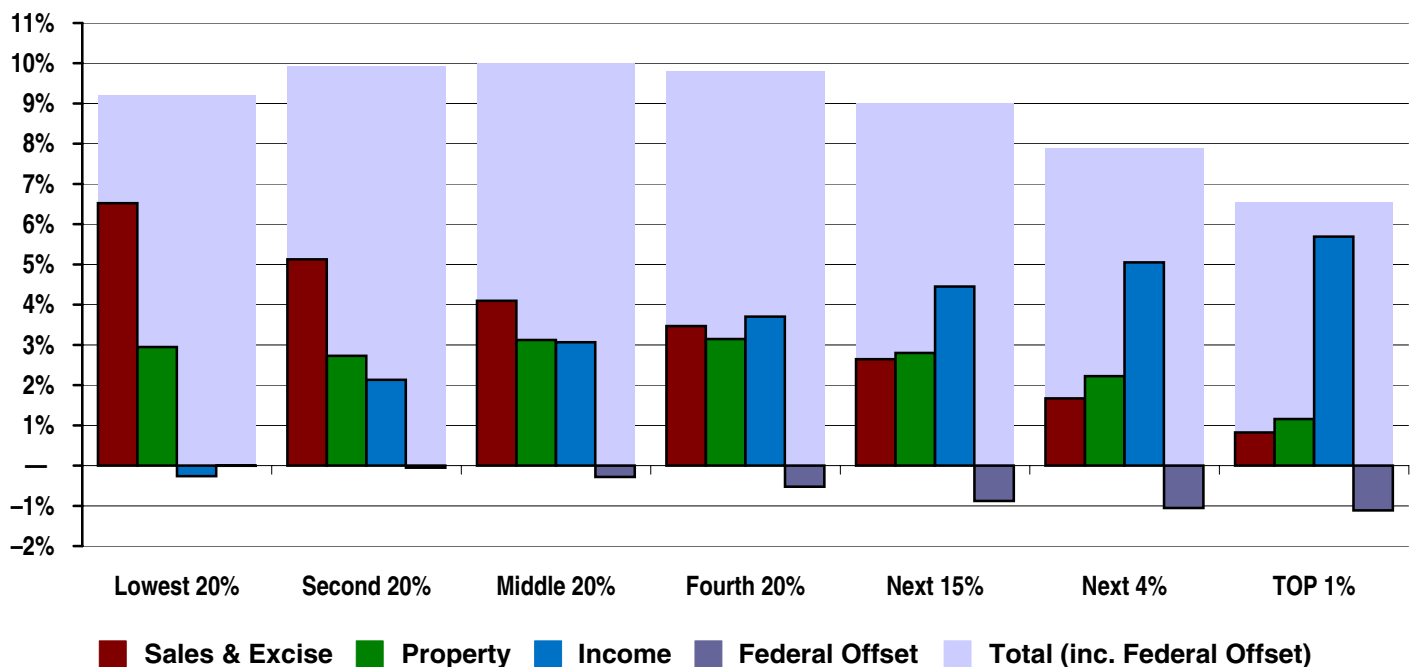


Minnesota

State & Local Taxes in 2007

Shares of family income for non-elderly taxpayers



Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$23,000	\$23,000 – \$40,000	\$40,000 – \$62,000	\$62,000 – \$96,000	\$96,000 – \$191,000	\$191,000 – \$480,000	\$480,000 or more
Average Income in Group	\$12,100	\$30,900	\$51,400	\$78,000	\$126,100	\$285,700	\$1,607,700
Sales & Excise Taxes	6.5%	5.1%	4.1%	3.5%	2.6%	1.7%	0.8%
General Sales—Individuals	2.8%	2.4%	2.1%	1.9%	1.5%	0.9%	0.5%
Other Sales & Excise—Ind.	1.4%	0.9%	0.6%	0.5%	0.3%	0.2%	0.1%
Sales & Excise on Business	2.3%	1.8%	1.4%	1.1%	0.8%	0.5%	0.3%
Property Taxes	2.9%	2.7%	3.1%	3.1%	2.8%	2.2%	1.2%
Property Taxes on Families	2.7%	2.5%	2.9%	2.9%	2.5%	1.8%	0.4%
Other Property Taxes	0.2%	0.3%	0.3%	0.3%	0.3%	0.4%	0.8%
Income Taxes	-0.3%	2.1%	3.1%	3.7%	4.4%	5.1%	5.7%
Personal Income Tax	-0.3%	2.1%	3.0%	3.7%	4.4%	4.9%	5.4%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.3%
TOTAL TAXES	9.2%	10.0%	10.3%	10.3%	9.9%	8.9%	7.7%
Federal Deduction Offset	-0.0%	-0.1%	-0.3%	-0.5%	-0.9%	-1.1%	-1.1%
TOTAL AFTER OFFSET	9.2%	9.9%	10.0%	9.8%	9.0%	7.9%	6.6%

Note: Table shows 2007 tax law updated to reflect permanent changes in law enacted through October 2009.

