 period, 2 states of the 8

in the area, namely Wisconsin and Missouri, had a higher per capita income than Minnesota; in the 1953-55 period, 3 states, Wisconsin, Missouri, and Kansas, had a higher per capita income; in the period 1968-70 and the period 1971-73, only Kansas had a higher per capita income.

Average weekly wages in manufacturing are greater in Minnesota than the national average and manufacturing payrolls in Minnesota have been growing faster than the national average. Such payrolls increased 1,424% in Minnesota between 1929 and 1972 while the U.S. manufacturing payrolls increased 993%. Of the neighboring states, only Kansas and Iowa had more rapid growth in manufacturing.

Between 1970 and 1971, manufacturing payrolls in Minnesota dropped while such payrolls increased in each of the neighboring states and in the U.S. as a whole. This drop is due to the national policy changes which sharply reduced the demand for electronics equipment which is a substantial part of Minnesota's manufacturing. Recall how hard Honeywell was hit by the change! Between 1971 and 1972 manufacturing payrolls increased faster in Minnesota than the national average though not as fast as in neighboring states. (See Table 3).

Employment in manufacturing in Minnesota grew more than twice as rapidly as it did in the U.S. as a whole whether we measure the rate of growth from 1940 to 1972, 1950 to 1972, or 1960 to 1972. The rate of growth in such employment was also generally higher than in neighboring states. Since 1960, only the Dakotas, among the 8 states of the area, experienced a more rapid rate of growth in manufacturing employment than



Minnesota. It is often alleged that Minnesota's favorable rate of growth is due to its having a small base to start from. This argument loses its punch when one notices that 5 of the other Plains States have a lower base than Minnesota but only 2 of them grew at a more rapid rate. (See Table 4). Half of the severe drop in manufacturing employment in Minnesota between 1970-71 is accounted for by the decline in employment in the electrical machinery industry. Between 1971 and 1972, manufacturing employment in Minnesota increased again, faster than the national average but not as fast as its neighbors.

However, the electrical machinery industry has fully recovered since then. Between 1972 and 1973, total manufacturing employment increased more than 8% in Minnesota while it increased less than 5% nationwide. (See Table 5)

According to the Department of Commerce the nonfarm income figures are a better statistical series for estimating trends than is personal income because they abstract from the volatility of--and waning relative importance of--farm income. Nonfarm income in Minnesota increased 1,142% between 1929 and 1972 while the U.S. nonfarm income increased 1,062%. Minnesota's rate of increase was higher than that for any of the neighboring states except North Dakota. For the more recent period 1950-72, Minnesota's nonfarm income grew faster than all its neighbors. (See Table 6). Again the record for Minnesota for 1970-72 is less satisfactory. But note the recovery since 1972 in Table 5.

Farm income is more volatile than nonfarm income. This explains why the Department of Commerce uses three year averages when comparing states in economic performance that includes agriculture. A state's

personal income may compare very favorably with other states in a particular year (or very unfavorably) simply because it has a very good crop year (or a very bad one). Between the years 1949-51 and 1970-72, Minnesota's realized net farm income grew faster (40%) than the national average (28%). Among the other Plains States and Wisconsin, farm income grew faster than Minnesota in 4 states and more slowly in the remaining 3. See Table 7.

The declining significance of the fact that agriculture is relatively important in Minnesota and the rapid longer term growth in such growth industries as electronics and other industries that require highly skilled and professional labor suggest that Minnesota's prospects for growth at a rate greater than average are good. This goes for growth in total personal income, despite continued out-migration, (if it continues) as well as for growth in farm income, nonfarm income and per capita personal income.

Whether we measure growth by total personal income, per capita personal income, manufacturing payrolls, employment in manufacturing, nonfarm income, or farm income, Minnesota's rate of growth is faster than the national average. There is simply no substance to the allegation that Minnesota's economy is lagging.

Table 1: Total Personal Income for the U.S., Minnesota, and Neighboring States, 1927-29, 1953-55, 1968-70, 1971-73 compared.

Area	1 1927-29 3 yr average	2 1953-55 3 yr average	3 1968-70 3 yr average	4 1971-73 3 yr average	5 1927-29 to 1971-73	6 <u>percent change</u> 1953-55 to 1971-73	7 1968-70 to 1971-73
	millions of \$						
United States	\$81,827	\$293,779	\$743,188	\$942,005	1051.22%	220.65%	26.75%
Wisconsin	1,891	6,386	15,285	19,380	924.85	203.48	26.79
Plains States	7,376	24,144	56,489	72,199	878.84	199.03	27.81
<u>Minnesota</u>	<u>1,485</u>	<u>5,255</u>	<u>13,447</u>	<u>17,146</u>	<u>1054.61</u>	<u>226.28</u>	<u>27.51</u>
Iowa	1,354	4,344	9,826	12,512	824.08	188.03	27.34
Missouri	2,195	7,124	16,171	20,505	834.17	187.83	26.80
North Dakota	294	790	1,791	2,535	762.24	220.89	41.54
South Dakota	286	888	1,999	2,559	794.76	188.18	28.01
Nebraska	768	2,190	5,180	6,686	770.57	205.30	29.07
Kansas	995	3,552	8,077	10,256	930.75	188.74	26.98

Source 1: Data for 1927-29 from Personal Income by States, Supplement to Survey of Current Business, Dept. of Commerce, 1956, p. 38 and p. 140.

2: Data for 1953-55, Survey of Current Business, Dept. of Commerce, August, 1969, p. 14.

3: Data for 1968-70, Survey of Current Business, Dept. of Commerce, August 1971, p. 31.

4: Data for 1971-73, Survey of Current Business, Dept. of Commerce, April 1974, p. 17.

Table 2: Per Capita Personal Income for the U.S., Minnesota, and Neighboring States, 1927-29, 1953-55, 1968-70, 1971-73 compared.

Area	1 1927-29 3 yr average	2 1953-55 3 yr average	3 1968-70 3 yr average	4 1971-73 3 yr average	5 1927-29 to 1971-73	6 <u>percent change</u> 1953-55 to 1971-73	7 1968-70 to 1971-73
United States	\$682	\$1,822	\$3,687	\$4,525	563.49%	148.35%	22.73%
Wisconsin	653	1,775	3,486	4,285	556.20	141.41	22.92
Plains States	560	1,667	3,487	4,345	675.89	160.65	24.61
<u>Minnesota</u>	<u>584</u>	<u>1,688</u>	<u>3,576</u>	<u>4,413</u>	<u>655.65</u>	<u>161.43</u>	<u>23.41</u>
Iowa	551	1,643	3,495	4,339	687.48	164.09	24.15
Missouri	610	1,748	3,490	4,323	608.69	147.31	23.87
North Dakota	436	1,292	2,890	3,998	816.97	209.44	38.34
South Dakota	418	1,356	2,994	3,764	800.48	177.58	25.72
Nebraska	562	1,629	3,510	4,381	679.54	168.94	24.81
Kansas	535	1,739	3,615	4,527	746.17	160.32	25.23

Source 1: Data for 1927-29 from Personal Income by States Ibid, p. 38, p. 142.

2: Data for 1953-55, Survey of Current Business, August 1969, p. 15.

3: Data for 1968-70, Survey of Current Business, August 1971, p. 31.

4: Data for 1971-73, Survey of Current Business, April 1974, p. 17.



Table 3: Manufacturing Payrolls in Minnesota, Neighboring States, and the U.S. Selected Years. Millions of Dollars

Area	1	2	3	4	5	6	Percent Change		9
	1929	1948	1970	1971	1972	1929 to 1972	1948 to 1972	1970 to 1972	1971 to 1972
United States	\$16,092	\$46,459	\$158,294	\$160,519	\$175,897	993.07%	278.61%	11.12%	9.58%
Wisconsin	487	1,384	4,291	4,351	4,815	888.71	247.90	12.21	10.66
Plains States	825	2,425	9,804	9,921	10,949	1,227.51	351.51	11.68	10.36
<u>Minnesota</u>	<u>191</u>	<u>582</u>	<u>2,676</u>	<u>2,647</u>	<u>2,911</u>	<u>1,424.08</u>	<u>400.17</u>	<u>8.78</u>	<u>9.97</u>
Iowa	131	437	1,791	1,851	2,083	1,490.08	376.66	16.30	12.53
Missouri	359	981	3,346	3,374	3,651	916.99	272.17	9.12	8.21
North Dakota	6	16	70	75	82	1,266.67	412.50	17.14	9.33
South Dakota	10	32	115	123	138	1,280.00	331.25	20.00	12.20
Nebraska	52	133	608	628	697	1,240.38	424.06	14.64	10.99
Kansas	77	244	1,198	1,222	1,387	1,701.30	468.44	15.78	13.50

Source 1: Personal Income by States, Survey of Current Business, Dept. of Commerce, 1956, p. 140 and pp. 166-75 for 1929 and 1948 data.

2: Survey of Current Business, Department of Commerce, August, 1973, pp. 44-46 for 1970, 1971, and 1972 data.



Table 4: Employment in Manufacturing for the U.S., Minnesota, and Neighboring States, 1940-1970.

Area	1	2	3	4	5	6
	1940	1950	Employment in Thousands		1971	1972
			1960	1970		
United States	10,985	15,241	16,696	19,349	18,529	18,933
Wisconsin	279.7	434.5	460.4	500.9	479.6	493.6
Plains States	554.9	874.0	1,001.4	1,226.2	1,175.2	1,223.2
<u>Minnesota</u>	<u>117.6</u>	<u>200.7</u>	<u>229.7</u>	<u>319.4</u>	<u>299.4</u>	<u>307.5</u>
Iowa	95.6	154.4	176.6	215.5	209.2	223.3
Missouri	247.4	353.8	392.7	446.1	427.1	434.1
North Dakota	4.6	6.1	6.5	9.9	10.2	10.7
South Dakota	8.1	11.6	13.1	15.8	16.5	18.0
Nebraska	30.7	52.1	66.8	85.0	83.0	86.6
Kansas	50.9	95.3	116.0	134.5	129.8	143.0

Source: Handbook of Labor Statistics, 1972, U.S. Dept. of Labor, BLS, Table 38, p. 89 for U.S. total - Table 48 pp. 105-106 for states and regions. 1940, 50, 60 data.

Handbook of Labor Statistics, 1973, U.S. Dept. of Labor, BLS, Table 38, p. 95 for U.S. total - Table 48 pp. 112-113 for states and regions. 1970, 71, 72 data.

Table 4 continued:

	7	8	9	10	11
	1940 to 1972	1950 to 1972	<u>Percent Changes</u> 1960 to 1972	1970 to 1972	1971 to 1972
United States	72.35%	24.22%	13.40%	-2.15%	2.18%
Wisconsin	76.47	13.60	7.21	-1.46	2.92
Plains States	120.44	39.95	22.16	- .24	4.08
<u>Minnesota</u>	<u>161.48</u>	<u>53.21</u>	<u>33.87</u>	<u>-3.73</u>	<u>2.71</u>
Iowa	133.58	44.62	26.44	3.62	6.74
Missouri	75.46	22.70	10.54	-2.69	1.64
North Dakota	132.61	74.41	64.62	8.08	4.90
South Dakota	122.22	55.17	37.40	13.92	9.09
Nebraska	182.08	66.22	29.64	1.88	4.34
Kansas	180.94	50.05	23.28	6.32	10.17

Table 5: Employment in Manufacturing Industries, Minnesota and U.S., 1965-1974 (in thousands of persons)

	Total Non-Agri.	Minnesota* Electrical Machinery	Total Mfg.	Per cent change year to year			Total Mfg.	U.S.** Per Cent Change year to year
				Total Non-Agri.	Electrical Machinery	Total Mfg.		
1965	1,043.4	19.7	249.6				18,062	
				7.1%	12.2%	9.9%		6.4%
1966	1,117.1	22.1	274.2				19,214	
				5.2	14.9	8.2		1.2
1967	1,175.6	25.4	296.7				19,447	
				3.6	8.7	2.4		1.7
1968	1,217.4	27.6	303.9				19,781	
				4.5	11.2	5.9		2.0
1969	1,271.9	30.7	321.7				20,167	
				2.1	-2.6	-.8		-4.1
1970	1,298.8	29.9	319.1				19,349	
				-1.7	-23.4	-8.9		-4.2
1971	1,277.3	22.9	290.6				18,529	
				4.0	-.4	2.4		2.2
1972	1,328.3	22.8	297.7				18,933	
				6.5	21.5	8.4		4.7
1973	1,414.3	27.7	322.6				19,821	
				4.0	15.9	5.5		--
1974	1,470.2	32.1	340.3				--	

\* Minnesota data given for month of April of each year.

\*\* U.S. data given in yearly averages.

1. Minnesota data from Minnesota Employment Trends, Minnesota Department of Employment Services, May 1966-74, p. 4.

2. U.S. Data from Economic Report of the President, Feb. 1974, Table C-29, p. 282.

Table 6: Nonfarm Income in Minnesota, Neighboring States, and the U.S. Selected Years. Millions of Dollars.

Area	1	2	3	4	5	6	7	8	9
	1929	1950	1970	1971	1972	1929 to 1972	Percent Change 1950 to 1972	Percent Change 1970 to 1972	Percent Change 1971 to 1972
United States	\$78,402	\$209,463	\$783,186	\$838,665	\$910,782	1061.68%	334.82%	16.29%	8.60%
Wisconsin	1,747	4,549	16,060	17,085	18,590	964.11	308.66	15.75	8.81
Plains States	5,990	15,919	56,451	60,201	64,795	981.72	307.03	14.78	7.63
<u>Minnesota</u>	<u>1,277</u>	<u>3,613</u>	<u>13,824</u>	<u>14,760</u>	<u>15,862</u>	<u>1142.13</u>	<u>339.03</u>	<u>14.74</u>	<u>7.47</u>
Iowa	1,016	2,706	9,243	9,877	10,649	948.13	293.53	15.21	7.82
Missouri	2,041	5,089	17,027	18,217	19,522	856.49	283.61	14.65	7.16
North Dakota	156	486	1,677	1,787	1,956	1153.85	302.47	16.64	9.46
South Dakota	167	521	1,726	1,836	1,991	1092.22	282.15	15.35	8.44
Nebraska	533	1,390	5,036	5,338	5,757	980.11	314.17	14.32	7.85
Kansas	780	2,114	7,920	8,386	9,058	1061.28	328.48	14.37	8.01

Source 1: Personal Income by States, Survey of Current Business, Dept. of Commerce, 1956, pp. 140 and pp. 166-75 for 1929 and 1950 data.

2: Survey of Current Business, Department of Commerce, August, 1973, pp. 44-46 for 1970, 71, 72 data.

Table 7: Total Net Farm Income in Minnesota, Neighboring States, and the United States, Selected Years.  
Millions of Dollars

	1	2	3	4	5	6	7	8	9
<u>Area</u>	1949	1950	1951	1949-51 Average	1970	1971	1972	1970-72 Average	Percent Change 1949-51 to 1970-72
United States	12,780	13,673	15,987	14,147	16,913	16,920	20,344	18,059	27.66%
Wisconsin	447.6	436.2	604.3	496.0	698.5	584.7	564.9	616.0	24.19
Plains States	2802.2	3672.1	3728.3	3400.9	4511.6	4389.2	5883.6	4928.1	44.91
<u>Minnesota</u>	<u>493.3</u>	<u>513.7</u>	<u>667.5</u>	<u>558.2</u>	<u>837.6</u>	<u>697.3</u>	<u>812.6</u>	<u>782.5</u>	<u>40.18</u>
Iowa	725.3	1,057.5	1,021.6	934.8	1,273.3	1,031.8	1,639.3	1,314.8	40.65
Missouri	492.1	564.6	570.0	542.2	592.2	598.5	806.0	665.6	22.76
North Dakota	176.3	262.7	246.9	228.6	226.8	364.0	363.4	318.1	39.15
South Dakota	157.8	246.7	340.8	248.4	331.9	363.8	491.5	395.7	59.30
Nebraska	361.6	531.7	471.0	454.8	576.1	582.0	831.3	657.1	44.48
Kansas	395.8	495.2	410.5	433.8	673.7	751.8	939.5	788.3	81.72

Source: Farm Income, State Estimates, 1949 - 1970. A Supplement to Farm Income Situation, USDA, pp 19-40 for 1949-51 data.

Farm Income, State Estimates, 1959-1972, pp. 12-29 for 1970-72 data.



Table 8: Population of Minnesota, Neighboring States, and the U.S.  
Selected Years. Thousands.

	1	2	3	4	5
	1930	1950	1970	<u>Percent Change</u>	
				1930 to 1970	1950 to 1970
United States	123,203	151,326	204,281	65.81%	34.99%
Wisconsin	2,939	3,435	4,418	50.32	28.62
Plains States	13,297	14,061	16,319	22.73	16.06
<u>Minnesota</u>	<u>2,564</u>	<u>2,982</u>	<u>3,805</u>	<u>48.40</u>	<u>27.60</u>
Iowa	2,471	2,621	2,824	14.29	7.75
Missouri	3,629	3,955	4,677	28.88	18.26
North Dakota	681	620	618	-9.25	-.32
South Dakota	693	653	666	-3.90	1.99
Nebraska	1,378	1,326	1,483	7.62	11.84
Kansas	1,881	1,905	2,247	19.46	17.95

1930, 1950 and 1970 Data from Statistical Abstract of the U.S., 1973,  
Table No. 14, P. 14.

## CLASSIFICATION SYSTEM EXAMPLES

## SYSTEM I

System I is a one class system, i.e. the assessed value for all property is figured as the same ratio of market value. This ratio could be any fraction, 100 percent, 50 percent, etc. Because of the way the computer program is written, a ratio of .30 is used to minimize changes in the ag mill credit so that observed changes better represent only the result of the classification system change.

## SYSTEM II

System II is a two class system, roughly residential property and all other.

Class I, Residential Property, includes all homestead property (ag and non-ag), commercial residential and Title II housing, and seasonal residential.

Class II, Non Residential, includes all other property (non-homestead ag, timberlands, seasonal commercial, vacant land, commercial and industrial, public utilities attached machinery, iron ore, and personal property.)

System II will be run in three variations:

- A. Class I @ .20; Class II @ .40
- B. Class I @ .30; Class II @ .38
- C. Homestead under \$12,000 @ .20, all other Class I @ .30; Class II @ .38

## SYSTEM III

System III is a three class system, which is also run in three variations.

Class I is homestead property, ag and non-ag.

Class II is non-homestead residential, non-homestead ag and timberland, and all seasonal property.

Class III includes all other property (vacant land, commercial-industrial, public utilities attached machinery, iron ore, and personal property).

The three variations used are:

- A. Class I at .30; Class II @ .38; Class III @ .40
- B. Class I @ .20; Class II @  $.33 \frac{1}{3}$ ; Class III @ .45
- C. Homestead under \$12,000 @ .20, Homestead over \$12,000 @  $.33 \frac{1}{3}$ ; Class II @  $.33 \frac{1}{3}$ ; Class III @ .45

## SYSTEM IV

System IV is a four class system, to be run in four variations.

