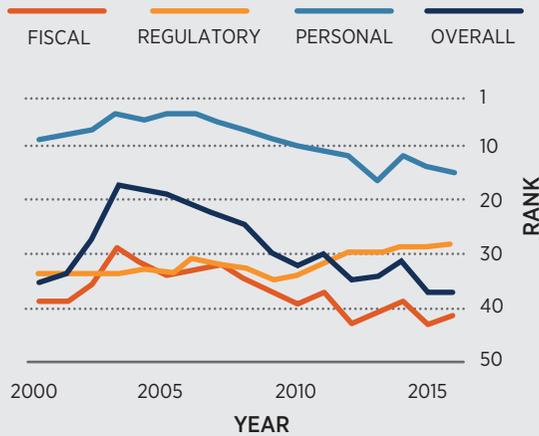


MINNESOTA

2016 RANK
37th



POLICY RECOMMENDATIONS

- **Fiscal:** Trim spending on public welfare, parking lots, natural resources, unemployment compensation, and parks and recreation, areas in which the state spends much more than average. Reduce taxes on individual income and selective sales (excluding alcohol, tobacco, and utilities), which are above national norms.
- **Regulatory:** Deregulate telecommunications and cable entry and pricing.
- **Personal:** Allow beer, wine, and spirits in grocery stores.



Population, 2017
5,576,606

Net Migration Rate
-1.6%



State Taxes, Percent of Personal Income, FY 2017
8.48%

Local Taxes, Percent of Personal Income, FY 2015
3.10%

Partisan Lean, 2016
R +1.4



Real Per Capita Personal Income, 2016, in 2009 \$
\$48,283

Real Personal Income Growth, CAGR, 2000-15
2.5%

ANALYSIS

Minnesota is a classic “blue state” in that it scores well above average on personal freedom and below average on economic freedom. However, it has fallen relative to other states on personal freedom since 2006 as others have caught up and surpassed it.

Minnesota is fiscally centralized, with low local taxes (3.1 percent of adjusted personal income) and high state taxes (8.5 percent). Overall, the tax burden is high at 11.6 percent. On public employment and government consumption, the state performs above average.

On the most important category in regulatory policy, land-use and environmental freedom, Minnesota is average. The state suffers from strict renewable portfolio standards that consistently got worse from 2010–15 before clawing back a bit in 2016. On labor policy the state is below average, lacking a right-to-work law that all of its neighbors enjoy. Minnesota passed a minimum wage law in 2014 that increased the rate every subsequent year up to 2016 and then indexed it to inflation (it is \$9.65 in 2018). Workers’ compensation funding was liberalized slightly in 2011–12. The state moved to deregulate telecommunications in 2015 (which we recommended in previous editions of this study), but cable remains untouched. Occupational freedom is above average; the state passed an extensive nurse practitioner freedom-of-practice law in 2014. The state lacks a hospital certificate-of-need law and various other cronyist policies, but it does have sales-below-cost laws for gasoline and retailers generally. Its court system is highly rated and has improved over time.

Minnesota scores above average on personal freedom largely because of its sound criminal justice policies, and it was helped in the past in relative terms by its marriage freedom (it enacted same-sex marriage in 2013). But the state performs poorly in a number of other categories. The incarceration rate is well below the national average but has risen over time (in 2000, it was three standard deviations lower than average!). The drug arrest rate is lower than average and getting lower, while arrests for other victimless crimes are a bit higher than average, but falling. The state’s asset forfeiture law was reformed in 2013, but without getting a handle on equitable sharing its impact will be limited. The state, in bipartisan fashion, enacted limits on the use of license plate readers in 2015. Minnesota is basically average on marijuana freedom, enacting a strictly limited medical marijuana program in 2014. Tobacco freedom took a big hit in 2013 with a hike in the cigarette tax (it is \$3.04 a pack in 2018) and an inflation indexing provision (that was ended by the legislature as of 2017); Minnesota is now a bottom-10 state in this category. Educational freedom is slightly above average despite some private and homeschool regulation, because of interdistrict public school choice, a modest tax credit/deduction law, and compulsory schooling of only 10 years. Alcohol freedom is subpar, but Minnesota rose to average on gun policy by legalizing silencers in 2015. After the closing date of our study, the state ended alcohol blue laws, but it still does not even allow beer in grocery stores.