

## Responses to questions raised at the 10/29 meeting from Andy Lee, Fiscal Analyst, House Fiscal Staff

In answer to most of the first set of questions on the Suits Index and the Tax Incidence Study it would probably be best to refer to the most recent report at:

[http://www.revenue.state.mn.us/research\\_stats/research\\_reports/2015/2015\\_tax\\_incidence\\_study\\_links.pdf](http://www.revenue.state.mn.us/research_stats/research_reports/2015/2015_tax_incidence_study_links.pdf).

Also I'll note that Suits refers to a person's name, not an acronym.

Where is Capital Gains Tax - part of income?

**Yes, see page 92 (of the document, not the page number)**

What is rate of mortgage tax?

**The State rate is 0.0023, with Hennepin and Ramsey levying an additional 0.0001.**

[http://www.revenue.state.mn.us/local\\_gov/mortgage\\_registry/Documents/Mortgage\\_Tax\\_Rate.pdf](http://www.revenue.state.mn.us/local_gov/mortgage_registry/Documents/Mortgage_Tax_Rate.pdf) and

[http://www.revenue.state.mn.us/research\\_stats/research\\_reports/2014/2014\\_handbook\\_links\\_2\\_on\\_a\\_page.pdf](http://www.revenue.state.mn.us/research_stats/research_reports/2014/2014_handbook_links_2_on_a_page.pdf) pages 32 and 33

A member asked what is the order of magnitude of the 0.1 in the Suits index - help us understand this?

**Sorry this is a hard one to answer, the Suits index is calculated by how much each of the ten income deciles pays a tax as a percentage of their income (see page 154). One place to see the change in the Suits Index relative to a tax policy change is measuring the impact of the income tax from 2012 to the estimate for 2017 in relation to the creation of a 4th tier to the income tax which generates about \$590 million a year mostly from the top income deciles, at least directly anyway (<http://www.house.leg.state.mn.us/fiscal/files/tax13.pdf> page 2 line 3). You can read some discussion of this in the report on page 53, but notice on page 112, the impact on the Full Sample Suits Index for the income tax is 0.08 more progressive. I should note though the 2017 numbers are still just an estimate. One side note on this, when we were discussing the merits of progressivity measures of taxes, there was some discussion that some relatively more regressive taxes are also better at being user fees for capturing the degree of use of public resources, such as the gas tax has historically been. I should have mentioned that on the progressive tax side, revenue generated from the upper tax brackets can be harder to forecast and more subject to economic fluctuations than more regressive taxes like the property tax.**

Why is property tax refund, which is more progressive separate from property taxes? If combined, wouldn't this bump up the progressivism of those that are currently listed as more regressive?

**Yes you're right. In the report the local property tax and state property tax refund are calculated both separately (in the hand out and on page 40) and combined (page 49, there is some discussion of how much less regressive the property tax is with the refund).**

Are there elected on the Governance Structure?

***In the attached spreadsheet I try to get to some of these questions, though each agency is unique I have the number of board members and who appoints them. In most cases I was able to find the number of board members, appointment method and a link for more detail. Unfortunately there were a few transit system and MPOs that did not accessibility show board composition, so I left those out. I also recall a question about what degree of rider input transit agencies utilize, and I found a board spectrum with some agencies having formal rider committees, many having none, and most having at least an accessibility committee. I tried to constrain this to formal groups within the operating agency, rather than outside advocacy groups. In most cases I have links.***

How do they (transit authorities) interact with their MPOs? How do they share authority?

***This was a difficult question to try to sum up in the attached spreadsheet. It seems that there are many different ways MPO and Transit agencies interact, most not clearly spelled out. I would love to look at this more for my publication on transit finance, but with my current work load I cannot do the more in depth research required for a cogent response on this at the moment. I will note that I thought it was interesting that many MPO boards have a representative from the main Transit agency or state DOT as well as local elected officials.***

Low income supplement in Bay Area - what are some of the issues there?

***Here is a link to the San Francisco Muni fare subsidy program and a more detail study from Seattle on a fare subsidy program***

***<https://www.sfmta.com/getting-around/transit/fares-passes/low-income-lifeline-pass>  
<http://www.kingcounty.gov/~media/transportation/LowIncomeOptions/king-county-low-income-fares-advisory-committee-report-061613.ashx?la=en>***

***I thought this blog post might be helpful to share regarding the discussion on transit fares covering more or all of transit operating costs. It appeared in the StreetsMN blog a few years ago, though I will note it's a little more editorial in tone.***

***<http://streets.mn/2013/06/03/farebox-recovery-a-thought-experiment/>***

***For a more academic oriented look at transit fares I would recommend this publication from TCRP [http://onlinepubs.trb.org/onlinepubs/tcrp/tcrp\\_rpt\\_95c12.pdf](http://onlinepubs.trb.org/onlinepubs/tcrp/tcrp_rpt_95c12.pdf)***

A member asked whether the transit authorities you highlighted rely on money they can't control? If yes, how does this work out?

***I was going to attempt to answer this in the spreadsheet but I was finding it too difficult to sum up and provide an accurate comparison across the country. Again I think this is an area I'd like to do more research but I don't want to make on the fly comparisons relying only on budget documents, sorry. It's safe to say though, that every transit agency is unique.***

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