Class I is all homestead property

Class II is non-homestead residential plus seasonal residential

Class III is non-homestead ag and timberland

Class IV includes all other property (commercial-industrial, commercial seasonal, iron ore, public utility attached machinery, vacant land, and personal)

The four variations are:

- A. Class I @ .20; Class II @ .25; Class III @ .30; Class IV @ .40
- B. Class I @ .20; Class II @ .30; Class III @ .25; Class IV @ .40
- C. Class I @ .20; Class II @ .35; Class III @ .30; Class IV @ .50
- D. Homestead under \$12,000 @ .20, Homestead (except ag) over \$12,000 @ .30; Class II @ .30; Class III, plus ag homestead over \$12,000 @ .25; Class IV @ .45

#### SYSTEM V

In addition to these four systems, one run will be made which follows the existing classification system but with a few modifications. All homestead under \$12,000 (ag and non-ag) has the same ratio of .20; commercial-industrial property, including class 4 personal, has a ratio of .50; ag homestead over \$12,000 and seasonal residential has .30. These ratios were chosen to reflect roughly the effective ratios among these classes in 1963, the initial year of the famous funnel-shaped graph of state average sales ratios.

# NET TAXES BY MAJOR PROPERTY GROUP

Statewide Total  
(millions of dollars)

	Present	I	II A	II B	II C	III A	III B	III C	IV A	IV B	IV C	IV D	1963
Homestead	339.16	419.76	297.24	381.44	320.06	360.49	264.77	300.25	296.82	293.23	249.33	299.04	293.90
Residential Plus Agriculture	527.35	597.12	473.48	557.51	513.97	555.07	470.14	482.02	477.02	483.47	446.49	466.71	481.69
Seasonal	14.02	14.06	11.58	13.15	14.46	15.47	16.96	14.66	14.69	17.53	18.26	15.82	13.09
Business	346.94	292.82	440.56	338.86	372.83	343.18	447.31	401.90	435.74	428.88	471.93	423.39	392.62
Total Net Taxes	888.31	904.00	925.62	909.52	901.26	913.72	934.41	898.58	927.45	929.88	936.68	905.92	887.40





UNIVERSITY OF MINNESOTA

Department of Agricultural and Applied Economics  
St. Paul, Minnesota 55101

APR 21 1975

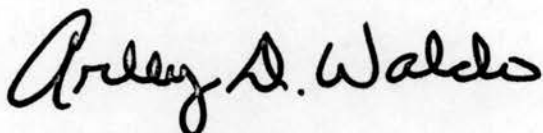
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Department of Agricultural and Applied Economics  
University of Minnesota  
St. Paul, Minnesota 55101

Phone: (612) 376-3800

Sincerely,



Arley D. Waldo  
Extension Economist Public Policy

Enclosure



Helmberger, April 1975  
Department of Agricultural and  
Applied Economics  
University of Minnesota

Low Income Tax Relief in Minnesota

Low Income People are exempt from State Income Taxes according to the following schedule, starting January 1, 1975

	<u>Income equal to or less than</u>
Single Person	- \$3200
Married Couple	- 3800
Couple with 1 child	- 4600
Couple with 2 children	- 5400
Couple with 3 children	- 6000
Couple with 4 or more children	- 6400

If one has more than \$3200 income (or 3800, 4600, etc.), he can choose to pay according to the old schedule or 15% of the excess over \$3200 (or 3800, 4600, etc.).

Example: Married couple with 4 or more children and income of \$7000.

He can pay according to the old law or 15% of \$600 = \$90. (\$600 = 7000 - 6400).



APR 7 1975

STATE OF MINNESOTA  
DEPARTMENT OF REVENUE  
CENTENNIAL OFFICE BUILDING  
SAINT PAUL, MINNESOTA 55145

DEPARTMENT OF REVENUE  
ANALYSIS OF Senate File 450

April 1, 1975

Revenue Analysis Summary

It is estimated that this proposal would only minimally affect the loss in individual income tax collections that is being incurred as a result of the tax credit for political contributions.

Bill Explanation

This bill would increase the maximum credit for contributions to a political party equal to the limitation on contributions to a political candidate. It would amend Laws of 1974, Chapter 470, the state's "Ethics Bill". Under present law, a taxpayer may take a credit for contributions to a political party of no more than \$5 in the case of an individual return or \$10 in the case of a joint return. This proposal would allow a maximum credit of \$25 for married couples filing joint returns and \$12.50 for all other individual filers for contributions to political parties.

The bill is effective for taxable years commencing after December 31, 1974.

Revenue Analysis Explanation

The tax credit provision of the Ethics Bill allowed a taxpayer to take a credit against the income tax of 50% of his contributions to a political party and candidate in lieu of the deduction against income provided by Minnesota Statutes, Section 290.21, Subdivision 3, Clause (e), which is an itemized deduction. In July of 1974, the revenue loss in individual income tax collections resultant from the tax credit provision was estimated to be \$1,370,000, based on data from the 1972 returns. (See the attached copy of the Analysis of Chapter 470).

Since information on the number of Minnesota taxpayers who would claim a tax credit for political contributions was not available at that time, the estimated revenue loss was an approximation based on certain assumptions. These were primarily that (1) all filers claiming either the itemized deduction or the credit against the tax will take the maximum of either the \$100 deduction or the credit; (2) the filers

taking the standard deduction will take the maximum tax credit; (3) all contributions would be made to a candidate rather than solely to a party, thereby allowing the taxpayer the greater advantage; and (4) all filers who itemize deductions will claim the deduction against income for contributions only when it is to their advantage to reduce their taxable income. Basing the tax credit estimate on data from the 1973 returns and assuming no change in methodology, the resulting revenue loss due to the credit provision of Chapter 470 is approximately \$1,412,000.

The total cost of the tax credit provision was determined by multiplying the number of filers within each income group by either the amount of the credit or the amount by which the maximum credits exceeds the deduction at each income level. (See the tables attached to the analysis of Chapter 470 for specific details).

Because of limited information regarding political contributions, it was estimated that 10% of the total possible cost of the tax credit would be claimed by Minnesota filers.

The Internal Revenue Service indicated that 58,546 Minnesotans claimed political contribution credits for tax year 1972. This figure is based on sample statistics and indicates that approximately 4% of all Minnesota filers claimed the tax credit. Their data also indicate that 24,015 Minnesotans or 1.67% of Minnesota filers claimed the itemized deduction for contributions to political candidates. Based on a sampling report summary of Minnesota returns filed in 1975, slightly more than 1% of Minnesota filers were claiming the tax credit for political contributions. Due to the smallness of the samples on which these data are based, the reliability of this information is questionable. Since information on the number of people who claim a credit for political contributions is limited, the 10% estimate, although possibly high, appears to be a reasonable one.

Some of the limitations on the estimated revenue loss due to the tax credit provision should be pointed out. First, the estimate assumes that all taxpayers claiming the credit would take the maximum amount. Actually, this would not be true since some taxpayers, due to the size of their contributions or to the fact that their contributions were made solely to political parties rather than to candidates, would not be eligible to claim the maximum credit. Second, all taxpayers eligible to claim this credit might not do so. These limitations, however, would not greatly affect the revenue estimate. Therefore, the estimate, in spite of the limitations mentioned, appears to be reasonable.

At this time, no information is available on the number of taxpayers claiming credits solely for contribution to political parties. It may be assumed that many of those who contribute money to political parties would also contribute money to political candidates, thus, these taxpayers would probably be eligible to claim the maximum credit allowable for political contributions. It is estimated that the number of taxpayers contributing money solely to political parties and claiming the credit is not great, therefore, the impact of the proposed amendment to Minnesota Statutes 1974, Section 290.06, Subdivision 11, on the revenue loss resulting from the tax credit provision of the Ethics Bill would be minimal.

STATE OF MINNESOTA  
DEPARTMENT OF TAXATION  
CENTENNIAL OFFICE BUILDING  
SAINT PAUL, MINNESOTA 55145

DEPARTMENT OF REVENUE  
ANALYSIS OF CHAPTER 470

July 3, 1974

Revenue Analysis Summary

TOTAL REVENUE LOSS UNDER CHAPTER 470  
BY SPECIFIC PROVISIONS OF THE ACT

	<u>Appropriations</u>	<u>Dollar Designation</u>	<u>Tax Credit</u>	<u>Total Revenue Loss</u>
Fiscal Year 1974	\$ 20,000	\$ 0	\$ 0	\$ 20,000
Fiscal Year 1975	<u>100,000</u>	<u>315,000</u>	<u>1,370,000</u>	<u>1,785,000</u>
Total Biennium	\$120,000	\$315,000	\$1,370,000	\$1,805,000

The dollar designation and tax credit provisions have a direct impact on income tax collections. The revenue impact is indicated in the following table:

REVENUE LOSS IN INCOME TAX COLLECTIONS

	<u>Prior to Chapter 470</u>	<u>Under Chapter 470</u>	<u>Loss in Revenue</u>
Fiscal Year 1974	\$ 626,687,000	\$ 626,687,000	\$ -0-
Fiscal Year 1975	<u>669,667,000</u>	<u>667,982,000</u>	<u>1,685,000</u>
Total Biennium	\$1,296,354,000	\$1,294,669,000	\$1,685,000



Explanation

This act creates a six member state ethics commission charged with inspecting and acting on matters within its jurisdiction. Such matters include the registration of lobbyists, statements of conflict of interest, campaign reports, registration of political committees and disclosures of representation by public officials. The act sets forth procedures for the organization of political committees and procedures for handling political funds. The law also stipulates that campaign expenditures be limited to certain specified amounts or a certain amount determined on a per capita basis, whichever is greater. Moneys also are appropriated to the commission for the purposes of this act.

Two provisions of this law relate to revenue, both of which are effective for taxable years beginning after December 31, 1973. The first provision states that individuals whose income tax liability after personal credits is \$1 or more may designate that \$1 be paid into the state elections campaign fund. Married couples filing a joint return may designate \$2, provided that their liability after credits is at least \$2.

The funds collected by the dollar designation provision will be appropriated annually according to the following percentages: 40% to candidates for statewide offices; 20% to candidates for the state senate in years the senate serves a four year term, and 30% in years the senate serves a two year term, and in 1975 and 1976; 40% to candidates for state representative in years the senate serves a four year term, and 30% in years the senate serves a two year term, and in 1975 and 1976.

The second provision of this act relating to revenue allows a taxpayer to take a credit against the income tax of 50% of his contributions to a political party and candidate in lieu of the deduction against income provided by Minnesota Statutes 290.21, Subdivision 3, Clause (e), which is an itemized deduction. The maximum credit allowed is \$25 for married couples filing joint returns and \$12.50 for all other individual filers. Taxpayers will be allowed a credit of no more than \$10 for joint returns or \$5 for individual returns for contributions solely to a political party.

The act became effective April 13, 1974.

Revenue Analysis Detail

The \$120,000 appropriation to the state ethics commission is for the purpose of meeting operating expenses, including such expenses as salaries and employee benefits, printing, equipment, per diem for commission members, legal assistance, and telephone and utility costs. Of the amount appropriated, approximately \$20,000 has been spent in fiscal year 1974. The remainder, about \$100,000, will be spent in the 1975 fiscal year.



Due to the effective date of the dollar designation provision, the revenue impact applies only to fiscal year 1975, during which the 1974 individual income tax returns will be filed. The impact resulting from this provision indicates a revenue loss of \$315,000.

Several assumptions were made in arriving at this estimate of impact. First, since the dollar check-off can only be used on returns where a liability exists, the total number of 1972 taxable returns was the basis for determining the impact. Second, based on historical data on taxable returns, it was assumed that the number of taxable returns filed in the next two years would increase at the rate of 5% per year. A further assumption was that, for the purpose of the dollar designation provision, the response rate on Minnesota returns would be the same as that on the 1973 federal returns.

The revenue impact for the dollar designation feature was determined by multiplying the number of filers with a tax liability in 1972, including the spouses of married persons filing jointly and married persons filing separately where spouse did not file, by the average annual rate of increase in taxable returns. The estimate of the number of filers with a tax liability on 1974 returns filed in 1975 was then multiplied by the response rate on the federal return for the dollar check-off, which is about 15% according to IRS sources.

The impact for the dollar designation was made as indicated below:

Number of Filers With Tax Liability in 1972 (Including Spouses)	\$1,900,236
Percent Increase in Taxable Returns Per Annum	X 5%
Number of Filers With Tax Liability in 1973	\$1,995,248
Percent Increase in Taxable Returns Per Annum	X 5%
Number of Filers With Tax Liability in 1974	\$2,095,010
Estimated Rate of Response	15%
Estimated Revenue Loss for Dollar Check-off	\$ 314,252

With respect to the tax credit provision, several sources were contacted in an effort to locate data on political contributions. However, no information is available on the total amount of contributions made by Minnesota taxpayers. For this reason, the revenue impact is an approximation which was based on several assumptions. These were that (1) all filers claiming either the itemized deduction or the credit against the tax will take the maximum of either the \$100 deduction or the credit; (2) the filers taking the standard deduction will take the maximum tax credit; (3) all contributions will be made to a candidate rather than solely to a party, thereby allowing the taxpayer the greater advantage; and (4) all filers who itemize deductions will claim the deduction against income for contributions only when it is to their advantage to reduce their taxable income.

Using these assumptions, it can be determined that those filers who itemize deductions and file separately will gain an advantage by taking the \$12.50 maximum credit only if their taxable income is less than \$9,000. Also, it can be determined that in all cases persons itemizing their deductions and filing jointly will gain an advantage by claiming the maximum credit against the tax, which is equal to \$25 or the amount of their tax liability. Those persons using the

standard deduction will always claim the credit for political contributions, regardless of filing status.

Using data from the 1972 returns, the total cost of the credit provision was determined by multiplying the number of filers within each income group by either the amount of credit or the amount by which the maximum credits exceeds the deduction at each income level. See the attached tables for specific details.

The revenue impact resulting from the tax credit provision was determined based on the following information:

**Total Cost of Credit**

Total Itemized Deduction		\$ 5,721,147
Married Filing Joint	\$2,524,902	
Other	\$3,196,245	
Total Standard Deduction		\$ 7,944,498
Married Filing Joint	\$1,701,199	
Other	\$6,243,299	
Total All Filers		\$13,665,645
Estimated Percent of Filers Claiming The Credit		10%
Estimated Revenue Loss		<u>\$ 1,366,564</u>

The total for all filers was multiplied by 10% because it was assumed that the number of filers claiming the credit would be no more than the number of filers who use the dollar check-off and probably would be somewhat less, since the use of the check-off does not imply any out-of-pocket expenses, while a claim for a tax credit does.

The Internal Revenue Service indicated a preliminary figure of 31,225 political contribution credits claimed by Minnesota filers on 1972 returns, the first year which the credit was effective. This figure indicates that approximately 2% of all Minnesota filers claimed the tax credit. Until more information is available on the number of people who claim a credit for political contributions, the 10% estimate, although possibly high, appears to be a reasonable one.

Taxable Income Range	Number Of Returns	Tax Rate	Credit At Income	Deduction At Income (\$100 x Tax Rate)	Difference (Credit - Deduction)	Total Cost (# of Returns x Difference)
\$ 0 - \$ 500	119	1.6%	\$ 8.00**	\$ 1.60	\$ 6.40	\$ 762
500 - 1,000	233	2.2	19.00**	2.20	16.80	3,914
1,000 - 2,000	1,770	3.5	25.00	3.50	21.50	38,055
2,000 - 3,000	8,025	5.8	25.00	5.80	19.20	154,080
3,000 - 4,000	12,022	7.3	25.00	7.30	17.70	212,789
4,000 - 5,000	13,636	8.8	25.00	8.80	16.20	220,905
5,000 - 6,000	16,342	10.2	25.00	10.20	14.80	241,852
6,000 - 7,000	19,352	10.2	25.00	10.20	14.80	286,410
7,000 - 8,000	20,790	11.5	25.00	11.50	13.50	280,665
8,000 - 9,000	19,552	11.5	25.00	11.50	13.50	263,952
9,000 - 10,000	16,072	12.8	25.00	12.80	12.20	196,072
10,000 - 11,000	12,699	12.8	25.00	12.80	12.20	154,920
11,000 - 12,000	9,918	12.8	25.00	12.80	12.20	121,000
12,000 - 12,500	3,931	12.8	25.00	12.80	12.20	47,958
12,500 - 13,000	3,270	14.0	25.00	14.00	11.00	35,970
13,000 - 14,000	5,237	14.0	25.00	14.00	11.00	57,607
14,000 - 15,000	3,694	14.0	25.00	14.00	11.00	40,634
15,000 - 20,000	8,775	14.0	25.00	14.00	11.00	96,525
20,000 - 30,000	4,716	15.0	25.00	15.00	10.00	47,160
30,000 - 40,000	1,393	15.0	25.00	15.00	10.00	13,930
40,000 - 50,000	521	15.0	25.00	15.00	10.00	5,210
50,000 - 100,000	389	15.0	25.00	15.00	10.00	3,890
100,000 & Over	62	15.0	25.00	15.00	10.00	620
	182,518					
Married Joint - Itemized						\$ 2,524,902
Other Itemized						3,196,245
Total Itemized						\$ 5,721,147
Married Joint - Standard						\$ 1,701,199
Other Standard						6,243,299
Total Standard						\$ 7,944,498
Total All Filers						\$13,665,645

\*\* Tax at taxable income levels under \$1,000 is less than the maximum credit allowed for married couples filing jointly. Since the credit is not refundable, the cost is equal to the tax which would have been collected.



1972 Individual Income Tax Returns  
Married Joint Filers  
Taking the Standard Deduction

<u>Taxable Income Range</u>	<u>Number Of Returns</u>	<u>Tax Rate</u>	<u>Credit At Income Level</u>	<u>Deduction At Income Level</u>	<u>Difference</u>	<u>Total Cost (# of Returns x Credit)</u>
\$ 0 - \$ 500	559	-	\$ 8.00**	-	-	\$ 4,472
500 - 1,000	1,058		19.00**			20,102
1,000 - 2,000	5,605		25.00			140,125
2,000 - 3,000	8,863		25.00			221,575
3,000 - 4,000	9,798		25.00			244,950
4,000 - 5,000	8,881		25.00			222,025
5,000 - 6,000	7,655		25.00			191,375
6,000 - 7,000	6,939		25.00			173,475
7,000 - 8,000	6,193		25.00			154,825
8,000 - 9,000	4,687		25.00			117,175
9,000 - 10,000	2,912		25.00			72,800
10,000 - 11,000	1,885		25.00			47,125
11,000 - 12,000	1,142		25.00			28,550
12,000 - 12,500	427		25.00			10,675
12,500 - 13,000	275		25.00			6,875
13,000 - 14,000	475		25.00			11,875
14,000 - 15,000	332		25.00			8,300
15,000 - 20,000	684		25.00			17,100
20,000 - 30,000	261		25.00			6,525
30,000 - 40,000	36		25.00			900
40,000 - 50,000	9		25.00			225
50,000 - 100,000	6		25.00			150
100,000 & Over	0		25.00			0
	<u>68,682</u>					
Total						\$1,701,199

\*\* Tax at taxable income levels under \$1,000 is less than the maximum credit allowed for married couples filing jointly. Since the credit is not refundable, the cost is equal to the tax which would have been collected.

