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UPDATED NUMBERS – May 22

Numbers in the fourth paragraph were inverted in the May 21 release. This is the correct version.

**Minnesota’s tax rankings hover near average
*Minnesota below average in total public-sector investment***

An analysis by the Minnesota Budget Project of Census figures released last week show Minnesota is 19th in the nation in total state and local taxes measured as a percentage of income for Fiscal Year 2006. This is down considerably from 5th place in Fiscal Year 1995.

	Minnesota’s Total State and Local Taxes Ranking, as a Percentage of Income
FY 1980	8 th
FY 1990	7 th
FY 1995	5th
FY 2000	8 th
FY 2005	19 th
FY 2006	19th

Minnesota ranks 32nd among states using a more comprehensive measure of the size of state and local government that includes all sources of funding - taxes plus all other sources of revenue, such as federal aid and tuition at public colleges and universities. This measure represents total public-sector investment in the state.

“These numbers tell us what anti-tax types don’t want you to know: Minnesota has become an average-tax state and is not making the valuable public investments in education and infrastructure that helped

produce its great quality of life,” said Dane Smith, President of Growth & Justice. “At the same time we’ve been dropping in overall public investment, our taxes are becoming less fair and our economy is under-performing the nation for the first time in decades.”

“Our state is falling behind in investments that are important for the state’s economic future,” said Nan Madden, director of the Minnesota Budget Project, an initiative of the Minnesota Council of Nonprofits. In 2006, Minnesota ranked 34th in the nation in state and local total education spending and 19th in state and local highway spending.

The best way to make comparisons between states is to use measures based on percentage of income, rather than per capita. Per capita rankings do not recognize that states with high incomes, such as Minnesota, tend to have higher labor costs. Per capita rankings also do not take into account the fact that states have different average incomes. For example, a \$500 tax is a bigger slice of the household budget for a family making \$30,000 than for a family making \$60,000. (The comparisons in this analysis include the District of Columbia.)

For additional information, go to the U.S. Census Bureau, *State and Local Government Finances: 2005-06*, is available at www.census.gov/govs/www/estimate.html.

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The Minnesota Budget Project, an initiative of the Minnesota Council of Nonprofits, provides independent research, analysis and advocacy on budget and tax issues emphasizing their impact on low- and moderate-income Minnesotans. The Minnesota Council of Nonprofits (MCN) is the statewide association of nearly 2,000 nonprofit organizations. Through its Web site, resource publications, workshops and events, cost-saving programs and advocacy, MCN continually works to inform, promote, connect and strengthen individual nonprofits and the nonprofit sector. (www.mncn.org)

Growth & Justice is a progressive voice on state economic issues. A non-partisan advocate for fair taxation and smart public investment that advances prosperity for all Minnesotans, Growth & Justice believes a sustainable economy provides the foundation for a just society. For more information about Growth & Justice go to www.growthandjustice.org.

Selected Tax Rankings for FY 2006. Additional analysis available from the Minnesota Budget Project.					
All rankings are calculated as a percentage of personal income					
	Total State and Local Taxes	Total Revenue (1)	Individual Income Tax (2)	Federal Revenue	Corporate Income Tax (3)
Alabama	48	25	36	13	34
Alaska	3	1	NA	3	1
Arizona	38	38	40	25	24
Arkansas	22	17	26	12	21
California	14	27	6	33	6
Colorado	47	46	33	48	44
Connecticut	20	50	11	49	36
Delaware	25	18	12	36	7
District of Columbia	5	4	4	4	9
Florida	41	37	NA	41	35
Georgia	36	39	20	35	39
Hawaii	7	16	10	30	38
Idaho	34	26	18	24	23
Illinois	27	43	39	44	17
Indiana	17	13	31	38	16

Iowa	33	24	28	23	41
Kansas	23	33	27	39	32
Kentucky	24	22	14	16	5
Louisiana	6	3	34	5	27
Maine	4	9	13	9	25
Maryland	29	48	3	45	37
Massachusetts	37	45	7	43	10
Michigan	32	30	38	31	13
Minnesota	19	32	8	42	14
Mississippi	30	6	41	2	30
Missouri	45	40	29	26	47
Montana	35	12	21	7	15
Nebraska	15	20	25	29	26
Nevada	40	47	NA	50	50
New Hampshire	51	51	43	46	4
New Jersey	10	42	22	47	11
New Mexico	9	5	37	6	8
New York	2	8	1	18	2
North Carolina	28	28	9	22	22
North Dakota	18	11	42	11	12
Ohio	16	21	5	20	40
Oklahoma	43	31	32	19	43
Oregon	39	23	2	27	31
Pennsylvania	26	34	19	32	20
Rhode Island	11	19	24	14	28
South Carolina	44	14	35	17	46
South Dakota	50	36	NA	15	45
Tennessee	49	41	44	28	18
Texas	46	44	NA	34	49
Utah	21	15	16	21	19
Vermont	8	10	30	10	33
Virginia	42	49	17	51	42
Washington	31	35	NA	40	48
West Virginia	13	7	23	8	3
Wisconsin	12	29	15	37	29
Wyoming	1	2	NA	1	50

(1) Total revenue includes federal government revenue and own-source general revenue — which together make up general revenue — combined with utility, liquor store, and insurance trust fund revenue.

(2) Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming have no income tax.

(3) Nevada and Wyoming have no corporate tax.

Sources: U.S. Census and Bureau of Economic Analysis