

Community Development Committee

Meeting date: January 20, 2015

Subject: Update on Twin Cities Fiscal Disparities Program

District(s), Member(s): All districts

Policy/Legal Reference: Minn. Stat. § 473F

Staff Prepared/Presented: Deb Detrick, Local Planning Assistance (651-602-1327)

Division/Department: Community Development Division

Proposed Action

No action is proposed.

Background

Taxing jurisdictions in the metropolitan area share part of the growth in commercial-industrial tax base through a tax-base sharing program known as the Fiscal Disparities Program. The Minnesota Legislature created the program in 1971 with the support of the Metropolitan Council. Tax-base sharing started in 1975. The size of the seven-county area the program covers and the amount of commercial-industrial tax base shared make it unique. This program continues to attract national and international interest.

Tax-base sharing supports goals of the Metropolitan Council. It promotes orderly and economical growth by reducing competition for tax base. It helps improve equity by reducing large differences in tax base wealth among communities. It strengthens economic competitiveness and fosters prosperity by giving incentives for all to work for the growth of the area as a whole. It also supports livability by encouraging land uses that raise little or no revenue, such as regional parks and low-income housing. The program shared \$361 million in tax base for taxes payable in 2014 and \$588 million in tax revenue.

The Council and the Minnesota Department of Revenue jointly determine eligibility for communities to participate in the program.

Rationale

The 2014 work plan for the Community Development Committee includes a fiscal disparities report. The scheduling of other agenda items in late 2014 delayed this update.

Funding

N/A

Known Support / Opposition

N/A