MN HOUSE RESEARCH

Major State Aids and Taxes: A Comparative Analysis

2022 Update

About this Publication

A comparative analysis of the major state aids and taxes in Minnesota.

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July 2026

Contents

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MN HOUSE RESEARCH

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Overview

This report presents a comparative analysis of the major state aids and taxes in Minnesota. It is a reference document and is *not intended* to be a complete list of all the aids and credits paid by the state and all the taxes collected by the state. The report contains data on:

- **Major State Aids** including education aid, human services aid, highway aid, local government aid (LGA), disparity reduction aid (DRA), county program aid, community corrections funding, property tax refunds, and targeting refunds.
- **Property Tax Data** including the market value agricultural credit, school building bond credit, miscellaneous property tax credits, property tax levies by type of taxing district, and property valuation data.
- **Major State Taxes** including individual income tax, sales/use tax, motor vehicle sales tax, motor vehicle registration tax, motor fuels tax, corporate franchise (income) tax, and state general levy.

Some of the content that was included in earlier versions of the report has been moved to an interactive online tool. These changes are outlined below. This year's report is divided into two major sections:

Section 1 discusses the state aids, property tax data, and state taxes and gives the assumptions and caveats for using the report. It contains current and historical data using graphs, and tables in both total dollars and on a per capita basis.

Section 2 presents statewide summary data. The section contains the summary data for the most recent available year on the statewide totals and compares the metro and the nonmetro economic development regions to each other.

Throughout the report, dollar values are rounded to the nearest whole dollar, unless otherwise noted. Percentage values are rounded to the nearest one-tenth of 1 percent (0.1 percent). As a result, rounded values may not exactly sum to 100 percent.

Online Data and Interactive Tools

Beginning with the 2019 update (containing data for 2016), summary and regional data formerly found in the report have been moved to an interactive online tool.[1] The interactive tool has the capacity to produce the same tables and maps used in earlier versions of the report, along with additional maps and graphs. The paper version of the report still contains

[1] www.house.mn.gov/hrd/msa.aspx

current and historical data for each major state aid/credit and tax, but the maps associated with each have also been moved to the online tool.

Effects of the COVID-19 Pandemic on Major State Aids and Taxes

The COVID-19 pandemic began in 2020 and resulted in significant changes to the state economy and a large public sector response to the pandemic, including the federal American Rescue Plan Act (ARPA) enacted in 2021. As a result, the data presented in this report may reflect the effects of the pandemic on the state and local government fiscal relationship, the economic effects of the pandemic, and federal aid to the state and local governments to respond to the pandemic. The data captured in the report do not tell a single picture, and it is difficult to disentangle the effects of the pandemic, the effects of federal fiscal aid to the state, and state policy changes enacted by the Minnesota Legislature.

Reader Note: This publication has been published in various forms for many years. Previous versions are available on the House Research website.

2022 Aids and Taxes

The total taxes presented in this report **are not the total of all taxes collected by the state**.[2] The total state net tax receipts were about $30.0 billion in fiscal year 2021 and $33.9 billion in fiscal year 2022.[3] Furthermore, the taxes presented in this report are not for a specific time period but rather are the latest available data and/or the next data in sequence to the 2021 Update report (published February 2025). Therefore, the $27.2 billion total taxes listed in this report (residents and nonresidents) is about 85.1 percent of the total taxes actually collected over that period.[4] In terms of revenue generated in fiscal year 2022, the most significant taxes not included in the report are tobacco taxes, gross earnings taxes, other excise taxes, the provider tax, and estate taxes.

The taxes presented in this report are the latest available data and/or the next data in sequence to the previous report. In some cases, a tax may be collected across multiple fiscal years. For example, income taxes for tax year 2021 were partially paid through withholding and estimated payments in calendar year 2021, and final payments during calendar year 2022. As a result, income taxes for tax year 2021 are collected in fiscal years 2021, 2022, and 2023. To address these issues, the report includes data for a given tax that most closely matches fiscal year 2022.

Statewide

The state aids and credits listed in this report total about $22.3 billion, an increase of 7.1 percent from the previous year. The totals of the seven major taxes listed in this report equal $26.2 billion paid by residents and an additional $0.9 billion paid by nonresidents (for a total tax amount of $27.2 billion), an increase of 16.7 percent from the previous year.

Local property tax levies in the report total about $11.0 billion, an increase of 4.0 percent from the previous year. Property tax refunds increased about 3.7 percent, to about $781 million, over the same time period.

Metro/Nonmetro

The state aids and credits for the seven-county metro area total about $12.2 billion, an increase of 7.3 percent from the previous year. The major taxes for the metro area equal about $17.1 billion, an increase of about 16.5 percent from the previous year.

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[2] Taxes not contained in the report include estate, mortgage registry and deed, insurance gross premiums, the health care provider tax (MinnesotaCare tax), mineral, cigarette and tobacco products, lawful gambling, and alcoholic beverages. The collections from some of these taxes are dedicated for specific purposes, and amounts are not available by county.

[3] Minnesota Management and Budget. Consolidated Fund Statement, February 2023 forecast, https://mn.gov/mmb-stat/documents/budget/operating-budget/forecast/feb-2023/feb23-cfs.pdf.

[4] About $63.85 billion in taxes were collected in FY 2021 and 2022. Those fiscal years each include half of calendar year 2022, which is the timeframe used for most tax collections in this report. The average collections per year over that period were about $31.93 billion, and the report includes $27.2 billion in total taxes.

Local property tax levies in the metro area total about $6.7 billion, an increase of 3.8 percent from the previous year. Property tax refunds paid in the metro area total about $508 million, a decrease of about 2.9 percent over the same time period.

The state aids and credits contained in this report for the nonmetro area of the state total about $10.1 billion, an increase of 6.8 percent from the previous year. The major taxes for the nonmetro area equal about $9.1 billion, an increase of about 14.8 percent from the previous year.

Local property tax levies in the nonmetro area of the state total about $4.3 billion, an increase of 4.2 percent for the previous year. Property tax refunds paid in the nonmetro area total about $273 million, an increase of 5.2 percent over the same time period.

2022 Aids and Taxes

(Amounts shown in $ billions)

	Total Aids and Credits	Total Taxes
Metro	$12.2	$17.1
Nonmetro	$10.1	$9.1
Statewide Total		
Residents Only	$22.3	$26.2
Nonresidents Included	$22.3	$27.2

Five-Year Trends

Amounts shown in the statewide table include taxes paid by residents and nonresidents. The amounts paid each year by out-of-state taxpayers have not been allocated to any county. Thus, the annual amounts in the metro/nonmetro table will not total to the annual amounts in the statewide table.

Statewide
(Amounts shown in $ billions)

	2018	2019	2020	2021	2022	5-Year Change
Total Aids and Credits	$18.7	$18.9	$19.9	$20.9	$22.3	$3.6 (19.6%)
Total Taxes	$21.4	$23.0	$21.6	$23.3	$27.2	$5.8 (27.1%)

Metro/Nonmetro
(Amounts shown in $ billions)

	2018	2019	2020	2021	2022	5-Year Change
Metro						
Total Aids and Credits	$10.1	$10.3	$10.9	$11.4	$12.2	$2.2 (20.8%)
Total Taxes	$13.0	$13.8	$13.7	$14.7	$17.1	$4.1 (31.5%)
Nonmetro						
Total Aids and Credits	$8.5	$8.7	$9.0	$9.5	$10.1	$1.6 (18.8%)
Total Taxes	$6.7	$7.3	$7.2	$7.9	$9.1	$2.4 (35.8%)

Long-Term Trends

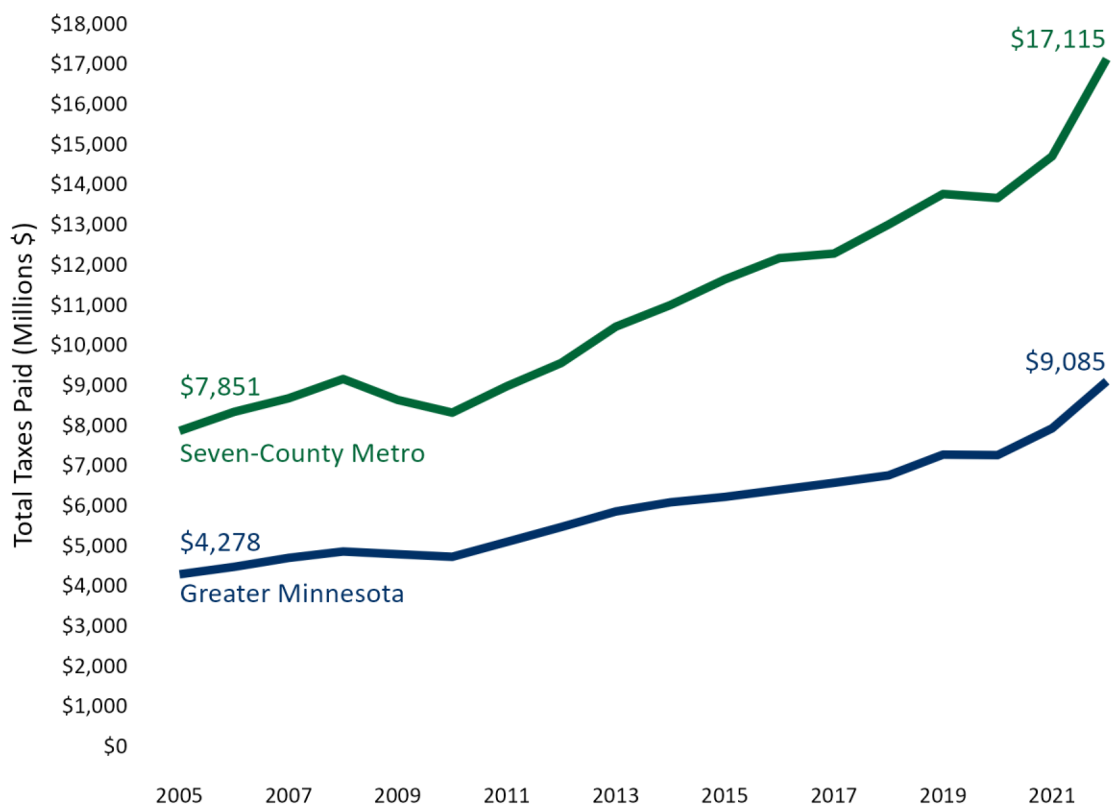
Trend in total taxes paid

Historically, the seven-county metro has paid more in taxes than greater Minnesota, both in terms of total taxes paid and per capita taxes paid. Since 2005, the relative amount of taxes paid by the metro in comparison to greater Minnesota has increased on an absolute basis but has decreased on a per capita basis.

In 2005, the seven-county metro paid about 83.5 percent more in taxes ($7.85 billion) than greater Minnesota ($4.28 billion). That ratio increased to 89.0 percent in 2022 ($17.12 billion for the metro and $9.06 billion for greater Minnesota).

Total Taxes Paid in the Seven-County Metro and Greater Minnesota, 2005 to 2022

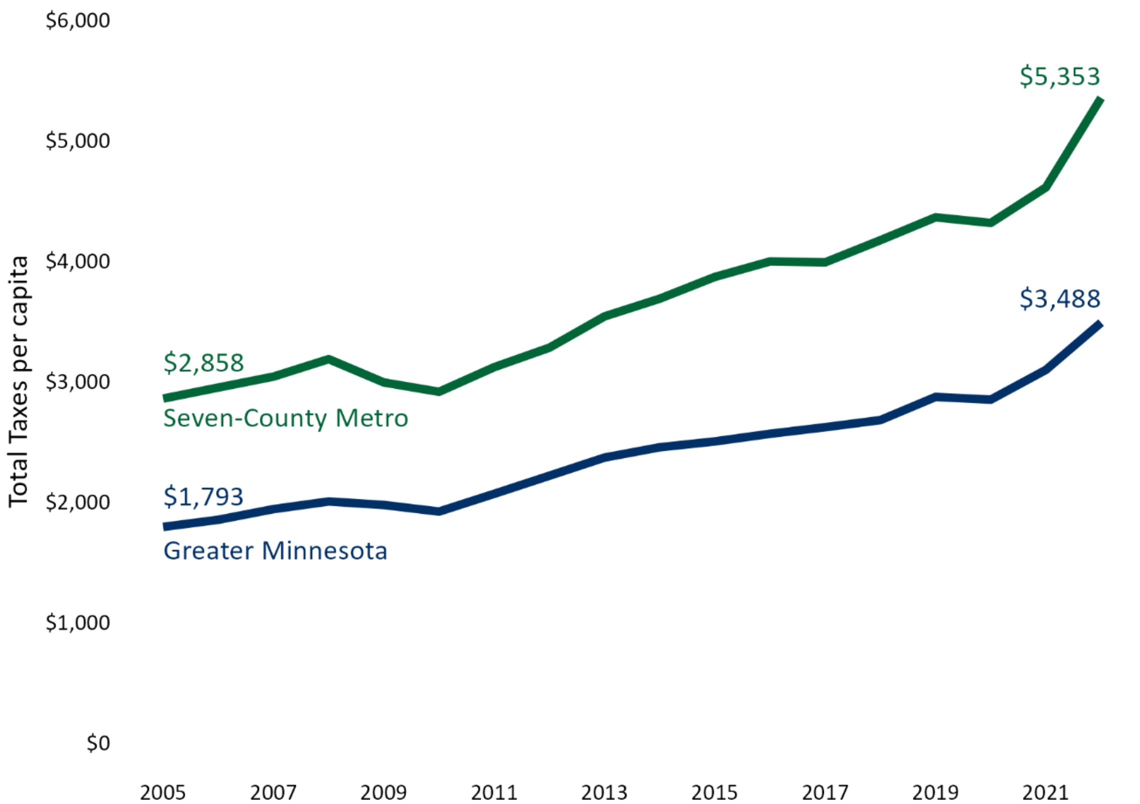
Amounts in nominal millions of dollars



House Research Department. Major State Aids and Taxes, 2022 Update.

In 2005, the seven-county metro paid about 59.3 percent more in taxes per capita ($2,858) than greater Minnesota ($1,793). That ratio decreased to 53.5 percent in 2022 ($5,353 for the metro and $3,488 for greater Minnesota).

Taxes Paid Per Capita in the Seven-County Metro and Greater Minnesota, 2005 to 2022
Amounts in nominal dollars per capita



House Research Department. Major State Aids and Taxes, 2022 Update.

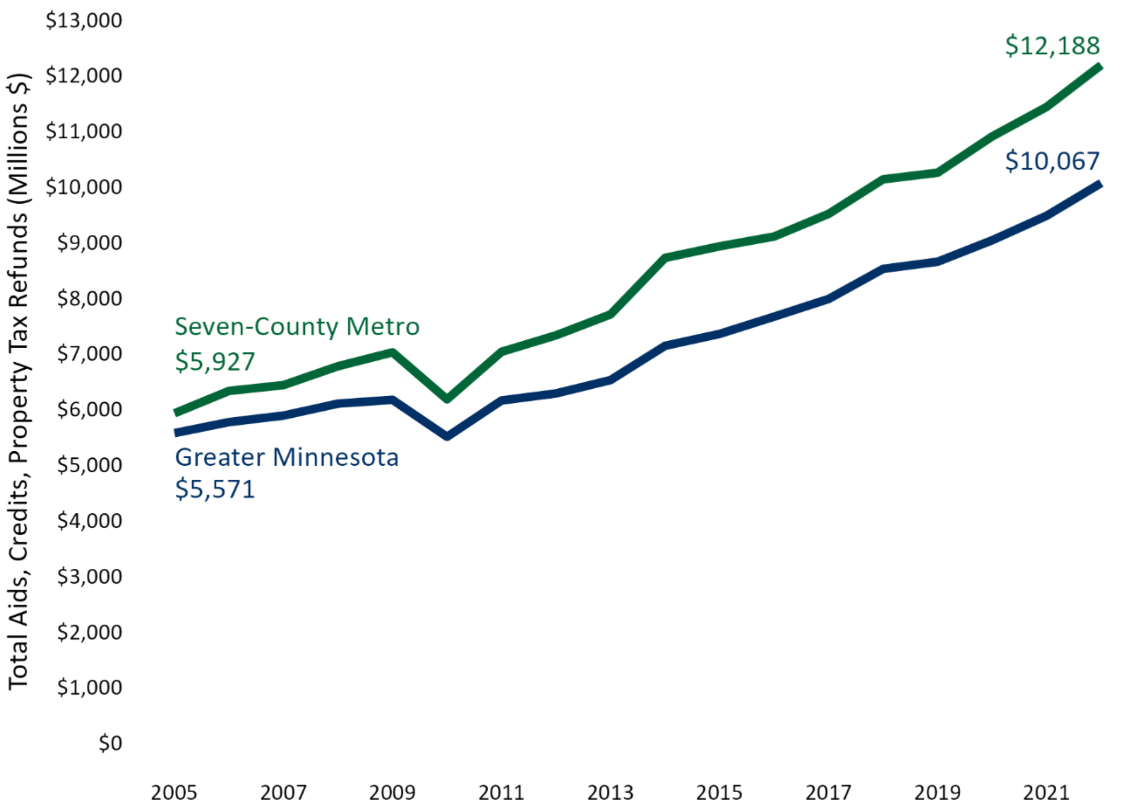
Trend in total aids, credits, and property tax refunds

Since at least 2005, the seven-county metro has historically received more in aids, credits, and property tax refunds on an absolute basis, but—with the exception of 2014—greater Minnesota has received more aids, credits, and property tax refunds on a per capita basis. The gap between the seven-county metro and greater Minnesota has grown in absolute terms but has not changed significantly on a per capita basis.

The metro received 6.3 percent more in aids, credits, and property tax refunds in 2005, but that gap grew to 20.8 percent in 2022. The growth in this gap may reflect faster population growth in the metro—which grew 16.4 percent over that period—compared to greater Minnesota, which grew only 9.2 percent.

Total Aids, Credits, and Property Tax Refunds, Metro and Greater Minnesota, 2005 to 2022

Amounts in nominal millions of dollars

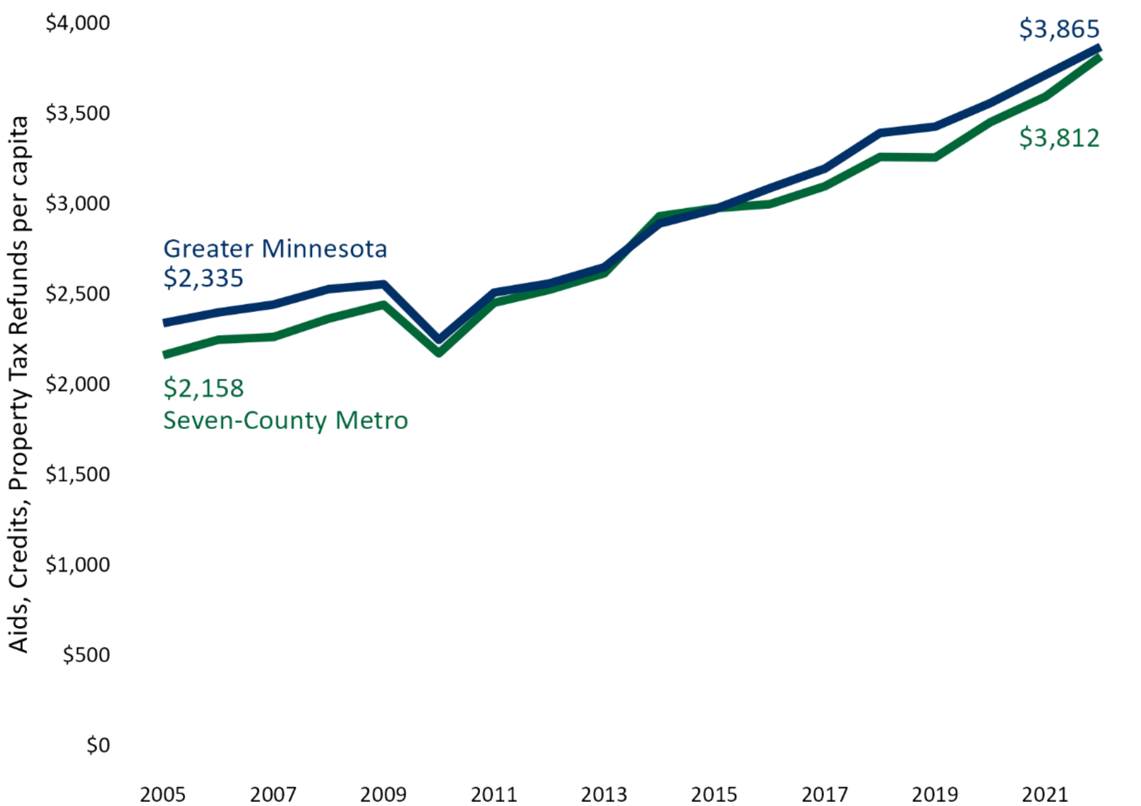


House Research Department. Major State Aids and Taxes, 2022 Update.

Greater Minnesota has historically received slightly more aids, credits, and property tax refunds per capita, but the amounts received by the metro have been similar. In 2014, the metro actually received more aids, credits, and property tax refunds per capita. In recent years, the gap between greater Minnesota and the seven-county metro has been growing, with greater Minnesota receiving about 1.4 percent more aids, credits, and property tax refunds in 2022.

Total Aids, Credits, and Property Tax Refunds, Metro and Greater Minnesota, 2005 to 2022

Amounts in nominal dollars per capita



House Research Department. Major State Aids and Taxes, 2022 Update.

Section 1: Current and Historical Data

Section 1 contains the most recent available data for the major state aids, credits, and taxes and describes the programs under the general categories in the tables of this report. The assumptions and caveats for using the report are mentioned in this section. In addition to information from the most recent year, section 1 also contains historical information. The data is for a five-year time period.

Section 1 is divided into three parts:

- Major state aids
- Property tax data
- Major state taxes

Some of the data in this section are county-level, while other tables and graphs are by Economic Development Region[5] or groupings of regions. One table and one graph use northern and southern groupings of the 80 nonmetro counties. The groupings were selected for convenience, rather than for any specific analytical purpose. The northern and southern regions are grouped as follows:

Northern Regions		**Southern Regions**	
1	Northwest	6E	Six East
2	Headwaters	6W	Upper Minnesota Valley
3	Arrowhead	7W	Central Minnesota
4	West Central	8	Southwest
5	Five	9	Nine
7E	East Central	10	Southeastern Minnesota

The seven metro counties are not included in either the northern or southern regions and are region 11.