1972 Individual Income Tax Returns  
 Filers Other Than Married Joint  
 Taking Itemized Deductions

Taxable Income Range	Number Of Returns	Tax Rate	Credit At Income	Deduction At Income (\$100 x Tax Rate)	Difference (Credit - Deduction)	Total Cost (# of Returns x Difference)
\$ 0 - \$ 500	53,361	1.6%	\$ 8.00*	\$ 1.60	\$ 6.40	\$ 341,517
500 - 1,000	35,463	2.2	12.50	2.20	10.30	365,280
1,000 - 2,000	75,458	3.5	12.50	3.50	9.00	679,122
2,000 - 3,000	85,380	5.8	12.50	5.80	6.70	572,046
3,000 - 4,000	83,921	7.3	12.50	7.30	5.20	436,390
4,000 - 5,000	86,180	8.8	12.50	8.80	3.70	318,066
5,000 - 6,000	84,032	10.2	12.50	10.20	2.30	193,274
6,000 - 7,000	77,210	10.2	12.50	10.20	2.30	177,583
7,000 - 8,000	63,901	11.5	12.50	11.50	1.00	63,901
8,000 - 9,000	48,285	11.5	12.50	11.50	1.00	48,285
9,000 - 10,000	34,249	12.8	12.50	12.80		
10,000 - 11,000	24,048	12.8	12.50	12.80		
11,000 - 12,000	16,542	12.8	12.50	12.80		
12,000 - 12,500	6,322	12.8	12.50	12.80		
12,500 - 13,000	5,176	14.0	12.50	14.00		
13,000 - 14,000	7,929	14.0	12.50	14.00		
14,000 - 15,000	5,508	14.0	12.50	14.00		
15,000 - 20,000	13,928	14.0	12.50	14.00		
20,000 - 30,000	9,786	15.0	12.50	15.00		
30,000 - 40,000	3,416	15.0	12.50	15.00		
40,000 - 50,000	1,391	15.0	12.50	15.00		
50,000 - 100,000	1,264	15.0	12.50	15.00		
100,000 & Over	267	15.0	12.50	15.00		
	823,017					
Total w/o Married Joint						\$3,196,248

\* Tax at less than \$500 is less than the maximum credit allowed. Since the credit is not refundable, the cost is equal to the tax which would have been collected.



1972 Individual Income Tax Returns  
 Filers Other Than Married Joint  
 Taking The Standard Deduction

<u>Taxable Income Range</u>	<u>Number Of Returns</u>	<u>Tax Rate</u>	<u>Credit At Income Level</u>	<u>Deduction At Income Level</u>	<u>Difference</u>	<u>Total Cost (# of Return x Credit)</u>
\$ 0 - \$ 500	14,407	-	\$ 8.00*	-	-	\$ 115,256
500 - 1,000	15,936		12.50*			199,200
1,000 - 2,000	117,010		12.50			1,462,625
2,000 - 3,000	86,808		12.50			1,085,100
3,000 - 4,000	69,601		12.50			870,013
4,000 - 5,000	59,380		12.50			742,250
5,000 - 6,000	44,504		12.50			556,300
6,000 - 7,000	35,129		12.50			439,113
7,000 - 8,000	25,304		12.50			316,300
8,000 - 9,000	16,315		12.50			203,938
9,000 - 10,000	8,143		12.50			101,788
10,000 - 11,000	4,605		12.50			57,563
11,000 - 12,000	2,699		12.50			33,738
12,000 - 12,500	942		12.50			11,775
12,500 - 13,000	693		12.50			8,663
13,000 - 14,000	948		12.50			11,850
14,000 - 15,000	607		12.50			7,588
15,000 - 20,000	1,167		12.50			14,588
20,000 - 30,000	347		12.50			4,338
30,000 - 40,000	73		12.50			913
40,000 - 50,000	19		12.50			238
50,000 - 100,000	13		12.50			163
100,000 & Over	0		12.50			0
<b>Total</b>	<b>504,650</b>					<b>\$6,243,295</b>

\* Tax at less than \$500 is less than the maximum credit allowed. Since the credit is not refundable, the cost is equal to the tax which would have been collected.

Aug. 22, 1975

To: Financing State Gov't. Committee

From: K. Anderson, chr. 935-2445

Re: Committee meeting  
Wed., Sept. 3, 9:30 a.m. state office

Agenda:

9:30 Oct. meeting change (conflicts with Mankato workshop)

budget/voucher explanation

committee guide planning/format

10:30 Arly Waldo, Agriculture Ext. Serv., U of M

trial run of workshop presentations; time for questions

11:30 more committee guide discussion, if necessary

12:00 Adjourn

Add to committee roster:

Donna Pederson 824-9790

5133 Colfax S., Minneapolis 55419, LWV Minneapolis

Minutes - August 12, 1975 - Financing State Government  
LWVMN

PRESENT: K. Anderson, M. Poppleton, J. Jenkins, N. Atchison, M. Mantis, S. Moss,  
E. Buffington, J. McGuire

ABSENT: C. Cushing, J. Reeves, B. Stoker

How to break down the study: Divide into groups and each group take a portion of the study and then come together as a committee of the whole to share our findings.

The categories will be revenue sources and distribution of revenue.

Do we want to make judgments as to the fairness of taxes? Do we decide if we are getting services rendered for taxes paid?

We will have to find a way of dealing with the property tax -- a comparison study.

If we are to zero in on one thing - revenue sources - we have a lot of information. If we zero in on services, how do we do it?

What do we have now? Distribution of revenue.

It was decided to postpone distribution of revenue and make our first concentrated effort on sources of revenue.

Breaking down sources of revenue:

- property tax
- income tax
- sales and use tax
- other taxes

Tax Study Commission is concentrating on income taxes this year. We should get their background material as they get it.

Property taxes - Arly Waldo will help.

Assignments to sections:

- Property tax - M. Poppleton  
J. McGuire  
M. Mantis
- Other Taxes - E. Buffington  
Donna Nesheim
- Income Taxes - K. Anderson  
S. Moss
- Sales & Use Tax - Open now

We will meet again on Wednesday, September 3rd, and on the first Wednesday of each month at 9:30 a.m. at the state office.

Arly Waldo will provide a speaker for each of the workshops. We will ask him to come to the next meeting. If we decide to publish material, it will take Ed. Fund money. Fall workshops will provide a speaker and a committee guide. Find your sources of information for this by next meeting. We hope to have an explanation of the omnibus tax bill at the workshops.

Ideas as to what we might want to publish: We have to know by November in order to get Ed. Fund monies. We decided to publish a series of short things - how many do we want?

Staff Paper P75-16

August 1975

SUMMARY OF GOVERNMENTAL  
FINANCES IN MINNESOTA

FOR USE IN 1974-75

by

Arley D. Waldo, Carole B. Yoho  
and Glenn Knowles

Staff Paper Series

Department of Agricultural and Applied Economics  
University of Minnesota  
St. Paul, Minnesota 55108

This report was prepared as a part of the Public Affairs Program of the University of Minnesota Agricultural Extension Service. Single copies are available on request from Public Affairs Program, 317 Classroom Office Building, University of Minnesota, St. Paul, Minnesota 55108.

Arley D. Waldo is a professor and extension economist in public policy, Carole B. Yoho is an associate professor and extension specialist in public policy, and Glenn Knowles is a research assistant in the Department of Agricultural and Applied Economics, University of Minnesota, St. Paul.

Staff papers are published without formal review within the Department of Agricultural and Applied Economics.



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# SUMMARY OF GOVERNMENTAL FINANCES IN MINNESOTA

by:  
Arley D. Waldo, Carole B. Yoho  
and Glenn Knowles

## 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 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 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 fiscal 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 intergovernment 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. Governmental 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. General expenditure excludes utility expenditure, liquor stores expenditure, and insurance trust expenditures. 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. The 1972 Census of Governments includes 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 (Centennial Office Building, St. Paul, Minnesota 55145) regularly publishes reports on collections from the state individual income tax, corporation income tax, and sales and use tax. Other recent reports issued by the Department of Revenue include:

1. A Report to the Governor and the Legislature: Department of Revenue Biennial Report No. 18, Fiscal Years 1973 and 1974 (November 15, 1974).
2. The Minnesota State and Local Tax System: Summary of State and Local Taxes with Fiscal 1972 and 1973 Tax Receipts (State and Local Tax Bulletin No. 1, March 1974).
3. Property Taxes Levied in Minnesota: 1973 Assessments Payable 1974 (Property Tax Bulletin No. 3, August 1974).
4. 1975 Local Government Aid Summary and 1974/75 Local Government Levy Limitations (Local Government Aid and Levy Limitations Bulletin No. 2).
5. 1973 Real Estate Assessment/Sales Ratio Study (October 1974).
6. Property Tax Delinquency in Minnesota (Report No. 117, March 1975).
7. Property Tax Relief for Minnesota Senior Citizens: 1972 Minnesota Senior Citizen's Income Tax Returns (Senior Citizen Bulletin No. 5, June 1974).
8. Comparison of the State and Local Sales Tax Burden by State (Research Report No. 115, October 1974).

Additional information about the finances of Minnesota state and local governments may be found in the reports of the State Auditor.



## GENERAL REVENUE

Table 1. General revenue of state and local governments: Origin and allocation by level of government, for Minnesota, fiscal 1973

Level of government	Amount	Percentage distribution
	Million dollars	Percent
Originating level:		
Federal	722.3	18.2
State	1,927.4	48.6
Local	1,315.2	33.2
Total	3,964.8	100.0
Final recipient level:		
State	1,263.6	31.9
Local	2,701.3	68.1
Total	3,964.8	100.0

Details may not add to totals because of rounding.

HIGHLIGHTS

- \* The general revenue of Minnesota state and local governments totaled almost \$4 billion in fiscal 1973.
- \* Almost 1/2 of all general revenue originated at the state level, 1/3 at the local level, and 1/6 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 1973

Source	Amount	Percentage distribution
	Million dollars	Percent
All sources:		
From federal government	722.3	18.2
From own sources	3,242.5	81.8
Total	3,964.8	100.0
State and local sources:		
Taxes	2,531.1	78.1
Charges and miscellaneous	711.4	21.9
Total	3,242.5	100.0
State and local taxes:		
Property taxes <sup>a</sup>	861.9	34.1
General sales taxes	301.2	11.9
Income taxes	756.9	29.9
Other taxes	611.1	24.1
Total	2,531.1	100.0

<sup>a</sup>Excludes special assessments.

HIGHLIGHTS

- \* About 82 percent of all general revenue in Minnesota came from state and local sources in fiscal 1973; 18 percent came from federal aid.
- \* Taxes accounted for over 3/4 of all revenue from state and local sources; 22 percent came from charges and other non-tax sources.
- \* Property taxes were the largest source of tax revenue, followed closely by income taxes. Property taxes and income taxes together accounted for almost 2/3 of all tax revenue.

## REVENUE GROWTH

Table 3. General revenue of state and local governments by source, for Minnesota, fiscal 1960, 1967, and 1973

Source	1960 Mil. dol.	1967 Mil. dol.	1973 Mil. dol.	Average annual rate of change	
				1960-67 Percent	1967-73 Percent
All sources:					
From fed. govt.	143.4	314.3	722.3	11.9	14.9
From own sources	926.6	1,626.9	3,242.5	8.4	12.2
Total	1,070.0	1,941.2	3,964.8	8.9	12.6
State and local sources:					
Taxes	743.4	1,278.8	2,531.1	8.1	12.1
Charges and misc.	183.2	348.2	711.4	9.6	12.6
Total	926.6	1,626.9	3,242.5	8.4	12.2
State and local taxes:					
Property taxes	402.4	644.9	861.9	7.0	5.0
Other taxes	341.0	633.9	1,669.2	9.3	17.5
Total	743.4	1,278.8	2,531.1	8.1	12.1

HIGHLIGHTS

- \* The total general revenue of Minnesota state and local governments increased at an average rate of nearly 9 percent annually from 1960 to 1967 and 13 percent annually from 1967 to 1973.
- \* Federal aid has risen at a faster rate than revenue from state and local sources.
- \* From 1967 to 1973, property tax collections increased an average of only 5 percent per year while revenue from other taxes increased at an average annual rate of 17.5 percent.

## TAX RECEIPTS

Table 4. State and local tax receipts by source, for Minnesota, fiscal 1973

Source	Amount	Percentage distribution
	Million dollar	Percent
Property taxes <sup>a</sup>	925.9	36.0
Income taxes	756.9	29.4
Sales and gross receipts taxes	707.4	27.5
License fees	118.3	4.6
Severance taxes	20.0	0.8
Inheritance and gift taxes	32.1	1.2
Other	9.0	0.3
Total	2,569.5	100.0

<sup>a</sup>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 \$2.5 billion in fiscal 1973.
- \* Property, income, and sales and gross receipts taxes are the three major sources of tax revenue.
- \* Property taxes were the largest single source of tax revenue, accounting for 36 percent of total tax receipts.
- \* Income taxes and sales and gross receipts taxes each accounted for a little more than 1/4 of all tax collections.

## FEDERAL AID

Table 5. Federal aid to state and local governments, for Minnesota, fiscal 1960 to 1973

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
1973	722.3	19.2

HIGHLIGHTS

- \* Federal aid to Minnesota state and local governments totaled about \$722 million in fiscal 1973.
- \* The amount of federal aid almost doubled between 1968 and 1973.
- \* In fiscal 1973, federal aid accounted for almost 1/5 of all state and local expenditures.



## LOCAL GOVERNMENT AID

Table 6. State and federal aid to local governments, for Minnesota, fiscal 1960 to fiscal 1973

Year	Amount <sup>a</sup>	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
1973	1,427.8	53.3

<sup>a</sup>Excludes duplicative transactions between levels of government.

HIGHLIGHTS

- \* State and federal aid to Minnesota local governments totaled more than \$1.4 billion in fiscal 1973.
- \* State and federal aid accounted for over 1/2 of all local government expenditures in fiscal 1973.
- \* The amount of state and federal aid received by local governments in Minnesota more than doubled between 1969 and 1973.

## PER CAPITA GENERAL REVENUE

Table 7. Per capita general revenue of state and local governments from own sources, for Minnesota and surrounding states, fiscal 1973

State	Amount Dollars	As a percentage of U.S. average Percent	Rank <sup>a</sup>
U.S. average	719.18	100.0	--
Minnesota	832.05	115.7	7
Wisconsin	812.57	113.0	10
North Dakota	680.64	94.6	23
Iowa	667.36	92.8	25
South Dakota	643.02	89.4	29

<sup>a</sup>Among 50 states and the District of Columbia.

HIGHLIGHTS

- \* The per capita general revenue of Minnesota state and local governments, excluding federal aid, was \$832.05 in fiscal 1973. This was almost 16 percent above the U.S. average.
- \* Minnesota ranked 7th nationally in per capita general revenue from state and local sources in fiscal 1973. This placed Minnesota ahead of Wisconsin (10th), North Dakota (23rd), Iowa (25th), and South Dakota (29th).

## 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, 1967, and 1973

State	1960	1967	1973	Average annual rate of change	
				1960-67	1967-73
U.S. average	241.87	384.72	719.18	6.9	11.0
Wisconsin	252.55	425.33	812.57	7.7	11.4
Minnesota	270.46	454.19	832.05	7.7	10.6
South Dakota	248.68	371.98	643.02	5.9	9.6
Iowa	245.49	410.82	667.36	7.6	8.4
North Dakota	274.76	433.15	680.64	6.7	7.8

HIGHLIGHTS

- \* The per capita general revenue of Minnesota state and local governments from their own sources increased at a rate of 7.7 percent annually between 1960 and 1967 and 10.6 percent annually between 1967 and 1973.
- \* Minnesota's rate of increase in per capita revenue has been about equal to the U.S. average.
- \* Minnesota's rate of increase from 1967 to 1973 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 1973

State	Amount Dollars	As a percentage of U.S. average Percent	Rank <sup>a</sup>
U.S. average	161.36	100.0	--
Minnesota	193.63	120.0	4
Wisconsin	193.04	119.6	5
North Dakota	184.35	114.2	7
South Dakota	175.09	108.5	13
Iowa	156.34	96.9	26

<sup>a</sup>Among 50 states and the District of Columbia.

HIGHLIGHTS

- \* The general revenue of Minnesota state and local governments from their own sources was \$193.63 per \$1,000 of personal income in fiscal 1973. Minnesota ranked 4th nationally, 20 percent above the U.S. average.
- \* Minnesota's tax effort was above that of Wisconsin (which ranked 5th nationally), North Dakota (7th), South Dakota (13th), and Iowa (26th).

## STATE AND LOCAL SPENDING

Table 10. General expenditure of state and local governments by level of government, for Minnesota, fiscal 1973

Level of government	Total amount	Per capita amount	Percentage distribution
	Million dollars	Dollars	Percent
State government	1,084.0	278.10	28.8
Local government	2,679.1	687.52	71.2
Total	3,763.0	965.62	100.0

Details may not add to totals because of rounding.

HIGHLIGHTS

- \* The general expenditure of Minnesota state and local governments totaled nearly \$3.8 billion in fiscal 1973, an average of \$965.62 per capita.
- \* Local governments accounted for a little over 70 percent of all general expenditure; the state government for a little less than 30 percent.



## EXPENDITURE GROWTH

Table 11. General expenditure of state and local governments, for Minnesota, fiscal 1960 to 1973

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
1973	3,763.0	333.9

HIGHLIGHTS

- \* The total general expenditure of Minnesota state and local governments more than doubled between 1966 and 1973.

## EXPENDITURE BY FUNCTION

Table 12. General expenditure of state and local governments by function, for Minnesota, fiscal 1973

Function	Amount	Percentage distribution
	Million dollars	Percent
Education	1,652.7	43.9
Highways	460.4	12.2
Public welfare	428.2	11.4
Health and hospitals	243.5	6.5
Interest on debt	145.3	3.9
Sewerage and sanitation	129.9	3.5
Police and fire protection	118.1	3.1
General control	73.1	1.9
Local parks and recreation	56.1	1.5
Financial administration	54.0	1.4
Other	401.9	10.7
Total	3,763.0	100.0

Details may not add to totals because of rounding.

HIGHLIGHTS

- \* Education accounted for more than 2/5 of all state and local general expenditure in fiscal 1973.
- \* Four functions--education, highways, public welfare, and health and hospitals--together accounted for almost 3/4 of total general expenditure.

