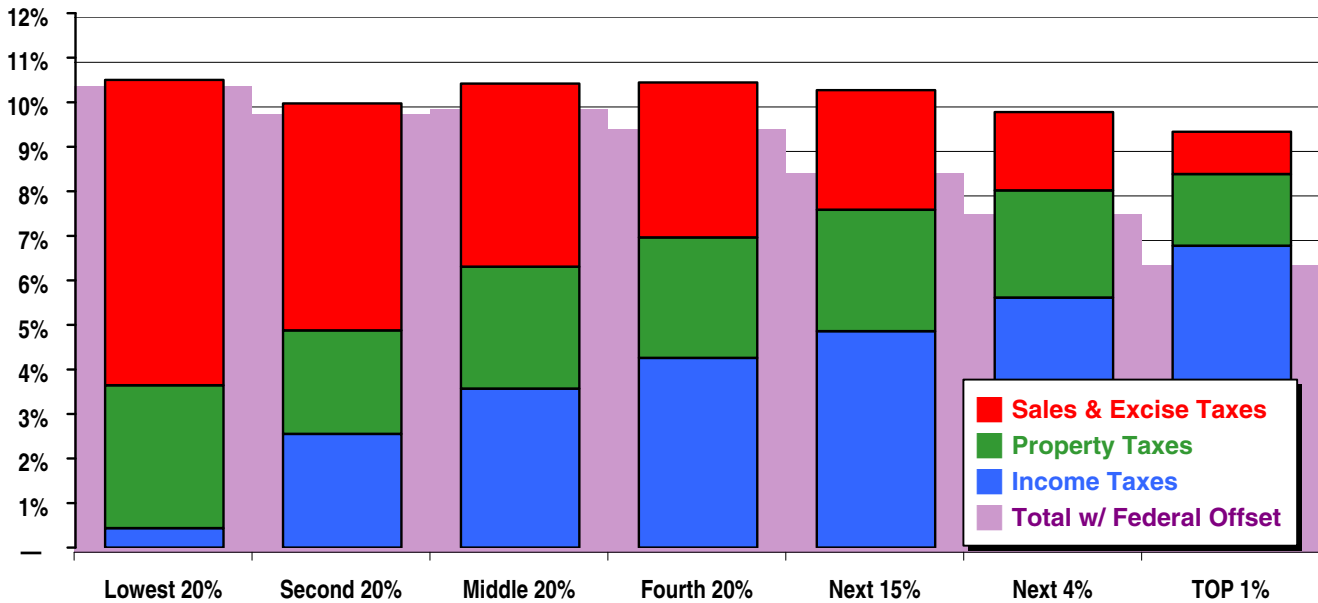


Minnesota

State & Local Taxes in 2002

Shares of family income for non-elderly taxpayers



Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$19,000	\$19,000 – \$32,000	\$32,000 – \$50,000	\$50,000 – \$76,000	\$76,000 – \$147,000	\$147,000 – \$556,000	\$556,000 or more
Average Income in Group	\$11,000	\$25,200	\$40,700	\$62,800	\$99,900	\$204,900	\$1,002,000
Sales & Excise Taxes	6.9%	5.1%	4.1%	3.5%	2.7%	1.8%	1.0%
General Sales—Individuals	3.3%	2.6%	2.2%	2.0%	1.5%	1.0%	0.6%
Other Sales & Excise—Ind.	1.4%	0.9%	0.6%	0.5%	0.4%	0.2%	0.1%
Sales & Excise on Business	2.2%	1.6%	1.2%	1.0%	0.8%	0.5%	0.3%
Property Taxes	3.2%	2.3%	2.7%	2.7%	2.7%	2.4%	1.6%
Property Taxes on Families	2.9%	2.1%	2.5%	2.5%	2.4%	2.0%	0.9%
Other Property Taxes	0.3%	0.2%	0.2%	0.2%	0.3%	0.4%	0.7%
Income Taxes	0.4%	2.5%	3.6%	4.3%	4.9%	5.6%	6.8%
Personal Income Tax	0.4%	2.5%	3.5%	4.2%	4.8%	5.5%	6.5%
Corporate Income Tax	0.0%	0.0%	0.0%	0.0%	0.0%	0.1%	0.3%
TOTAL TAXES	10.5%	10.0%	10.4%	10.4%	10.3%	9.8%	9.3%
Federal Deduction Offset	-0.0%	-0.1%	-0.5%	-0.9%	-1.8%	-2.2%	-2.9%
TOTAL AFTER OFFSET	10.5%	9.8%	9.9%	9.5%	8.5%	7.6%	6.4%

Note: Table shows 2002 tax law at 2000 income levels.