The standard format for each aid or tax consists of three or four pages of information. The first one to two pages provide a program description of the aid or tax. Any recent law changes that affect the program and are important in analyzing the data are noted on these pages. Following the program description is a table containing the historical data for the state and its geographic areas. Lastly, there is a statewide graph containing a trend of the data in nominal dollars and in constant dollars, adjusted for inflation using the implicit price deflator for state and local government expenditures. This is the only place where amounts presented are adjusted for inflation.

[5] Department of Employment and Economic Development, Economic Development Regions, apps.deed.state.mn.us/assets/lmi/areamap/edr.shtml.

Major State Aids

Education Aid

Program Description

Education aid is the total amount of state aid paid to school districts for all K-12 educational purposes. This amount includes state aid for general education, special education, transportation, community education, capital expenditure, secondary vocational, and other miscellaneous programs. About 75 percent of the total aid (including aid to charter schools) is general education aid.

Minnesota's K-12 schools are primarily funded through state aid and local property taxes. In most years, the amount of federal aid is generally fairly small (under 6 percent of the total revenue statewide for school districts and charter schools). This document, Major State Aids and Taxes, measures state aid and local property taxes, but does not include any federal funds for schools. The federal government substantially increased funding for schools through its COVID responses. Federal funds, due to COVID relief responses, increased from 5.7 percent of total school revenue in fiscal year 2020 to 12.3 percent of total school revenue for fiscal year 2022.

Aid Amount and Reporting

2021/2022 Education Aid: $9.6 billion

The total education aid for the 2021/2022 school year was $9,595,828,307. This total includes $924,981,215 that went to the 180 charter schools that received funding in the 2021/2022 school year. The amounts received by school districts for property tax credits (i.e., agricultural market value credit, taconite homestead credit, disparity reduction credit, etc.) are not included in this amount since they are itemized elsewhere in the report.

Education aid is paid to school districts, many of which operate in more than one county. Education aid paid to school districts that operate in more than one county is apportioned to the various counties based on each county's share of total residential market value in the school district. For example, if one-fifth of the residential market value of a school district is in County A, two-fifths in County B, and the remaining two-fifths in County C, then one-fifth of the school district's education aid is apportioned to County A, two-fifths to County B, and two-fifths to County C. Aid to charter schools is reported in the county in which each school is located.

The 2021/2022 education aid total does not include the following amounts paid to entities other than school districts and charter schools:

- $143.7 million to intermediate school districts[6]
- $93.7 million to cooperative school organizations

[6] An intermediate school district is an educational cooperative authorized by statute and voluntarily created by participating school districts. Intermediate school districts offer special education services, vocational services, alternative learning programs, and administrative services for member school districts.

- $38.8 million to colleges and universities participating in the postsecondary enrollment options (PSEO) program
- $35.1 million to Head Start programs
- $19.6 million to regional libraries
- $7.1 million to nonprofits operating adult basic education
- $3.2 million to the Faribault Academies for the Deaf and Blind (does not include the separate line item state appropriation to the Faribault Academies)
- $1.6 million to four Tribal contract schools

Education aid by home county[7] by school district was obtained from the Minnesota Department of Education. For school districts with territory in more than one county, House Research allocates the state aid among the component counties.

The Past Five Years of Education Aid

The table shows the distribution of education aid in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of education aid for the same time period in nominal and constant (inflation-adjusted) dollars.

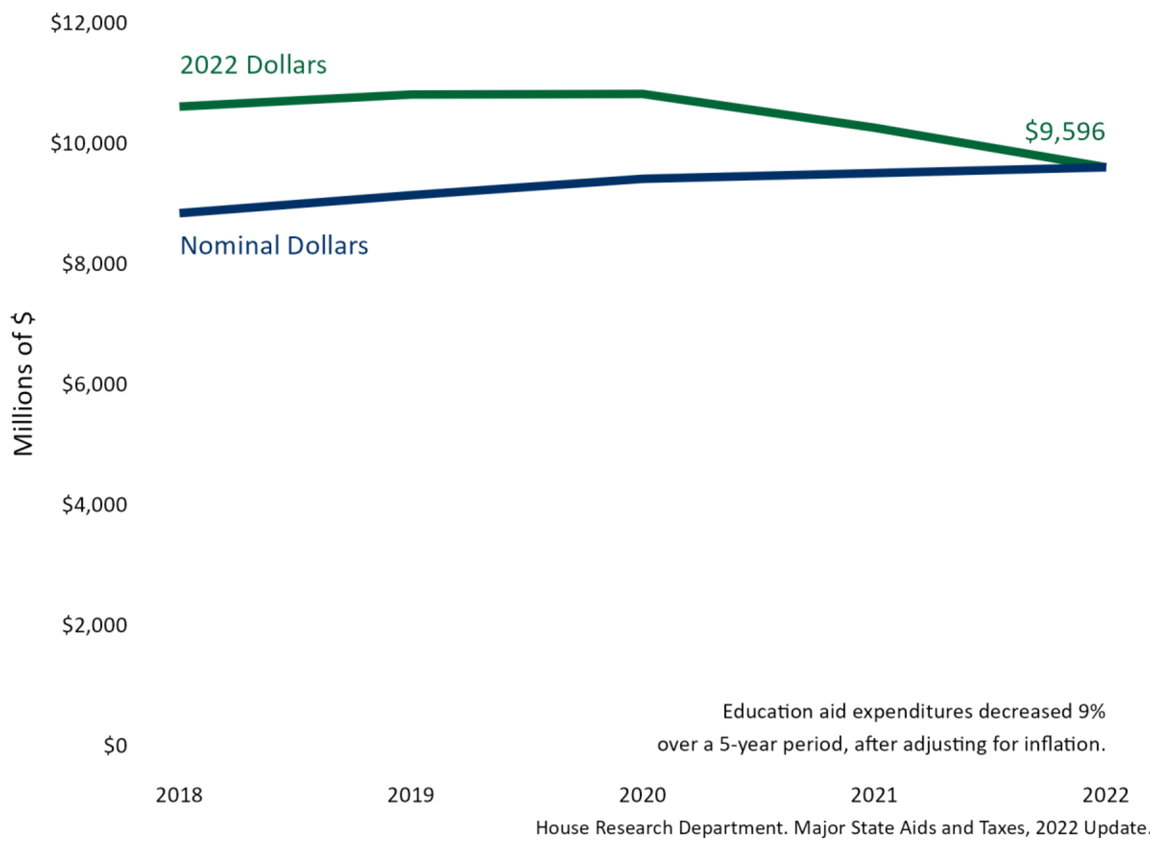
Education Aid: 2017/2018 School Year to 2021/2022 School Year
Nominal dollars, in thousands

	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	5-Yr. Chg. Aid
State	**$8,834,494**	**$9,132,370**	**$9,404,401**	**$9,499,136**	**$9,595,828**	**9%**
Northern Regions						
Northwest (1)	143,381	148,045	152,457	153,946	156,146	9
Headwaters (2)	160,312	163,878	171,108	170,795	171,892	7
Arrowhead (3)	445,109	455,374	471,746	473,689	475,546	7
West Central (4)	345,179	361,389	377,774	384,172	393,637	14
Five (5)	254,065	265,945	274,232	270,779	274,295	8
East Central (7E)	243,920	247,110	252,772	250,521	255,340	5
Southern Regions						
Six East (6E)	186,459	194,395	201,232	200,939	200,974	8
Upper MN Valley (6W)	73,157	76,476	78,975	81,977	84,001	15
Central MN (7W)	702,682	731,079	752,021	755,918	771,123	10
Southwest (8)	206,743	223,823	227,668	231,077	236,765	15
Nine (9)	321,421	337,230	350,491	353,878	360,745	12
Southeastern MN (10)	777,947	807,343	835,060	854,304	856,807	10

[7] A district's "home county" is the county in which the district's main administrative office is located.

	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	5-Yr. Chg. Aid
Total Nonmetro	**$3,860,377**	**$4,010,088**	**$4,145,537**	**$4,181,995**	**$4,237,272**	**10%**
Metro Region						
Hennepin County	1,892,019	1,943,096	1,990,393	2,013,703	2,020,151	7
Ramsey County	961,751	988,864	1,007,741	1,015,868	1,025,362	7
Remaining Metro	2,120,348	2,190,323	2,260,729	2,287,569	2,313,043	9
Total Metro	**$4,974,117**	**$5,122,283**	**$5,258,863**	**$5,317,141**	**$5,358,556**	**8%**

Statewide Education Aid, 2018-2022



Human Services Aid

Program Description

Human services aid is the total amount of state aid for human services programs, including all income maintenance and social service programs. Although the federal government and the counties contribute money to programs in varying degrees, the amounts in this report reflect only the state's share of the human services costs.

Aid Amount and Reporting

2022 Human Services Aid: $9.7 billion

The state's share of the human services expenditures for calendar year 2022 is $9,672,652,012. The table shows the dollar amount of each of the major income maintenance and social service programs, and the share of total human services funding.

Type of Program	Amount	Percent
Medical Assistance (MA)	$6,470,707,361	66.9%
Minnesota Family Investment Program (MFIP)	73,503,196	0.6%
General Assistance (GA)	48,777,198	0.5%
MinnesotaCare (MNCare)	40,668,423	0.4%
Social Services (including Community Social Services Act)	2,836,516,553	29.3%
Miscellaneous:		
Minnesota Supplemental Assistance	51,973,919	0.5%
Housing Support	147,352,368	1.5%
Supplemental Nutrition Assistance Program (SNAP)	1,899,281	0.0%
Title IV Child Support	1,413,631	0.0%
Total	**$9,672,652,012**	**100.0%**

State MFIP spending shown in this report is before offsetting any current year child support collections applied against current and prior years' MFIP payments. In calendar year 2022, MFIP spending in Minnesota totaled $360.8 million. Of this amount:

- $245.0 million was paid by the federal government;
- $58.4 million was paid by state government;
- $27.1 million was paid by county governments; and
- $30.2 million was paid in child support collections that offset state and federal payments. Half of these collections offset federal costs and half offset state costs.

State MFIP payments described in this report are the $58.4 million net amount paid by the state, plus the portion of child support that offset state payments (about $15.1 million).

The human services amounts, other than MinnesotaCare, are not available by county in five cases where the listed counties jointly provide services through a combined program:

- Des Moines Valley Health and Human Services (DVHHS)—Cottonwood and Jackson
- Human Service Board—Faribault and Martin
- Minnesota Prairie (MN Prairie)—Dodge, Steele, and Waseca
- Southwest Health and Human Services (SWHHS)—Lincoln, Lyon, Murray, Pipestone, Redwood, and Rock
- Western Prairie Human Services (WPHS)—Grant and Pope

In these five groups, human services aid is administered through a "home" county: Jackson in DVHHS, Martin in the Human Service Board, Steele in MN Prairie, Lyon in SWHHS, and Pope in WPHS. The total human services amount for DVHHS is $42.9 million, for the Human Service Board is $65.2 million, for MN Prairie is $107.5 million, for SWHHS is $125.0 million, and for WPHS is $26.9 million. An amount for these 15 counties was estimated using population, and the estimated amounts appear in the county tables on the interactive tool. Human services aid data was obtained from the Department of Human Services, Financial Management Division.

The Past Five Years of Human Services Aid

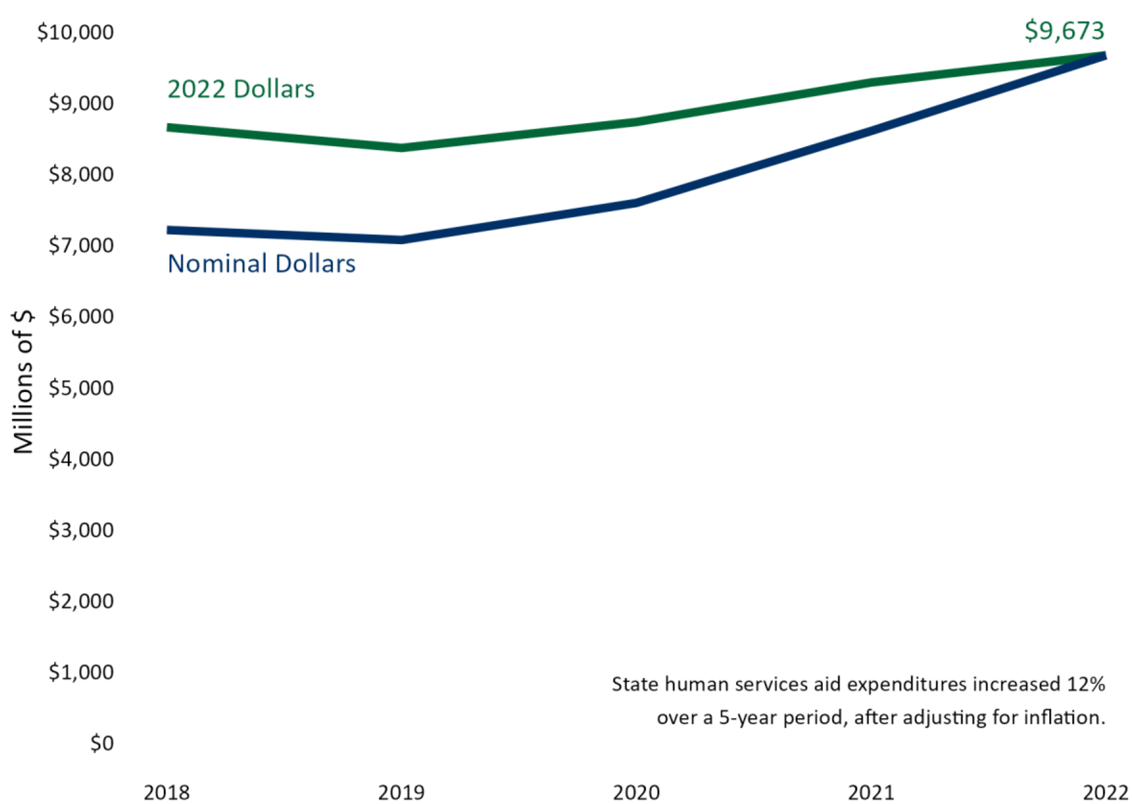
The table below shows the distribution of human services aid in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of human services aid for that same time period in nominal and constant (inflation-adjusted) dollars.

Human Services Aid: Calendar Years 2018 to 2022
Nominal dollars, in thousands

	2018	2019	2020	2021	2022	5-Yr. Chg. Aid
State	**$7,215,917**	**$7,074,955**	**$7,596,449**	**$8,608,531**	**$9,672,812**	**30%**
Northern Regions						
Northwest (1)	125,816	117,007	125,425	133,788	142,483	13
Headwaters (2)	156,041	156,851	168,325	182,954	204,690	31
Arrowhead (3)	527,345	496,196	527,531	569,535	615,302	17
West Central (4)	304,037	294,320	316,683	342,822	375,775	24
Five (5)	249,611	240,677	263,794	287,709	311,108	25
East Central (7E)	198,084	203,282	219,915	242,939	271,776	37
Southern Regions						
Six East (6E)	148,429	143,953	155,237	169,674	186,781	26
Upper MN Valley (6W)	71,331	68,745	75,090	80,252	88,661	24
Central MN (7W)	415,048	416,789	342,567	531,523	598,781	44

	2018	2019	2020	2021	2022	5-Yr. Chg. Aid
Southwest (8)	161,550	150,724	165,635	177,583	197,574	22
Nine (9)	270,234	260,681	283,433	310,656	348,432	29
Southeastern MN (10)	560,070	552,873	589,119	647,330	725,121	29
Total Nonmetro	**$3,187,598**	**$3,102,097**	**$3,232,755**	**$3,676,764**	**$4,066,484**	**28%**
Metro Region						
Hennepin County	1,902,234	1,869,218	2,045,449	2,305,383	2,628,467	38
Ramsey County	970,040	947,303	1,034,540	1,156,142	1,290,230	33
Remaining Metro	1,156,046	1,156,329	1,283,704	1,470,234	1,687,622	46
Total Metro	**$4,028,319**	**$3,972,850**	**$4,363,694**	**$4,931,759**	**$5,606,320**	**39%**

Statewide Human Services Aid, 2018-2022



House Research Department. Major State Aids and Taxes, 2022 Update.

Highway Aid

Program Description

Highway aid is the total amount of state aid distributed to counties, cities, and towns for highway purposes. The main 2022 sources of funds are: (1) the Highway User Tax Distribution (HUTD) fund, which receives money from the motor fuels tax, the motor vehicle registration tax, and part of the motor vehicle sales tax; (2) portions of states sales taxes, namely on automotive parts, vehicle rentals, and motor vehicle leases; and (3) proceeds from state bonds.

Most of the aid is distributed according to a combination of multiple constitutional and statutory formulas. The formula for the largest amount of aid is established in the Minnesota Constitution to distribute money in the HUTD fund. Under the constitution, 95 percent of the HUTD fund is distributed as follows:

- 29 percent is allocated to the County State-Aid Highway Fund for allocation by statutory formula among the counties
- 9 percent goes to the Municipal State-Aid Street Fund for formula-based aid to cities with populations over 5,000
- 62 percent goes to the Trunk Highway Fund for the state highway system

Allocation of the remaining 5 percent of the HUTD fund is determined by the legislature. Following a statutory formula, a little under half is used for town roads and town bridges. The rest goes into a flexible highway account generally used for road improvements on “turnbacks” in which trunk highways are converted to become part of local road systems.

Aid Amount and Reporting

2022 Highway Aid: $1.116 billion

The total $1.116 billion in state highway aid paid in calendar year 2022 to counties, cities (i.e., municipal), and towns is shown by category in the following table. Road and bridge bond funding amounts are the total expenditures made during 2022 (using the proceeds from state bonds that had been authorized that year or in previous years).

Type of Highway Aid	Amount	Total
County Aid		
County State-Aid Highway	$703,627,826	
County Road and Bridge Bond Funding	73,025,838	
Motor Vehicle Lease Sales Tax Aid	26,831,428	
County Aid Total		**$803,485,092**

Type of Highway Aid	Amount	Total
Municipal Aid		
Municipal State-Aid Street	$219,939,850	
Municipal Road and Bridge Bond Funding	25,670,042	
Municipal Aid Total		**$245,609,892**
Township Aid		
Town Road Account	$51,964,101	
Town Bridge Account*	14,675,342	
Town Bridge Bond Funding	0	
Township Aid Total		**$66,639,443**
Total Highway Aid		**$1,115,734,427**

* The Department of Transportation sets aside a portion of Town Bridge Account funding for flexible distribution as needed throughout the state. Amounts in this special Town Bridge Account set-aside are not always spent within the calendar year and are not included in this report.

County and municipal turnback money is not included in the state totals. This money is used to repair former state highways that have been or are being "turned back" to counties and municipalities. In 2022, the state allocated approximately $55.1 million to the county turnback account, $5 million to the municipal turnback account, and $10 million for trunk highway turnbacks (administered by Department of Transportation district offices). The amount spent on turnbacks in each county is not readily available.

In fiscal year 2022, total highway funding from state sources other than bond proceeds (and undesignated sources) amounted to just over $2.69 billion for both state and local road systems.

Highway aid data was obtained from the Department of Transportation.

Recent Law Changes

Legislative changes in recent years have included some notable modifications to highway funding and the finance structure. In particular, the 2023 Legislature enacted several changes to the highway finance structure, including to modify and increase some transportation-related taxes, impose a new retail delivery fee (which first went into effect in 2024 and is therefore not reflected in the aid amounts shown in this publication), create a regional transportation tax in the Twin Cities metropolitan area, redirect revenue from the state general sales tax attributed to automotive parts, and establish new associated accounts and allocation formulas. The 2025 Legislature further revised the allocation of general sales tax attributed to sales of automotive parts and amended surcharges imposed on electric vehicles. A few of the changes are described in later sections on the major taxes.

Among less recent notable changes, the 2017 Legislature reallocated a number of state sales tax streams to transportation purposes (instead of the general fund), including a portion of general sales tax revenue attributed from automotive parts sales, general sales tax revenue due to short-term vehicle rentals, collections from a separate vehicle rental tax, and an increased share of sales tax revenue resulting from long-term motor vehicle leases. The 2017 law also modified distribution of general sales tax revenue on motor vehicle leases.

The legislature has periodically authorized bonding for local roads and bridges. There were authorizations that totaled $238.7 million in 2017, $110.1 million in 2018, no amount in 2019, $266.7 million in 2020, no additional bonds in 2021 or 2022, $222.8 million in 2023, and no additional amount in 2024. The amounts include bond funding for local road and bridge programs, specific projects, and highway-rail grade crossing and grade separation projects. This report shows local road and bridge bonding amounts in the year the bond proceeds were expended, which are generally delayed after they were authorized. (The lag is largely because bonds are sold based on the annual cash flow needs of funded projects rather than all at once.)