## EXPENDITURE FOR EDUCATION

Table 13. General expenditure of state and local governments for education, for Minnesota, fiscal 1973

Function	Amount	Percentage distribution
	Million dollars	Percent
Local schools	1,159.2	70.1
Higher education	439.0	26.6
Other education	54.5	3.3
Total	<u>1,652.7</u>	<u>100.0</u>
Local schools:		
Capital outlay	123.9	10.7
Other than capital outlay	1,035.3	89.3
Total	<u>1,159.2</u>	<u>100.0</u>
Higher education:		
Capital outlay	85.6	19.5
Other than capital outlay	353.4	80.5
Total	<u>439.0</u>	<u>100.0</u>

HIGHLIGHTS

- \* Local school districts accounted for over 2/3 of all spending for education in fiscal 1973.
- \* About 13 percent of all spending for education was for capital outlay. Capital expenditure accounted for about 11 percent of all spending for local schools and 20 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, 1967, and 1973

Function	1960	1967	1973	Average annual rate of change	
				1960-67	1967-73
	Mil. dol.	Mil. dol.	Mil. dol.	Percent	Percent
All functions	1,127.1	1,958.0	3,763.0	8.2	11.5
Education <sup>a</sup>	418.8	868.0	1,652.7	11.0	11.3
Local schools	323.3	644.9	1,199.2	10.4	10.3
Higher education	89.0	211.2	439.0	13.1	13.0
Highways	225.2	343.5	460.4	6.2	5.0
Public welfare	96.1	166.1	428.2	8.1	17.1
Health and hospitals	88.2	118.8	243.5	4.3	12.7

<sup>a</sup>Includes amounts not shown separately.

HIGHLIGHTS

- \* The total general expenditure of Minnesota state and local governments for all functions increased at an average annual rate of 8.2 percent between 1960 and 1967 and 11.5 percent between 1967 and 1973.
- \* Between 1967 and 1973, outlays for public welfare increased the fastest (17.1 percent per year), followed by higher education (13.0 percent), health and hospitals (12.7 percent), local schools (10.3 percent), and highways (5 percent).
- \* Expenditures for health and hospitals increased about 3 times as fast and for public welfare about twice as fast in 1967-73 than in 1960-67.

## PER CAPITA GENERAL SPENDING

Table 15. Per capita general expenditure of state and local governments, for Minnesota and surrounding states, fiscal 1973

State	Amount Dollars	As a percentage of U.S. average Percent	Rank <sup>a</sup>
U.S. average	862.93	100.0	--
Minnesota	965.62	111.9	11
Wisconsin	888.88	103.0	17
South Dakota	818.44	94.8	23
North Dakota	804.84	93.3	25
Iowa	735.36	85.2	35

<sup>a</sup> Among 50 states and the District of Columbia.

HIGHLIGHTS

- \* The per capita general expenditure of Minnesota state and local governments in fiscal 1973 was \$965.62, about 12 percent above the U.S. average.
- \* Minnesota ranked 11th nationally in per capita spending, ahead of Wisconsin (17th), South Dakota (23rd), North Dakota (25th), and Iowa (35th).



## GROWTH OF PER CAPITA SPENDING

Table 16. Per capita general expenditure of state and local governments, for Minnesota and surrounding states, fiscal 1960, 1967, and 1973

State	1960	1967	1973	Average annual rate of change	
				1960-67	1967-73
	Dol.	Dol.	Dol.	Percent	Percent
U.S. average	288.24	473.82	862.93	7.4	10.5
Minnesota	290.16	546.62	965.62	9.5	10.0
Wisconsin	328.98	520.04	888.88	6.8	9.3
South Dakota	301.47	493.13	818.44	7.3	8.8
Iowa	293.84	477.38	735.36	7.2	7.5
North Dakota	368.93	583.89	804.84	6.8	5.5

HIGHLIGHTS

- \* From 1960 to 1967, the per capita general expenditure of Minnesota state and local governments increased at a faster rate than the U.S. average. From 1967 to 1973, Minnesota's rate of increase was slightly below the U.S. average.
- \* Per capita spending in Minnesota increased at an average rate of 10 percent a year from 1967 to 1973. In comparison, the average annual rate of increase was 9.3 percent in Wisconsin, 8.8 percent in South Dakota, 7.5 percent in Iowa, and 5.5 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 1973

	Amount Million dollars	Percentage distribution Percent
Short and long-term debt:		
State government	634.8	17.7
Local governments	2,945.8	82.3
Total	3,580.6	100.0
Short-term debt:		
State government	--	--
Local governments	185.7	100.0
Total	185.7	100.0
Long-term debt:		
State government	634.8	18.7
Local government	2,760.1	81.3
Total	3,394.9	100.0

HIGHLIGHTS

- \* The total debt of Minnesota state and local governments outstanding at the end of fiscal 1973 was a little more than \$3.5 billion.
- \* Local government debt accounted for about 4/5 of the total debt outstanding.
- \* Long-term debt accounted for about 4/5 of the total debt of local governments.

## POPULATION AND INCOME

Table 18. Total resident population, for Minnesota and surrounding states, July 1, 1973

State	Population <sup>a</sup>
Iowa	2,904,000
Minnesota	3,897,000
North Dakota	640,000
South Dakota	684,000
Wisconsin	4,569,000

<sup>a</sup>Provisional estimates, excluding armed forces overseas.

Table 19. Per capita personal income, for Minnesota and surrounding states, 1972

State	Amount Dollars	As a percentage of U.S. average Percent	Rank <sup>a</sup>
U.S. average	4,492	100.0	--
Iowa	4,300	95.7	23
Minnesota	4,296	95.6	25
Wisconsin	4,255	94.7	30
North Dakota	3,738	83.2	38
South Dakota	3,699	82.3	40

<sup>a</sup>Among 50 states and the District of Columbia.

## SOURCES FOR TABLES

## Table

- 1 U.S. Bureau of the Census, Governmental Finances in 1972-73, GF 73, No. 5 (Washington: U.S. Government Printing Office, 1974), table 23.
- 2 U.S. Bureau of the Census, Governmental Finances in 1972-73, 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; Governmental Finances in 1966-67, GF 67, No. 3 (Washington: U.S. Government Printing Office, 1968), table 17; and Governmental Finances in 1972-73, 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 1972-73, table 17, and earlier reports.
- 6 U.S. Bureau of the Census, Governmental Finances in 1972-73, table 17, and earlier reports.
- 7 U.S. Bureau of the Census, Governmental Finances in 1972-73, table 22.
- 8 U.S. Bureau of the Census, Governmental Finances in 1960, table 14; Governmental Finances in 1966-67, table 22; and Governmental Finances in 1972-73, table 22.
- 9 U.S. Bureau of the Census, Governmental Finances in 1972-73, table 24.
- 10 U.S. Bureau of the Census, Governmental Finances in 1972-73, tables 18 and 22.
- 11 U.S. Bureau of the Census, Governmental Finances in 1972-73, table 18, and earlier reports.
- 12 U.S. Bureau of the Census, Governmental Finances in 1972-73, table 18.
- 13 U.S. Bureau of the Census, Governmental Finances in 1972-73, tables 18 and 20.

## Table

- 14 U.S. Bureau of the Census, Governmental Finances in 1960, table 16; Governmental Finances in 1966-67, table 18; and Governmental Finances in 1972-73, table 18.
- 15 U.S. Bureau of the Census, Governmental Finances in 1972-73, table 22.
- 16 U.S. Bureau of the Census, Governmental Finances in 1960, table 17; Governmental Finances in 1966-67, table 22; and Governmental Finances in 1972-73, table 22.
- 17 U.S. Bureau of the Census, Governmental Finances in 1972-73, table 19.
- 18 U.S. Bureau of the Census, Governmental Finances in 1972-73, table 26.
- 19 U.S. Bureau of the Census, Governmental Finances in 1972-73, table 26.



LWVMN

September 4, 1975

To: Financing State Government Committee; Mr. Arley Waldo

From: Karen Anderson

Enclosed is the 2nd draft of the Financing State Gov't. Committee Guide. I'd like your comments on content, suggestions for changes or additions, and any additions to the resource list.

Please return it, by Tues., Sept. 9, to my home address:

16917 Clear Spring Terrace, Minnetonka 55343

Our Oct. committee meeting had to be re-rescheduled for 12:15 p.m. on Thurs., Oct. 2nd. due to a conflict with CMAL Board. Let me know if this isn't all right for you.

Thank you!

9/4/75 - LWVMN

Financing State Government - Committee Guide

Second Draft - K. Anderson

In 1965, the LWVMN began its study of financing state and local governments which resulted in the current position in support of property tax reform. While the study included total state revenue and disbursements, the state's dependence on the property tax as the major revenue source and the apparent need for reform resulted in the following consensus:

1. Support of property tax reform through:
  - a. equitable assessments
  - b. fewer classifications
  - c. more restrictive criteria for determining exemptions
2. Support of less dependence on the property tax as a source of revenue.

Background and further explanation of the position is in the LWVMN Program for Action 1973-75 (to be updated fall '75), and in the March, 1974 MN Voter.

The changes which have occurred in the past 10 years in the property tax as well as in total state revenue, the 1967 Sales Tax Law which added the sales tax to revenue sources, the ~~large~~ increase in state expenditures, and the need expressed by League members to be aware of state resources and funding in all our program items, led to the adoption of this addition to the financing state government program item at the 1975 State Convention:

- A study of the source and distribution of state revenue.
- A study of the effect of shifting tax burdens.
- Evaluation of the most equitable and effective method of funding services to all levels of government.

Focus of the study is upon issues and policies concerning revenue and distribution and their effects on people and programs in the state.

This is a large, comprehensive program area. In order to approach it on a manageable level, the financing state government state LWV committee agreed to concentrate, for the first year, on revenue sources -- specifically, the property tax, corporate and individual income taxes, sales and use taxes, and other taxes (severance, inheritance, alcohol and tobacco, license and privilege, etc.). Since there are over 40

different taxes collected by the state, the subject is adequately large for the first year.

In order to reach an "evaluation of the most equitable and effective method of funding services", we need to familiarize ourselves with the basic tax structure in MN, trends causing a shift in this structure, and possible alternatives to the present structure. Such an evaluation must necessarily be based on value judgements; what is "equitable" or "effective" for one person may not seem to be for another. Ideally, we will try to become familiar with many resources and opinions from a broad base (representing many points of view), in order to make our evaluations as objective as possible.

There is no "ideal" tax structure for a state. In reference to the balance or mix of taxes, it has been stated, "There are literally innumerable ways for a state to raise tax revenue. The point to be emphasized is that tax policymaking is not simply a matter of determining the amount of tax money to be raised. It involves choosing among alternative forms of taxation, each of which has different characteristics. The tax mix in each state will properly depend on the problems the state faces, what it wants to achieve, and on the values and preferences of its citizens and policymakers."<sup>1</sup>

The "shifting tax burden" in Minnesota is characteristic of many state governments seeking to broaden their revenue sources. While property taxes were still the largest single source of tax revenue in 1973, accounting for 36% of total tax receipts,<sup>2</sup> this percentage has been dropping in the last few years. The enactment of the 1967 Sales Tax Law, and the shift away from the property tax to greater state funding of education in 1971, both were major factors in revenue diversification. Passage of 1975 legislation, such as the income-adjusted (circuit-breaker) property tax relief, state assumption of 90% of medical costs for the indigent, and the additional taconite and iron sulphides tax, may "shift the burden" further. The impact of this legislation is still unknown.

1. Financing State and Local Government, What Are the Choices?, National Public Education Publication #3, 1973
2. Summary of Governmental Finances in MN, Staff Paper Series, Dept. of Agricultural & Applied Economics, U of M, August 1975

"A gradual but steady movement toward more diversified revenue structures - that is, a more balanced use of the three major revenue producers, income, sales and property taxes - emerges as a salient characteristic of the state-local sector. This movement reflects both the growing importance of the state sector in the overall state-local fiscal picture and the increased utilization of sales and income taxes by state as well as local governments."<sup>3</sup>

The state LWV committee will be meeting monthly on a regular basis to share information. We will have outside speakers at many of our meetings and will notify you via the Board Memo of dates and times. You're welcome to attend -- on a regular or once-only basis. ~~Eventual/pt~~ We're all in the beginning stages of a new study and welcome anyone as a committee member who has an interest in the area. Eventual publications will be of a "newsletter" type, such as the LWVEF land use letters or Energy series. These will be dependent on Education Fund approval and funding from state development sources. Publication is not anticipated until spring, 1976.

In the meantime, we need to begin raising the interest and education levels of all Leaguers on MN's tax structure. Because of the reliance on outside speakers, it would be best to have a general meeting; the topic suggestion is: "A Description of the Basic Tax Structure in MN". One speaker might address the total structure, while a panel of speakers could explain particular tax areas (property tax, sales tax, etc.). A panel may also represent varied points of view on the effects of the tax structure certain segments of society (see list below), but the net result should be increased knowledge of the total tax structure. a panel might ensure you of a balance of opinion, but only if the panel is balanced in terms of points of view; you'll want to give your speakers a specific subject or issue to address and meet with them before the general meeting to discuss their particular points of view.

The list of resources contains people with broad tax backgrounds as well as some with very limited points of view or strong biases. Keep this in mind when seeking people out, and remember the total goal of informing ourselves on the whole tax picture.

3. Local Revenue Diversification: Income, Sales Taxes and User Charges, Advisory Commission on Intergovernmental Relations, Oct. 1974

Other areas you may want to explore, or additional questions you may want to raise at a general meeting, could be:

Property Tax Reform in MN - has there been some?

Decision-making in the Tax Process - who really makes changes in tax policy and structure?

The Tax "Burden" - is there an overburden on any segment of society?

Criteria for Shooosing Taxes - what makes a tax equitable?

Shifting Tax Sources in MN

For a panel, you might look for individual views on taxes affecting:

the farmer	property owners
big business/corporations	consumers
land developers	low income/elderly
small business	city/rural property owners

Written resources, for statistical background data:

State of MN, Department of Revenue

The MN State and Local Tax System, State & Local Tax Bulletin #1,  
March, 1974

Biennial Report #18, Fiscal years 1973-74

U.S. Bureau of the Census, Governmental Finances 1972-73

Dept. of Agricultural & Applied Economics, U of M

Summary of Governmental Finances in MN, August 1975, Arley D.

Waldo, Carole B. Yoho and Glenn Knowles

(copy included with Committee Guide)

Your city financial officer or county auditor should have copies of Dept. of Revenue or U.S. Bureau of Census reports and may let you borrow them. These resources contain data without drawing conclusions, which may not be true of statistics compiled by special-interest groups. You might refer to How to Lie With Statistics, by Dell Huff and Irving Geis in order to beware of the pitfalls of statistics in drawing comparisons or conclusions.

Resource Persons:

County Auditors

County Commissioners

City managers

Municipal or County assessors



State Legislators - especially those serving on tax committees:

Senate Taxes and Tax Laws Committee -

Perpich, A., Chrm.; Schrom, Vice Chrm; Bang, Berg, Blatz,  
Chmielewski, Coleman, Conzemius, Frederick, Gearty, Hanson (Baldy),  
Jensen, Kleinbaum, Larson, Laufenburger, McCutcheon, Olson (A.),  
O'Neill, Sillers, Wegener

House Taxes Committee -

Kelly, W., Chrm.; Tomlinson, Vice Chrm.; Abeln, Adams (S.),  
Anderson (I.), Berg, Brinkman, Casserly, DeGroat, Dieterich,  
Grabe, Jacobs, Jaros, Johnson (C.), Johnson (D.), Jopp, Kempe (A.),  
Kvam, McCollar, Pehler, Prah, Sabo, Savelkoul, Schulz,  
Sieloff, Vanasek, White

Tax Study Commission members:

Senators - Blatz, Conzemius, Olson (A.), O'Neill, vacancy

Representatives - Anderson (I.), Kelly (W.) chrm.; Sabo, Savelkoul,  
Tomlinson

Governor's Appointees - Dr. F.M. Boddy, U of M; Edward Foster, U of M;  
John Haynes, Governor's staff; John Helmberger, U of M; S. F.  
Keating, Honeywell

Tax Study Commission Staff members

League of MN Municipalities

MN Regional Commissions' Staff

University and College Economics Departments - look for experts in the  
tax policy areas

Citizens League

MN Assoc. of Commerce and Industry (MN Chamber of Commerce)

St. Paul C of C

West Suburban C of C

MN Bankers Association

Associated Industries

Associated: ~~of~~ General Contractors

MN Housing Institute

MN Farm Bureau Federation

*MN Taxpayers Assoc.*

The Department of Agricultural and Applied Economics, U of M Extension  
Service, will be presenting programs for local officials in three out-state  
areas which you are welcome to attend. They will be:

P. 6 - FSG Committee Guide

We are also interested in feedback from local Leagues. Let the state committee what your resources are telling you! If you have any problems, questions, information for us, contact the state office or any committee member.

Present Committe members:

from the State Board -

Karen Anderson, Minnetonka-Eden Prairie-Hopkins Area

Carolyn Cushing, Roseville

Mary Poppleton, West Dakota County

Jean Reeves, Northfield

Off-Board -

Erica Buffington, St. Louis Park

Judy McGuire, Minneapolis

Mary Mantis, St. Paul

Sid Moss, Golden Valley

Donna Pederson, Minneapolis

Betty Stoker, Freeborn County

League of Women Voters of Minnesota, 555 Wabasha, St. Paul, Minnesota 55102 - Sept. 1975

Minutes: Financing State Government Committee Meeting  
September 3, 1975

Present: K. Anderson, J. Jenkins, M. Watson, S. Moss, M. Mantis, J. McGuire,  
B. Stoker, D. Pederson, E. Ponto

Absent: C. Cushing, J. Reeves, M. Poppleton, E. Buffington

Next meeting - October 2, 1975 - Thursday - 12:15

Karen to arrange for speaker - perhaps Wallace Dahl - try to find speaker for each of our meetings to address one area of topic.

J. Jenkins - be sure to put meetings on calendar.

Budget - fill out expense vouchers monthly.

M. Mantis - suggested - use local files for potential committee members - but be careful of robbing local resources - put notice in Board Memo - perhaps local Board chairmen on this topic could be invited to sit in - perhaps in the VOTER - or local VOTER.

Arley Waldo - speaker for the day:

Local Leagues can request from Waldo speakers for a program on government finance - there will be hearings outstate in late September with Waldo and John Helmborg speaking to state legislators - could publish dates of these hearings which local Leagues could attend -

To communicate to local Leagues - questions of value judgments involved in taxation - hard to find objective speakers - e.g. tax assessors - perhaps try county auditors, city managers, regional commissioners - these people can explain how tax system works - members can pass their own judgment on fairness and effectiveness - a variety of opinions valuable - interpretations of data is crucial - question: how comprehensive is the data? (e.g. Minnesota Taxpayer Association material) - alert members to pitfalls of statistics in drawing comparisons -

What to put in committee guide? -

- defining tax structure - perhaps a state legislator could address this - big issue: what to do when state needs more revenue -
- balance of taxation - look for issues behind the current balance as well as proposed changes - value judgements - economists cannot make these - Minnesota has de-emphasized property taxes in favor of state aids to take pressure off local governments - property taxes vs. other taxes - restrictions on amount local governments can levy - every form of tax implies a philosophy - who benefits?

