

# TRUTH or Consequences

If we fail as a state, we can blame no one but ourselves.

## the Budget Shutdown Edition

The top 10 percent of MN households pay what % of individual income taxes?

**A. 10% B. 13% C. 5% D. 22% E. 56%**

**E. 56%** Taxpayers in the top 10 percent of households pay 56 percent of the individual income tax. The top 5 percent pays 43 percent of the income tax, and 23% of adults paid no Minnesota income taxes at all. (Source: 2011 MN Tax Incidence Study & MN Dept of Revenue)

What is Minnesota's ranking among the 50 states in terms of the best place to retire for tax purposes?

**A. 12 B. 15 C. 28 D. 49 E. 50**

**D. 49th.** Only the state of Vermont ranks worse than Minnesota in terms of which state is the best to retire in for tax purposes. (Source: Advisor One: [www.advisorone.com/article/top-10-worst-tax-states-retirees?page=0,2&t=wirehouses&amp](http://www.advisorone.com/article/top-10-worst-tax-states-retirees?page=0,2&t=wirehouses&amp))

The State of Maryland raised taxes on "millionaires" in 2008 to 6.25%. How much additional tax revenues (percentage increase) were received in the first year of this new law?

**A. 5% B. 13% C. 25% D. None of above**

**D. None of the above.** Maryland state income taxes FELL by 22% percent and the number of "millionaire" tax returns fell by 30%. Maryland lost \$1 billion of its net tax base in 2008 by residents moving to other states. The new top tax rate in Maryland is actually lower than Minnesota's current highest individual income tax rate (currently 7.85%). (Source: WSJ, May 27, 2009 "Millionaires Go Missing,") What will we do if we lose 30% of the top taxpayers who are paying 41% of our state taxes in MN?

What is Minnesota's ranking among states in terms of the best place for entrepreneurs and small businesses?

**A. 8 B. 28 C. 33 D. 40 E. 50**

**E. 50th.** Only the District of Columbia (ranked 51st) is worse. The Small Business & Entrepreneurship Council (SBE) 2011 Business Tax Index pulls together 18 different tax measures to compile the state rankings for the best places for entrepreneurship and small businesses. By the way, South Dakota is Number One. (Source: [www.sbecouncil.org/businessstaxindex2011/report.pdf](http://www.sbecouncil.org/businessstaxindex2011/report.pdf))

In billions, what was the difference in spending between the last state budget and "projected" 2012-13 spending?

**A. \$2B B. \$4B C. \$6B D. \$7B E. \$9B**

**E. \$9B** State spending in the last budget, not including one-time federal stimulus dollars and the education shift, was \$30 billion. Projected or "autopilot" spending for fiscal year 2012-13 was forecasted to be \$39 billion.

**T/F** The 2011 Republican-controlled Legislature passed a 2012-2013 budget that cuts state spending.

**FALSE.** The 2012-13 budget as passed was about \$34 billion, the largest state spending in history, up 6% (compared with stimulus spending/12% without) over 2010-11. Gov. Dayton vetoed it calling it an "all-cuts budget," and left-leaning groups are spending millions trying to convince you that we needs even more spending, supported by tax increases.

**T/F** K-12 public school funding was reduced dramatically under the Republican Legislature's Education bill crafted this year.

**FALSE.** Funding for schools was increased by more than a half billion dollars to improve early reading and equity in school funding across the state, while reducing state mandates. The education budget is and remains the single largest investment in Minnesota's budget. Governor Dayton vetoed it.

**T/F** Spending on Health & Human Services was cut by the Republican Legislature.

**FALSE.** Republicans proposed an increase in Health and Human Services spending of \$650 million, including increases for nursing homes and patient-centered reforms. HHS is the second largest portion of Minnesota State general fund budget, but Governor Dayton vetoed it.

**T/F** The Minnesota Legislature can (and should) get back to the State Capitol and work to pass the bills NOW to get the state running again.

**FALSE.** Legislators cannot call themselves into session. Most are working toward a resolution and are requesting that Gov. Dayton, who vetoed the budget bills after the session was required to adjourn, call us back to pass either a short-term funding bill to continue operations or a complete two-year budget. Under law, the Legislature cannot pass bills until January 2012, but Gov. Dayton refuses to call a special session for a "lights-on" bill. Each passing week of Gov. Dayton's shutdown will unnecessarily keep thousands of Minnesotans unemployed, and cost taxpayers and businesses millions of dollars.