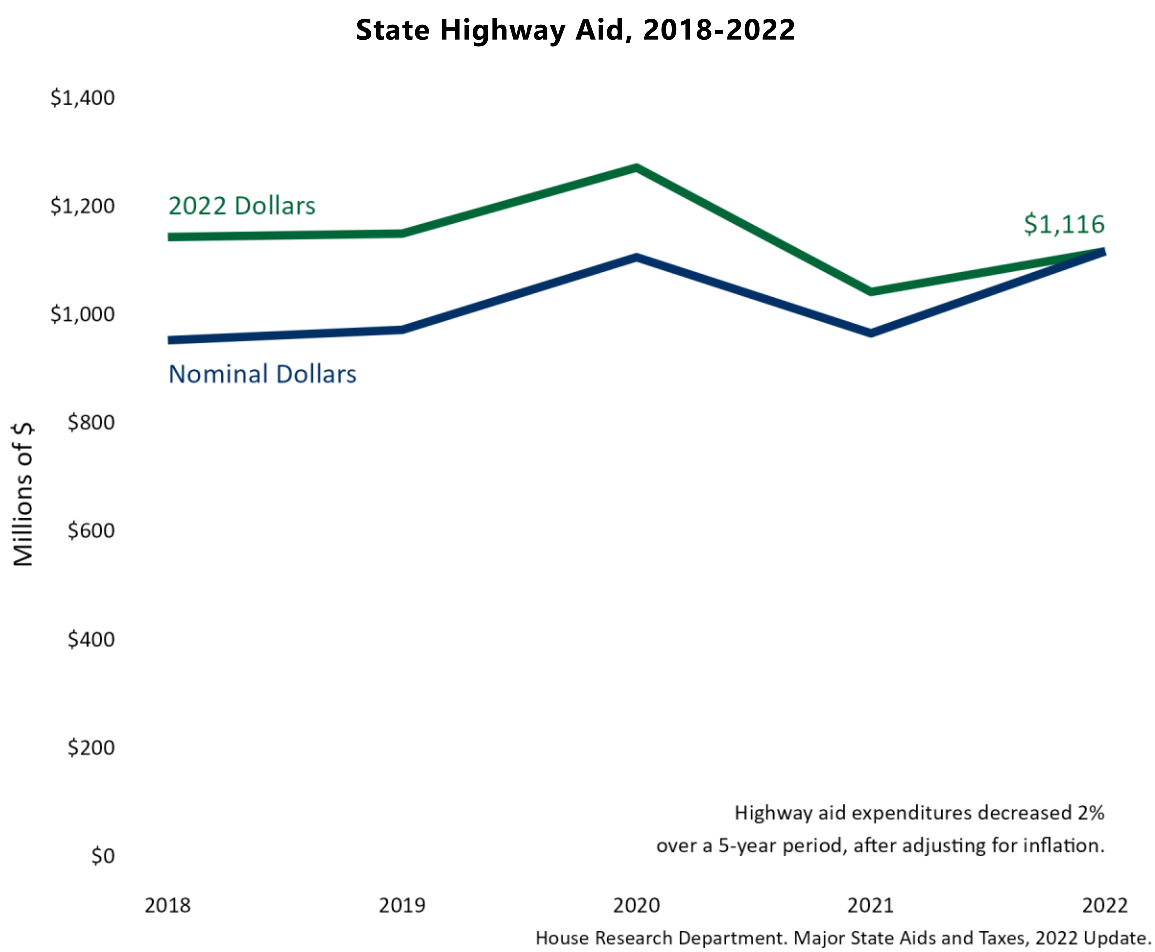
The Past Five Years of Highway Aid

The table below shows the distribution of highway aid in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of highway aid for that same time period in nominal and constant (inflation-adjusted) dollars.

Highway Aid: Calendar Years 2018 to 2022
Nominal dollars, in thousands

	2018	2019	2020	2021	2022	5-Yr. Chg. Aid
State	**$951,555**	**$970,715**	**$1,104,762**	**$964,251**	**$1,115,734**	**17%**
Northern Regions						
Northwest (1)	44,426	44,022	50,696	45,237	55,831	26
Headwaters (2)	28,304	26,636	29,826	28,083	31,912	13
Arrowhead (3)	83,712	81,803	88,380	81,060	99,087	18
West Central (4)	72,603	92,175	80,724	74,596	81,528	12
Five (5)	36,312	40,549	41,715	36,935	42,459	17
East Central (7E)	34,911	33,997	35,377	32,543	37,438	7
Southern Regions						
Six East (6E)	29,177	31,579	35,351	35,031	36,824	26
Upper MN Valley (6W)	23,726	24,209	28,925	25,419	31,065	31

	2018	2019	2020	2021	2022	5-Yr. Chg. Aid
Central MN (7W)	50,788	52,525	60,321	52,349	66,715	31
Southwest (8)	51,978	53,458	63,108	57,784	70,632	36
Nine (9)	62,286	62,345	71,207	68,074	85,079	37
Southeastern MN (10)	97,662	97,779	107,717	96,802	115,803	19
Total Nonmetro	**$615,886**	**$641,077**	**$693,345**	**$633,912**	**$754,373**	**22%**
Metro Region						
Hennepin County	111,556	109,545	148,693	124,385	129,148	16
Ramsey County	56,245	48,129	66,444	47,467	53,856	-4
Remaining Metro	167,867	171,963	196,280	158,486	178,357	6
Total Metro	**$335,668**	**$329,637**	**$411,417**	**$ 330,338**	**$361,361**	**8%**



Local Government Aid (LGA)

Local government aid (LGA) is a state program that provides property tax relief by giving general purpose financial support to cities. "Ability to pay" and "need" are the measures used in the formula. Ability to pay is the city's adjusted net tax capacity multiplied by the average city tax rate.

The legislature enacted the LGA formula used for the 2022 distribution during the 2013 session, effective beginning with aids payable in 2014. In 2023, the legislature updated the formula, but for the 2022 distribution of LGA, the formula contained three measures of need depending on a city's size:

- for small cities, with a population less than 2,500, need is based on the city size, up to a maximum per capita amount, and a sparsity adjustment for any city with a population density less than 30 per square mile;
- for medium cities, with a population of at least 2,500 but less than 10,000, need is based on (1) percent of housing built before 1940, (2) household size, (3) population decline from a city's peak population in the last 40 years, and (4) a sparsity adjustment for any city with a population density less than 30 per square mile; and
- for large cities, with a population of 10,000 or more, need is based on (1) jobs per capita, (2) age of housing stock (both housing built before 1940 and housing built between 1940 and 1970), and (3) a sparsity adjustment for cities with a population density less than 150 per square mile.

If the aid a city received in the previous year exceeds its "unmet need" (the difference between its need and its ability to pay), its aid is reduced to its unmet need. All other cities receive an amount equal to their previous year's aid plus an additional amount based on their unmet need.

Aid Amount and Reporting

2022 Local Government Aid: $564.4 million

The 2022 certified LGA total was $564.4 million.

LGA data was obtained from the Department of Revenue.

Recent Law Changes

LGA formula and appropriation changes in 2023

The city LGA formula and appropriation was changed in 2023, with the changes going into effect beginning with aids payable in 2024. The annual appropriation was increased by $80 million, and several formula factors were changed. Future versions of this report will detail the formula changes.

LGA appropriation change in 2019

The city LGA appropriation was increased by $26 million for aids payable in 2020 with an additional $4 million beginning in 2021. The aid appropriation was $564,398,012 for aids payable in 2021 through 2023. Also, for calendar year 2020 only, no city's aid amount could be less than its aid in 2019.

LGA formula and appropriation changes in 2017

Several minor changes were made to the existing city LGA program during the 2017 session, affecting aids payable in 2018 and thereafter, including:

- A formula correction to ensure that no cities' aid could be reduced below their "unmet need" amount. Although 24 cities have their aid reduced below their unmet need in calendar year 2017, no correction is made to their 2017 payments, nor is the starting point for calculating their 2018 payments adjusted to reflect the 2017 error.
- A sparsity measure was added to the medium and small cities need formula for cities with a population density less than 30 persons per square mile.
- The transition range used to move a city from the need formula for medium-size cities to the formula for large cities is expanded by 500 people, to cover the range of 10,000 to 11,000 population.
- For aids paid in calendar year 2019 only, 29.2 percent of each city's July payment was paid a month early—by June 15, 2019, to balance the state's biennial budget.
- The city LGA appropriation is permanently increased by $15 million beginning with aids payable in 2018.

The Past Five Years of Local Government Aid

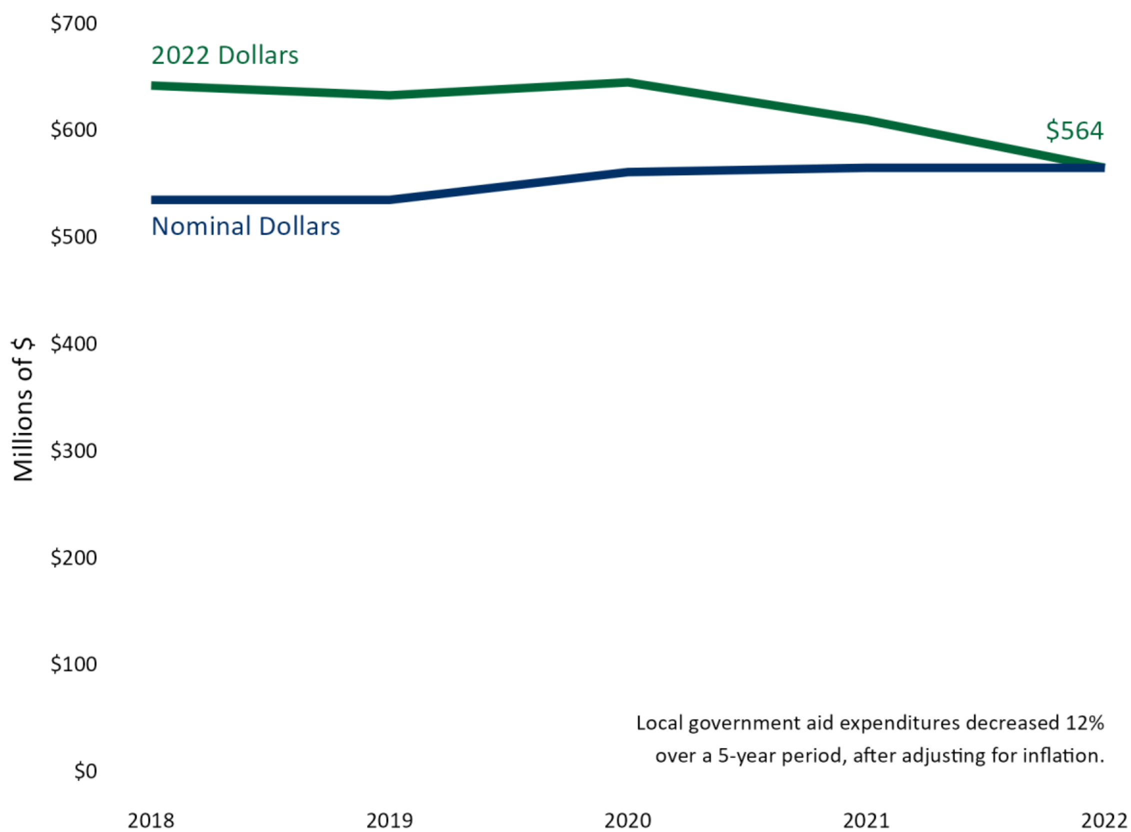
The table below shows the distribution of LGA in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of LGA for that same time period in nominal and constant (inflation-adjusted) dollars.

Local Government Aid: Calendar Years 2018 to 2022
Nominal dollars, in thousands

	2018	2019	2020	2021	2022	5-Yr. Chg. Aid
State	**$534,398**	**$534,398**	**$560,398**	**$564,398**	**$564,398**	**6%**
Northern Regions						
Northwest (1)	17,409	17,316	17,841	18,030	18,157	4
Headwaters (2)	6,234	6,244	6,563	6,750	6,852	10
Arrowhead (3)	73,070	73,145	75,861	77,229	77,950	7
West Central (4)	28,758	28,689	29,490	29,821	29,935	4
Five (5)	15,793	15,810	16,745	17,187	17,419	10

	2018	2019	2020	2021	2022	5-Yr. Chg. Aid
East Central (7E)	11,128	11,168	12,290	12,819	13,006	17
Southern Regions						
Six East (6E)	18,352	18,385	19,384	19,884	20,118	10
Upper MN Valley (6W)	10,163	10,156	10,538	10,716	10,816	6
Central MN (7W)	30,013	30,030	32,468	33,412	33,752	12
Southwest (8)	25,078	25,084	26,142	26,673	26,903	7
Nine (9)	44,704	44,776	46,695	47,635	48,140	8
Southeastern MN (10)	69,402	69,354	72,178	72,244	71,528	3
Total Nonmetro	**$350,104**	**$350,157**	**$366,196**	**$372,400**	**$374,575**	**7%**
Metro Region						
Hennepin County	92,264	92,046	95,353	91,612	90,009	-2
Ramsey County	72,369	72,503	77,028	78,431	78,874	9
Remaining Metro	19,661	19,692	21,821	21,955	20,940	7
Total Metro	**$184,294**	**$184,241**	**$194,202**	**$191,998**	**$189,823**	**3%**

Statewide Local Government Aid, 2018-2022



House Research Department. Major State Aids and Taxes, 2022 Update.

Disparity Reduction Aid (DRA)

Program Description and Aid Amount and Reporting

2022 Disparity Reduction Aid: $18.2 million

Disparity reduction aid is a state aid program that distributed $18,182,061 to counties, towns, and school districts in 2022. The aid is directed to taxing jurisdictions in areas that had inordinately high tax rates in the base year of 1988. The basis for computing the aid amount is the relationship of the area's 1988 tax rate to a benchmark tax rate of 100 percent of tax capacity. The amount paid under this program has not changed significantly in the last five years.

Disparity Reduction Aid: 2022

		Amount (thousands)	Percent of Total
Northern Region	Northwest (1)	$542	3.0%
	Headwaters (2)	205	1.1
	Arrowhead (3)	10,791	59.4
	West Central (4)	313	1.7
	Five (5)	362	2.0
	East Central (7E)	143	0.8
Southern Regions	Six East (6E)	374	2.1
	Upper MN Valley (6W)	586	3.2
	Central MN (7W)	157	0.9
	Southwest (8)	822	4.5
	Nine (9)	857	4.7
	Southeastern MN (10)	1,665	9.2
Total Nonmetro		**$16,817**	**92.5%**
Metro Region	Hennepin County	740	4.1
	Ramsey County	593	3.3
	Remaining Metro	32	0.2
Total Metro		**$1,365**	**7.5%**
State Total		**$18,182**	**100.0%**

County Program Aid

Program Description

About 45 percent of the funding for county program aid is distributed based on each county's relative shares of (1) persons receiving SNAP benefits (food benefits), (2) age-adjusted population (population weighted more heavily for the number of persons over age 65), and (3) the reported number of Group A offenses (serious crimes). The other 55 percent is distributed based on a formula that takes into account each county's population and its property wealth. This distribution encompasses some of the distribution factors from the four programs that county program aid replaced in 2004: homestead and agricultural credit aid (HACA), county criminal justice aid (CCJA), family preservation aid (FPA), and attached machinery aid (AMA).

Aid Amount and Reporting

2022 County Program Aid: $264.0 million

The total amount of county program aid certified for aids payable in 2022 was $264,012,212. This total is after subtraction of $500,000 to pay for court-ordered counsel[8] and $214,000 to pay for preparation of local impact notes.

The county program aid data was obtained from the Department of Revenue.

Recent Law Changes

In 2023, the legislature increased the aid appropriation by $80 million for aids payable in 2024 and thereafter, bringing the total appropriation in those years to $344,668,444. The legislature also adjusted the crimes measure within the CPA formula. Beginning with data reported for 2021, the FBI and Bureau of Criminal Apprehension no longer classify crimes as "Part I" or "Part II" crimes. Instead, crimes are now classified as "Group A" or "Group B" offenses. In general, Group A offenses include all the Part I crimes plus additional types of serious offenses. Group A offenses will replace Part I crimes in the CPA formula, beginning with aids payable in 2024.

In 2019, the legislature increased the aid appropriation by $26 million for aids payable in 2020 with an additional $4 million added for aids payable in 2021 through 2023.

The Past Five Years of County Program Aid

The table below shows the distribution of county program aid in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of county program aid for that same period in nominal and constant (inflation-adjusted) dollars.

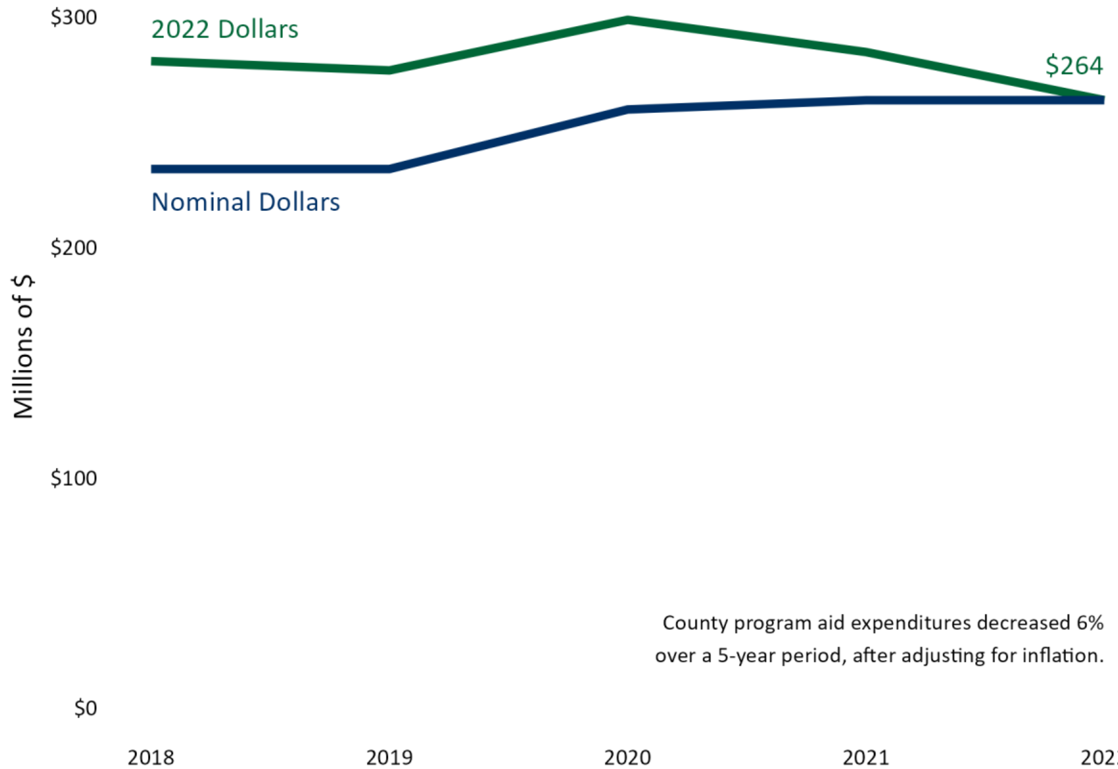
[8] $500,000 was authorized for court-ordered counsel in 2022, which was offset by $57,768 of the 2021 authorization that was unspent.

Note: A data error in the previous version of this report led to incorrect aid amounts being shown for 2020 county program aid. That error has been corrected in the following table and on the online data tool.

County Program Aid: Payable Years 2018 to 2022
Nominal dollars, in thousands

	2018	2019	2020	2021	2022	5-Yr. Chg. Aid
State	**$234,091**	**$234,091**	**$264,012**	**$263,971**	**$264,012**	**13%**
Northern Regions						
Northwest (1)	4,408	4,408	5,320	5,294	5,320	21
Headwaters (2)	8,949	8,949	9,654	9,605	9,654	8
Arrowhead (3)	19,161	19,161	22,251	21,498	22,251	16
West Central (4)	10,447	10,447	12,114	12,022	12,114	16
Five (5)	7,634	7,634	8,533	8,640	8,533	12
East Central (7E)	9,800	9,800	10,859	10,930	10,859	11
Southern Regions						
Six East (6E)	5,482	5,482	6,254	6,323	6,254	14
Upper MN Valley (6W)	2,567	2,567	2,866	2,872	2,866	12
Central MN (7W)	21,108	21,108	24,328	24,279	24,328	15
Southwest (8)	5,329	5,329	6,062	6,075	6,062	14
Nine (9)	10,086	10,086	11,657	11,606	11,657	16
Southeastern MN (10)	24,137	24,137	26,906	26,892	26,906	11
Total Nonmetro	**$129,107**	**$129,107**	**$146,803**	**$146,036**	**$146,803**	**14%**
Metro Region						
Hennepin County	32,204	32,204	35,930	35,959	35,930	12
Ramsey County	17,477	17,477	20,592	20,271	20,592	18
Remaining Metro	55,303	55,303	60,687	61,706	60,687	10
Total Metro	**$104,984**	**$104,984**	**$117,209**	**$117,935**	**$117,209**	**12%**

County Program Aid, 2018-2022



House Research Department. Major State Aids and Taxes, 2022 Update.

Community Corrections Funding

Program Description

Although counties assume much of the cost of their community correctional services, the state provides significant direct funding and in-kind services. Counties choose to receive state funding and/or services from one of three basic funding systems: the community corrections act (CCA), county probation officer (CPO), and the Department of Corrections (DOC). For 2022, the counties were funded as follows:

- Thirty-five counties were CCA counties. CCA counties are responsible for the supervision of all felony, gross misdemeanor, and juvenile probation cases within the county. This group contains a majority of the state's population, including most of the Twin Cities metropolitan area.
- Fifty-two counties were non-CCA counties. Although the DOC provides adult felony supervision to all 52 of these counties, there are two delivery systems that are generally referenced as follows:
  - "CPO" counties, which provide their own juvenile and adult misdemeanant supervision. In 2021, there were 22 counties providing supervision under this model; and
  - "DOC" counties, in which the DOC provides juvenile and adult misdemeanant supervision in addition to felony supervision. The cost of the nonfelony supervision is billed back to the counties, but no costs are billed for felony supervision.

To keep the counties on a comparable basis, the dollar amount of in-kind services provided by the DOC is included in this report, even though these counties do not receive an "aid payment" per se from the state.

Aid Amount and Reporting

2022 Community Corrections Funding: $104 million

In 2022, state funding for community corrections was $103,738,213.[9] The table below lists the calendar year 2022 statewide total amounts for the various community corrections funding programs.

Program	Amount	Percent
CCA aid	$41,615,868	40.1%
CPO reimbursement aid	4,679,135	4.5
DOC field services	32,257,333	31.1
Adult felony caseload reduction	984,407	0.9

[9] An additional $7.4 million, not included in this report, was distributed for miscellaneous categorical services.

Program	Amount	Percent
Caseload/workload reduction	13,134,778	12.7
Intensive supervision	7,176,001	6.9
Enhanced supervision of adult sex offenders	3,890,692	3.8
Total Aid and In-kind Services	**$103,738,213**	**100.0%**

The DOC distributes some adult felony reduction aid, caseload/workload reduction aid, and intensive supervision aid to regional groups of counties. These counties and the DOC regions they belong to are listed in the table below.

Region	Counties
Central Minnesota	Aitkin Crow Wing Morrison
DO	Dodge Olmsted
Tri-County	Norman Polk Red Lake
Arrowhead	Carlton Cook Koochiching Lake St. Louis
Region 6W	Chippewa Lac Qui Parle Swift Yellow Medicine
Rock/Nobles	Rock Nobles
Todd/Wadena	Todd Wadena

CCA amounts are apportioned to the individual counties within each region based on a five-year average distribution within the groups of counties of Group A offenses,[10] as reported by the Department of Public Safety.