Much discussion of complexity of issue - who bears burden?

How are taxes distributed, e.g. corporate taxes?

Topic - basic tax structure - 45 minutes - small group afterwards to discuss.

Which resource people for local Leagues? - beware of biases of speakers - perhaps a panel representing various opinions - get list of groups from League of Minnesota Municipalities publications.

Further committee assignments:

Donna Pederson - property tax

Betty Stoker - sales and use tax.



The League of Women Voters of Minnesota

FINANCING STATE GOVERNMENT  
COMMITTEE GUIDE

To: Local League Presidents and Financing State Government Chairmen  
From: Financing State Government Committee, Karen Anderson, Chairman  
September 1975

League of Women Voters of Minnesota Position.

In 1965, the League of Women Voters of Minnesota began its study of financing state and local governments which resulted in the current position in support of property tax reform. While the study included total state revenue and disbursements, the state's dependence on the property tax as the major revenue source and the apparent need for reform resulted in the following consensus:

1. Support of property tax reform through:
  - a. equitable assessments
  - b. fewer classifications
  - c. more restrictive criteria for determining exemptions
2. Support of less dependence on the property tax as a source of revenue.

Background and further explanation of the position is in the LWVMN PROGRAM FOR ACTION 1973-75 (to be updated Fall '75), and in the March 1974 Minnesota VOTER.

League of Women Voters of Minnesota Current Study.

The changes which have occurred in the past 10 years in the property tax as well as in total state revenue, the 1967 Sales Tax Law which added the sales tax to revenue sources, the large increase in state expenditures, and the need expressed by League members to be aware of state resources and funding in all our program items, led to the adoption of this addition to the Financing State Government program item at the 1975 state Convention:

- A study of the source and distribution of state revenue.
- A study of the effect of shifting tax burdens.
- Evaluation of the most equitable and effective method of funding services to all levels of government.

Focus of the study is upon issues and policies concerning revenue and revenue distribution and their effects on people and programs in the state.

Background.

This is a large, comprehensive program. In order to approach it on a manageable level, the LWVMN Financing State Government Committee agreed to concentrate, for the first year, on revenue sources. Since there are over 40 different taxes collected in the state, we will also be dividing into subcommittees to research specific revenue sources -- the property tax, corporate and individual income taxes, sales and use taxes, and other taxes (severance, inheritance, alcohol and tobacco, license and privilege, etc.). Since state legislation determines the tax structure in Minnesota, we will need to look at taxes collected at all levels of government within the state in order to focus on the impact of taxes on residents.

In order to reach an "evaluation of the most equitable and effective method of funding services," as our program is stated, we need to familiarize ourselves with the basic tax



structure in Minnesota, trends causing a shift in this structure, and possible alternatives to the present structure. Such an evaluation must necessarily be based on value judgements; what is equitable or effective for one person may not seem to be for another. In order to make our evaluations as objective as possible, we will try to become familiar with many resources and opinions representing many points of view.

There is no right or wrong answer to the question of what tax structure is best for a state. In reference to the balance or mix of taxes, it has been stated, "There are literally innumerable ways for a state to raise tax revenue. The point to be emphasized is that tax policy-making is not simply a matter of determining the amount of tax money to be raised. It involves choosing among alternative forms of taxation, each of which has different characteristics. The tax mix in each state will properly depend on the problems the state faces, what it wants to achieve, and on the values and preferences of its citizens and policymakers."<sup>1</sup>

The shifting of the tax burden among Minnesota taxpayers is characteristic of the trend in many states seeking to broaden their revenue sources. While property taxes were still the largest single source of tax revenue in 1973, accounting for 36% of total tax receipts,<sup>2</sup> this percentage has been dropping in the last few years. The enactment of the 1967 Sales Tax Law, and the shift away from the property tax to greater state funding of education in 1971, both were major factors in revenue diversification. Passage of 1975 legislation, such as the income-adjusted (circuit-breaker) property tax relief, state assumption of 90% of medical costs for the indigent, and the additional taconite and iron sulphides tax, may shift the burden further. The impact of this legislation is still unknown. "A gradual but steady movement toward more diversified revenue structures - that is, a more balanced use of the three major revenue producers, income, sales and property taxes - emerges as a salient characteristic of the state-local sector. This movement reflects both the growing importance of the state sector in the overall state-local fiscal picture and the increased utilization of sales and income taxes by state as well as local governments."<sup>3</sup>

#### Role of Local Leagues: Study Activities.

The LWVMN committee will be meeting monthly on a regular basis in the state office to share information. The state committee will have outside speakers at many of their meetings and will notify local Leagues via the Board Memo of dates and times. You're welcome to attend -- on a regular or once-only basis. We're all in the beginning stages of a new study and welcome anyone as a committee member who has an interest in the topic. Eventual publications will be of a "newsletter" type, such as the LWVEF land use letters or Energy series. Publication is not anticipated until spring 1976.

Local League Boards need to begin raising the interest and understanding of all Leaguers on Minnesota's tax structure. Because you will need to rely on outside speakers at this point, it would be best to have a general meeting; the topic suggestion is: "A Description of the Basic Tax Structure in Minnesota." You may find one speaker to address the total tax structure, or a panel of speakers to explain particular tax areas (property tax, sales, income tax, etc.) You could also find a panel to represent varied points of view on the effects of the tax structure on certain segments of society (see list next page), but the net result should be increased knowledge of the total tax structure. A panel might ensure you of a balance of opinion, but only if the panel is balanced in

1. Financing State and Local Government, What Are the Choices? National Public Education Publication #3, 1973
2. Summary of Governmental Finances in Minnesota, Staff Paper Series, Dept. of Agricultural and Applied Economics, University of Minnesota, Aug. 1975
3. Local Revenue Diversification: Income, Sales Taxes and User Charges, Advisory Commission on Intergovernmental Relations, Oct. 1974



terms of points of view; you'll want to give your speakers a specific subject or issue to address, a firm time limit and meet with them before the general meeting so you'll have a firm grasp on what particular points of view they will express.

### Resources.

The list of resources contains people with broad tax backgrounds as well as some with very limited points of view or strong biases. Keep this in mind when seeking people out, and remember the total goal of informing ourselves on the whole tax picture. We will be expanding the resource list and making it more specific throughout the year.

For a panel, you might look for individual views on taxes affecting:

the farmer	property owners
big business/corporations	consumers
land developers	low income/elderly
small business	city/rural property owners

Other areas you may want to explore, or additional questions you may want to raise at a general meeting, could be:

- Property Tax Reform in Minnesota - has there been some?
- Decision-making in the Tax Process - who really makes changes in tax policy and structure?
- The Tax Burden - is there an overburden on any segment of society?
- Criteria for Choosing Taxes - what makes a tax equitable?
- Shifting Tax Sources in Minnesota

### People Resources.

- County Auditors
- County Commissioners
- City Managers
- Municipal or County Assessors
- State Legislators - especially those serving on tax committees:
  - Senate Taxes and Tax Laws Committee - A. Perpich, Chrm; Schrom, Vice Chrm.  
Bang, Berg, Blatz, Chmielewski, Coleman, Conzemius, Frederick, Gearty, Baldy  
Hanson, Jensen, Kleinbaum, Larson, Laufenburger, McCutcheon, A. Olson, O'Neill, Sillers, Wegener
  - House Taxes Committee - W. Kelly, Chrm.; Tomlinson, Vice Chrm.  
Abeln, S. Adams, I. Anderson, Berg, Brinkman, Casserly, DeGroat, Dieterich, Graba, Jacobs, Jaros, C. Johnson, D. Johnson, Jopp, A. Kempe, Kvam, McCollar, Pehler, Prahl, Sabo, Savelkoul, Schulz, Sieloff, Vanasek, White
- Tax Study Commission members:
  - Senators - Blatz, Conzemius, A. Olson, O'Neill, Wegener
  - Representatives - I. Anderson, W. Kelly, Chrm; Sabo, Savelkoul, Tomlinson
  - Governor's Appointees - Dr. F. M. Boddy, U of MN; Edward Foster, U of MN; John Haynes, Governor's staff; John Helmberger, U of MN; S. F. Keating, Honeywell
- Tax Study Commission staff: Ronald Rainey, executive secretary; Kathy Gaylord, Robert Anderson
- Minnesota Department of Revenue, Centennial Office Bldg., St. Paul
  - Arthur Roemer, Commissioner
  - Tax Research Division, Wallace Dahl, Director, 296-3425
    - property tax analysis section - Karen Baker
    - fiscal analysis section - Carolyn Carlson
    - assessment/sales ratio analysis section - Len Staricha
    - local government levy limits and aids section - Richard Gardner
    - revenue estimating section - Peggy Purdy, Mark Gripentrog
- League of Minnesota Municipalities
- Minnesota Regional Commissions' Staff
- University and College Economics Departments - look for experts in the tax policy areas

Citizens League

Minnesota Association of Commerce and Industry (Minnesota Chamber of Commerce) -  
St. Paul

Office of Minneapolis City Clerk, Stan Kehl - tax legislation specifically affecting  
Minneapolis

John W. Connelly, City of St. Paul Research Council

St. Paul Chamber of Commerce

West Suburban Chamber of Commerce

Minnesota Bankers Association, Minneapolis

Associated Industries, Minneapolis

Association of General Contractors, Minneapolis

Minnesota Housing Institute, Minneapolis

Minnesota Farm Bureau Federation, St. Paul

Minnesota Taxpayers Association, St. Paul

Department of Agricultural and Applied Economics, U of MN Extension Service - they  
will be presenting programs for local officials in outstate areas (January to  
March) which are open to the public. The schedule will be printed in the Board Memo.

Written Resources, for statistical background data.

State of Minnesota, Department of Revenue

The Minnesota State and Local Tax System, State and Local Tax Bulletin #1,  
March 1974

Biennial Report #18, Fiscal years 1973-74

U. S. Bureau of the Census, Governmental Finances 1972-73

Department of Agricultural and Applied Economics, U of MN

Summary of Governmental Finances in Minnesota, August 1975, Arley D. Waldo, Carole  
B. Yoho and Glenn Knowles (Copy included with Committee Guide)

These are available at libraries; your city financial officer or county auditor should  
have copies of Department of Revenue or U. S. Bureau of Census reports and may let you  
borrow them. They contain data without drawing conclusions, which may not be true of  
statistics compiled by special-interest groups. You might refer to How to Lie With  
Statistics, but Dell Huff and Irving Geis in order to beware of the pitfalls of statistics  
in drawing comparisons or conclusions.

Need for feedback

*LWVMN Financing State Government Committee is interested in  
feedback from local Leagues. Let the committee know who your  
resources are and what they are telling you. If you have any  
problems, questions, information for us, contact the state  
office or any committee member.*

Present Financing State Government Committee:

from the state Board -

Karen Anderson, Minnetonka-Eden Prairie-Hopkins Area

Carolyn Cushing, Roseville

Mary Poppleton, West Dakota County

Jean Reeves, Northfield

Helene Borg, Westonka

off-Board -

Erica Buffington, St. Louis Park

Judy McGuire, Minneapolis

Mary Mantis, St. Paul

Sid Moss, Golden Valley

Donna Pederson, Minneapolis

Betty Stoker, Freeborn County

special assignments - Betty Shaw, Minneapolis; Irma Sletton, Golden Valley

reader - Jean Wirsig, St. Croix Valley

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TO: Financing State Government Committee

Copy to: Wallace Dahl, Director

FROM: Tax Research Div., Dept. of Revenue

Karen Anderson, 935-2445

SUBJECT

Committee Meeting

**LEAGUE OF WOMEN VOTERS OF MINNESOTA**

555 WABASHA

ST. PAUL, MINNESOTA 55102

PHONE: 224-5445

DATE Sept. 22, 1975

Thursday, October 2, 12:15 p.m., state office

AGENDA:

- 12:15 - Budget Priorities form (enclosed with agenda; please review it and come with ideas for what our committee priorities will be for next year)
- 12:40 - Ed. Fund proposal  
Lobbyists
- 12:45 - Discuss criteria for evaluating taxes
- 1:45 - Speaker - Wallace Dahl, Director, Tax Research Division, Minnesota Department of Revenue
- 2:15 - Leftover business; assignments
- 2:30 - Adjourn

The Tax Study Commission will meet Friday, Sept. 26 at 9 a.m. in Room 15, State Capitol. Staff will give a presentation on Minnesota's income tax -- history, role in state and local finances, comparisons with other states.

I have to be at the Duluth workshop that day; could anyone else attend?  
If so, please call me. K. Anderson

Board Member \_\_\_\_\_

Instructions: More information in "Countdown to Council Budget Building for 1976-77" (9/8/75)

Functions include: committee meetings--how many meetings, how many people, how long, (meal?)

mailings--average size within routine mailings?

more paper & postage within routine mailings?

special mailings?

publications--research, printing costs, time lag

in recovery of costs, allowance for lack of sales?

heavier than routine impact on Council expenses?

specialized functions--office manager will help you define and quantify

- Priorities:
- ① Absolutely necessary to carry out Bylaws or Convention mandate
  - ② Highly desirable to carry out programs for study and action or improve League-keeping
  - ③ Good League activities but those most likely to go in cost- saving surgery
  - ③\* Magnificent ideas feasible only with special funding. Candidates for grantmanship.

OBJECTIVES	FUNCTIONS	PRIORITY RATING	DOLLAR COSTS



## COUNTDOWN TO COUNCIL BUDGET BUILDING FOR 1976-77

Fall 1975 LWV MN Board Input

J Wirsig, Budget Chairman  
9/8/75

1. As an officer of a corporation formed to carry out the will of a volunteer organization you are responsible for a part in long-term planning and budgeting. To prepare yourself:

Review "League Principles" In League p. 13  
"Board Operations", "Total Board Responsibility",  
and "Total Board Planning" In League pp. 23-27  
"Finance" In League pp. 47-50.

These are your only constraints at this step in planning.

2. Read the 1975-76 Budget adopted by your 1975 Convention, applying this question to each category: "Are we likely to need this five years from now?" Examples:

Will we have a state office? in a downtown location? open 5 days/week, daytime only?

Will state League reimburse part of the cost of delegates to national Convention?

Will a part of national support be collected through State Leagues?

Will we have an every-member newsletter? how often? how produced?

Will state League be financed by local League pledges?

Will state Convention delegates (or their Leagues) pay for Convention costs? (Note the net expense for Convention '75 was \$25. Subtract Income Category D from Expenditures category C. 1.

Answers to questions like this are Board decisions. Do not confuse them with assumptions that you are powerless to change in long-term planning.

3. Now that you have loosened up your assumptions and reviewed League's timeless goals (the Principles), set your objectives for 76-77. (You may be asked to represent one portfolio function even though you will not be the individual filling that job next year) Then list the functions necessary to carry out those objectives (You are working on April 1, 1976-March 31, 1977. Council 76 falls in this time span. Convention 77 does not. League program-year functions occurring after March 31, 1976 affect this Budget) At this point, do not hold back because you assume we do not have enough money. Do make a first attempt at setting priorities so that in later paring down processes we cut the right things. Also include magnificent dreams that might mature into a tax-deductible program for grants. Do not neglect to list League-keeping and clerical activities you "take for granted" as foundations for the specialized functions you list.

4. It would be instructive for you and helpful to H.H. and the budget committee if you would confer with H.H. and attach \$ figures to the functions you list. (We can complete this without you if necessary--do not let it prevent you from whole-hearted and creative participation in the other steps.)

(over)

(cont'd )



for review and then to the Board  
5. By October 14, 1975, be prepared to utilize this list in two ways at the October Board Meeting:

First: to file a "Dream Budget" request with Budget Comm. (you will come to another room individually during Board Meeting time-span to present your request to reps. of Budget Comm.)

Second: to be the "champion" of the objectives and their functions in a total Board discussion of overall priorities for 76-77.

6. Budget Chairman and HH will present to you at November Board 3 trial budgets by adding together the dollar impact of your requests. One will be the Dream Budget incorporating all of your magnificent ideas. A second will compile the costs of all functions marked first and second priorities. The third will be the trial minimum budget, compiling only those functions you list as first priority. We will also try to give you the foundations for a discussion of how these dollar budgets compare to the overall priorities you hammered out in October. During November Board meeting, you will have an opportunity to refine your 76-77 ~~xxxxxxxxxx~~ overall priorities in light of their \$ impact. Individual board members will be able to amend their requests and/or the priority ratings attached to them in light of their increased perspectives.

7. Armed with this input from the Board, the Budget Committee will meet all day Monday, November 24, 1975 to hammer out the official budget proposal you will act on in January. (Final action at the February Board is required in order to print the official notice to Local Leagues within the time required by By-Laws.)

(Note, each month's step in this process will involve "fine-tuning" cost estimates based on newer data available as we get closer to actual time of spending. Budget Chairman and office manager accept primary responsibility for this, but will be delighted with any facts you come across).

Attached: Worksheet for preparation of budget requests.

Budget

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TO: Financing State Government  
Committee

FROM: Karen Anderson, chairperson

SUBJECT Committee meeting, Wednesday,  
November 5, 9:30 a.m.,  
State Office

LEAGUE OF WOMEN VOTERS OF MINNESOTA

555 WABASHA

ST. PAUL, MINNESOTA 55102

PHONE: 224-5445

DATE October 28, 1975

Agenda

9:30 General business

vouchers for office

Ed. Fund proposal -- how are we going to proceed?

Criteria for evaluating taxes -- copy enclosed; what are  
your comments, suggestions?

10:30 Speaker: Gerald Caulfield, Acting Director, Income Tax Division,  
MN Dept. of Revenue -- '75 Omnibus Tax Bill, focusing on the  
income-adjusted property tax (circuit-breaker)

11:30 uncompleted business

12:00 adjourn

League of Women Voters of Minnesota, 555 Wabasha, St. Paul, Minnesota 55102

State Committee for Study of Financing State Government

Minutes  
October 2, 1975

Next meeting: November 5, 1975

Karen Anderson led us in a discussion of budget priorities. She had drawn up a list that met with no objections by the rest of the committee. It went as follows:

(numbers indicate funding priority)

Committee meetings - 12 meetings	#1
Subcommittee meetings	#1
Mailings - 6	#1
Publications - 6 (4 pages - 8 sides) spaced throughout the year	#3 *
Traveling resource teams - 5 people; 5 all day presentations (3 outstate, 2 metro) no charge	#3 *
Legislative watching/lobbying	#1
Tax study	
committee meetings - 9	#1
Committee interviews	
8 possible	#1

\* - possible Ed. Fund activities

We also need to work on at the next meeting the Education Fund proposal for possible funding for our publications. The form has to be filled out. Sid Moss was going to try and find a copy of the form for us to use.

