

March 5, 2024

To Representative Gomez
From Sean Williams, Legislative Analyst
Subject Growth in income components, 2019 to 2022

Executive Summary

You requested additional data on the relative rates of growth of different kinds of income in recent years. In table 1 below, I present estimates of the growth in selected income sources from tax year 2019 to 2022, based on the Department of Revenue's sample of income tax returns for those tax years. These are the most recent years currently available, as the 2023 filing season is underway.

From tax year 2019 to tax year 2022, among resident returns.

- **Wages** grew approximately 15.5%.
- **Capital gains** grew approximately 6.6% and **taxable dividends** grew approximately 7.8%.
- **Pass-through income** to partnerships and S corporations grew 39.9%, while pass-through income to sole proprietorships and single-member LLCs grew 11.6%.
- **Retirement income** grew at various rates; pensions and annuities grew 12.2%, IRA distributions grew 31%, and taxable Social Security benefits grew 25.3%.
- **Unemployment income** spiked in 2020 and reverted to prepandemic trends in 2022, in total growing by 18.9% from 2019 to 2022.

Table 1 below describes these results in detail.

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Table 1: Growth in Selected Income Categories, Resident Returns, Tax Year 2019 to 2022

Income Type	Total Income, Resident Returns				Percent Change			
	TY 2019	TY 2020	TY 2021	TY 2022	2019 to 2020	2020 to 2021	2021 to 2022	2019 to 2022
Wages	152,868,628,423	155,102,748,186	164,687,307,750	176,529,175,599	1.5%	6.2%	7.2%	15.5%
Capital Gains	11,618,525,468	14,274,137,884	28,037,790,920	12,384,159,761	22.9%	96.4%	-55.8%	6.6%
Pass-throughs (S corps, Partnerships)	13,305,271,655	14,785,533,606	18,576,725,365	18,609,104,992	11.4%	25.6%	0.2%	39.9%
Pensions and Annuities	12,635,436,617	12,801,562,976	13,434,138,952	14,179,382,924	1.3%	4.9%	5.5%	12.2%
Taxable IRA Distributions	6,914,985,788	5,948,520,825	8,284,506,761	9,059,822,852	-14.0%	39.3%	9.4%	31.0%
Taxable Social Security	7,345,972,690	7,280,736,771	8,279,514,788	9,204,487,697	-0.9%	13.7%	11.2%	25.3%
Pass-throughs (Sole Proprietorship/Single-member LLC)	5,647,336,045	5,649,387,732	5,922,732,964	6,299,813,304	0.0%	4.8%	6.4%	11.6%
Taxable Dividends	5,149,624,324	4,787,558,168	5,819,443,625	5,552,698,233	-7.0%	21.6%	-4.6%	7.8%
Unemployment Compensation	543,536,482	7,505,213,024	3,918,535,628	646,146,446	1280.8%	-47.8%	-83.5%	18.9%
Rents, Royalties, Trusts, Farm Rents	1,848,604,794	2,089,126,456	2,181,066,531	2,606,209,373	13.0%	4.4%	19.5%	41.0%
Interest	2,195,709,051	1,843,920,644	1,563,507,629	1,672,678,010	-16.0%	-15.2%	7.0%	-23.8%
Other (NOLs, Tax Refunds, Alimony, Other Gains, Farm Income, Other Income)	-595,756,429	-3,768,847,641	742,130,373	2,441,411,525	-532.6%	119.7%	229.0%	509.8%

Source: Minnesota Department of Revenue income tax samples, tax year 2019 to 2022. Data for 2022 is preliminary.