[10] Group A offenses, formally known as Part I crimes, are the most serious crimes: murder and non-negligent homicide, rape, robbery, aggravated assault, burglary, motor vehicle theft, larceny, and arson.

The community corrections funding data was obtained from the DOC.

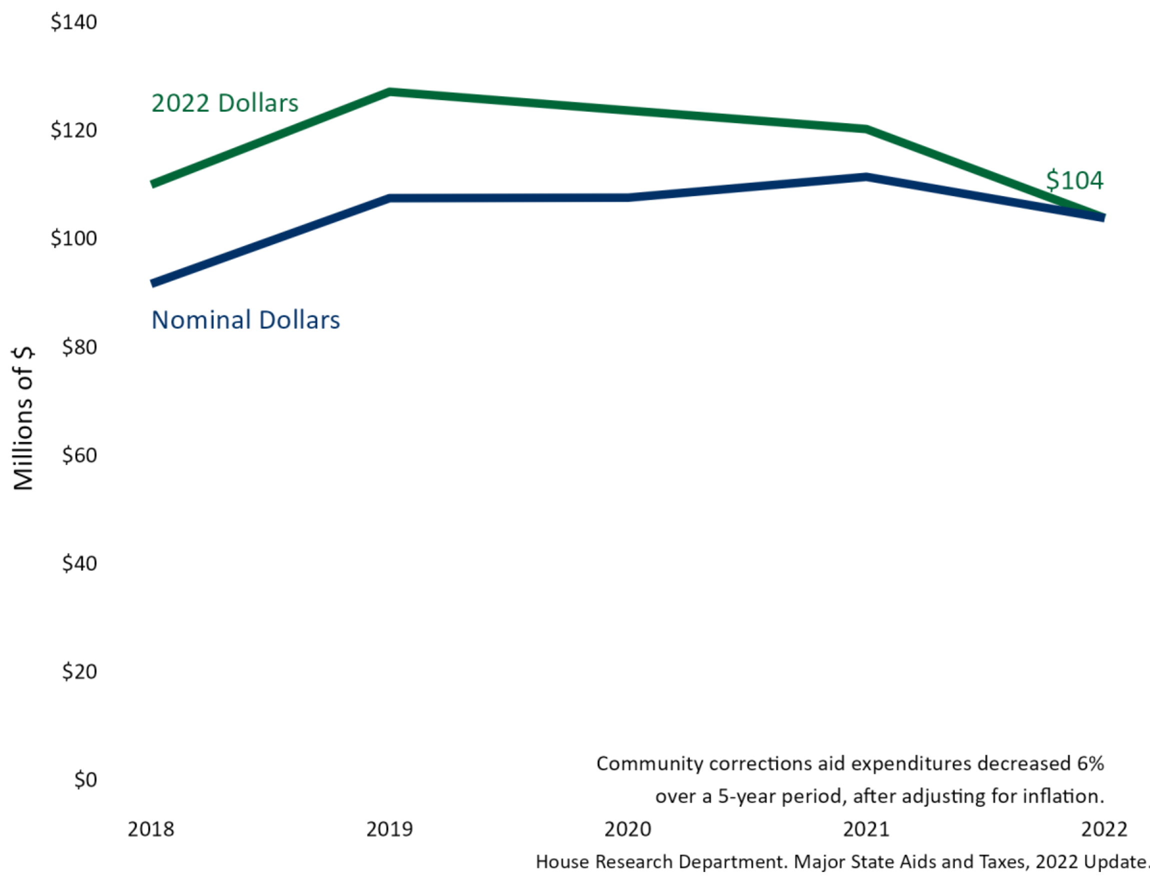
The Past Five Years of Community Corrections Funding

The table below shows the distribution of community corrections funding in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of community corrections funding for that same period in nominal and constant (inflation-adjusted) dollars.

Community Corrections Funding: Calendar Years 2018 to 2022
Nominal dollars, in thousands

	2018	2019	2020	2021	2022	5-Yr. Chg. Aid
State	**$91,580**	**$107,419**	**$107,509**	**$111,358**	**$103,738**	**13%**
Northern Regions						
Northwest (1)	1,941	2,278	2,278	3,368	2,668	37
Headwaters (2)	2,202	3,881	3,881	4,678	4,595	109
Arrowhead (3)	7,607	8,347	8,347	8,165	5,074	-33
West Central (4)	4,072	6,956	6,956	7,342	7,205	77
Five (5)	3,077	3,726	3,726	3,666	3,509	14
East Central (7E)	3,753	6,264	6,264	5,295	6,515	74
Southern Regions						
Six East (6E)	2,170	3,030	3,030	3,787	3,745	73
Upper MN Valley (6W)	811	927	927	976	594	-27
Central MN (7W)	6,422	7,957	7,918	7,553	8,932	39
Southwest (8)	2,413	3,511	3,511	4,598	4,850	101
Nine (9)	4,529	5,909	5,948	7,401	6,943	53
Southeastern MN (10)	8,378	10,007	10,097	9,931	9,635	15
Total Nonmetro	**$47,376**	**$62,795**	**$62,885**	**$66,761**	**$64,265**	**36%**
Metro Region						
Hennepin County	18,505	18,496	18,496	18,550	14,564	-21
Ramsey County	10,644	10,448	10,448	10,541	7,064	-34
Remaining Metro	15,054	15,680	15,680	15,506	17,845	19
Total Metro	**$44,204**	**$44,624**	**$44,624**	**$44,596**	**$39,473**	**-11%**

Community Corrections Funding, 2018-2022



Homestead Credit Refund - Homeowners

Program Description

The homestead credit refund, formerly called the property tax refund for homeowners, is a program in which the state partially reimburses homeowners for part of their property taxes if the taxes exceed a percentage of household income. Generally, the higher the property tax and the lower the income, the higher the refund. The legislature establishes the income and property tax thresholds, reimbursement rates, and maximum refund amounts for the program. Each qualifying homeowner must apply directly to the state for a refund.

Aid Amount and Reporting

2021 (filed 2022) Homestead Credit Refund: $558.5 million

Total homestead credit refunds for 2021 returns is $558,516,313. These returns are based on 2021 income and property taxes payable in 2022, and filed beginning in 2022.

Homeowners*	Number of Returns	Total Amount	Average Refund
Senior/Disabled	228,904	$271,881,552	$1,188
Under 65 Years	265,723	$286,634,761	$1,079
Total	494,627	$558,516,313	$1,129

* Includes claimants who are part-year homeowners and part-year renters for that year's claim.

Recent Law Changes

The 2013 Legislature renamed the program the "Homestead Credit Refund" and further expanded the program by decreasing the threshold percentages effective for refunds based on taxes payable in 2014.

The 2023 Legislature reduced co-pay percentages by 3 percentage points for all income ranges. These changes are effective for 2024 refunds filed in 2025 and are not reflected in this report.

Property tax refund data are from the Department of Revenue. The department is unable to identify the county from which a claim is filed for less than 0.14 percent of 2021 claims. This report apportions these claims to counties based on each county's share of total claims.

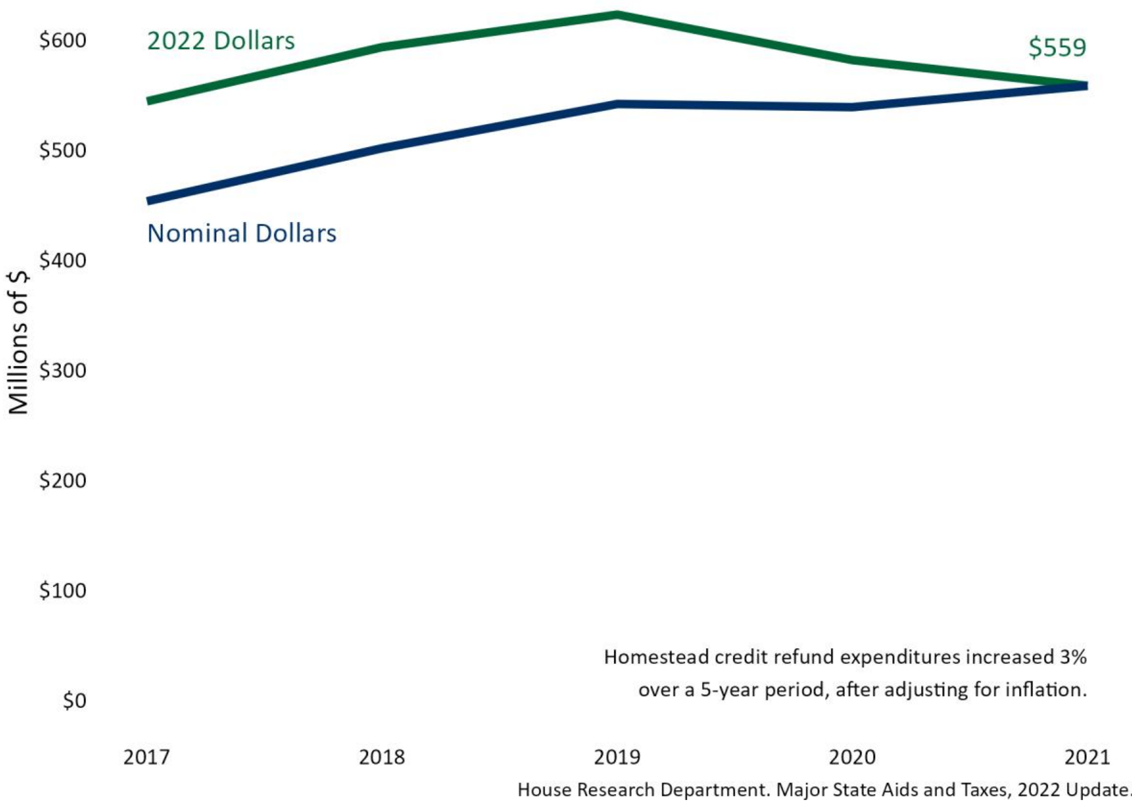
The Past Five Years of Homestead Credit Refund

The table below shows the distribution of the homestead credit refund in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of the property tax refund for homeowners for that same time period in nominal and constant (inflation-adjusted) dollars. The homestead credit refund historical data on this page excludes any targeting data.

Homestead Credit Refund: 2017 to 2021 (filed 2018 to 2022)
Nominal dollars, in thousands

	2017	2018	2019	2020	2021	5-Yr. Chg. Tax
State	**$453,598**	**$501,786**	**$541,984**	**$539,113**	**$558,516**	**23%**
Northern Regions						
Northwest (1)	2,920	3,010	3,143	3,160	3,242	11
Headwaters (2)	2,711	2,958	3,069	3,202	3,029	12
Arrowhead (3)	18,236	20,382	22,088	22,169	23,449	29
West Central (4)	11,716	12,862	14,550	14,686	14,411	23
Five (5)	8,578	9,473	10,188	10,629	10,844	26
East Central (7E)	16,500	18,248	19,817	20,764	22,271	35
Southern Regions						
Six East (6E)	6,587	7,472	8,762	9,416	9,908	50
Upper MN Valley (6W)	874	974	1,124	1,237	1,394	59
Central MN (7W)	34,203	38,591	44,109	44,688	46,671	36
Southwest (8)	2,933	3,333	3,811	3,775	3,907	33
Nine (9)	12,954	14,717	16,082	17,038	17,895	38
Southeastern MN (10)	31,999	36,590	41,326	42,367	44,725	40
Total Nonmetro	**$150,210**	**$168,610**	**$188,067**	**$193,131**	**$201,746**	**34%**
Metro Region						
Hennepin County	131,839	143,362	148,521	143,652	145,578	10
Ramsey County	49,986	56,051	62,101	61,154	65,323	31
Remaining Metro	121,564	133,763	143,295	141,177	145,869	20
Total Metro	**$303,388**	**$333,177**	**$353,917**	**$345,982**	**$356,770**	**18%**

Statewide Homestead Credit Refund, 2017-2021 (filed 2018 to 2022)



Property Tax Refund - Renters

Program Description

The property tax refund for renters, also called the “renters’ credit,” is a program in which the state partially reimburses renters for part of their qualifying property taxes if the taxes exceed a percentage of household income. Generally, the higher the property tax and the lower the income, the higher the refund. The legislature establishes the income and property tax thresholds, reimbursement rates, and maximum refund amounts for the program and sets the amount of rent deemed to represent property taxes. Each renter must apply directly to the state for a refund.

Beginning with refunds based on 2024 incomes (filed in 2025), the renter’s property tax refund will be converted to a refundable income tax credit, which will be filed as part of an individual income tax return. This change is not reflected in the data presented in this report.

Aid Amount and Reporting

2021 Filed 2022 Property Tax Refund for Renters: $216.1 million

The total property tax refunds for 2021 returns filed in 2022 for renters is $216,097,979. These returns are based on 2021 income and rent paid in 2021.

Renters	Number of Returns	Total Amount	Average Refund
Senior/Disabled	88,045	$75,828,337	$861
Under 65 Years	207,475	$140,269,642	$676
Total	295,520	$216,097,979	$731

Recent Law Changes

The 2011 Legislature reduced the percentage of rent considered property taxes from 19 percent to 17 percent, effective beginning with refunds based on rent paid in 2011. The 2013 Legislature decreased the threshold percentages for renters to be no higher than those for homeowners and increased the maximum refund for renters.

The 2023 Legislature converted the renter’s credit into a refundable income tax credit, which will be filed as part of an individual income tax return. The legislature also changed the income measure used to calculate the credit from “household income,” which included certain categories of nontaxable income, to adjusted gross income. Those changes are effective for 2024 claims filed in 2025, and are not reflected in the data in this report.

Property tax refund data are from the Department of Revenue. The department is unable to identify the county from which a claim is filed for about 1.7 percent of 2021 claims. This report apportions these claims to counties based on each county’s share of total claims.

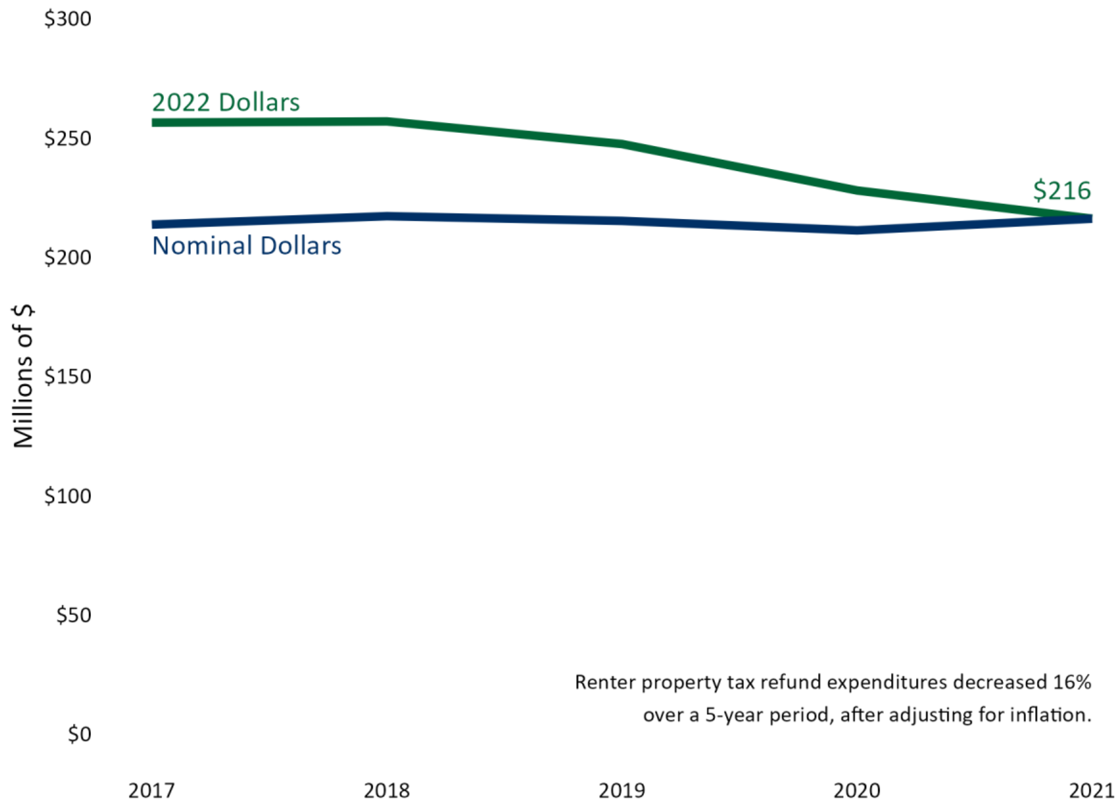
The Past Five Years of Property Tax Refund for Renters

The table below shows the distribution of the property tax refund for renters in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of the property tax refund for renters for that same time period in nominal and constant (inflation-adjusted) dollars.

Property Tax Refund for Renters: 2017 to 2021 (filed 2018 to 2022)
Nominal dollars, in thousands

	2017	2018	2019	2020	2021	5-Yr. Chg. Aid
State	**$213,622**	**$217,147**	**$215,167**	**$211,185**	**$216,098**	**1%**
Northern Regions						
Northwest (1)	1,483	1,433	1,354	1,316	1,383	-7
Headwaters (2)	1,763	1,772	1,737	1,815	1,820	3
Arrowhead (3)	9,150	9,136	8,583	8,291	8,756	-4
West Central (4)	6,127	6,218	6,036	6,140	6,436	5
Five (5)	3,982	4,073	3,846	3,856	4,069	2
East Central (7E)	3,589	3,624	3,485	3,424	3,774	5
Southern Regions						
Six East (6E)	3,215	3,271	3,198	3,167	3,249	1
Upper MN Valley (6W)	776	740	725	716	759	-2
Central MN (7W)	13,250	13,416	13,546	13,178	14,083	6
Southwest (8)	2,345	2,387	2,267	2,170	2,400	2
Nine (9)	6,262	6,284	6,209	6,100	6,636	6
Southeastern MN (10)	14,702	14,754	14,575	14,470	15,245	4
Total Nonmetro	**$66,643**	**$67,109**	**$65,564**	**$64,644**	**$68,611**	**3%**
Metro Region						
Hennepin County	68,517	70,119	70,096	67,813	67,889	-1
Ramsey County	33,953	34,660	33,892	32,911	32,628	-4
Remaining Metro	44,508	45,258	45,615	45,816	46,970	6
Total Metro	**$146,978**	**$150,037**	**$149,603**	**$146,541**	**$147,487**	**0%**

Statewide Property Tax Refund for Renters, 2017-2021 (filed 2018 to 2022)



House Research Department. Major State Aids and Taxes, 2022 Update.

Additional Homestead Credit Refund (Targeting)

Program Description

"Targeting" is an extension of the homestead credit refund program. The refund targets property tax relief to homeowners whose property tax increase over the previous year exceeds a threshold percentage set by the legislature. The homestead credit refund return (M1PR) contains a separate schedule for the targeting refund. The taxpayer files for this refund at the same time and in the same manner as for the homestead credit refund. However, unlike the homestead credit refund, all homeowners qualify for targeting regardless of their household income if the tax increase exceeds the specified percentage.

Aid Amount and Reporting

2022 Targeting Refunds: $6.4 million

For returns filed in 2022 (for property taxes payable in 2022), the state paid 60 percent of the property tax increase over 12 percent (i.e., the taxpayer had to pay the first 12 percent increase over the previous year before qualifying for a refund), provided that the increase was greater than $100. There were 60,129 returns filed in 2022 for a total amount of $6,367,329. The average refund per return was $106. (The maximum refund is $1,000.)

Targeting refund amounts can change greatly from one year to the next in any given county. Factors resulting in large fluctuations in refunds in recent years include net tax changes due to volatility in the housing market and the phaseout of limited market value.

Five counties reported fewer than four claims for targeted refunds filed in 2022 by senior/disabled claimants or by nonsenior/nondisabled claimants (Lake of the Woods, McLeod, and Red Lake). To protect taxpayer confidentiality, the Department of Revenue is unable to provide detailed counts for these counties. These refunds were included in the totals for "county undesignated."

The total for which the county is undesignated is less than 0.2 percent of all claims. This report apportions these claims to the 87 counties based on each county's share of refunds.

Recent Law Changes

The statutory percentage of 60 percent was increased to 90 percent for taxes payable in 2012 only. For refunds based on the change in tax from 2011 to 2012 only, the targeting refund equaled 90 percent of the property tax increase over 12 percent, up to the maximum refund of $1,000.

The 2023 Legislature enacted a temporary increase in the credit for refunds based on the change in tax from 2022 to 2023. Under that change, the refund was available to taxpayers whose property taxes increased by at least 6 percent, and the maximum refund was increased to $2,500. The temporary increase is not reflected in the data in this report.

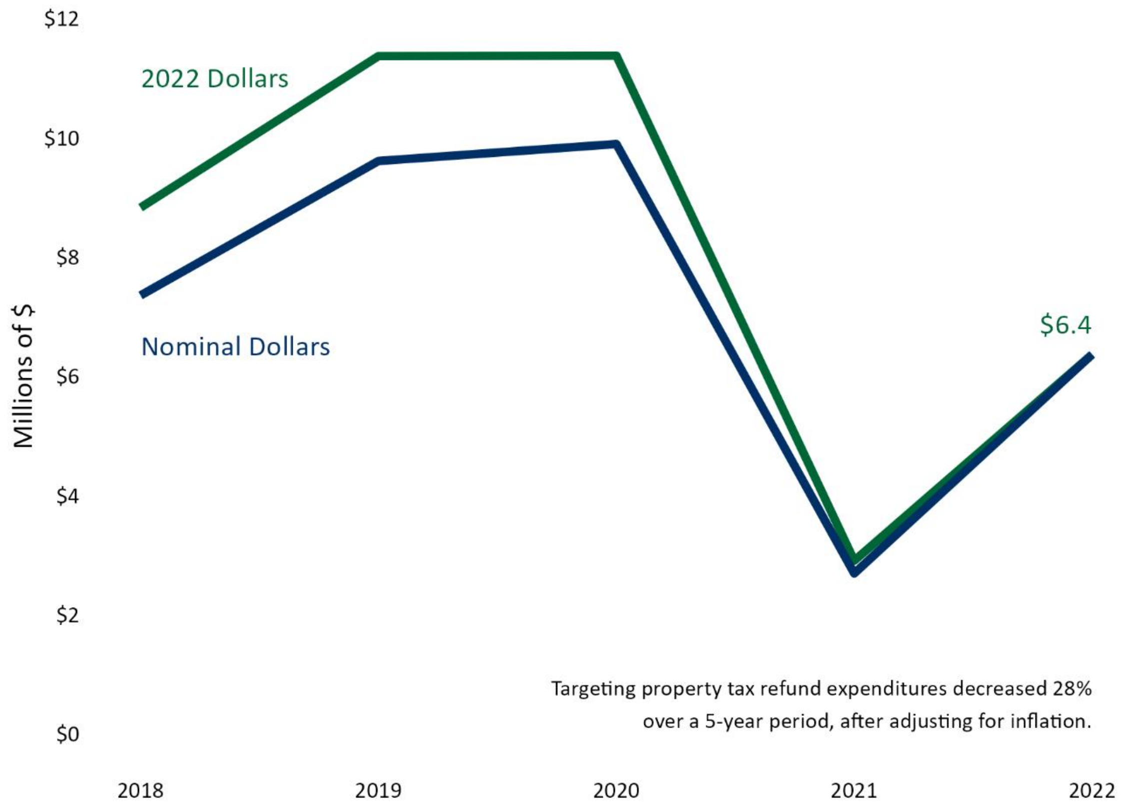
The Past Five Years of Targeting Refunds

The table below shows the distribution of targeting refunds in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of targeting refund for that same time period in nominal and constant (inflation-adjusted) dollars.