Lobbyists: The Tax Committee meets on Saturdays at 8 a.m. If anyone is interested in attending these meetings and plans to lobby for the League, the state Board has to first give approval. Give name to Karen, if interested.

Need some sort of criteria to evaluate taxes. Karen had a list used in the past. She said she would go over it and select the criteria and bring it back to the committee at the next meeting. Some criteria not necessarily apply to all forms of taxes.

Wallace Dahl, Director, Tax Research Division, Minnesota Dept. of Revenue was the speaker. Brought along a booklet for us -- full of facts and figures regarding Minnesota tax structure. He spoke for approximately 30 minutes and the remaining time was used for questions and answers.

Meeting adjourned at 2:20 p.m.

Financing State Government - Karen Anderson

CRITERIA FOR EVALUATING TAXES

A compilation of guidelines and criteria developed by those in the field of public finance.

I. Equity

What makes a tax equitable? Individual viewpoints vary as to what a fair tax is, but most would agree that equity might involve:

A. Ability to pay

1. progressive -- higher rates applied to those with higher incomes and lower rates to those with lower incomes
2. proportional -- taxes all income levels at same rate
3. regressive -- takes a larger percentage of income from low income people

B. Benefits received

Examples: gasoline tax for highway use; student fees for public education. Originally, the property tax was considered to be based on benefits received because it was used primarily for local government services to property owners

C. Widespread participation -- the tax is applied to a broad spectrum of the populace

II. Yield

Involves adequacy, reliability and stability, and growth

- A. Adequacy -- should provide sufficient revenue to supply the needs for which it was adopted
- B. Reliability and Stability -- the yield should be fairly stable, with some flexibility desirable for changing government needs and for consideration of hardships on people during "bad times"
- C. Growth -- should provide reasonable growth in line with general economic growth of the community

III. Administration

Most agree that a tax should be:

- A. equitably, economically and easily administered -- impartial, subject to little discretion on part of the collectors; have low collection costs and auditing costs
- B. easily understandable to those being taxed and have low compliance costs for those being taxed
- C. difficult to evade -- few "loopholes"

IV. Economic Neutrality

Should produce a minimum of economic hardship on the community; should not interfere with economic decisions of families or businesses unless deliberately intended to do so (unless it's used to attain other public policy goals such as economic growth, distribution of income and resource use -- i.e. cigarette and liquor tax to discourage use and higher gasoline tax to support energy policy)

## V. Incidence

### Consideration of who is actually paying the tax

The "impact" of a tax falls on the first person or firm to pay it, but the person or firm liable for the tax may be able to "shift" the tax to someone else. Incidence is the final resting place of a tax. This is always on people. The incidence of any tax should be known as nearly as can be determined; otherwise, the tax may fall on persons or industries which cannot afford it and thus be detrimental to economic growth and the interests of the society

(This is especially pertinent to our study with its focus on "the effects of taxes on people and programs.")

It is impossible for any tax to meet these criteria completely. Some of the criteria are in direct opposition to each other --- recent changes (circuit-breaker) in the property tax to make it more equitable (based on income), will increase administrative and compliance costs and make it difficult to understand. Through the use of many taxes (a multi-tax system), criteria should balance out inequities found in any specific tax.



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TO: Financing State Government Committee

LEAGUE OF WOMEN VOTERS OF MINNESOTA

555 WABASHA

FROM: Karen Anderson, chairperson

ST. PAUL, MINNESOTA 55102

PHONE: 224-5445

SUBJECT Committee meeting, Wed.,      DATE November 24, 1975  
Dec. 3, 1975 - 9:30 A.M., LWVMN Office

Agenda:

9:30 General Business

CMAL Statement

Report on Criteria

LWV poll on attitudes toward taxes - do we want to do this?  
timing; question suggestions

Jan. committee meeting - tentative agenda - Wed., Jan. 7, 1976.

10:30 Speaker - Ron Rainey, Executive Director, MN Tax Study Commission  
Background on MN

11:45 Adjourn

M TO: Financing State Government Committee

E FROM: Karen Anderson, Chairperson

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O SUBJECT January Committee Meeting  
Wed., Jan. 7, 1976, 9:30 a.m., State Office

**LEAGUE OF WOMEN VOTERS OF MINNESOTA**

555 WABASHA

ST. PAUL, MINNESOTA 55102

PHONE: 224-5445

*Borg*

DATE December 29, 1975

The January meeting of the Financing State Government Committee will be held on the 7th, Wednesday, at 9:30 a.m. - at the state office, 555 Wabasha.

AGENDA

- 9:30 - Attendance, vouchers, etc.
- 9:45 - Poll on citizen knowledge of taxes  
Timetable, questions/answers, sampling  
Enclosed is a copy of information for Jan. 6 State Board Meeting. We will be  
using that for our discussion.
- 10:50 - Presentation on taxes  
form (separate consensus on tax criteria?)  
timetable  
funding
- 11:45 - adjourn

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TO: Financing State Government  
Committee and Nov./Dec. visitors

FROM: Karen Anderson

SUBJECT January Committee Meeting

LEAGUE OF WOMEN VOTERS OF MINNESOTA

555 WABASHA

ST. PAUL, MINNESOTA 55102

PHONE: 224-5445

DATE 12/5/75

The next meeting of the LWVMN Financing State Government Committee will be January 7, Wednesday, 9:30 a.m., state office. There will be no outside speaker, but all visitors are welcome to aid committee in future planning and working on proposed "poll on citizen knowledge of taxes."

Enclosed: Minutes of November and December meetings  
CMAL statement

LWVMN 11/5/75

Financing State Government Committee meeting minutes

Called to order 9:35, 11/5/75

Present: K. Anderson, N. Cassano, A. Hammer, M. Porter, M. Bloyer, E. Hasbargen, C. Cushing, M. Pula, B. Phelan, M. Knoll, C. Chapman, C. Huhnke, J. Strouse, B. Hogan, J. Brown, J. Arnold, E. Buffington, G. Kuehn, I. Sletten, S. Moss, M. Mantis

Discussion of ways to present information to local Leagues/public:

Travelling resource team - LWV or other resource people delivering material throughout state

Publications - several shorter publications rather than "fat book"

Media Presentation - using public TV to make basic presentation, maybe presented during morning and evening time slot to be watched as part of a unit meeting

Slide presentation - made available to every League for more consistent presentation

Preparing a project proposal for outside funding - discussion of establishing a "need" for our tax information:

"taxes are Everything" - all other issues/programs are dependent on revenue and distribution of that revenue

public misconception of what we're getting for our tax dollar.

Use of quotations showing taxes and revenue as basis for programs.

Need for the public to be aware of the total tax structure rather than concentrating on which tax affects them most.

Political overtones - information should be available to public about taxes and expenditures other than that given by elected officials at election time

Intentional blindness on part of public - subject seemingly too complicated or too frightening.

MN poll on taxes - what do people think about their taxes; what do they know about taxes - use this for our own information as well as for establishing a need for our project

Timing important for any presentation - information about income tax given at that time of year, etc.

Vouchers were passed out to committee members; these are to be completed for each committee meeting attended regardless of whether you are asking for reimbursement of travel expenses.

Metro Council Staff meeting - Sid Moss and Karen Anderson will be meeting with J. Enders and Metro staff 11/6 at 1:30 to discuss Investment Guide draft part of the Metropolitan Development Framework

Discussion of Criteria for Evaluating Taxes

Basic source for these is Walter Heller's article in Encyclopedia Britannica under "taxes" heading, and Adam Smith's Wealth of Nations (taxes should be simple, certain and convenient).

Part IV. - Economic Effects rather than neutrality; add to paragraph: fiscal policy should consider consumer expenditures, investment expenditures, incentives to work, save and invest.

Part III. Administration and Compliance; III. A. equitably, economically, efficiently and easily administered

Distribution of minutes of this meeting: committee members will receive with next agenda as usual; visitors will be sent copy of minutes via their Local League president with her regular Board Memo mailing.

Committee was urged to get on mailing list of American National Bank, St. Paul for their weekly publication Impact. It's free.

It was pointed out that Wisconsin LWV position is based on criteria for evaluating taxes rather than position on a specific tax. Makes tax pertinent for longer period of time and makes position applicable to wider area of revenue policy. Is this a possibility for us?

Gerald Caulfield, Acting Director, Income Tax Division, MN Dept. of Revenue spoke to the committee on the income adjusted property tax law (circuit-breaker). Some points made:

- his department is an employee of the legislature; dept.'s job is to comply with laws devised by legislature
- originally property tax was based on ability to own and income tax on ability to pay. Circuit-breaker is legislature's way of introducing ability to pay factor to the property tax system.
- explanation of the theory behind compliance with the law, giving specific examples of how law would affect senior citizen renters and homeowners, disabled, regular homeowners and renters. Explanation of limitations affecting various categories of income and ownership; explanation of options for ways and times of filing.

Meeting adjourned 11:55

Next month's meeting - Wed. Dec. 3, 9:30 a.m. Speaker Ron Rainey, Exec. Dir. Tax Study Commission, Background and history of income tax, possible changes.



Financing State Government Committee

Minutes of meeting 12/3/75

Called to order at 10 a.m. by Karen Anderson. Those present: C. Cushing, G. Kuehn, S. Erickson, K. Kemper, M. Selin A. Nystuen, M Mantis, C. Huhnke, M. Bloyer, J. McGuire, J. Arnold, B. Hogan, J. Brown

Reviewed position statement presented by Jerry Enders, ~~MA~~ CMAL, at hearing on proposed Metro Investment Framework (copy enclosed). The statement reflected state as well as CMAL positions on property tax.

Report on criteria for evaluating taxes: we're waiting for response from Wisconsin LWV. (information arrived 12/4; it's not really what we were hoping for--total tax position was arrived at in pieces over 20-yr. period; they're anticipating up-date soon except for education-finance position which was done '73)

Discussion on poll to find out what people know about their taxes: Per last month's suggestion on ways to establish a need for our eventual project(s). General agreement that local LWV's would welcome a chance to do something concrete in our program area; would not feel over-burdened by another un-anticipated assignment; have felt previous suggestions were "loose".

Purposes: spurring interest, LWV and other, in subject; PR for local and state LWV (suggestion for media to follow us in our poll-taking); background data showing people need to be educated on gov't finances.

Agreed that we needed outside help (via Rhoda Lewin and U of M) for determining a valid sample to be polled and for question writing.

Tentative timetable: to be done in Feb. by local LWVs. This would mean information would have to go out with Jan. Board Memo - may not be feasible due to Dec. holidays.

Suggestions for valid sample:

- people who've lived in state a long time/newcomers
- older/younger
- homeowner/renter
- single/married

Suggested areas of questions:

- What percentage of your tax goes to local (or state) level?
- Assessment process - do you know of any instances of unfair assessment; what can you do if you feel your assessment is unfair?
- Taxes collected by one level of gov't., spent by another-- are people aware of this, what are their reactions?
- What services are most important to you; would you pay more to get more service in some area (snowplowing)?
- Do you feel you're taxed twice in some instances (subsidization of tax exempt property)?
- Is the way you vote determined by your present taxes?
- Attitudes towards loopholes

Who else would agree to work on designing poll? Present group includes K. Anderson, Margaret Bloyer, Judy McGuire (in Feb.)

Speaker - Ron Rainey, Executive Director of the Tax Study Commission gave background on Tax Commission and on the income tax, using table presented to the commission at their Sept. meeting. We taped his talk, available at state office, and have a few more copies of the tables he discussed.

Adjourned 11:55 - There will be no speaker Jan meeting - planning time!



# COUNCIL of METROPOLITAN AREA LEAGUES

League of Women Voters of Minnesota



ANOKA  
ARDEN HILLS  
BLAINE  
BLOOMINGTON  
BROOKLYN CENTER  
BROOKLYN PARK  
CHASKA  
COLUMBIA HEIGHTS  
CRYSTAL - NEW HOPE  
DEEPHAVEN  
EDINA  
EXCELSIOR AREA  
FALCON HEIGHTS  
FRIDLEY  
GOLDEN VALLEY  
MAHTOMEDI AREA  
MAPLEWOOD  
MINNEAPOLIS  
MINNETONKA-EDEN  
PRAIRIE AREA  
MOUNDS VIEW  
NEW BRIGHTON  
NORTHERN DAKOTA  
COUNTY AREA  
RICHFIELD  
ROBBINSDALE  
ROSEVILLE  
ST. ANTHONY  
ST. CROIX VALLEY  
ST. LOUIS PARK  
ST. PAUL  
SHOREVIEW  
WAYZATA AREA  
WESTONKA  
WEST DAKOTA COUNTY  
WHITE BEAR LAKE  
WOODBURY

Testimony before the Physical Development Committee of the Metropolitan Council dealing with the Metropolitan Investment Framework.

November 18, 1975 Hennepin County Government Center

I am Jerry Enders, Chairman of the Council of Metropolitan Area Leagues of Women Voters. We represent the members of the 34 local leagues in the metro area.

After meeting with Mr. Muglia and Mr. Byrnes of your staff, we have carefully reviewed the proposed Metropolitan Investment Framework in terms of the goals established in our study process.

We find that the framework fits in well with our existing positions. It improves the review and comment procedures regarding the long term capital improvement budgets and plans of agencies with an areawide impact. It furthers the goal of area-wide sharing of fiscal resources to finance metropolitan services and aids in the solution of the problems of fiscal disparities.

In one area we do have some question.

Our position supports reduced reliance on the property tax as a source of revenue, and the improvement of assessment procedures to eliminate disparities within the seven counties. To reach these goals we feel it would be necessary to have some measure in addition to the market value of real property as an indicator of the ability to pay. Such factors as inequities in the assessment procedures, varying combinations of taxing districts, varying income levels, and the amount and location of tax exempt property can all effect the ability of the tax payer to assume additional debt.

We realize that real property valuation is the single statistical indicator that is readily available and we are familiar with the problems of using other statistical measures but this one indicator can be misleading if other factors are not considered.

The Investment Framework is an exciting approach to fiscal management that will benefit all the citizens in the metro area. We will continue to follow it and if we have an additional comment I hope you will give us an opportunity to present them to you.

Thank you for your attention.

M TO: Financing State Government Committee

LEAGUE OF WOMEN VOTERS OF MINNESOTA

E FROM: Karen Anderson, Chairperson

555 WABASHA

ST. PAUL, MINNESOTA 55102

M  
O SUBJECT Committee meeting, Wed, Feb 4  
9:30 a.m., state office

PHONE: 224-5445

DATE January 28, 1976

Agenda: We'll be finalizing plans for the poll on what people know about taxes;  
and making decisions on our publications.

Let's have good attendance; we don't want a "few making decisions for many".

Add to your committee lists:

Judy Arnold, LWV - Brooklyn Park  
8822 W. River Rd. N.  
Minneapolis 55444  
560-8972

Zilla Way - LWV - Anoka  
528 Cross  
Anoka 55303  
421-2388

LWVMN Jan. 10, 1976

Minutes, Financing State Government Committee, Jan. 7

Present: K. Anderson, E. Hasbargen, M. Bloyer, C. Cushing, J. Strouse, G. Kuehn

Report on what local LWV's are doing with tax topic this year --- extremes of doing nothing to 1 unit meeting, a general meeting, a unit and general meeting, 2 unit meetings.

Reviewed purposes of Poll on what people know about taxes; refined timetable as shown on sheet sent with Dec. minutes.

Sample - prefer random sample; simplest, meaningful sample with proper sampling techniques. Use of outside professional, possibly Marian McCloskey, for help with: instructions to local Leagues, tips on professionalism, determining number to be interviewed, in what areas of state, number/length of questions.

Recommended that official sample be kept separate - local Lwv's do poll on themselves, if they wish, or use with public anytime during year, community gatherings, for own p.r. and information.

Recommended no more than 10 interviews, keeping simple as possible.'

Questions - geared to spending no more than 15 min. per interview; simplicity from posers pt. of view. Discusses types of questions - yes/no, multiple choice, open-ended. Need expert help in deciding this. Basic goal of questions - where does ~~y~~<sup>our</sup> tax money come from; where does it go? Want to include in questions -- property tax area; knowledge of basic tax structure (state and local roles)

#### Discussion of publications/presentations

Timetable for projects shown on Board room wall. Funding proposals must be ready 6 mos. before anticipated publication date.

Publications - 2 basic facts and issues - a basic tax facts primer, defining tax terms, criteria; and a boiled down version of MN tax system.

Media presentation - Ed. TV doesn't cover entire state, but Ed radio does; do we want to consider that?



FINANCING STATE GOVERNMENT  
OPINION POLL ON TAXES IN MINNESOTA

The League of Women Voters of Minnesota

TO: Local League Financing State Government Chairpersons  
FROM: Karen Anderson, Chairperson, Financing State Government Committee  
RE: Instructions  
February 20, 1976

The five names you are to call and their telephone numbers are listed on the enclosed card. Make your first calls in the evening, so that your chances of reaching a man or women are equal. You may speak to any adult at the number listed. If you cannot reach anyone at the number after trying at several different times of day, choose a different number from the list of substitutions.

When making calls, remember the purposes of the poll: (1) public relations for your local and state LWV; (2) to generate interest in the subject; (3) to collect data about people's knowledge and opinions of financing government. You are an impartial interviewer who records opinions; you do not express your own. Introduce yourself in a friendly manner, such as, "Hello, my name is \_\_\_\_\_. I'm with the League of Women Voters of \_\_\_\_\_. We're conducting a statewide opinion poll on taxes in Minnesota. Would you have a few minutes to answer some questions for us?" If asked, you may assure the person that his or her name will not be used in any way or connected with the answers they give; this is an anonymous poll.

The first 13 questions ask for a yes/no or a multiple choice response. Circle the response given on the recording sheet. The last question gives the person being polled a chance to voice his or her opinions on government services. When asking this question, you may not need to say anything else. Offer the examples as suggestions only if the person seems to need them.

You will notice that some of the questions ask for opinions, but many are designed to test knowledge of taxation and tax expenditures. It is very important not to make the interview sound like an examination. If you are asked to provide the correct answer, do so after all the questions have been answered. The answers are given at the bottom of the question sheet. Each call should take no more than 15 minutes and may take much less.

We have trimmed the number of interviews to five per League so as not to overburden you. Therefore, we must receive responses from all Leagues to have an adequate sample. Responses are due in the state office March 30, 1976.

After the March 30 deadline, you may use the questions in any way you choose with your own LWV members or in the community at large. Would they help stir up interest at a unit meeting? Does your League have a booth at a community fair where you might use the questions? It may be interesting to see how the responses you receive compare to the statewide responses. We'll be letting you know of our results as soon as they're available.

See other side for names and phone numbers of Financing State Government Committee.



