



Capitol Contact by State Representative Steve Simon

2011, Volume III

Who Pays Minnesota's Taxes?

Here's what the latest tax information tells us about who pays taxes in Minnesota – and what kind:

The highest income-earners pay a lower percentage of their income in state and local taxes than everyone else.

Dear Friends,

Every two years, the Minnesota Department of Revenue prepares a "Tax Incidence Study." It sounds boring, but it's actually interesting. It breaks down overall tax information by income level, type of tax, and type of household. The results for this year show a continuing trend: The highest income earners pay less in taxes as a percentage of their income, than everyone else – largely because of a shift to property taxes.

Annual Household Income	Percentage of Income paid in state & local taxes
\$9,795 and under	32.5%
\$9,796 – \$16,278	13.3%
\$16,279 – \$23,691	11.7%
\$23,692 – \$31,689	11.8%
\$31,690 – \$41,161	12.1%
\$41,162 – \$53,314	12.3%
\$53,315 – \$68,696	12.1%
\$68,697 – \$89,936	12.2%
\$89,937 – \$129,566	11.7%
\$129,567 and above	10.3%

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The reason for the imbalance is that while state tax collections are going down, local property tax collections are going up.

- The overall share of all revenues collected that came from the state income tax went from 37.4% two years ago to 35.2% today.
- Meanwhile, the share of overall revenues collected that came from local property taxes went from 30.1% two years ago to 31.1% today (with a projected increase to 33.1% in two years).

In my opinion, our tax system needs change. State taxes should be based as much as possible on a person's ability to pay. And we should aim for less reliance on property taxes.

For more information, check out the 2011 Minnesota Tax Incidence Study at: www.taxes.state.mn.us

As always, please feel free to contact me about any issue, idea, or concern.