Targeting: Filed 2018 through 2022
Nominal dollars, in thousands

	Filed 2018	Filed 2019	Filed 2020	Filed 2021	Filed 2022
State	**$7,357**	**$9,611**	**$9,896**	**$2,695**	**$6,367**
Northern Regions					
Northwest (1)	43	27	27	23	31
Headwaters (2)	15	34	32	20	19
Arrowhead (3)	285	645	526	222	662
West Central (4)	168	233	253	76	149
Five (5)	105	286	212	106	246
East Central (7E)	183	376	342	325	307
Southern Regions					
Six East (6E)	97	204	567	186	177
Upper MN Valley (6W)	19	24	41	42	125
Central MN (7W)	178	505	1,084	176	248
Southwest (8)	84	180	224	70	99
Nine (9)	312	325	266	307	264
Southeastern MN (10)	442	1,297	989	374	609
Total Nonmetro	**$1,932**	**$4,138**	**$4,564**	**$1,926**	**$2,938**
Metro Region					
Hennepin County	1,966	2,193	1,132	243	1,318
Ramsey County	1,774	1,626	2,769	201	1,194
Remaining Metro	1,685	1,654	1,431	325	918
Total Metro	**$5,425**	**$5,473**	**$5,332**	**$768**	**$3,430**

Targeting Refunds, Filed 2018-2022



House Research Department. Major State Aids and Taxes, 2022 Update.

Property Tax Data

Market Value Agricultural Credit

Program Description

The market value agricultural credit was established by the 2001 Legislature, enhanced in 2002, and again in 2014.

The credit is equal to 0.3 percent of the first $115,000 of taxable market value of the property, and 0.1 percent of the market value over $115,000, to a maximum credit of $490 per agricultural homestead. The maximum credit is reached at a market value of $260,000. The credit does not apply to the value of the house, garage, and surrounding one acre of the agricultural homestead.

Payable 2022 Aid Amount: $36.4 million

For property taxes payable in 2022, the amount of the credit was $36.4 million.

Market Value Agricultural Credit: Payable 2022

		Amount (thousands)	Percent of Total
Northern Region	Northwest (1)	$2,510	6.9%
	Headwaters (2)	1,182	3.3
	Arrowhead (3)	1,113	3.2
	West Central (4)	3,894	10.7
	Five (5)	2,861	7.9
	East Central (7E)	2,262	6.2
Southern Regions	Six East (6E)	2,203	6.1
	Upper MN Valley (6W)	1,618	4.5
	Central MN (7W)	3,235	8.9
	Southwest (8)	3,553	9.8
	Nine (9)	3,918	10.8
	Southeastern MN (10)	6,123	16.8
Total Nonmetro		**$34,472**	**94.8%**
Metro Region	Hennepin County	233	0.6
	Ramsey County	1	0.0
	Remaining Metro	1,647	4.5
Total Metro		**$1,881**	**5.2%**
State Total		**$36,353**	**100.0%**

School Building Bond Agricultural Credit

Program Description

The school building bond agricultural credit was established by the 2017 Legislature, became available beginning in 2018, and was modified in 2019. The credit is available to all agricultural property, except the house, garage, and immediately surrounding one acre of land of an agricultural homestead.

The credit is equal to a percentage of the tax on an agricultural property that is attributable to school district bonded debt levies. For property taxes payable in 2018 and 2019, the credit equaled 40 percent of this amount. Changes in 2019 increased this percentage to 50 percent in 2020, 55 percent in 2021, 60 percent in 2022, and 70 percent in 2023 and thereafter.

Payable 2022 Credit Amount: $70.869 million

For taxes payable in 2022, the amount of the credit was $70.869 million.

School Building Bond Agricultural Credit: Payable 2022

		Amount (thousands)	Percent of Total
Northern Region	Northwest (1)	$3,989	5.6%
	Headwaters (2)	1,186	1.7
	Arrowhead (3)	1,776	2.5
	West Central (4)	8,145	11.5
	Five (5)	2,897	4.1
	East Central (7E)	1,866	2.6
Southern Regions	Six East (6E)	3,412	4.8
	Upper MN Valley (6W)	6,019	8.5
	Central MN (7W)	3,696	5.2
	Southwest (8)	10,457	14.8
	Nine (9)	10,298	14.5
	Southeastern MN (10)	13,323	18.8
Total Nonmetro		**$67,064**	**94.6%**
Metro Region	Hennepin County	382	0.5
	Ramsey County	26	0.0
	Remaining Metro	3,397	4.8
Total Metro		**$3,805**	**5.4%**
State Total		**$70,869**	**100.0%**

Miscellaneous Property Tax Credits

Payable 2022 Miscellaneous Credits: $32.0 million

The total of the miscellaneous property tax credits for 2022 is $32.0 million. This includes the taconite homestead credit, disparity reduction credit, power line credit, agricultural preserves credit, county conservation credit, and the disaster credits. A statewide breakdown of these miscellaneous credits is shown below.

Type of Credit	Amount
Taconite Homestead Credit	$16,715,660
Disparity Reduction Credit	13,909,877
Power Line Credit	694,944
Agricultural Preserves/County Conservation Credits	618,671
State Disaster Credit	607
Local Option Disaster Credit	12,344
Total	**$31,952,103**

The taconite homestead credit is the largest of the miscellaneous credits. Homeowners in the taconite tax relief areas, located in northern Minnesota on the Iron Range, receive a credit of either 57 percent of the net tax, capped at $289.80 per homestead, or 66 percent of the net tax, capped at $315.10 per household. The percentage of relief depends upon certain characteristics of the local jurisdiction, such as the value of the iron ore in the district, proximity to mines, etc. Most of the credit, around 85 percent, is paid from proceeds of the taconite production tax, while the remaining amount is paid from the state general fund. The portion paid from the general fund is referred to as the supplemental homestead credit. The mobile home taconite homestead credit and any adjustment amounts for prior years are not included in the amounts shown.

The disparity reduction credit provides additional property tax relief in certain cities along Minnesota's western border. The credit applies to apartments, commercial-industrial, and public utility property only. The credit is the amount by which the net tax exceeds a specified percentage of the property's market value for affected properties.

Recent Changes

In 2024, the legislature increased the maximum taconite homestead credit to $515 for all eligible homesteads. This change is not effective until property taxes payable in 2025 and will be reflected in the data included in future versions of the report.

Miscellaneous Property Tax Credits: Payable 2022

		Amount (thousands)	Percent of Total
Northern Region	Northwest (1)	$2,294	7.2%
	Headwaters (2)	10	0.0
	Arrowhead (3)	15,531	48.6
	West Central (4)	11,487	36.0
	Five (5)	1,226	3.8
	East Central (7E)	8	0.0
Southern Regions	Six East (6E)	25	0.1
	Upper MN Valley (6W)	237	0.7
	Central MN (7W)	129	0.4
	Southwest (8)	120	0.4
	Nine (9)	265	0.8
	Southeastern MN (10)	133	0.4
Total Nonmetro		**$31,465**	**98.5%**
Metro Region	Hennepin County	121	0.4
	Ramsey County	0	0
	Remaining Metro	278	0.9
Total Metro		**$487**	**1.3%**
State Total		**$31,952**	**100.0%**

A county breakdown of the taconite homestead credit is shown below.

County	Taconite Credit
Aitkin	$977,300
Cook	548,559
Crow Wing	1,220,792
Itasca	4,359,270
Koochiching	5,184
Lake	1,183,861
St. Louis	8,420,694
Total	**$16,715,660**

Property Values and Levies

Statewide Property Value: Assessment Year 2021, Taxes Payable in 2022

Market Value:	**$808.4 billion**
Market Value Exclusion:	**$24.6 billion**
Taxable Market Value:	**$783.9 billion**
Net Tax Capacity:	**$8.30 billion**
Referendum Market Value:	**$668.3 billion**

The total market value for taxes payable in 2022 is $808.4 billion; homestead market value exclusions of $24.6 billion reduced this to $783.9 billion of taxable market value.

Class rates are applied to the taxable market value, resulting in total net tax capacity of $8.30 billion. Net tax capacity is the primary tax base used for most levies.

Referendum market value is the total market value excluding the value of agricultural and seasonal-recreational property and is the tax base used almost exclusively for school district referendum levies. The total referendum market value for taxes payable in 2022 is $668.3 billion. The table shows the distribution of the two tax bases.

	Net Tax Capacity	Percent of Total	Referendum Market Value	Percent of Total
State	**$8,298,156,716**	**100%**	**$668,290,079,669**	**100%**
Northern Region				
Northwest (1)	145,756,310	1.8	5,887,549,975	0.9
Headwaters (2)	113,094,939	1.4	6,628,598,791	1.0
Arrowhead (3)	398,521,130	4.8	28,709,834,731	4.3
West Central (4)	414,063,592	5.0	21,679,635,085	3.2
Five (5)	295,026,576	3.6	16,201,267,841	2.4
East Central (7E)	188,874,809	2.3	15,449,208,565	2.3
Southern Regions				
Six East (6E)	179,898,361	2.2	9,728,326,675	1.5
Upper MN Valley (6W)	105,428,989	1.3	2,595,363,585	0.4
Central MN (7W)	543,079,426	6.5	43,972,554,878	6.6
Southwest (8)	270,908,713	3.3	8,055,936,635	1.2
Nine (9)	368,254,816	4.4	19,507,252,387	2.9

	Net Tax Capacity	Percent of Total	Referendum Market Value	Percent of Total
Southeastern MN (10)	719,948,705	8.7	50,648,360,121	7.6
Total Nonmetro	**$3,742,856,366**	**45.1%**	**$229,063,889,269**	**34.3%**
Metro Region				
Hennepin County	2,143,914,803	25.8	203,095,975,399	30.4
Ramsey County	619,068,134	7.5	62,084,379,300	9.3
Remaining Metro	1,792,317,413	21.6	174,045,835,701	26.0
Total Metro	**$4,555,300,350**	**54.9%**	**$439,226,190,400**	**65.7%**

Payable 2022 Net Property Tax Levy Before Credits: $11.8 billion

The payable 2022 net property tax levy made by each type of taxing district is shown in the following table (excluding special assessments). The table includes $9,714 million of local net tax capacity levy, $1,296 million of referendum market value levy, and $775 million of state general levy. The tables in section 2 show the net tax capacity levy and the market value levy combined by jurisdiction type. The school district referendum market value levy is $1,278 million, nearly all of the $1,296 million in total statewide market value levy. “Special taxing districts” include the Metropolitan Council, regional transit authorities, hospital districts, port authorities, watershed districts, etc.

Type of Taxing District	Payable 2022 Net Property Tax Levy (in millions)	Percent
County	**$3,599**	**30.5%**
City/Town	**$3,234**	**27.4%**
City	2,949	
Town	284	
School District	**$3,478**	**29.5%**
Miscellaneous Districts	**$700**	**5.9%**
Special Taxing Districts	448	
Tax Increment Financing	250	
Power Line	2	
State	**$775**	**6.6%**
Total, all districts	**$11,785**	**100.0%**

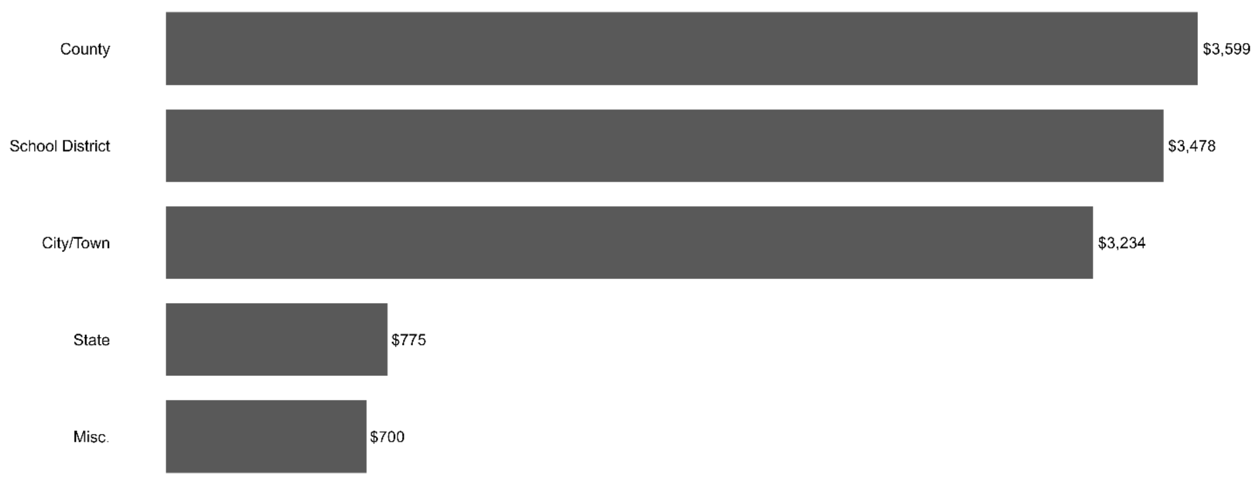
Note that in the statewide, region, and county tables (section 2 and online), the fiscal disparities levy is included in the “Miscellaneous District Levy,” while in the table above the fiscal disparities levy is included in the totals for the various jurisdiction types statewide.

Payable 2022 Net Property Taxes Payable: $11.6 billion

"Net property tax levy" is the amount levied before reductions for state-paid property tax credits. The net property tax payable, which is the amount that appears on property tax statements, is $11.6 billion, which is the total levy of $11.8 billion (shown in the chart below) minus property tax credits of $138 million.

Payable 2022 Property Tax Levies before Credits by Type of Taxing District

Statewide $11,785 million



* Miscellaneous includes special taxing districts, tax increment financing, and power line levies, but excludes the fiscal disparities distribution levy, which in this graph has been allocated to counties, cities/towns, school districts, and special districts. **(The tables later in the report show the fiscal disparities levy as part of "Miscellaneous District Levy.")**

Major State Taxes

Individual Income Tax

Program Description

Individual income tax is a tax imposed by the state upon (1) the income of Minnesota residents and (2) the income, derived from Minnesota sources, of nonresident individuals. The 2019 tax base is federal taxable income with minor modifications, including the addition of interest earned on bonds issued by non-Minnesota state and local governments, and subtractions for military pay, charitable contributions of nonitemizers, and certain dependent education expenses. Rates applied in tax year 2021 ranged from 5.35 percent to 9.85 percent. In tax year 2021, Minnesota allowed a refundable dependent care credit of up to $720 for one child and $1,440 for two or more children, a refundable credit of up to $1,000 per child for K-12 education expenses, and a working family credit based on the taxpayer's earned income. The maximum working family credit was $2,566.

Tax Amount and Reporting (tax year 2021 returns filed in 2022)

2021 Individual Income Tax: $14.9 billion

$13.9 billion from residents

The total amount of 2021 net individual income tax revenues (after significant refundable credits) was $14.854 billion; $961.1 million came from returns filed by nonresident taxpayers and $210.5 million from Minnesota resident returns for which the Department of Revenue was unable to identify the taxpayer's county of residence. The $210.5 million from Minnesota resident returns is apportioned to counties based on each county's share of tax, but the $961.1 million paid by nonresidents is not apportioned to counties. The net amount paid by Minnesota residents is $13.893 billion.

Individual income tax data was obtained from the Department of Revenue.

Recent Law Changes

Effective in tax year 2013, Minnesota added a fourth rate of 9.85 percent. The new rate applied to taxable income in excess of $250,000 for married joint filers, $150,000 for single filers, and $200,000 for head of household filers. The income brackets are adjusted annually for inflation.

The 2019 Legislature enacted a significant restructuring of the state's income tax, effective for tax year 2019. The law changed the state's income tax to make federal adjusted gross income the starting point for the state's income tax, and established a Minnesota dependent exemption, standard deduction, and itemized deductions. The law also expanded the working family credit and reduced the second-tier rate from 7.05 percent to 6.80 percent.

The 2023 Legislature significantly restructured the state's largest refundable credit, the working family credit. That credit was partially converted into a refundable child credit, which is phased out jointly with a smaller working family credit based on earned income. Those changes are effective for tax year 2023 and are not reflected in this report.

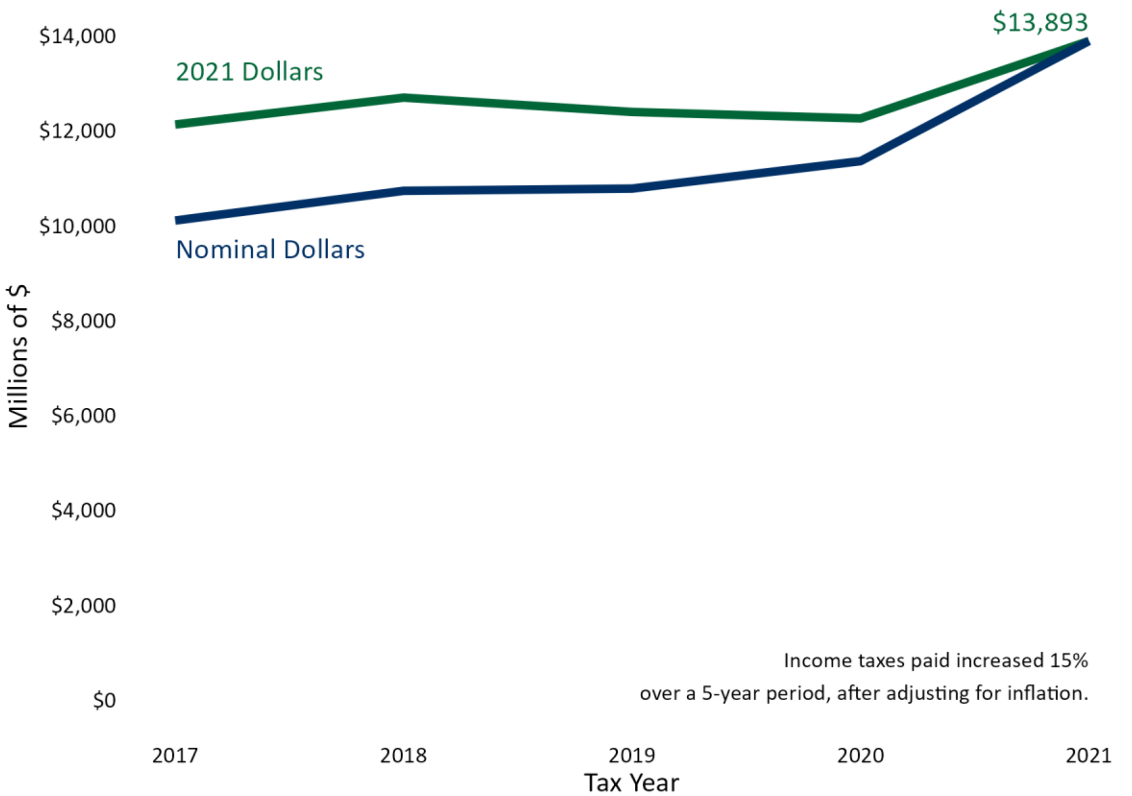
The Past Five Years of Individual Income Tax

The table below shows the distribution of individual income tax in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of individual income tax for that same period in nominal and constant (inflation-adjusted) dollars.

Individual Income Tax, Residents Only: Tax Years 2017 to 2021 (filed 2018 to 2022)
Nominal dollars, in thousands

	2017	2018	2019	2020	2021	5-Yr. Chg. Tax
State	**$10,108,769**	**$10,735,033**	**$10,782,056**	**$11,360,671**	**$13,893,034**	**37%**
Northern Regions						
Northwest (1)	119,947	147,854	122,379	119,946	181,687	51
Headwaters (2)	71,399	78,090	75,950	84,323	102,665	44
Arrowhead (3)	352,749	384,990	379,065	397,051	486,667	38
West Central (4)	268,558	286,243	300,005	320,785	373,789	39
Five (5)	163,118	179,554	182,766	202,165	263,381	61
East Central (7E)	187,628	201,644	205,219	225,316	257,989	38
Southern Regions						
Six East (6E)	140,586	156,805	157,638	162,635	199,751	42
Upper MN Valley (6W)	48,580	52,633	47,594	50,638	63,244	30
Central MN (7W)	612,215	659,829	679,116	756,192	973,658	59
Southwest (8)	119,694	132,482	126,481	137,126	168,225	41
Nine (9)	277,703	300,019	295,125	323,898	393,397	42
Southeastern MN (10)	723,019	793,128	775,499	823,070	973,819	35
Total Nonmetro	**$3,085,195**	**$3,373,272**	**$3,346,838**	**$3,603,145**	**$4,438,273**	**44%**
Metro Region						
Hennepin County	3,470,276	3,587,269	3,625,935	3,746,430	4,693,560	35
Ramsey County	868,987	919,885	923,813	959,416	1,157,304	33
Remaining Metro	2,684,311	2,854,608	2,885,470	3,051,679	3,603,897	34
Total Metro	**$7,023,574**	**$7,361,762**	**$7,435,218**	**$7,757,525**	**$9,454,761**	**35%**

Statewide Income Tax, Residents Only, Tax Years 2017-2021



House Research Department. Major State Aids and Taxes, 2022 Update.