Minnesota Details

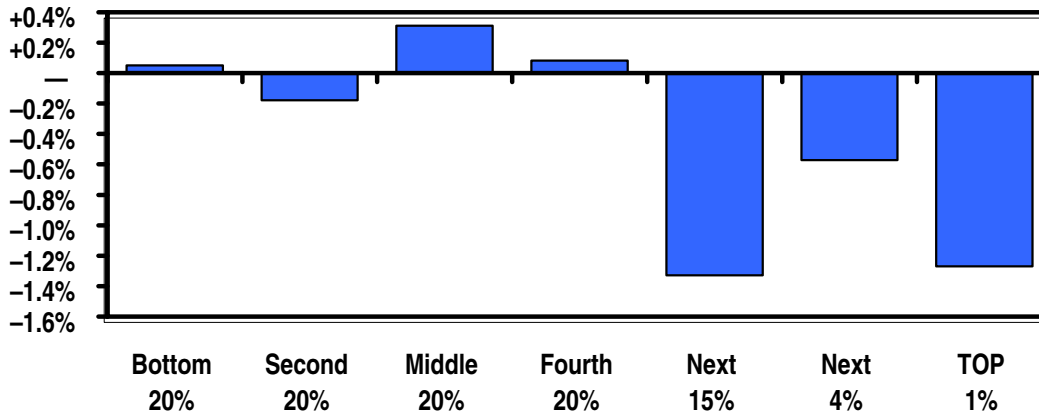
Progressive Features

- ✓ Refundable EITC and dependent care credit
- ✓ Low income circuit breaker
- ✓ Tax brackets, exemptions and standard deduction indexed

Regressive Features

- ✗ Relatively high sales tax rate

Changes in Tax as Share of Income, 1989 - 2002

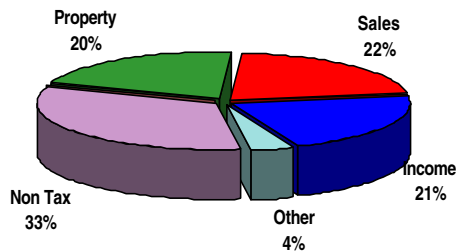


	Bottom 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Sales & Excise	+0.4%	+0.2%	+0.2%	+0.2%	+0.2%	+0.1%	+0.1%
Property	+0.5%	-0.1%	+0.3%	+0.1%	-1.0%	-0.5%	-0.7%
Income	-0.8%	-0.2%	-0.1%	+0.1%	-0.1%	+0.1%	+0.2%
Federal Offset	-0.0%	-0.1%	-0.1%	-0.3%	-0.4%	-0.3%	-0.8%
Overall Change	+0.1%	-0.2%	+0.3%	+0.1%	-1.3%	-0.6%	-1.3%

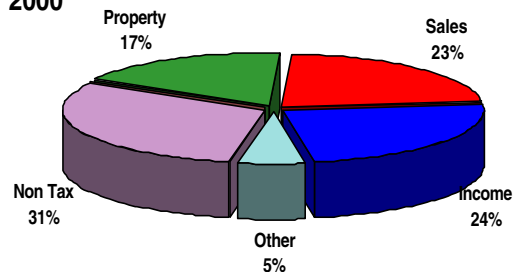
The adoption and expansion of a refundable EITC greatly assisted the poorest Minnesotans while others saw the benefit of income tax rate reductions. Sales taxes were hiked one half percent.

Composition of Revenues

1989



2000



Source: Government Finances, US Department of Census