## Financing State Government Committee

### State Board Members:

Karen Anderson, chairperson - 612-935-2445  
Carolyn Cushing - 612-633-0602  
Mary Poppleton - 612-890-4486  
Jean Reeves - 507-645-6161  
Helene Borg - 612-472-2674

### Off-Board Members:

Mary Mantis - 612-644-1156  
Betty Stoker - 507-373-1744  
Sid Moss - 612-544-1875  
Erica Buffington - 612-929-8168  
Judy McGuire - 612-927-6825  
Ernie Hasbargen - 612-636-4825  
Irma Sletten - 612-544-6264  
Margaret Bloyer - 612-336-6107  
Joan Strouse - 612-698-9175

FINANCING STATE GOVERNMENT  
Statewide Opinion Poll on Taxes in Minnesota

QUESTIONS

Follow the general directions on the instruction sheet. Responses are to be recorded on the sheet enclosed for that purpose.

1. First, I would like to ask your opinion about the major taxes. Of the three major taxes in Minnesota, the individual income tax, the property tax, and the sales tax, which do you feel is the most fair? the least fair?
2. Of all the taxes collected by state and local governments, do you happen to know which raises the most money? individual income tax/ property tax/ sales tax/ not sure
3. Do you feel the services you receive from state and local governments are adequate in relation to the taxes you pay; that is, do you think you're getting your money's worth? yes/ no/ uncertain
4. Do you happen to know on which of the following items you pay a sales tax? food/ automobiles/ drugs and medicines/ household appliances/ fur coats
5. Many people feel the income tax forms are too complicated, too hard to understand and fill out; do you pay someone to help you fill out your income tax forms? yes/ no/ not sure

Some of the following questions ask for specific knowledge about the tax system. We find most people don't know many of the answers, due to the complicated tax systems we have, but I'd appreciate your response if you happen to know.

6. Do you know whether any of your state income tax moneys are used to help run your local city or county government? yes/ no/ not sure
7. Do businesses in Minnesota pay more of the total income tax than individuals? yes/ no/ not sure
8. Does state government levy general property taxes? yes/ no/ not sure
9. By state law, assessors are required to assess property at its full market value. How do you feel most property in your community is assessed in relation to its actual market value? higher/ lower/ about the same/ no opinion (If asked to define the word "community," define it as city.)
10. If the assessment of a piece of property is raised, will the tax on that property automatically be raised? yes/ no/ not necessarily/ not sure
11. Do you happen to know, on the average, what portion of the local property tax goes to finance local school? 1/4; 1/2; 3/4; not sure
12. Of all the money that will be spent on public assistance (Welfare) programs in Minnesota, do you happen to know how much comes from local tax sources? 8%/ 29%/ 57%/ not sure
13. Do the taxes you pay have an influence on who you vote for? yes/ no/ not sure
14. Are there any government services you'd like to see improved even if it would mean increasing taxes? Are there any you'd like to see cut?  
Examples of government services might be: local education; higher education system; road and highway building; local law enforcement; state prison system; health and hospitals.

ANSWERS

2. Property taxes 31.8%  
Individual income tax 25.6%  
Sales and use taxes 13.8%  
Corporate income tax 6.2%

All 1975 estimated figures from Dept. of Revenue

4. yes - ~~automobiles~~, household appliances
6. yes - state supplements local government revenues from the property tax via local government aids (aids to counties, municipalities, townships, special districts, and aids to school districts).
7. no - of total income taxes collected in 1973, 16.5% came from corporation tax
8. no - local governments levy property taxes; counties collect and administer them.
10. not necessarily - the amount of tax is determined by the mill rates of the government units in the county. If all assessments were raised equally, the mill rate would be lowered and taxes remain the same.
11. 1/2 - statewide average is 54%
12. 8% - the major portion comes from federal sources.

\*\*\*\*\*

QUESTION 4 - The retail sales of automobiles are *exempt* from the 4% Minnesota Sales Tax; *however*, they are subject to a 4% motor vehicle excise tax, as is any transfer of a motor vehicle from one party to another for any purpose other than resale.

\*\*\*\*\*

RECORDING SHEET - Statewide Opinion Poll on Taxes in Minnesota

Name of LWV \_\_\_\_\_

Date \_\_\_\_\_

Person(s) conducting poll \_\_\_\_\_

CIRCLE response given

- (A) 1. most fair: individual income tax property tax sales tax  
least fair: individual income tax property tax sales tax  
2. individual income property sales not sure  
3. yes no uncertain  
4. food automobiles drugs and medicines household appliances fur coats  
5. yes no not sure  
6. yes no not sure  
7. yes no not sure  
8. yes no not sure  
9. higher lower about the same no opinion  
10. yes no not necessarily not sure  
11. 1/4 1/2 3/4 not sure  
12. 8% 29% 57% not sure  
13. yes no not sure  
14. services improved:

services cut back:

- 
- (B) 1. most fair: individual income tax property tax sales tax  
least fair: individual income tax property tax sales tax  
2. individual income property sales not sure  
3. yes no uncertain  
4. food automobiles drugs and medicines household appliances fur coats  
5. yes no not sure  
6. yes no not sure  
7. yes no not sure  
8. yes no not sure  
9. higher lower about the same no opinion  
10. yes no not necessarily not sure  
11. 1/4 1/2 3/4 not sure  
12. 8% 29% 57% not sure  
13. yes no not sure  
14. services improved:

services cut back:

- (C) 1. most fair: individual income tax property tax sales tax  
least fair: individual income tax property tax sales tax  
2. individual income property sales not sure  
3. yes no uncertain  
4. food automobiles drugs and medicines household appliances fur coats  
5. yes no not sure  
6. yes no not sure  
7. yes no not sure  
8. yes no not sure  
9. higher lower about the same no opinion  
10. yes no not necessarily not sure  
11. 1/4 1/2 3/4 not sure  
12. 8% 29% 57% not sure  
13. yes no not sure  
14. services improved:

services cut back:

- 
- (D) 1. most fair: individual income tax property tax sales tax  
least fair: individual income tax property tax sales tax  
2. individual income property sales not sure  
3. yes no uncertain  
4. food automobiles drugs and medicines household appliances fur coats  
5. yes no not sure  
6. yes no not sure  
7. yes no not sure  
8. yes no not sure  
9. higher lower about the same no opinion  
10. yes no not necessarily not sure  
11. 1/4 1/2 3/4 not sure  
12. 8% 29% 57% not sure  
13. yes no not sure  
14. services improved:

services cut back:

- 
- (E) 1. most fair: individual income tax property tax sales tax  
least fair: individual income tax property tax sales tax  
2. individual income property sales not sure  
3. yes no uncertain  
4. food automobiles drugs and medicines household appliances fur coats  
5. yes no not sure  
6. yes no not sure  
7. yes no not sure  
8. yes no not sure  
9. higher lower about the same no opinion  
10. yes no not necessarily not sure  
11. 1/4 1/2 3/4 not sure  
12. 8% 29% 57% not sure  
13. yes no not sure  
14. services improved:

services cut back:



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TO: Financing State Government  
Committee

FROM: Karen Anderson

SUBJECT Committee Meeting, Wednesday,  
March 3, 1976, 9:30 a.m.,  
state office

**LEAGUE OF WOMEN VOTERS OF MINNESOTA**

555 WABASHA

ST. PAUL, MINNESOTA 55102

PHONE: 224-5445

DATE February 26, 1976

This is probably the most vital committee meeting of the year! Please review the agenda and enclosed material and be prepared for a lively discussion.

AGENDA

- 9:30 General Business  
    vouchers  
    opinion poll responses
- 9:45 Publication Preparation  
    program charge from Convention  
    writing mechanics
- 10:10 timetable -- publication by October means we'll want to have major work done by June.  
    Can we schedule an extra committee meeting mid-March? What's your  
    preference: 15th, 19th, 22, 24, 25?
- 10:20 Publication outlines  
    subcommittee of McGuire, Moss and Anderson met February 23 to lay out tentative outline  
    (enclosed). Come prepared to: discuss, refine, enlarge, etc. Bring along basic  
    information you have gathered and choices for areas you're most interested in  
    researching.

LWVMN 2/4/76 Financing State Government Committee

Minutes of Feb. 4 meeting

Present: K. Anderson, M. Mantis, E. Hasbargen, C. Cushing, M. Bloyer, J. McGuire, E. Buffington, S. Moss, E. Sletton

Fiscal Review of the '75 Legislative Session, MN State Senate Copies have been obtained for each local League and the committee. Suggested that a copy be sent with March 3rd class Board Memo mailing with note to president to keep in her file unless there is a working Financing State Gov't chairman who could use it right now.

Discussion on telephone opinion poll on MN taxes:

committe members will receive all information going to local Leagues when its all put together. Questions were revised and tested - found to take 8 minutes without preliminary introduction/explanation. Format: each League will receive 1 instruction/question/answer sheet; 1 form for recording responses; list of people to be called. Sampling: names will be chosen by committee members and sent to state office by Fri. Feb. 13. LWV's are fairly representative of state population; decided to choose in 3 sections - Minneapolis and suburbs, 105 names (J. McGuire and E. Buffington); St. Paul and suburbs, 70 names (C. Cushing); outstate, 165 names (K. Anderson and M. Bloyer). Most materials must be ready by Feb. 13; will be mailed out Feb. 20.

Discussion on publications:

Set tentative timetable in hopes of having 2 publications ready for fall '76 distribution. Basic tax Primer; review of MN system. Committee of four - J. McGuire, S. Moss, M. Bloyer, K. Anderson, will meet Feb. 23 to begin working outline. March committee meeting will work on outline and be given assignments for information gathering. April committee - all information gathered, 1st draft underway; May committee - final writing done or in process; summer - final editing, outside readers, etc. Importance of outline stressed. All committee members urged to attend crucial March 3 committee meeting. We need input on outlines for publications. Assignment for March 3 - in what areas of basic tax theory and history or specifics on MN structure do you have information available? Bring a written list; we need to know what our resources are!

LWVMN 2/25/76

## Financing State Government - Tentative Publications Outlines

### Program Charge from Convention:

- A study of the source and distribution of state revenue.
- A study of the effect of shifting tax burdens.
- Evaluation of the most equitable and effective method of funding services to all levels of government.

Focus of the study is upon issues and policies concerning revenue and revenue distribution and their effects on people and programs in the state.

Publication Goal: concentrate on readability through: specific examples of effects of taxes on people; appropriate charts/graphs

Two publications for Oct. 1, 1976:

BASIC TAX PRIMER

PRESENT MN TAX STRUCTURE

### BASIC TAX PRIMER

#### I. Trends

History since 1930's - how ~~present~~ structure has changed, how present structure has emerged.

Pie charts for 10-yr internals

#### II. Criteria for judging taxes

explained in terms of how taxes effect people

#### III. Definitions/Glossary

Will include basic terms dealing with expenditures as well as taxes

### PRESENT MN TAX STRUCTURE

A Description of the present MN Tax Structure add its effects on people.

#### I. Introduction

#### II. Revenue Sources

##### A. Income Tax (Individual Income Tax, with sentence on Corporate Excise Tax

##### 1. Rationale

##### 2. Description - sub-outline to be used in describing each revenue source

a. how much it collects

b. who collects it

c. to whom it is distributed

d. on what it is collected

e. apply selected criteria - the effects on people

II. B. Property Tax

1. Rationale

2. Description

a.

b.

c.

d. homestead credit  
circuit breaker  
freeze credit  
exempt property  
tax base  
home improvements

fiscal disparities  
tax increment  
green acres  
agricultural  
industrial  
commercial

e. mill rates  
sales ratios  
assessment practices  
assessment limits

\*\*\*

C. Sales and Use Taxes

1. Rationale

2. Description

a, b, c, d, e

D. Excise Taxes

1. Corporation

a. Rationale

b. Description

- 1) how much it collects
- 2) etc. 3, 4, 5

2. Bank excise tax

a. Rationale

b. Description

- 1)
- 2)
- 3)
- 4)
- 5)

3. Employer's Excise Tax

4. Motor Vehicle Excise Tax

5. Motor Fuels Taxes (Gasoline and Special Fuels Excise Tax)

## II. Revenue Sources

### E. Licenses and Fees

1. Motor Vehicle License fees
  - a. Rationale
  - b. Description
    - 10 how much it collects
    - 20 etc.
2. Motor Vehicle Operator License
3. Watercraft Licenses
4. Snowmobile Registration fees
5. Boxing Exhibitions license
6. Game and Fish licenses
7. Wild Rice license

### F. Severance Taxes

1. Occupation taxes by Type of Mineral
2. Production Taxes by Type of Mineral
3. Royalty Taxes by Type of Mineral

### G. Other Taxes

#### 1. State

- |                             |                                  |
|-----------------------------|----------------------------------|
| a. withholding tax          | k. Insurance premiums            |
| b. Inheritance Tax          | l. Rural Electric Cooperatives   |
| c. Estate Tax               | m. Boxing Exhibitions            |
| d. Gift Tax                 | n. Airflight Property Tax        |
| e. Alcoholic Beverage Taxes | o. Severed Mineral Interests Tax |
| f. Tobacco Taxes            | p. Tree Growth Tax               |
| g. Mortgage Registry Tax    | q. Auxiliary Forest Tax          |
| h. Deed Transfer Tax        |                                  |
| i. Motor Vehicle Recycling  |                                  |
| j. Gross Earnings           |                                  |

#### 2. Local

- a. Local Cigarette License
- b. Sand and Gravel Occupation Tax
- c. Trust Companies Gross Earnings
- d. Utility Companies Gross Earnings
- e. Local Sales Tax

## III. Comparisons

With other states; effects on people who live in MN; do they feel they pay more (poll results?), do they actually pay more?

Can we find statistics to prove on or the other?

## IV. Conclusions



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TO: Financing State Government  
Committee

FROM: Karen Anderson

SUBJECT Committee Meeting, Monday,  
March 22, 9:30 a.m. State Office

**LEAGUE OF WOMEN VOTERS OF MINNESOTA**

555 WABASHA

ST. PAUL, MINNESOTA 55102

PHONE: 224-5445

DATE March 16, 1976

Agenda:

- 9:30 general business  
vouchers  
Waldo's new booklet  
timetable  
state Council presentation
- 10:00 publications discusseion  
what we've done; what we need to do. Anyone with an assignment  
bring: 3 x 5 resource cards, typed draft, comments, suggestions
- 11:45 adjourn

Regular committee meeting is still scheduled for Wed., April 7, 9:30 a.m.  
state office.

LWVMN 3/8/76

Financing State Government Committee - Minutes of March 3 Meeting

Present: K. Anderson, J. McGuire, S. Moss, M. Mantis, J. Strouse, C. Cushing

OPINION POLL - each LWV was given 2 or 3 substitute names besides 5 to call; if committee members are called because substitutes don't work out either, instruct them to go back to original name in phone book (or closest alphabetically) and call next person down.  
Recording responses - will get as many as possible done before April committee meeting, do the rest there.  
How to use poll - local LWV's urged to use in community in any way they wish after sending in their responses to us. General PR ideas for entire topic as well as poll: approach Dave Moore with program as one that needs to be brought before public; work out format to be used throughout state, ~~of~~ or taped centrally and distributed throughout state. Publications - plugged on Boone-Erickson WCCO. Committee still turned on to TV presentation as best method of reaching Leaguers and public.

TIMETABLE: 2 tax publications out Oct 1, to complement travelling resource team (outside experts on taxes and distribution of revenue to make presentation in 5 areas of state); Spring publications on distribution of revenue to complement media presentation on taxes/distribution.  
Need two committees composed of people not working on publications to explore: Travelling resource team; TV presentation

NEXT COMMITTEE MEETINGS: March 22nd, 9:30 a.m., State Office  
April 7th, 9:30 a.m. State Office

PUBLICATIONS OUTLINE:

assignments made for writing due March 22nd; notes to be taken on 3x5 cards, pages refer to typewritten double-spaced. Interested in facts at this point, will try to make interesting at later writing stage. Concentrate on readability and specific examples of effects of taxes on people, what kind of charts, graphs, illustrations are appropriate?

Tax Primer: Trends, Margaret Boyer, 6 pages  
Criteria, Karen Anderson, 3 pages  
Definitions/Glossary, M. Boyer, 6 pages

Present MN Tax Structure

Income Tax, Judy McGuire, 6 pages  
Property tax, Sim Moss, 10 pages  
Sales and Use, Ervie Hasbargen, 3 pages  
Exise Taxes, Karen Anderson, 3 pages  
Erika Buffington, 1 page for Motor Vehicle and Motor Fuels  
Licenses and Fees, Erika,  
Severance Taxes, Erika, 3 pages for both these  
Other Taxes, Joan Strouse, 4 pages  
Comparisons, Karen Anderson 1-2 pages

Will get most current figures from Revenue dept. Terms/definitions used can be explained in Glossary, not detailed in text.