Sales/Use Tax

Program Description

Sales tax is imposed by the state on the gross receipts on all persons who sell, lease, or rent tangible personal property, including most digital products, at retail or provide certain taxable services. The use tax complements the sales tax and is imposed at the same rate on the storage, use, or consumption in Minnesota of taxable, tangible personal property and taxable services purchased from any retailer, unless the Minnesota sales tax was already paid on these items. The state sales and use tax rate is 6.875 percent.

Major exemptions include: unprepared food, clothing, all drugs and medications for human consumption, gasoline and special fuels taxed under the motor fuels excise tax, most publications, motor vehicle purchases subject to the sales tax on motor vehicles, materials used or consumed in agricultural or industrial production, textbooks, residential heating fuels and water services, industrial capital equipment, most purchases by local governments, and a number of purchases by and sales made by a number of nonprofit organizations.

Tax Amount and Reporting

Calendar Year 2022 Sales/Use Tax: $8.098 billion
$6.459 billion from residents and in-state sellers

A total of $8.098 billion in gross state sales/use taxes was collected during calendar year 2022. Of the $8.098 billion in total sales taxes, about $1.64 billion was collected from returns filed by out-of-state vendors, resulting in $6.459 billion allocated to Minnesota. The amount collected from returns filed by out-of-state sellers is not allocated to Minnesota in this report since the taxpayer's residence and/or place of business is unknown, nor is it included in the five-year historical table later in this section. The following table shows the amount and share of taxes that were allocated to Minnesota (paid by residents and in-state sellers) and the portion not allocated to Minnesota (paid by out-of-state sellers) over the last ten years.

Sales/Use Taxes (in thousands, after capital equipment refund)

	Allocated to Minnesota		Not Allocated to Minnesota		
Year	**Amount**	**Percent**	**Amount**	**Percent**	**Total**
2012	4,192,302	83.7	815,555	16.3	5,007,858
2013	4,381,851	83.5	865,535	16.5	5,247,386
2014	4,510,068	83.0	926,466	17.0	5,436,534
2015	4,559,522	82.1	993,282	17.9	5,552,804
2016	4,679,952	82.9	963,560	17.1	5,642,952
2017	4,879,360	83.1	992,800	16.9	5,872,159
2018	5,156,859	83.1	1,046,375	16.9	6,203,233
2019	5,278,965	80.5	1,279,736	19.5	6,558,702
2020	5,114,601	79.7	1,301,509	20.3	6,416,109
2021	5,915,265	79.7	1,509,402	20.3	7,424,667
2022	6,459,062	79.8	1,639,180	20.2	8,098,242

Most of the amount not allocated to Minnesota is a tax on sales made by out-of-state businesses to Minnesota residents, which are reported on a single non-Minnesota return. The amount not allocated to Minnesota has gradually increased from about 14 percent in the mid-1990s to 20 percent in recent years.

The sales tax amounts contained in this report exclude any local sales taxes that cities and counties impose. Local sales taxes are used primarily to support specific capital projects.[11] Because sales tax is reported in the county where the seller is located, higher amounts tend to be reported in counties with a regional center (e.g., Twin Cities, Duluth, Rochester, etc.).

Sales/use tax data were obtained from the Department of Revenue.

Recent Law Changes

The tax rate was 3.0 percent when enacted in 1967 and has risen gradually over time. The most recent increase, from 6.5 percent to 6.875 percent, is a temporary increase imposed from July 1, 2009, to June 30, 2034. The extra revenue from this temporary rate increase is constitutionally dedicated to fund outdoor heritage, clean water, parks and trails, and arts and cultural heritage.

[11] More detail on local sales taxes, including a list of localities that currently impose local sales taxes, is available in the House Research publication *Local Sales Taxes in Minnesota*, October 2019, www.house.mn.gov/hrd/pubs/localsal.pdf.

The legislature often modifies the goods and services included in the sales tax base. The most significant changes in recent years are:

- exempting most local government purchases by towns (2011), cities and counties (2013), and special taxing districts (2013);
- imposing the tax on most digital products (2013);
- switching the capital equipment exemption from a refundable exemption to an upfront exemption (2015);
- exempting construction materials for construction of fire and police stations, including their related facilities, owned by a local government (2021); and
- exempting firearm storage units (2023).

This version of the report contains data through 2022. Future versions of the report will contain data related to the 2023 changes.

Sales Taxes and Future Increased Collections by Out-of-State Sellers

For a number of years Minnesota has had a statutory provision requiring out-of-state sellers with an economic presence in the state (i.e., making a certain minimum number of sales into the state) to collect and remit Minnesota sales tax *to the extent allowed under the U.S. constitution and federal law*. In 2017 the legislature extended this duty to collect Minnesota sales taxes to Internet marketplace providers.

This statute was not enforced because the U.S. Supreme Court, in a number of cases culminating in *Quill Corp. v. North Dakota* (1992), found it unconstitutional to require a seller without a physical presence in a state to collect its tax. In 2018 in *South Dakota v. Wayfair* the U.S. Supreme Court overturned that finding and upheld a state's ability to require sales tax collection based on "economic presence" under certain circumstances. Minnesota began requiring out-of-state sellers and Internet marketplace providers that meet the economic presence standard to collect state sales tax on October 1, 2018. This change has greatly increased the percent of total sales tax remittances that are not allocated to a state, county, or region.

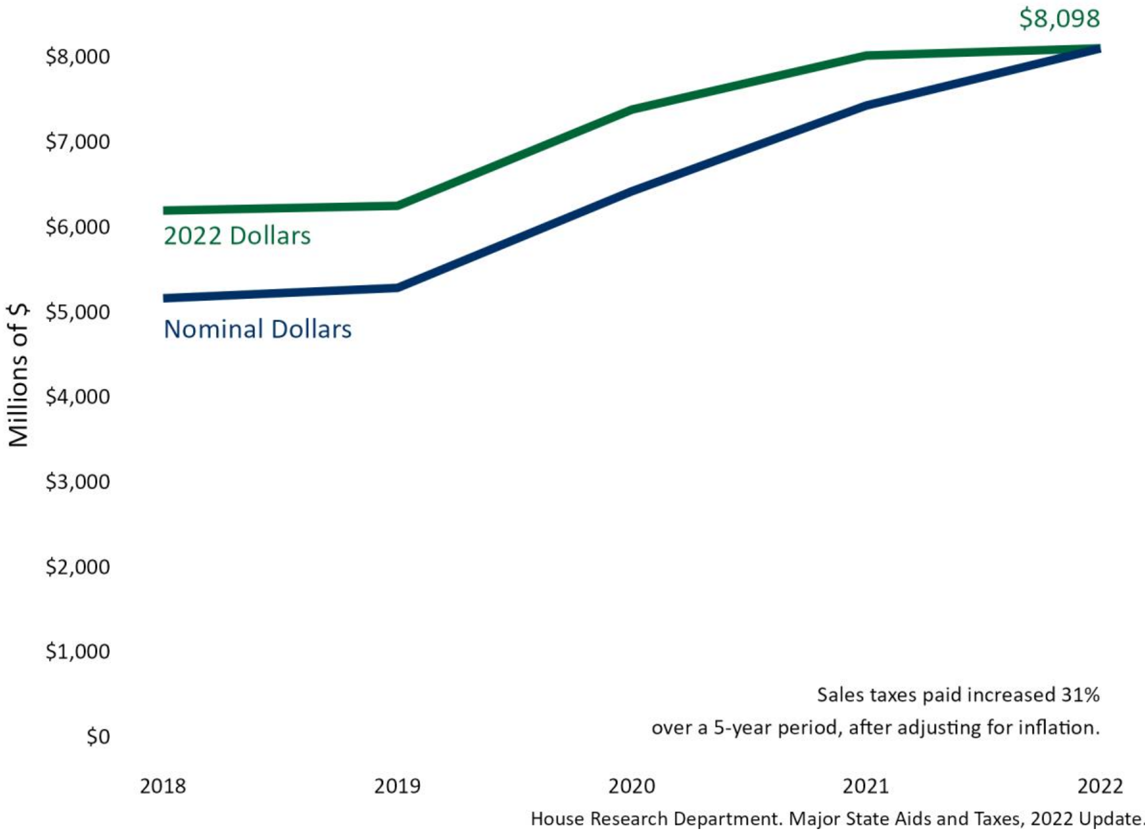
The Past Five Years of Sales/Use Tax

The table below shows the distribution of sales/use tax in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of sales/use tax for that same time period in nominal and constant (inflation-adjusted) dollars.

Sales/Use Tax, Calendar Years 2018 to 2022
Nominal dollars, in thousands

	2018	2019	2020	2021	2022	5-Yr. Chg. Tax
State	**$5,156,859**	**$5,278,965**	**$5,114,600**	**$5,915,265**	**$6,459,061**	**57%**
Northern Regions						
Northwest (1)	45,041	46,220	45,583	50,481	52,971	18
Headwaters (2)	66,353	69,396	71,408	82,524	84,297	27
Arrowhead (3)	270,582	268,773	260,152	303,724	321,278	19
West Central (4)	168,193	172,762	176,038	195,501	209,953	25
Five (5)	129,457	135,264	144,383	170,553	179,212	38
East Central (7E)	82,983	86,607	90,936	103,917	110,281	33
Southern Regions						
Six East (6E)	86,984	88,073	90,021	101,818	109,707	26
Upper MN Valley (6W)	20,246	20,538	20,895	24,746	28,682	42
Central MN (7W)	324,314	338,234	348,709	400,730	429,595	32
Southwest (8)	72,089	74,498	72,922	83,083	91,828	27
Nine (9)	150,797	153,151	151,606	176,523	189,079	25
Southeastern MN (10)	356,178	363,432	358,372	401,784	429,631	21
Total Nonmetro	**$1,773,216**	**$1,816,948**	**$1,831,026**	**$2,095,383**	**$2,236,513**	**26%**
Metro Region						
Hennepin County	1,848,761	1,860,131	1,768,911	2,086,196	2,353,831	27
Ramsey County	539,602	568,038	504,796	566,994	621,390	15
Remaining Metro	995,280	1,033,848	1,009,867	1,166,691	1,247,328	25
Total Metro	**$3,383,643**	**$3,462,017**	**$3,283,574**	**$3,819,881**	**$4,222,549**	**25%**

Statewide Sales/Use Tax, 2018-2022



Motor Vehicle Sales Tax

Program Description

The motor vehicle sales tax is imposed on new and used motor vehicles at the time of sale. It is imposed in lieu of the general state sales tax on the sale price of motor vehicles, minus any trade-in allowance. (A flat tax of $10 in lieu of the motor vehicle sales tax is imposed upon most low-value motor vehicles that are ten or more years old.)[12] Although the general sales tax is imposed on the long-term lease of a motor vehicle, general sales tax collected on motor vehicle leases is included with the motor vehicle sales tax as presented in this report.[13]

In 2022, the rate of the motor vehicle sales tax was 6.5 percent, which matched the general state sales tax rate in effect prior to 2008 passage of the constitutional amendment that increased the general state sales tax rate to 6.875 percent (with the increase dedicated to outdoor heritage, clean water, parks and trails, and arts and cultural heritage). The rate increase under the constitutional amendment did not apply to the motor vehicle sales tax. Since motor vehicle leases are subject to the general sales tax, the rate was at 6.875 percent.

Motor vehicle sales tax revenue was distributed 60 percent to the Highway User Tax Distribution fund and 40 percent to transit, which is further split 36 percent to Twin Cities metropolitan area transit and 4 percent to transit in greater Minnesota.

The 2023 Legislature made rate and allocation changes to the motor vehicle sales tax, and those changes are described below but not reflected in the revenue calculations in this publication.

General sales tax revenue collected on motor vehicle leases was distributed as follows:

- 38 percent to the county state-aid highway fund for allocation to five counties in the Twin Cities metropolitan area
- 38 percent to the greater Minnesota transit account
- 13 percent to the local bridge program
- 11 percent to the highway user tax distribution fund

None of the revenue goes to the state general fund.

Tax Amount and Reporting

Calendar Year 2022 Motor Vehicle Sales Tax: $1.074 billion

The total 2022 motor vehicle sales tax revenue is $1.074 billion. Of this amount, the motor vehicle sales tax was $1.011 billion and the general sales tax on motor vehicle leases was $62.5 million. The Department of Public Safety collects the motor vehicle sales tax. Due to the

[12] The flat tax in lieu is $150 for certain collector vehicles and fire trucks.

[13] The data for sales tax on motor vehicle leases is only available on a fiscal year basis. This report allocates collections in fiscal years using 50 percent of the revenue in each of the corresponding calendar years.

method of collection, the amount of actual tax liability from each county is not available. The state total is allocated to counties based on two equally weighted factors:

- the number of passenger vehicles and pickup trucks registered in each county, as reported by the Department of Public Safety
- motor vehicle registration tax by county, as estimated by the Department of Public Safety

Vehicle counts serve as a proxy for the residence of vehicle owners, who pay the sales tax. Motor vehicle registration tax estimates serve as a proxy for the value of vehicles purchased.

Motor vehicle sales tax data was obtained from the Department of Transportation.

Recent Law Changes

In 2023, the legislature increased the rate of the motor vehicle sales tax from 6.5 percent to 6.875 percent, which matches the general sales tax rate (including the constitutional amendment increase).

Additionally, the legislature changed the allocation of revenue to be:

- 34.3 percent to the metropolitan area transit account;
- 5.7 percent to the greater Minnesota transit account; and
- 60 percent to the highway user tax distribution fund.

Prior to these changes, the legislature had not made significant changes to the motor vehicle sales tax since 2007. For the general sales tax on motor vehicle leases, the allocation formula was revised in 2017.

This version of the report contains data through 2022. Future versions of the report will contain data related to the 2023 changes.

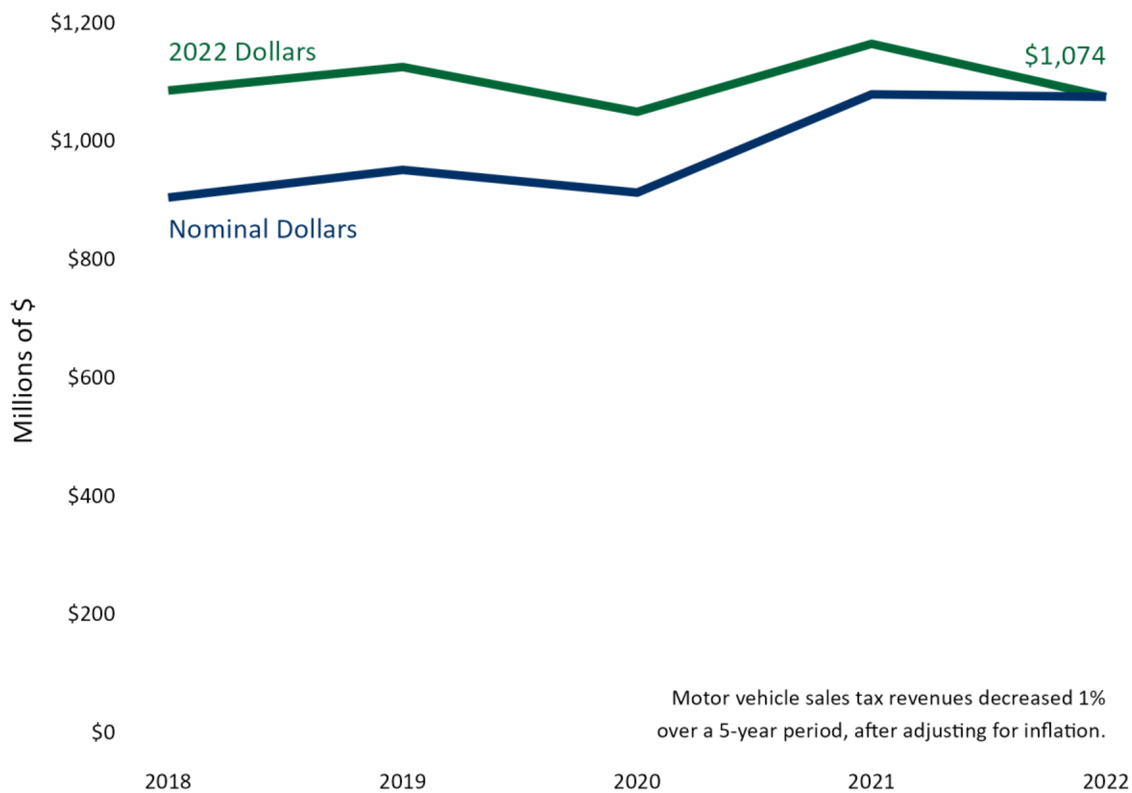
The Past Five Years of the Motor Vehicle Sales Tax

The table below shows the distribution of motor vehicle sales tax in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of motor vehicle sales tax for that same time period in nominal and constant (inflation-adjusted) dollars.

Motor Vehicle Sales Tax: Calendar Years 2018 to 2022
Nominal dollars, in thousands

	2018	2019	2020	2021	2022	5-Yr. Chg. Tax
State	**$903,508**	**$950,230**	**$911,801**	**$1,077,882**	**$1,073,810**	**19%**
Northern Regions						
Northwest (1)	15,741	16,387	15,573	18,177	18,176	15
Headwaters (2)	12,888	13,587	13,039	15,899	16,412	27
Arrowhead (3)	52,783	57,089	54,700	63,967	64,889	23
West Central (4)	38,535	42,074	40,382	48,117	49,743	29
Five (5)	28,478	31,216	29,991	36,265	37,653	32
East Central (7E)	29,254	29,708	28,795	34,922	36,346	24
Southern Regions						
Six East (6E)	20,615	22,186	21,234	24,966	25,791	25
Upper MN Valley (6W)	8,570	8,898	8,354	9,781	10,235	19
Central MN (7W)	70,465	77,679	75,368	90,123	94,177	34
Southwest (8)	21,402	22,236	21,067	25,211	25,840	21
Nine (9)	39,023	42,147	40,114	47,657	49,284	26
Southeastern MN (10)	83,106	89,254	85,797	100,279	102,774	24
Total Nonmetro	**$420,861**	**$452,460**	**$434,415**	**$515,365**	**$531,320**	**26%**
Metro Region						
Hennepin County	188,122	217,587	209,720	233,922	241,085	28
Ramsey County	76,799	83,697	80,620	87,438	89,124	16
Remaining Metro	217,726	196,485	187,047	241,158	212,282	-3
Total Metro	**$482,647**	**$497,770**	**$477,387**	**$562,518**	**$542,491**	**12%**

Statewide Motor Vehicle Sales Tax, 2018-2022



House Research Department. Major State Aids and Taxes, 2022 Update.

Motor Vehicle Registration Tax

Program Description

The motor vehicle registration tax is imposed annually on each motor vehicle registered in Minnesota. The tax on passenger cars, pickup trucks, and vans is equal to a $10 flat amount, plus an additional amount based on the vehicle's age and original value. In 2022, the tax rate started at 1.25 percent of the vehicle's original value. The rate decreased with vehicle age, and for older vehicles it shifted to a minimum $25 flat tax.

The 2023 Legislature made significant changes to the motor vehicle registration tax, and those changes are described below but not reflected in the revenue calculations in this publication.

The tax on trucks and buses is based upon the type, weight, and age of the vehicle. A minimum tax applies to each type of vehicle. There is also a flat tax on motorcycles and mopeds. The tax is paid when the vehicle is first registered in Minnesota to use the public streets and annually thereafter when it is re-registered.

Tax Amount and Reporting

Calendar Year 2022 Motor Vehicle Registration Tax: $817.5 million

The total motor vehicle registration tax revenue for calendar year 2022 was $817.5 million. The tax is collected by the Department of Public Safety. The amount of actual tax liability from each county is not available. The statewide total was allocated to counties based on Department of Public Safety estimates of the amount actually remitted from each county.

Registration tax revenue is deposited in the Highway User Tax Distribution Fund and is dedicated for highway use. (See page 18 for a general description of the allocation of the Highway User Tax Distribution Fund.)

The statewide motor vehicle registration tax amount came from the Department of Revenue.

Recent Law Changes

The 2023 Legislature modified several aspects of registration tax calculation, which included increasing the base tax rate from 1.285 percent to 1.575 percent of the manufacturer's suggested retail price (with a different rate for older vehicles, where destination charge is used in the calculation); revising the devaluation factors used in the schedule of declining rates; and lowering the fixed amount for vehicles that are 11 years old or older (from $25 to $20). Prior to this, the 2020 Legislature modified and clarified calculation of the motor vehicle registration tax, so that the revised formula is primarily based on manufacturer's suggested retail price without other cost or price adjustments. The last significant changes before that were made in 2008.

This version of the report contains data through 2022. Future versions of the report will contain data related to the 2023 changes.

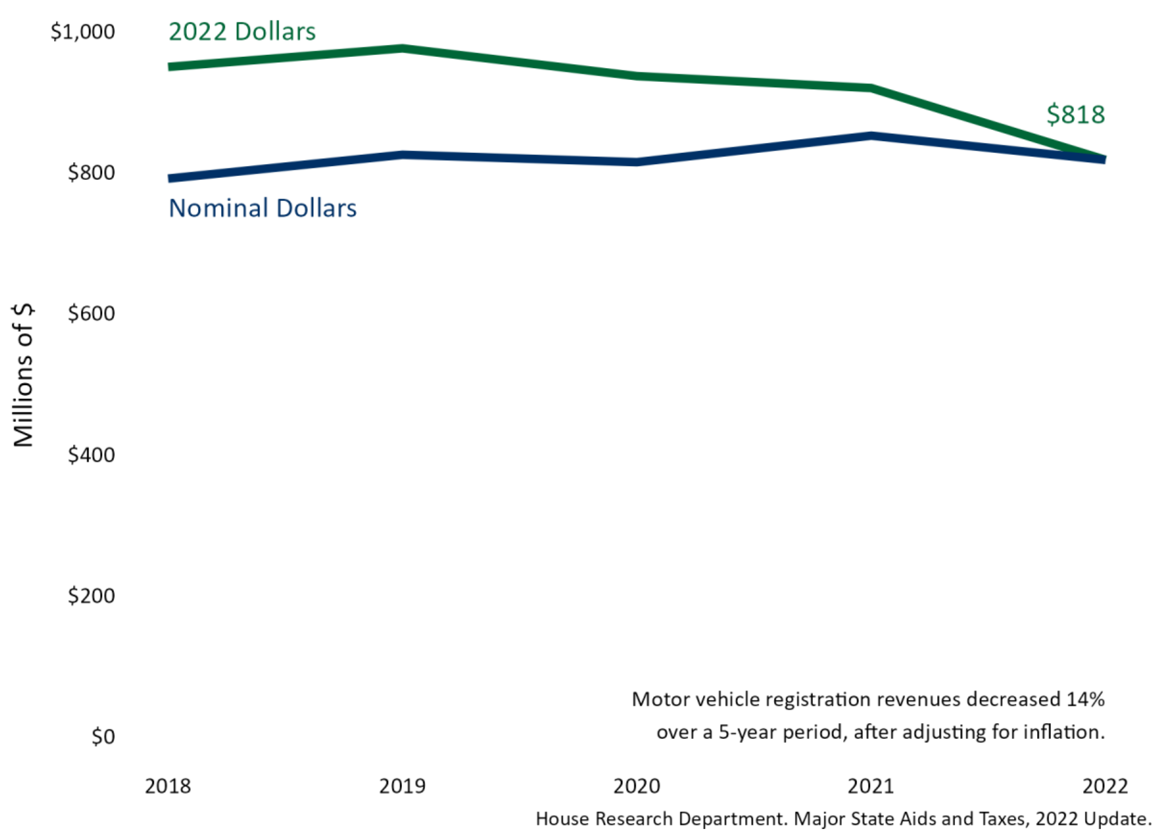
The Past Five Years of the Motor Vehicle Registration Tax

The table below shows the distribution of the motor vehicle registration tax in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of the motor vehicle registration tax for that same time period in nominal and constant (inflation-adjusted) dollars.