Minnesota

State & Local Taxes

Features, Developments, and Comparisons

Progressive Features

- ✓ Income tax uses a graduated rate structure
- ✓ Income tax brackets, standard deduction, and exemptions are indexed to inflation
- ✓ Provides a refundable property tax credit and a refundable working families tax credit
- ✓ Provides a property tax "circuit breaker" credit for low-income taxpayers
- ✓ Requires the use of combined reporting

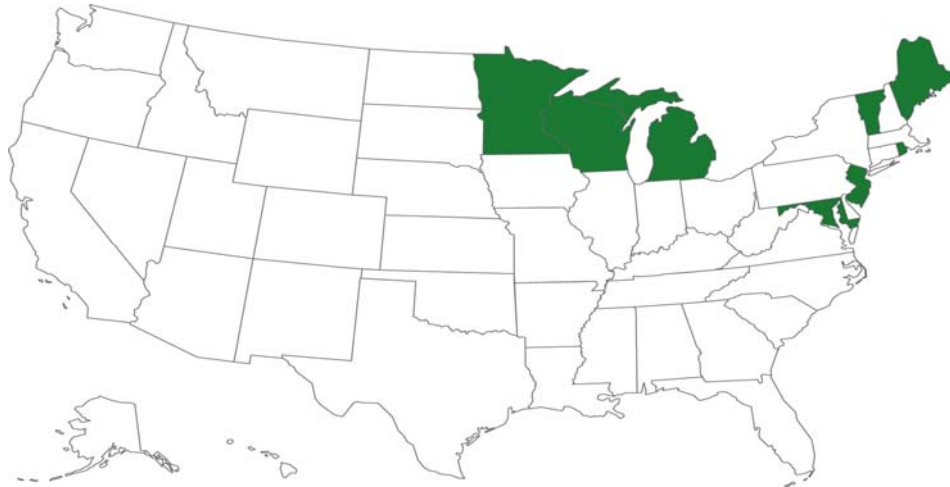
Regressive Features

- ✗ Comparatively high state sales tax rate

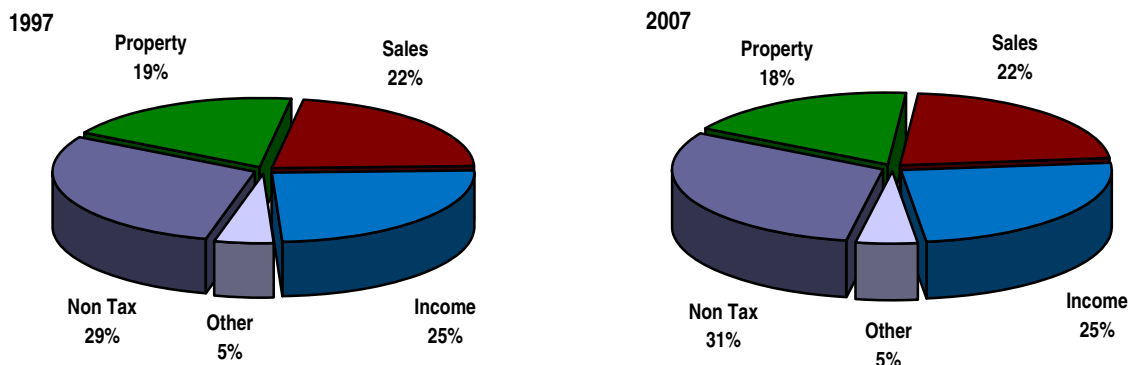
Recent Developments

- ▲ Increased cigarette and gas taxes
- ▲ Created a refundable income tax credit for low-income families to mitigate impact of gas tax increase

States with Notable Property Tax "Circuit Breaker" Credits



Change in the Composition of Revenue



Source: U.S. Census Bureau, Government Finances