**Minnesota State Tax Collections**  
Fiscal Years Ending June 30, 1974, and June 30, 1975

	Fiscal Year 1974				Fiscal Year 1975				Change in Net Amounts	
	Gross	Refund	Net	Net as % of Total	Gross	Refund	Net	Net as % of Total	Amount of Difference	% Change
<b>Income Taxes</b>										
• Individual	\$859,030,000	\$ 157,641,000	\$701,389,000	38.09%	\$976,593,000	\$169,485,000	\$807,108,000	39.96%	\$105,719,000	15.07%
• Corporation	187,216,000	12,487,000	174,729,000	9.49	199,004,000	18,522,000	180,482,000	8.94	5,753,000	3.29
• Bank Excise	16,529,000	921,000	15,608,000	.85	16,170,000	747,000	15,423,000	.76	-185,000	-1.19
• Inheritance	30,112,000	385,000	29,727,000	1.62	39,705,000	496,000	39,209,000	1.94	9,452,000	31.76
• Gift	3,717,000	22,000	3,695,000	.20	2,500,000	18,000	2,482,000	.12	-1,213,000	-32.83
<b>Sales and Excise Taxes</b>										
• General Sales and Use	143,157,000(R)	862,000	142,295,000(R)	18.86	384,791,000	1,531,000	383,260,000	18.95	35,565,000	10.24
• Motor Vehicle Excise	50,966,000(R)	-	50,966,000(R)	2.77	51,346,000	-	51,346,000	2.54	380,000	.75
• Highway Gasoline	153,356,000	10,715,000	142,641,000	7.75	152,169,000	9,723,000	142,446,000	7.05	-195,000	-.14
• Aviation Gasoline	2,143,000	435,000	1,708,000	.09	2,025,000	478,000	1,547,000	.08	-161,000	-9.43
• Intoxicating Liquor	40,208,000	-	40,208,000	2.18	39,887,000	-	39,887,000	1.97	-321,000	-.80
• Fermented Malt Beverage	8,425,000	-	8,425,000	.48	8,991,000	-	8,991,000	.45	166,000	1.98
• Cigarette	75,783,000	2,000	75,781,000	4.11	76,649,000	2,000	76,647,000	3.79	866,000	1.14
• Tobacco Products	2,085,000	1,000	2,084,000	.11	2,110,000	2,000	2,108,000	.11	54,000	2.59
• Oleomargarine	3,513,000	29,000	3,484,000	.21	1,666,000	159,000	1,507,000	.07	-2,377,000	-81.20
• Mortgage Registration	1,244,000	-	1,244,000	.07	4,672,000	-	4,672,000	.23	3,428,000	275.56
• Dead Transfer	4,730,000	7,000	4,723,000	.26	4,208,000	11,000	4,197,000	.21	-526,000	-11.14
<b>Other Vehicle Recycling</b>	836,000	-	836,000	.05	816,000	-	816,000	.04	-20,000	-2.39
<b>Employers Excise Tax</b>	7,419,000	-	7,419,000	.40	15,240,000	60,000	15,180,000	.75	7,761,000	104.61
<b>Gross Earnings Taxes</b>										
• Telephone	26,951,000	2,000	26,949,000	1.46	29,300,000	-	29,300,000	1.45	2,351,000	8.72
• Telegraph	186,000	-	186,000	.01	280,000	-	280,000	.01	94,000	50.54
• Railroad, Regular	18,459,000	15,000	18,444,000	1.00	20,967,000	-	20,967,000	1.04	2,523,000	13.68
• Railroad, Taconite	2,614,000	-	2,614,000	.14	2,703,000	-	2,703,000	.13	89,000	3.40
• Express	6,000	-	6,000	.00	-	-	-	.00	-6,000	-100.00
• Freight Line	513,000	-	513,000	.03	550,000	-	550,000	.03	37,000	7.21
• Insurance Premiums	30,550,000	-	30,550,000	1.66	33,481,000	-	33,481,000	1.66	2,931,000	9.59
• State Fire Marshall	529,000	-	529,000	.03	561,000	-	561,000	.03	32,000	6.05
• Firemen's Relief Surcharge	401,000	-	401,000	.02	401,000	-	401,000	.02	-	-
• Rural Electric Cooperatives	31,000	-	31,000	.00	32,000	-	32,000	.00	1,000	3.23
• Boxing Exhibition	14,000	-	14,000	.00	18,000	-	18,000	.00	4,000	28.57
<b>Severance and Tonnage Taxes</b>										
• Royalty Tax on Iron Ore	1,437,000	-	1,437,000	.08	1,532,000	-	1,532,000	.08	95,000	6.61
• Royalty Tax on Taconite	1,953,000	-	1,953,000	.11	2,356,000	-	2,356,000	.12	403,000	20.63
• Royalty Tax on Copper-Nickel	2,000	-	2,000	.00	2,000	-	2,000	.00	-	100.00
• Occupation Tax on Iron Ore	8,958,000	-	8,958,000	.49	9,820,000	-	9,820,000	.49	862,000	9.62
• Occupation Tax on Taconite	6,805,000	-	6,805,000	.37	10,235,000	-	10,235,000	.51	3,350,000	48.66
• Taconite Tonnage (Production)	10,159,000	-	10,159,000	.55	11,952,000	-	11,952,000	.59	1,793,000	17.65
<b>Property Taxes</b>										
• Delinquent State Property Tax	49,000	-	49,000	.00	20,000	-	20,000	.00	-29,000	-59.18
• Forfeited Property	5,620	-	5,620	.00	2,000	-	2,000	.00	-3,620	-60.00
<b>In Lieu of Property Taxes</b>										
• Motor Vehicle Licenses	87,469,000(R)	498,000	86,971,000(R)	4.72	84,006,000	432,000	83,574,000	4.14	-3,397,000	-3.91
• Aircraft	578,000	-	578,000	.03	627,000	-	627,000	.03	49,000	8.48
• Airflight Property	1,943,000	-	1,943,000	.11	2,334,000	-	2,334,000	.12	391,000	20.12
<b>Licenses</b>										
• Motor Vehicle Operators	4,120,000(R)	-	4,120,000(R)	.22	3,859,000	-	3,859,000	.19	-261,000	-6.33
• Corporation Filing Fees	712,000(R)	-	712,000(R)	.04	774,000	-	774,000	.04	62,000	8.71
• Alcoholic Beverages	323,000	-	323,000	.02	342,000	-	342,000	.02	19,000	5.88
• Amusements (Boxing)	7,000	-	7,000	.00	7,000	-	7,000	.00	-	-
• Hunting & Fishing	9,138,000	-	9,138,000	.50	9,611,000	-	9,611,000	.48	473,000	5.18
• Boat & Water Safety	987,000	-	987,000	.05	646,000	-	646,000	.03	-341,000	-34.55
• Cigarette Distributors	43,000	-	43,000	.00	42,000	-	42,000	.00	-1,000	-2.33
• Petroleum Inspection	844,000	-	844,000	.05	832,000	-	832,000	.04	-12,000	-1.42
• Petroleum Distribution	38,000	-	38,000	.00	38,000	-	38,000	.00	-	-
<b>Occupation &amp; Business Taxes</b>										
• Not Elsewhere Classified	13,448,000(R)	-	13,448,000(R)	.73	16,100,000	-	16,100,000	.80	2,652,000	19.72
<b>Subtotals</b>										
Collected by Dept. of Revenue	\$1,825,587,000(R)	\$187,524,000	\$1,638,063,000(R)	89.16%	\$2,019,025,000	\$201,234,000	\$1,817,791,000	89.99%	\$175,728,000	10.70%
Collected by Other Agencies	200,000,000(R)	497,000	199,503,000(R)	10.34	200,577,000	672,000	199,905,000	10.41	372,000	1.29
<b>Grand Total</b>	<u>\$2,025,587,000(R)</u>	<u>\$188,021,000</u>	<u>\$1,837,566,000(R)</u>	<u>100.00%</u>	<u>\$2,219,602,000</u>	<u>\$201,906,000</u>	<u>\$2,017,696,000</u>	<u>100.00%</u>	<u>\$178,130,000</u>	<u>9.68%</u>

**Notes:**

- 1) Totals may not add due to rounding
- 2) \* collected by Dept. of Revenue
- 3) \*\* means less than .005%
- 4) "R" means revised
- 5) Grand Total excludes Unemployment Compensation Insurance Contributions

	F.Y. 1974	F.Y. 1975	Change	
			Amount	%
	\$1,837,566,000	\$2,017,696,000	\$180,130,000	9.80%

- M TO: Financing State Government  
Committee

E

FROM:

M

Karen Anderson

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SUBJECT Committee Meeting -  
Wednesday, April 7, 1976  
9:30 a.m. - state office

LEAGUE OF WOMEN VOTERS OF MINNESOTA

555 WABASHA

ST. PAUL, MINNESOTA 55102

PHONE: 224-5445

DATE

April 2, 1976

We can all be proud of what's already been done on the publications.  
We'll discuss "filling the gaps" and other things April 7;  
son't have a specific agenda until Judy McGuire and I meet on the 31st.

Enclosed: minutes of March 22 meeting.



MAR 29 1976

## Financing State Government Committee

Minutes - March 22 special meeting

Present: Anderson, McGuire, Moss, Bloyer, Buffington, Hasbargen, Cushing

Waldo's two new booklets: A Statistical Summary of State and Local Government Finances in the United States, (fat green one) and Using Census Bureau Statistics on Governmental Finances (slim blue one). Decided to ask Waldo for 80 copies of slim blue, to be mailed to local Leagues in next Board mailing. Will advise Leagues of availability of fat green one.

Timetable - must be ready before leadership workshops in June; Anderson will attempt to write draft before April 7 committee meeting

State Council - report on committee activities for year will include request for more committee members.

## Publications:

## Major problems:

Readability - how much comic relief can we include?

Resources for rationale/criteria: Tax Study Commission Staff Progress Report, 1973; ACIR Publications; L.Laszlo Ecker-Racz

Overlap of rationale/criteria - need to make decisions which should be in Primer and which under individual taxes

Detail - need to cut out some detail for sake of readability

Items used in describing each tax - do not have to be in specific order listed; will be presented for each tax as appropriate.

Sections to be finished by Hasbargen, Buffington and Strouse to be sent to McGuire and Anderson by Mon. March 29.

Timing: McGuire and Anderson to meet Wed, March 31, 1 p.m., to go over general structure, find gaps

April 7 committee: sections sent back to people to fill in gaps

Late April: extra committee meeting to pull it all together

May 5 committee: draft ready for Editor.

Next meeting April 7, 1976



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TO: Financing State Govt. Committee

FROM: Karen Anderson

SUBJECT Committee meeting, Monday April 26 DATE

at Judy McGuire's, 4048 Zenith Ave. s. 1 p.m.

*Borg*  
LEAGUE OF WOMEN VOTERS OF MINNESOTA

555 WABASHA

ST. PAUL, MINNESOTA 55102

PHONE: 224-5445

We'll be discussing publications again.

Also, review preliminary outline for grant proposal(s). We need to come up with more specific dates and to refine outline.

Enclosed: April 7 minutes

Preliminary outline for grant proposal

*(both attached)*

LWVMN 4/9/76

Financing State Government Committee Minutes 4/7/76

Present: Anderson, Bloyer, Buffington, Hasbargen, Mantis, McGuire

Poll results have been received from 48 of the 68 Local Leagues. They will be tabulated individually and then recorded on large sheet in a manner that may enable us to draw evident conclusions. Will be ready by next meeting.

Meeting schedule: Monday, April 26, 1 p.m. at the home of Judy McGuire, 4048 Zenith Ave. S., Minneapolis -- to re-gather writing assignments.

Wed., May 5, 9:30 a.m., State Office, regular committee meeting; work on poll and complete 1st draft of booklets.

Publications discussion:

General Tone - determined by sentence length, vocabulary, etc. We want to be as clear as possible; use shorter words, simple sentences, use active rather than passive voice.

Frame of reference - stick to 3rd person, "they/Minnesotans" in order to sound as objective as possible.

Discussed individual parts of publications to be completed and revised by April 26.

Financing State Government Committee - Karen Anderson  
Preliminary Outline for Grant Proposal(s)

I. Statement of Problem -- need for projects

It is apparent through recent issues being raised by public and private sectors that there is great concern over the level of taxation in MN and the level of services provided by state and local governments. Each group toward which a specific tax is directed is voicing concern over what they see as an unfair burden; a multitude of special interest groups are demanding increased governmental services and spending in their particular area of interest. Behind the conflict there appears to be a lack of information on the multi-tax ~~system~~ structure used in MN to generate revenue, on the processes involved in distributing the revenue to the various levels of ~~the~~ government in order for them to provide services and on the amounts needed to provide services at each governmental level.

After conducting a poll on citizens knowledge of and attitude toward financing government, we have found that there is confusion about the total picture of government finance in MN. (More poll information available soon) Pressures on government decision-makers tend to be based on immediate needs and narrow issues, and resultant decisions often disregard long-range, broad-based implications.

The LWV has held public meetings in various parts of the state in the past year attempting to inform people about the tax structure in MN, but we feel that much more needs to be done in informing the public on the total picture of financing government in MN

II. LWV Public Education Project on Financing Government in MN

A. Four Publications

1. Fall '76 Taxation Primer *(like Oct. 1 or sooner)*
  - 4 pages (8 sides, similar to MN Voter format)
  - Trends in taxation; Evaluating taxes; Glossary on Governmental finances
  - 2. *split* Basic Tax ~~System~~ Structure in MN (same Fall Date)
  - 6 pages (12 sides)
  - Specific taxes in state: rationale for, description of, evaluation of.
  - Brief comparison with other states.
  - Concentration on the effects on people in the state
3. Spring '77 Revenue Distribution Primer (4 page)
  - Trends in MN, methods of distribution among governmental levels, effects of inflation of gov't costs, effects on people in the state.
4. Spring '77 Services provided by state and local (in general) gov't in MN. Rationale for, description of, expenditures for specific services; brief comparison with other states; effects on, attitudes of people in the state.

*complete outlines attached*

B. Fall '76 - Travelling Resource Team

five, one-day presentations throughout state by team of 5 experts in field of governmental finance. Each paid for travelling and time. Co-sponsored with county, city, educational gov't..

Issues to be covered:

- philosophic tax issues, multi-tax system, evaluation methods, trends.
- Mn's tax structure
- philosophic view of services, trends, etc.
- specifics in MN services
- increasing taxation and increasing demand for services
- including evaluation techniques (either written or workshop format feedback)

*would scratch this if in conflict with total LWV outlook*

C. Spring '77 - Media Presentation

Live plus animated plus illustrated video-tape on effects of taxation and spending in the state and the effects on people and programs. Trends and implications.

1 hour public TV in those areas having it; local programming on network TV in other areas.

Would need to hire intern or other expert to direct this, coordinated by LWV committee. Evaluation --- call-in responses?

Newspaper fill-in response?

III. Why the LWV?

- A. no axe to grind; have direct experience with broad issues in both taxation and spending; background of cooperation with all levels of government (to draw audience and support for presentations).
- B. Less expensive, much work on project provided by volunteer committee, workers.
- C. Quality - we have a reputation to uphold and a record of quality projects.

IV. Budget - no wild guesses at this point

## Financing State Government - Tentative Publications Outlines

### Program Charge from Convention:

- A study of the source and distribution of state revenue.
- A study of the effect of shifting tax burdens.
- Evaluation of the most equitable and effective method of funding services to all levels of government.

Focus of the study is upon issues and policies concerning revenue and revenue distribution and their effects on people and programs in the state.

Publication Goal: concentrate on readability through: specific examples of effects of taxes on people; appropriate charts/graphs

Two publications for Oct. 1, 1976:

BASIC TAX PRIMER

PRESENT MN TAX STRUCTURE

### BASIC TAX PRIMER

#### I. Trends

History since 1930's - how ~~present~~ structure has changed, how present structure has emerged.

Pie charts for 10-yr intermals

#### II. Criteria for judging taxes

explained in terms of how taxes effect people

#### III. Definitions/Glossary

Will include basic terms dealing with expenditures as well as taxes

### PRESENT MN TAX STRUCTURE

A Description of the present MN Tax Structure add its effects on people.

#### I. Introduction

#### II. Revenue Sources

##### A. Income Tax (Individual Income Tax, with sentence on Corporate Excise Tax

##### 1. Rationale

##### 2. Description - sub-outline to be used in describing each revenue source

- a. how much it collects
- b. who collects it
- c. to whom it is distributed
- d. on what it is collected
- e. apply selected criteria - the effects on people



p. 2 Outline for Property Tax

## II. B. Property Tax

### 1. Rationale

### 2. Description

- a.
- b.
- c.
- d. homestead credit  
circuit breaker  
freeze credit  
exempt property  
tax base  
home improvements
- e. mill rates  
sales ratios  
assessment practices  
assessment limits

fiscal disparities  
tax increment  
green acres  
agricultural  
industrial  
commercial

####

## C. Sales and Use Taxes

### 1. Rationale

### 2. Description

a, b, c, d, e

## D. Excise Taxes

### 1. Corporation

- a. Rationale
- b. Description
  - 1) how much it collects
  - 2) etc. 3, 4, 5

### 2. Bank excise tax

- a. Rationale
- b. Description
  - 1)
  - 2)
  - 3)
  - 4)
  - 5)

### 3. Employer's Excise Tax

### 4. Motor Vehicle Excise Tax

### 5. Motor Fuels Taxes (Gasoline and Special Fuels Excise Tax)

## II. Revenue Sources

### E. Licenses and Fees

1. Motor Vehicle License fees
  - a. Rationale
  - b. Description
    - 10 how much it collects
    - 20 etc.
2. Motor Vehicle Operator License
3. Watercraft Licenses
4. Snowmobile Registration fees
5. Boxing Exhibitions license
6. Game and Fish licenses
7. Wild Rice license

### F. Severance Taxes

1. Occupation taxes by Type of Mineral
2. Production Taxes by Type of Mineral
3. Royalty Taxes by Type of Mineral

### G. Other Taxes

#### 1. State

- |                             |                                  |
|-----------------------------|----------------------------------|
| a. withholding tax          | k. Insurance premiums            |
| b. Inheritance Tax          | l. Rural Electric Cooperatives   |
| c. Estate Tax               | m. Boxing Exhibitions            |
| d. Gift Tax                 | n. Airflight Property Tax        |
| e. Alcoholic Beverage Taxes | o. Severed Mineral Interests Tax |
| f. Tobacco Taxes            | p. Tree Growth Tax               |
| g. Mortgage Registry Tax    | q. Auxiliary Forest Tax          |
| h. Deed Transfer Tax        |                                  |
| i. Motor Vehicle Recycling  |                                  |
| j. Gross Earnings           |                                  |

#### 2. Local

- a. Local Cigarette License
- b. Sand and Gravel Occupation Tax
- c. Trust Companies Gross Earnings
- d. Utility Companies Gross Earnings
- e. Local Sales Tax

## III. Comparisons

With other states; effects on people who live in MN; do they feel they pay more (poll results?), do they actually pay more?

Can we find statistics to prove on or the other?

## IV. Conclusions

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TO: Financing State Government Committee

FROM: Karen Anderson

SUBJECT Committee meeting

DATE 4/27/76  
Wednesday, May 5, 1976, 9:30 a.m. State Office

LEAGUE OF WOMEN VOTERS OF MINNESOTA

555 WABASHA

ST. PAUL, MINNESOTA 55102

PHONE: 224-5445

Agenda: Deadline and Decision Time!

We'd like ~~to~~ all first draft publication materials ready to be turned in May 5. J. McGuire and K. Anderson will put them together in the following week and turn them over to the editor.

Review again the draft of grant proposal sent in last mailing. We'll have to make final decisions on all the projects: go or no-go and more specific dates.

Committee agreed on 4/26 to aim for May '77 consensus. Do you all agree?

Poll results are tabulated; how do you want to proceed?

Would you like a different meeting date for next fall?

Enclosed, April 26 committee minutes.

LWVWV 4/27/76

Financing State Government Committee

Minutes of meeting 4/26/76 held at Judy McGuire's

Present: Bloyer, McGuire, Hasbargen, Buffington, Anderson

Publications: all parts accounted for except property tax. Need to have all turned in at May 5 committee meeting; McGuire and Anderson will put together following week and turn over to editor.

Introduction to Primer: will deal with whole study, tell what 4 publications will do.

Introduction to Tax Structure: overview of contents

Conclusion and both introductions will be put together after other contents are put together, after May committee meeting.

Those present agreed to try for May '77 consensus. Reasoning -- won't have to hassle with re-adopting program at State Convention; won't have to re-educate new members of fall '77. This moves all deadlines up to March '77; will make final decision on this at May committee; State Board must have final dates by May 18. March publications will need outline by Oct. and first draft done Dec. 15.

Consensus: keep it simple; deal with most evident concerns.

Grant proposal - discussed potential audiences: who is "general public"? Civic and business organizations, political organizations, local government officials and staffs. Travelling resource team could possibly be gathered from outstate colleges or U Extension (cooperating with county agents would drastically reduce costs).

Request for change of meeting day next fall (instead of 1st Wed.). Will consider at May committee.