Motor Vehicle Registration Tax: Calendar Years 2018 to 2022
Nominal dollars, in thousands

	2018	2019	2020	2021	2022	5-Yr. Chg. Tax
State	**$791,022**	**$824,834**	**$814,347**	**$851,930**	**$817,520**	**3%**
Northern Regions						
Northwest (1)	13,203	13,247	12,897	13,341	12,689	-4
Headwaters (2)	10,384	10,525	10,391	11,318	11,181	8
Arrowhead (3)	43,898	46,549	45,905	47,460	45,949	5
West Central (4)	32,040	34,186	33,684	35,993	35,739	12
Five (5)	22,723	24,395	24,064	25,964	25,936	14
East Central (7E)	23,670	22,953	22,949	24,920	24,985	6
Southern Regions						
Six East (6E)	17,284	18,108	17,812	18,529	18,314	6
Upper MN Valley (6W)	7,279	7,259	6,941	7,186	7,295	0
Central MN (7W)	60,848	66,363	66,387	70,854	71,126	17
Southwest (8)	18,026	17,935	17,341	18,473	18,106	0
Nine (9)	32,784	34,737	33,967	36,014	35,859	9
Southeastern MN (10)	70,531	74,163	73,427	76,499	75,048	6
Total Nonmetro	**$352,669**	**$370,419**	**$365,764**	**$386,552**	**$382,226**	**8%**
Metro Region						
Hennepin County	171,323	199,436	198,533	195,418	194,848	14
Ramsey County	65,580	71,790	71,402	67,401	66,271	1
Remaining Metro	201,451	183,188	178,648	202,559	174,175	-14
Total Metro	**$438,353**	**$454,414**	**$448,583**	**$465,379**	**$435,294**	**-1%**

Statewide Motor Vehicle Registration Tax, 2018-2022



Motor Fuels Tax (Gas Tax)

Program Description

The motor fuels tax is imposed on gasoline, diesel fuel, and other motor fuels used in vehicles on public highways. Different rates apply based on the type of fuel, largely in proportion to energy content. In 2022, the rate on highway motor fuels including gasoline and diesel[14] was 28.5 cents per gallon. This report does not include the motor fuels tax collected on aviation fuel (which is administered separately from the tax on fuel used in vehicles on public highways and is largely directed to aeronautics purposes).

The 2023 Legislature made changes to the motor fuels tax, and those changes are described below but not reflected in the revenue calculations in this publication.

Tax Amount and Reporting

Calendar Year 2022 Motor Fuels Tax: $883.8 million

The total net amount after refunds of the motor fuels tax for calendar year 2022 was $883.8 million. This is the gross amount before distributions (based on motor fuel use attributed to nonhighway use) to snowmobile, motorboat, forest roads, and all-terrain vehicles (ATV) accounts.

Motor fuels tax revenue goes into the Highway User Tax Distribution Fund and is dedicated for highway use. (See page 18 for description of the allocation of the Highway User Tax Distribution Fund.)

Like both the motor vehicle sales tax and the motor vehicle registration tax, the amount of motor fuels tax paid by taxpayers in each county is unknown. For purposes of this report, an estimate was made for each county based on the total number of vehicle miles traveled in each county as a proportion of the total vehicle miles traveled within the state.

The statewide motor fuels tax amount and data on vehicle miles traveled was obtained from the Department of Transportation.

Recent Law Changes

The 2023 transportation finance act established indexing on the motor fuels tax, which requires an annual adjustment to each tax rate that is based on increases in the Minnesota Highway Construction Cost Index. An adjusted rate goes into effect each January 1st. The annual percentage change in tax rate is capped at 3 percent (which started in 2025). As a result of indexing, the tax rate beginning January 1, 2026, for gasoline is 32.6 cents per gallon. Tax rates for other types of motor fuel are set to increase proportionally.

[14] Alternative fuels, such as liquefied natural gas and high-alcohol gasoline, are taxed at rates proportional to relative energy content.

Prior to this, the 2008 Legislature provided for a phased-in increase in the motor fuels tax. The tax increased from 20 to 28.5 cents per gallon, phasing in over 2008 to 2012. (The rate includes a 3.5 cents per gallon surcharge tied to trunk highway bonding.)

This version of the report contains data through 2022. Future versions of the report will contain data related to the 2023 changes.

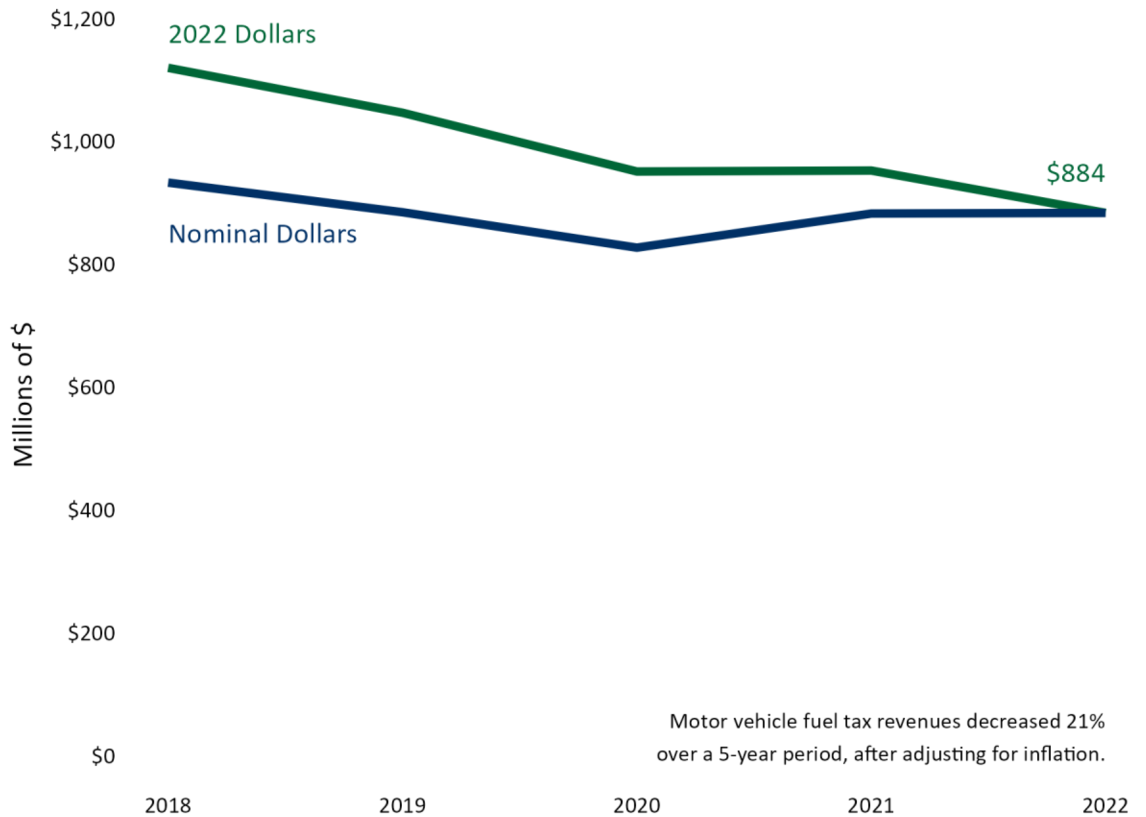
The Past Five Years of the Motor Fuels Tax

The table shows the distribution of the motor fuels tax in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of the motor fuels tax for that same time period in nominal and constant (inflation-adjusted) dollars.

Motor Fuels Tax: Calendar Years 2018 to 2022
Nominal dollars, in thousands

	2018	2019	2020	2021	2022	5-Yr. Chg. Tax
State	**$933,114**	**$884,878**	**$827,266**	**$882,779**	**$883,804**	**-5%**
Northern Regions						
Northwest (1)	17,640	16,614	16,608	17,406	16,974	-4
Headwaters (2)	14,634	13,856	13,636	14,738	14,317	-2
Arrowhead (3)	60,129	56,784	54,684	58,631	57,547	-4
West Central (4)	51,268	48,653	46,501	49,728	49,030	-4
Five (5)	35,268	34,329	33,643	36,224	35,363	0
East Central (7E)	38,057	35,903	34,736	37,354	36,321	-5
Southern Regions						
Six East (6E)	21,342	20,368	19,867	20,995	20,623	-3
Upper MN Valley (6W)	9,706	9,179	9,207	9,683	9,376	-3
Central MN (7W)	78,368	74,035	70,070	75,295	75,479	-4
Southwest (8)	27,089	25,757	25,550	26,743	26,454	-2
Nine (9)	42,079	40,273	38,903	41,187	41,074	-2
Southeastern MN (10)	94,453	89,562	84,915	90,853	89,792	-5
Total Nonmetro	**$490,032**	**$465,313**	**$448,320**	**$478,839**	**$472,349**	**-4%**
Metro Region						
Hennepin County	179,666	171,032	152,302	161,630	166,065	-8
Ramsey County	72,903	68,210	61,113	64,658	65,422	-10
Remaining Metro	190,513	180,322	165,532	177,652	179,967	-6
Total Metro	**$443,082**	**$419,565**	**$378,947**	**$403,940**	**$411,454**	**-7%**

Statewide Motor Fuels Tax, 2018-2022



House Research Department. Major State Aids and Taxes, 2022 Update.

Corporate Franchise (Income) Tax

Program Description

Corporate franchise (income) tax is imposed on the net income of corporations. The rate of the tax is 9.8 percent. The tax base is federal taxable income with a variety of Minnesota adjustments. Corporations that do business both inside and outside of Minnesota apportion their income based on the percentage of their sales that are made to purchasers in Minnesota. Corporations apportion their income based on the share of the corporation's sales that were in Minnesota. An alternative minimum tax (AMT) applies to federal alternative minimum taxable income, if it would result in a higher tax than the regular corporate franchise tax. This tax rate is 5.8 percent.

A minimum fee is imposed on corporations (including S corporations) and partnerships in addition to the regular tax or the AMT. For tax year 2021, the minimum fee ranged from $220 to $10,480 depending upon the corporation's sales, property, and payroll in Minnesota. The fee is indexed annually for inflation.

Tax Amount and Reporting

2022 Corporate Income Tax: $2.30 billion

The amount presented in this report was tabulated from all Minnesota corporate income tax returns filed during the calendar year ending December 31, 2022. (Most returns filed in 2022 were for calendar year 2021, but the total also includes some calendar year 2020 returns.) The total statewide amount of $2,298,055,789 includes taxes collected from corporations whose main offices are in other states and foreign countries. It does not include any taxes or minimum fees paid by S corporations or partnerships.

The corporate income tax data was obtained from the Department of Revenue. The location of each corporation's home office is not available. Instead, each county's total gross domestic product was used as an indicator of the source or location of the corporate tax.

In versions of this report covering 2016 and earlier, state total of corporate tax was allocated using the Census Bureau's 2012 Survey of Business Owners, with the data adjusted for the change in gross sales from year to year. The Census Bureau's Survey of Business Owners was discontinued in 2017 and replaced by the Annual Business Survey (ABS). An analysis of the ABS survey data for 2017 implied that the data are not reliable for smaller geographies. As a result, beginning in 2017, the report's totals were allocated using the Bureau of Economic Analysis estimate of gross domestic product (GDP) by county.

In addition to the total dollar amount of corporate tax shown by region and by county in section 2 and online, the tables below summarize statewide data by unitary/nonunitary and by type of corporation/return.

By Unitary/Nonunitary Returns[15]

Returns Filed in 2022	# of Returns	% of Total	Tax Liability	% of Total	Average Tax
Unitary Returns	32,226	51.8%	$2,035,320,060	88.6%	$63,158
Nonunitary Returns	30,038	48.2	262,735,729	11.4	8,747
Total	**62,264**	**100.0%**	**$2,298,055,789**	**100.0%**	**$36,908**

By Type of Return

Returns Filed in 2022	# of Returns	% of Total	Tax Liability	% of Total	Average Tax
100% Minnesota Corporations					
Regular Tax	6,354	10.2%	$74,705,431	3.3%	$11,757
Minimum Tax	2,039	3.3	2,130,392	0.1	1,045
No Tax	4,459	7.2	0	0.0	0
Total	**12,852**	**20.6%**	**$76,835,823**	**3.3%**	**$5,979**
Multistate Corporations					
Regular Tax	20,348	32.7%	$2,210,002,727	96.2%	$108,610
Minimum Tax	4,807	7.7	11,217,239	0.5	2,334
No Tax	24,257	39.0	0	0.0	0
Total	**49,412**	**79.4%**	**$2,221,219,966**	**96.7%**	**$44,953**
All corporations					
Regular Tax	26,702	42.9%	$2,284,708,158	99.4%	$85,563
Minimum Tax	6,846	11.0	13,347,631	0.6	1,950
No Tax	28,716	46.1	0	0.0	0
Total	**62,264**	**100.0%**	**$2,298,055,789**	**100.0%**	**$36,908**

[15] Related corporations, such as subsidiary, brother-sister, and parent corporations, must file on a unitary basis. For these corporations, the denominator of the corporate franchise tax apportionment formula includes the sales of all the corporations in the unitary group. The numerator is the sales of the individual corporation, and the taxable income apportioned is the total income of the unitary group.

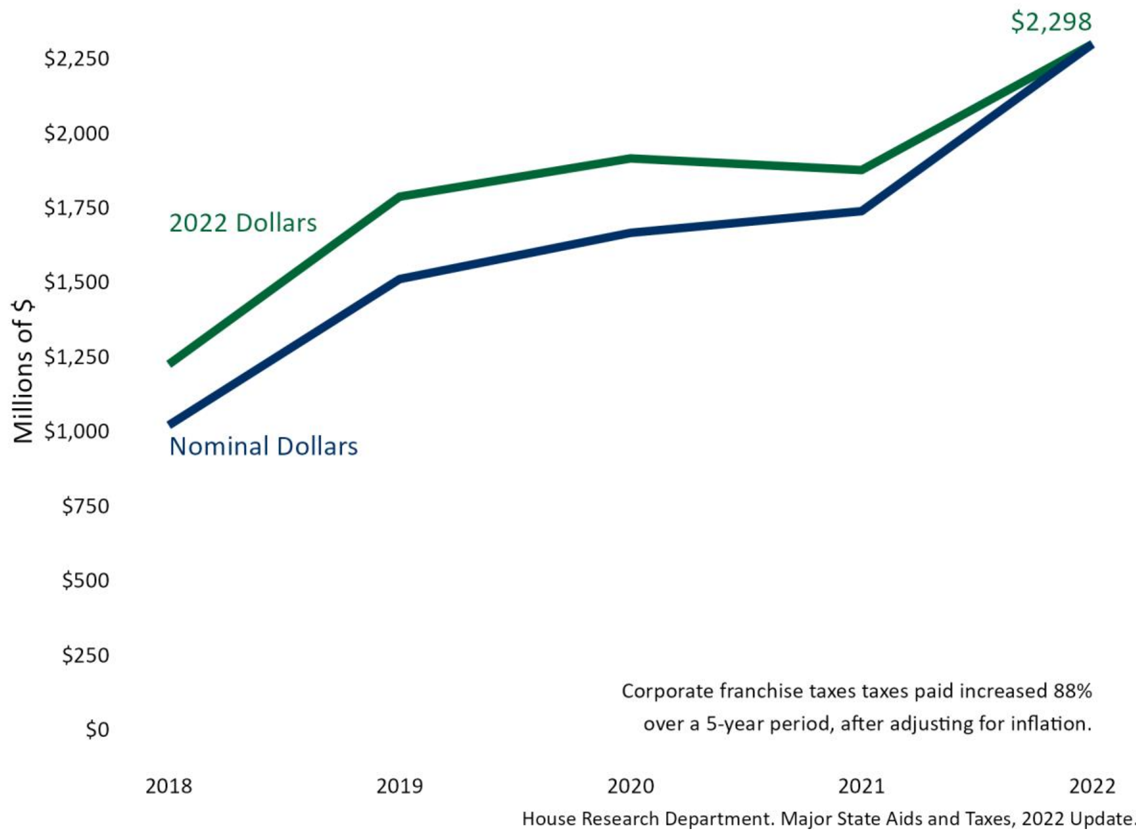
The Past Five Years of Corporate Franchise Tax

The table below shows the distribution of the corporate franchise tax in thousands of dollars for the past five years for the state and economic development regions. The graph shows total dollars of the corporate franchise tax for that same time period in nominal and constant (inflation-adjusted) dollars.

Corporate Franchise Tax: Filed Calendar Years 2018 to 2022
Nominal dollars, in thousands

	2018	2019	2020	2021	2022	5-Yr. Chg. Tax
State	**$1,019,892**	**$1,510,016**	**$1,655,049**	**$1,737,708**	**$2,298,056**	**125%**
Northern Regions						
Northwest (1)	14,602	21,938	25,473	28,976	37,169	155
Headwaters (2)	8,552	13,139	15,324	16,131	19,913	133
Arrowhead (3)	44,101	65,340	71,835	73,087	95,797	117
West Central (4)	27,202	39,898	45,776	48,005	64,021	135
Five (5)	17,932	26,222	29,927	30,716	39,895	122
East Central (7E)	12,952	19,580	22,781	22,625	29,183	125
Southern Regions						
Six East (6E)	16,754	24,443	26,947	27,392	37,771	125
Upper MN Valley (6W)	5,839	8,493	9,700	10,461	15,112	159
Central MN (7W)	52,516	77,666	89,442	90,766	123,193	135
Southwest (8)	21,927	32,304	32,970	33,660	47,699	118
Nine (9)	32,652	47,437	51,758	53,123	72,044	121
Southeastern MN (10)	77,851	115,256	129,016	131,305	173,333	123
Total Nonmetro	**$332,879**	**$491,716**	**$550,949**	**$566,246**	**$755,131**	**127%**
Metro Region						
Hennepin County	379,767	565,098	624,037	667,379	871,821	130
Ramsey County	117,237	172,890	189,939	193,557	250,185	113
Remaining Metro	190,009	280,312	300,124	310,526	420,919	122
Total Metro	**$687,013**	**$1,018,300**	**$1,114,100**	**$1,171,463**	**$1,542,925**	**125%**

Statewide Corporate Franchise Tax, 2018-2022



State General Levy

Program Description

A state general property tax levy was instituted as part of the overall property tax reform adopted during the 2001 legislative session. About 95 percent of the state general levy is levied on commercial/industrial property (including public utility property), and the remaining 5 percent is levied on seasonal recreational property. That portion of public utility property consisting of attached machinery used in the generation of electrical energy is exempt from the state general levy, as is the property at the Minneapolis-St. Paul International Airport and the St. Paul intermediate airport.

For its first year in taxes payable 2002, the state general levy was $592 million. Each subsequent year's levy was increased from the previous year's levy by the increase in the implicit price deflator for government consumption expenditures and gross investments published by the U.S. Bureau of Economic Analysis (an index of inflation).[16] This annual inflation adjustment continued until 2018.

Tax Amount and Reporting

Payable Year 2022 State General Levy: $775.3 million

The total state general levy for taxes payable in 2022 was $775,305,958.

For taxes payable in 2022, the state tax rate was 36.298 percent for commercial-industrial/public utility property and 16.306 percent for seasonal recreational property, which provided revenues of $733.7 million and $41.7 million respectively.

The tax rates are computed by the Department of Revenue.

Recent Law Changes

The 2017 Legislature exempted the first $100,000 of each commercial-industrial property's value from the state general levy beginning with taxes payable in 2018, and made a corresponding reduction in the amount of the levy so that the burden would not be shifted to other commercial-industrial properties. It also froze the levy amounts for both commercial-industrial property and seasonal recreational property for future years.

The 2019 Legislature reduced the state general levy by a total of $50 million. The commercial-industrial portion of the levy was reduced by $47.5 million and the seasonal recreational portion of the levy was reduced by $2.5 million.

[16] The historical graphs throughout this report adjust for inflation using the implicit price deflator for state and local government expenditures, as published by the U.S. Bureau of Economic Analysis, a slightly different measure than the general government expenditure index used to adjust the state general levy amount.

The 2021 Legislature increased the exemption for each commercial-industrial property to the first $150,000 of value. It also reduced the commercial-industrial portion of the levy by $20.1 million to prevent shifting of the tax as a result of the increase in the exemption.

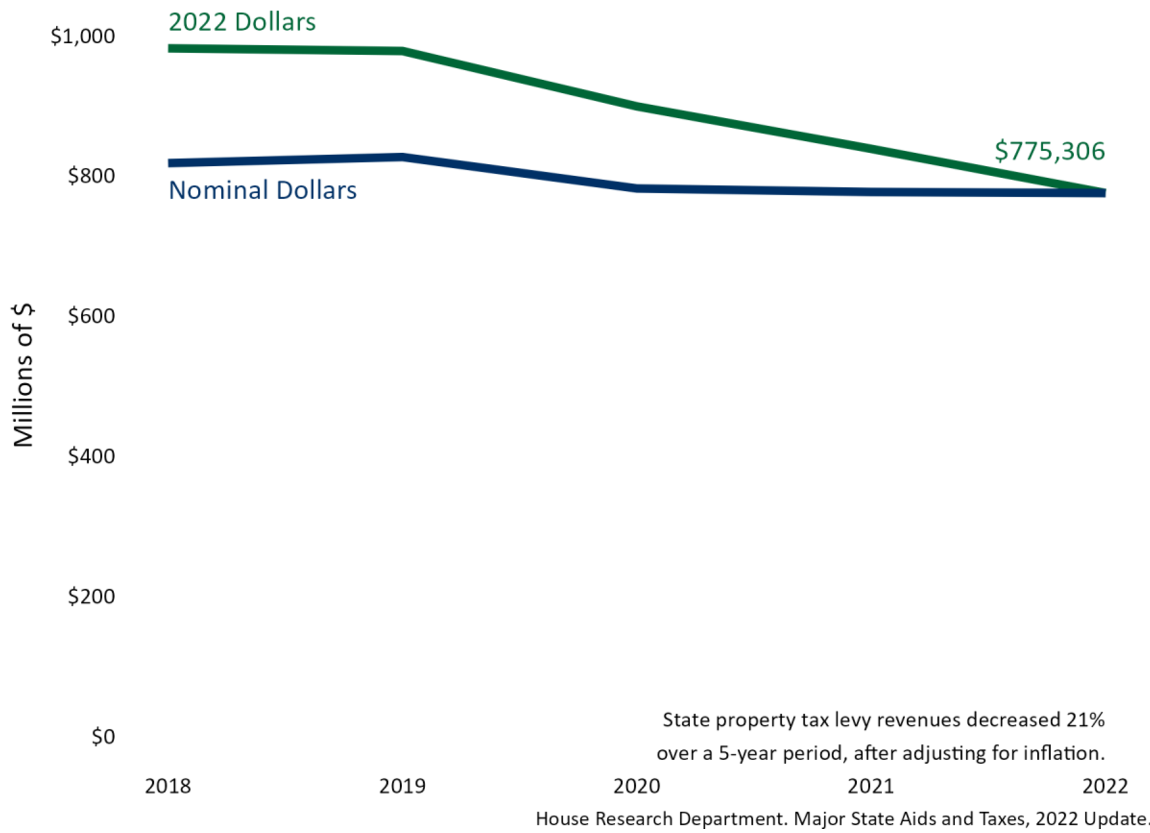
The Last Five Years of State General Levy

The table below shows the distribution of the state general levy in thousands of dollars for the last five years for the state and economic development regions. The graph shows total dollars of the state general levy for that same time period in nominal and constant (inflation-adjusted) dollars.

State General Levy: Payable 2018 to 2022
Nominal dollars, in thousands

	2018	2019	2020	2021	2022	5-Yr. Chg. Tax
State	**$818,054**	**$826,715**	**$781,876**	**$776,840**	**$775,306**	**-5%**
Northern Regions						
Northwest (1)	12,481	11,842	10,261	10,389	10,678	-14
Headwaters (2)	13,143	12,992	12,211	11,787	11,633	-11
Arrowhead (3)	44,759	44,569	40,373	41,157	40,127	-10
West Central (4)	29,229	29,225	28,177	28,058	28,021	-4
Five (5)	26,758	27,185	25,357	24,821	24,977	-7
East Central (7E)	9,335	9,322	8,878	8,767	9,091	-3
Southern Regions						
Six East (6E)	11,201	11,509	10,609	10,208	10,516	-6
Upper MN Valley (6W)	4,403	4,196	4,003	3,854	3,831	-13
Central MN (7W)	43,794	44,170	40,770	40,423	41,096	-6
Southwest (8)	14,270	14,385	13,454	13,237	13,785	-3
Nine (9)	23,718	23,980	23,062	22,244	22,489	-5
Southeastern MN (10)	53,856	55,147	51,933	52,685	53,209	-1
Total Nonmetro	**$286,947**	**$288,522**	**$269,087**	**$267,630**	**$269,453**	**-6%**
Metro Region						
Hennepin County	293,716	293,649	281,211	276,530	269,017	-8
Ramsey County	83,826	85,342	78,595	78,097	77,536	-8
Remaining Metro	153,565	159,201	152,983	154,583	159,300	4
Total Metro	**$531,107**	**$538,193**	**$512,789**	**$509,210**	**$505,853**	**-5%**

Statewide State General Levy, 2018-2022



Section 2: Summary Data

This section contains summary data for the most recent available year on

- statewide totals
- the seven-county metro and the 80 nonmetro counties

General Explanation of Tables

The basic format is the same for all the regional and county tables on our interactive online tool.

I. **MAJOR STATE AIDS/CREDITS.** Although all of the aids/credits listed are paid by the state, there are three types of aids/credits.

A. Aids to Local Governments

- Are paid to or for the benefit of the local taxing district
- Are paid on behalf of individuals in the county (e.g., MinnesotaCare)
- Reduce what is needed from the property tax levy

B. Property Tax Credits

- Are paid to the local taxing district, but are listed on the property tax statement as a credit against the property's gross tax
- Benefit only certain types of property
- Are computed on a parcel-by-parcel basis on qualifying property

C. Property Tax Refunds (Targeting)

- Are paid directly to homeowners and renters (property tax refund)
- Are based upon a relationship between household income and the homeowner's property tax or the renter's share of property tax (property tax refund)
- Are targeted to homeowners who have large property tax increases in one year (targeting)

II. PROPERTY TAX DATA

Property Tax Levy for taxes payable in 2022 by type of taxing district (including the state property tax levy), as well as property taxes payable, net of credits.

III. MAJOR STATE TAXES

- Individual income tax
- Sales/use tax
- Motor vehicle sales tax
- Motor vehicle registration tax
- Motor fuels tax (i.e., gas tax)

- Corporate income tax
- State general property tax

The motor vehicle sales tax, the motor vehicle registration tax, the motor fuels tax, and the corporate income tax have been included in this report on a county-by-county basis. However, the county amounts are estimates since actual collections by county are not available. (See the sections for each of the apportioned taxes for detail on the county apportionment calculations.)

Statewide Summary

Tables 2-1 and 2-2 contain the statewide totals of all the state aids and taxes presented in this report. Table 2-1 summarizes the total amounts for Minnesota residents only; Table 2-2 also includes income and sales taxes paid by nonresidents.

2022 population is used to calculate per capita amounts in the tables throughout the report. The 2022 statewide population is 5,801,769. The metro population is 3,197,231; 55.1 percent of the state total. The nonmetro population is 2,604,538; 44.9 percent of the state total.

The total state aids and credits contained in this report equal about $22.3 billion, whereas the total of the seven major taxes listed in this report equal $26.2 billion paid by residents and an additional $961 million paid by nonresidents (for a total tax amount of $27.2 billion).

The total taxes presented in this report **are not the total of all taxes collected by the state**. The total state net tax receipts were about $30.0 billion in fiscal year 2021 and $33.9 billion in fiscal year 2022.[17] Furthermore, the taxes presented in this report are not for a specific time period but rather are the latest available data and/or the next data in sequence to the 2021 Update report (published February 2025). Therefore, the $27.2 billion total taxes listed in this report (residents and nonresidents) is about 85.1 percent of the total taxes actually collected over that period.[18]

The taxes not contained in this report include estate, mortgage registry and deed, insurance gross premiums, MinnesotaCare, mineral, cigarette and tobacco products, lawful gambling, and alcoholic beverages. The collections from some of these taxes are dedicated for specific purposes, and amounts are not available by county.

[17] Minnesota Management and Budget. Consolidated Fund Statement, February 2023 forecast, https://mn.gov/mmb-stat/documents/budget/operating-budget/forecast/feb-2023/feb23-cfs.pdf.

[18] About $63.85 billion in taxes were collected in FY 2021 and 2022. Those fiscal years each include half of calendar year 2022, which is the timeframe used for most tax collections in this report. The average collections per year over that period were about $31.93 billion, and the report includes $27.2 billion in total taxes.

Table 2-1: Statewide Summary – Residents Only

Aids to Local Governments	**Amount ($1,000)**	**Percent**	**Amount Per Capita**
Education Aid	9,595,828	45.0%	1,654
Human Services Aids			
Medical Assistance	6,470,707	30.3%	1,115
MN Family Investment Program	73,503	0.3%	13
General Assistance	48,777	0.2%	8
MinnesotaCare	40,668	0.2%	7
Social Services	2,836,517	13.3%	489
Misc Human Services Aid	202,639	0.9%	35
Total Human Services and Health Care Aids	9,672,812	45.3%	1,667
Highway Aids			
County Highway Aid	803,485	3.8%	138
City Highway Aid	245,610	1.2%	42
Town Highway Aid	66,639	0.3%	11
Total Highway Aid	1,115,734	5.2%	192
Other Aids			
Local Government Aid (LGA)	564,398	2.6%	97
Disparity Reduction Aid (DRA)	18,182	0.1%	3
County Program Aid	264,012	1.2%	46
Community Corrections Funding	103,738	0.5%	18
Total Aids	**21,334,705**	**100.0%**	**3,677**
Property Tax Credits			
Ag Market Value Credit	36,353	26.1%	6
School Bond Ag Credit	70,869	50.9%	12
Misc Prop Tax Credits	31,952	23.0%	6
Total Credits	139,174	100.0%	24
Property Tax Refunds			
Homestead Credit Refund (Homeowner PTR)	558,516	71.5%	96
Renter PTR	216,098	27.7%	37
Targeting PTR	6,367	0.8%	1
Total Property Tax Refund	**780,982**	**100.0%**	**135**
Property Tax Data (Payable 2022)			
County Levy	3,399,326	28.8%	586
City/Town Levy	2,987,625	25.4%	515
School NTC Levy	1,945,543	16.5%	335
School RMV Levy	1,279,693	10.9%	221
Miscellaneous District Levy	1,397,788	11.9%	241
State Levy	775,306	6.6%	134
Total Levy	**11,785,282**	**100.0%**	**2,031**
- Property Tax Credits	**139,174**	**-**	**24**
Net Prop Tax Payable	**11,646,108**	**-**	**2,007**
Major State Taxes			
Individual Income Tax (TY 2021 filed 2022)	13,893,034	53.0%	2,395
Sales/Use Tax (Calendar 2022)	6,459,062	24.7%	1,113
Mtr Vehicle Sales tax (Calendar 2022)	1,073,810	4.1%	185
Mtr Vehicle Reg Tax (Calendar 2022)	817,520	3.1%	141
Gas Tax (Calendar 2022)	883,804	3.4%	152
Corp Income Tax (Calendar 2022)	2,298,056	8.8%	396
State Prop Tax (Payable 2022)	775,306	3.0%	134
Total Taxes	**26,200,592**	**100.0%**	**4,516**

Table 2-2: Statewide Summary – Includes Nonresidents

Aids to Local Governments	Amount ($1,000)	Percent	Amount Per Capita
Education Aid	9,595,828	45.0%	1,654
Human Services Aids			
Medical Assistance	6,470,707	30.3%	1,115
MN Family Investment Program	73,503	0.3%	13
General Assistance	48,777	0.2%	8
MinnesotaCare	40,668	0.2%	7
Social Services	2,836,517	13.3%	489
Misc Human Services Aid	202,639	0.9%	35
Total Human Services and Health Care Aids	9,672,812	45.3%	1,667
Highway Aids			
County Highway Aid	803,485	3.8%	138
City Highway Aid	245,610	1.2%	42
Town Highway Aid	66,639	0.3%	11
Total Highway Aid	1,115,734	5.2%	192
Other Aids			
Local Government Aid (LGA)	564,398	2.6%	97
Disparity Reduction Aid (DRA)	18,182	0.1%	3
County Program Aid	264,012	1.2%	46
Community Corrections Funding	103,738	0.5%	18
Total Aids	**21,334,705**	**100.0%**	**3,677**
Property Tax Credits			
Ag Market Value Credit	36,353	26.1%	6
School Bond Ag Credit	70,869	50.9%	12
Misc Prop Tax Credits	31,952	23.0%	6
Total Credits	**139,174**	**100.0%**	**24**
Property Tax Refunds			
Homestead Credit Refund (Homeowner PTR)	558,516	71.5%	96
Renter PTR	216,098	27.7%	37
Targeting PTR	6,367	0.8%	1
Total Property Tax Refund	**780,982**	**100.0%**	**135**
Property Tax Data (Payable 2022)			
County Levy	3,399,326	28.8%	586
City/Town Levy	2,987,625	25.4%	515
School NTC Levy	1,945,543	16.5%	335
School RMV Levy	1,279,693	10.9%	221
Miscellaneous District Levy	1,397,788	11.9%	241
State Levy	775,306	6.6%	134
Total Levy	**11,785,282**	**100.0%**	**2,031**
- Property Tax Credits	**139,174**	**-**	**24**
Net Prop Tax Payable	**11,646,108**	**-**	**2,007**
Major State Taxes			
Individual Income Tax (TY 2021 filed 2022)	14,854,137	54.7%	2,560
Sales/Use Tax (Calendar 2022)	8,098,242	29.8%	1,396
Mtr Vehicle Sales tax (Calendar 2022)	1,073,810	4.0%	185
Mtr Vehicle Reg Tax (Calendar 2022)	817,520	3.0%	141
Gas Tax (Calendar 2022)	883,804	3.3%	152
Corp Income Tax (Calendar 2022)	2,298,056	8.5%	396
State Prop Tax (Payable 2022)	775,306	2.9%	134
Total Taxes	**27,161,695**	**100.0%**	**4,682**

Metro/Nonmetro Data

Tables 2-3 and 2-4 contain data comparing the metro and nonmetro counties. The metro counties are the Twin Cities seven metropolitan counties—Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. The nonmetro counties are the remaining 80 counties in the state.

Table 2-3 has the metro and nonmetro dollar amounts of aids and taxes and a per capita comparison.

Table 2-4 presents a statewide breakdown of metro versus nonmetro for each of the categories. Each item adds across to 100 percent; for example 55.9 percent of the education aid goes to metro counties and 44.1 percent goes to nonmetro counties.

2022 population is used to calculate per capita amounts in the tables throughout this report.

Note: The metro and nonmetro totals add to the state totals in Table 2-1, which include only Minnesota residents.

The additional amounts paid by out-of-state taxpayers have not been allocated to any county. The amount of sales and income taxes that is unallocated to Minnesota is about $2.60 billion.

Table 2-3: Seven-County Metro and Greater Minnesota, Aids and Taxes

	Seven-County Metro			Greater Minnesota		
Aids to Local Governments	**Amount ($1,000)**	**Percent**	**Amount Per Capita**	**Amount ($1,000)**	**Percent**	**Amount Per Capita**
Education Aid	5,358,556	45.9%	1,676	4,237,272	43.9%	1,627
Human Services Aids						
Medical Assistance	3,729,119	31.9%	1,166	2,741,588	28.4%	1,053
MN Family Investment Program	44,535	0.4%	14	28,968	0.3%	11
General Assistance	33,708	0.3%	11	15,069	0.2%	6
MinnesotaCare	34,334	0.3%	11	6,327	0.1%	2
Social Services	1,632,976	14.0%	511	1,203,541	12.5%	462
Misc Human Services Aid	131,648	1.1%	41	70,992	0.7%	27
Total Human Services and Health Care Aids	5,606,320	48.0%	1,753	4,066,484	42.1%	1,561
Highway Aids						
County Highway Aid	199,403	1.7%	62	604,082	6.3%	232
City Highway Aid	160,547	1.4%	50	85,063	0.9%	33
Town Highway Aid	1,411	0.0%	0	65,228	0.7%	25
Total Highway Aid	361,361	3.1%	113	754,373	7.8%	290
Other Aids						
Local Government Aid (LGA)	189,823	1.6%	59	374,575	3.9%	144
Disparity Reduction Aid (DRA)	1,365	0.0%	0	16,817	0.2%	6
County Program Aid	117,209	1.0%	37	146,803	1.5%	56
Community Corrections Funding	39,473	0.3%	12	64,265	0.7%	25
Total Aids	**11,674,107**	**100.0%**	**3,651**	**9,660,598**	**100.0%**	**3,709**
Property Tax Credits						
Ag Market Value Credit	1,881	30.5%	1	34,472	25.9%	13
School Bond Ag Credit	3,805	61.6%	1	67,064	50.4%	26
Misc Prop Tax Credits	487	7.9%	0	31,465	23.7%	12
Total Credits	**6,173**	**100.0%**	**2**	**133,001**	**100.0%**	**51**
Property Tax Refunds						
Homestead Credit Refund (Homeowner PTR)	356,770	70.3%	112	201,746	73.8%	77
Renter PTR	147,487	29.1%	46	68,611	25.1%	26
Targeting PTR	3,430	0.7%	1	2,938	1.1%	1
Total Property Tax Refund	**507,687**	**100.0%**	**159**	**273,295**	**100.0%**	**105**
Property Tax Data (Payable 2022)						
County Levy	1,595,431	22.1%	499	1,803,896	39.6%	693
City/Town Levy	1,844,929	25.5%	577	1,142,696	25.1%	439
School NTC Levy	1,157,682	16.0%	362	787,862	17.3%	302
School RMV Levy	875,403	12.1%	274	404,291	8.9%	155
Miscellaneous District Levy	1,252,847	17.3%	392	144,941	3.2%	56
State Levy	505,853	7.0%	158	269,453	5.9%	103
Total Levy	**7,232,143**	**100.0%**	**2,262**	**4,553,139**	**100.0%**	**1,748**
- Property Tax Credits	**6,173**	**-**	**2**	**133,001**	**-**	**51**
Net Prop Tax Payable	**7,225,971**	**-**	**2,260**	**4,420,137**	**-**	**1,697**
Major State Taxes						
Individual Income Tax (TY 2021 filed 2022)	9,454,761	55.2%	2,957	4,438,273	48.9%	1,704
Sales/Use Tax (Calendar 2022)	4,222,549	24.7%	1,321	2,236,513	24.6%	859
Mtr Vehicle Sales tax (Calendar 2022)	542,491	3.2%	170	531,320	5.8%	204
Mtr Vehicle Reg Tax (Calendar 2022)	435,294	2.5%	136	382,226	4.2%	147
Gas Tax (Calendar 2022)	411,454	2.4%	129	472,349	5.2%	181
Corp Income Tax (Calendar 2022)	1,542,925	9.0%	483	755,131	8.3%	290
State Prop Tax (Payable 2022)	505,853	3.0%	158	269,453	3.0%	103
Total Taxes	**17,115,327**	**100.0%**	**5,353**	**9,085,264**	**100.0%**	**3,488**

Table 2-4: Seven-County Metro and Greater Minnesota, Share of Aids and Taxes

	Seven-County Metro		Greater Minnesota	
Aids to Local Governments	**Amount ($1,000)**	**Share of Total**	**Amount ($1,000)**	**Share of Total**
Education Aid	5,358,556	55.8%	4,237,272	44.2%
Human Services Aids				
Medical Assistance	3,729,119	57.6%	2,741,588	42.4%
MN Family Investment Program	44,535	60.6%	28,968	39.4%
General Assistance	33,708	69.1%	15,069	30.9%
MinnesotaCare	34,334	84.4%	6,327	15.6%
Social Services	1,632,976	57.6%	1,203,541	42.4%
Misc Human Services Aid	131,648	65.0%	70,992	35.0%
Total Human Services and Health Care Aids	5,606,320	58.0%	4,066,484	42.0%
Highway Aids				
County Highway Aid	199,403	24.8%	604,082	75.2%
City Highway Aid	160,547	65.4%	85,063	34.6%
Town Highway Aid	1,411	2.1%	65,228	97.9%
Total Highway Aid	361,361	32.4%	754,373	67.6%
Other Aids				
Local Government Aid (LGA)	189,823	33.6%	374,575	66.4%
Disparity Reduction Aid (DRA)	1,365	7.5%	16,817	92.5%
County Program Aid	117,209	44.4%	146,803	55.6%
Community Corrections Funding	39,473	38.1%	64,265	61.9%
Total Aids	**11,674,107**	**54.7%**	**9,660,598**	**45.3%**
Property Tax Credits				
Ag Market Value Credit	1,881	5.2%	34,472	94.8%
School Bond Ag Credit	3,805	5.4%	67,064	94.6%
Misc Prop Tax Credits	487	1.5%	31,465	98.5%
Total Credits	**6,173**	**4.4%**	**133,001**	**95.6%**
Property Tax Refunds				
Homestead Credit Refund (Homeowner PTR)	356,770	63.9%	201,746	36.1%
Renter PTR	147,487	68.3%	68,611	31.7%
Targeting PTR	3,430	53.9%	2,938	46.1%
Total Property Tax Refund	**507,687**	**65.0%**	**273,295**	**35.0%**
Property Tax Data (Payable 2022)				
County Levy	1,595,431	46.9%	1,803,896	53.1%
City/Town Levy	1,844,929	61.8%	1,142,696	38.2%
School NTC Levy	1,157,682	59.5%	787,862	40.5%
School RMV Levy	875,403	68.4%	404,291	31.6%
Miscellaneous District Levy	1,252,847	89.6%	144,941	10.4%
State Levy	505,853	65.2%	269,453	34.8%
Total Levy	**7,232,143**	**61.4%**	**4,553,139**	**38.6%**
- Property Tax Credits	**6,173**		**133,001**	
Net Prop Tax Payable	**7,225,971**	**62.0%**	**4,420,137**	**38.0%**
Major State Taxes				
Individual Income Tax (TY 2021 filed 2022)	9,454,761	68.1%	4,438,273	31.9%
Sales/Use Tax (Calendar 2022)	4,222,549	65.4%	2,236,513	34.6%
Mtr Vehicle Sales tax (Calendar 2022)	542,491	50.5%	531,320	49.5%
Mtr Vehicle Reg Tax (Calendar 2022)	435,294	53.2%	382,226	46.8%
Gas Tax (Calendar 2022)	411,454	46.6%	472,349	53.4%
Corp Income Tax (Calendar 2022)	1,542,925	67.1%	755,131	32.9%
State Prop Tax (Payable 2022)	505,853	65.2%	269,453	34.8%
Total Taxes	**17,115,327**	**65.3%**	**9,085,264**	**34.7%**