

December 19, 2016

Fiscal Disparities Update: Tax-Base Sharing in the Metro Area

Community Development Committee

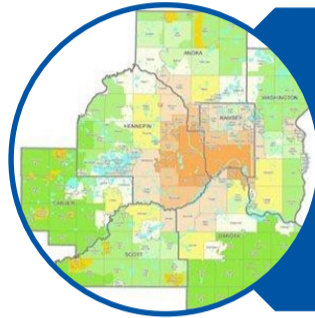


What is Fiscal Disparities?

- Taxing jurisdictions in seven-county metro area share part of growth in commercial-industrial tax base



Program supports Council goals



Promotes orderly and efficient growth



Helps improve equity



Strengthens economic competitiveness



Encourages land uses that protect the environment and increase livability

How fiscal disparities works

Contribution

Equals 40% of growth in commercial, industrial and public utility property tax base since 1971



Shared pool of tax base for metro area



Distribution

Based on population and relative property tax wealth

Distribution for community

- Distribution formula for tax base in area-wide shared pool



Distribution formula

- Distribution formula for tax base in area-wide shared pool

$$\text{community's population} \times \frac{\text{average total market value per person for metro area}}{\text{community's market value per person}}$$

Revenue shared by program

- Local jurisdictions share revenue (distribution levy) from area-wide shared pool of tax base
 - Shared revenue for community equals amount of tax base distributed multiplied by community's tax rate for previous year

Results for taxes payable 2016

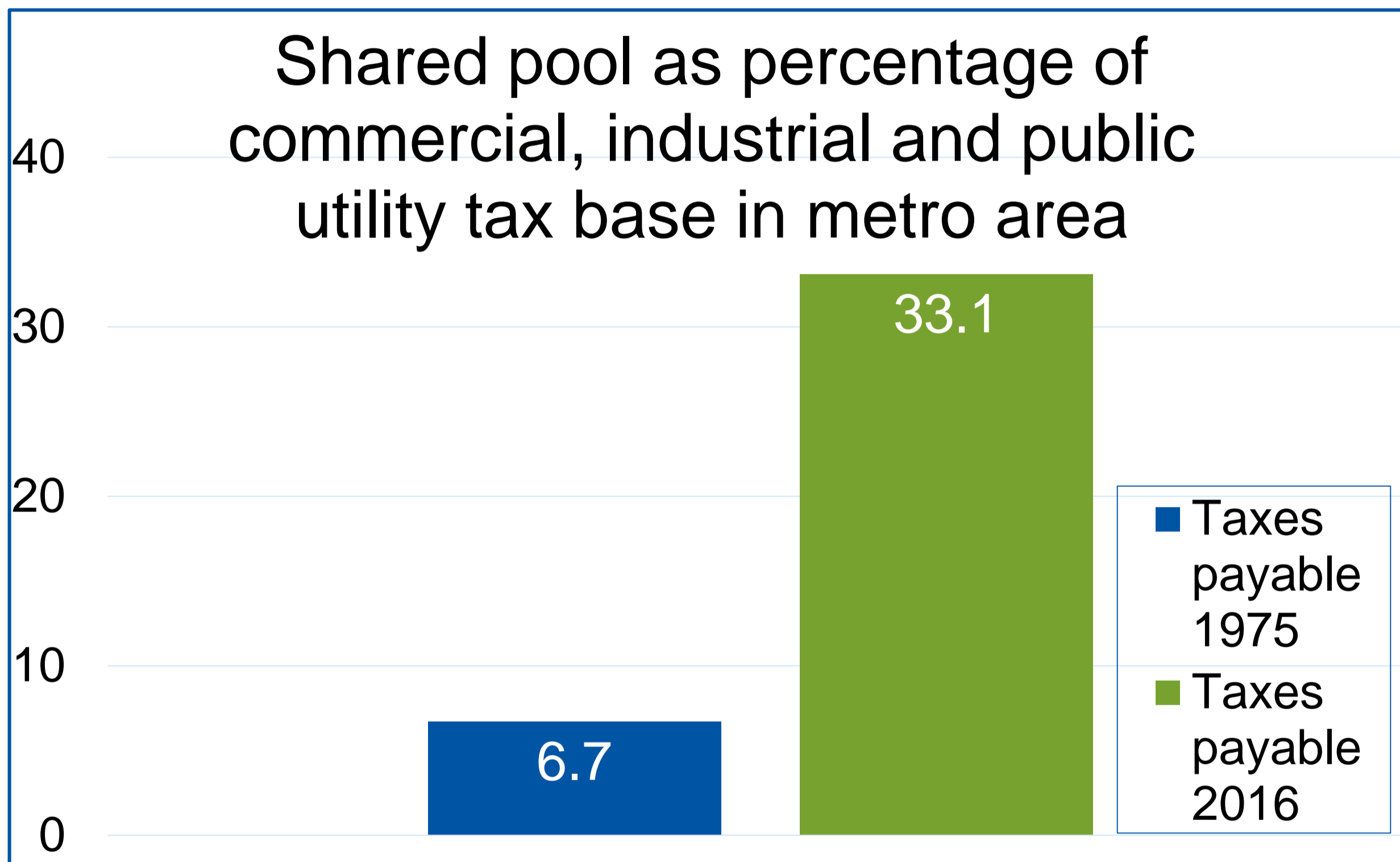
Tax base

- Shared \$373 million for taxes payable in 2016

Tax revenue

- Shared \$561 million for taxes payable in 2016

Shared pool of tax base



Net recipients and contributors

Net recipients

- Total of 99 net recipients for taxes payable in 2016

Net contributors

- Total of 80 net contributors for taxes payable in 2016

Fiscal Disparities Program in the Twin Cities Metro Area

Top 20 Net Recipients and Top 20 Net Contributors Taxes Payable 2016

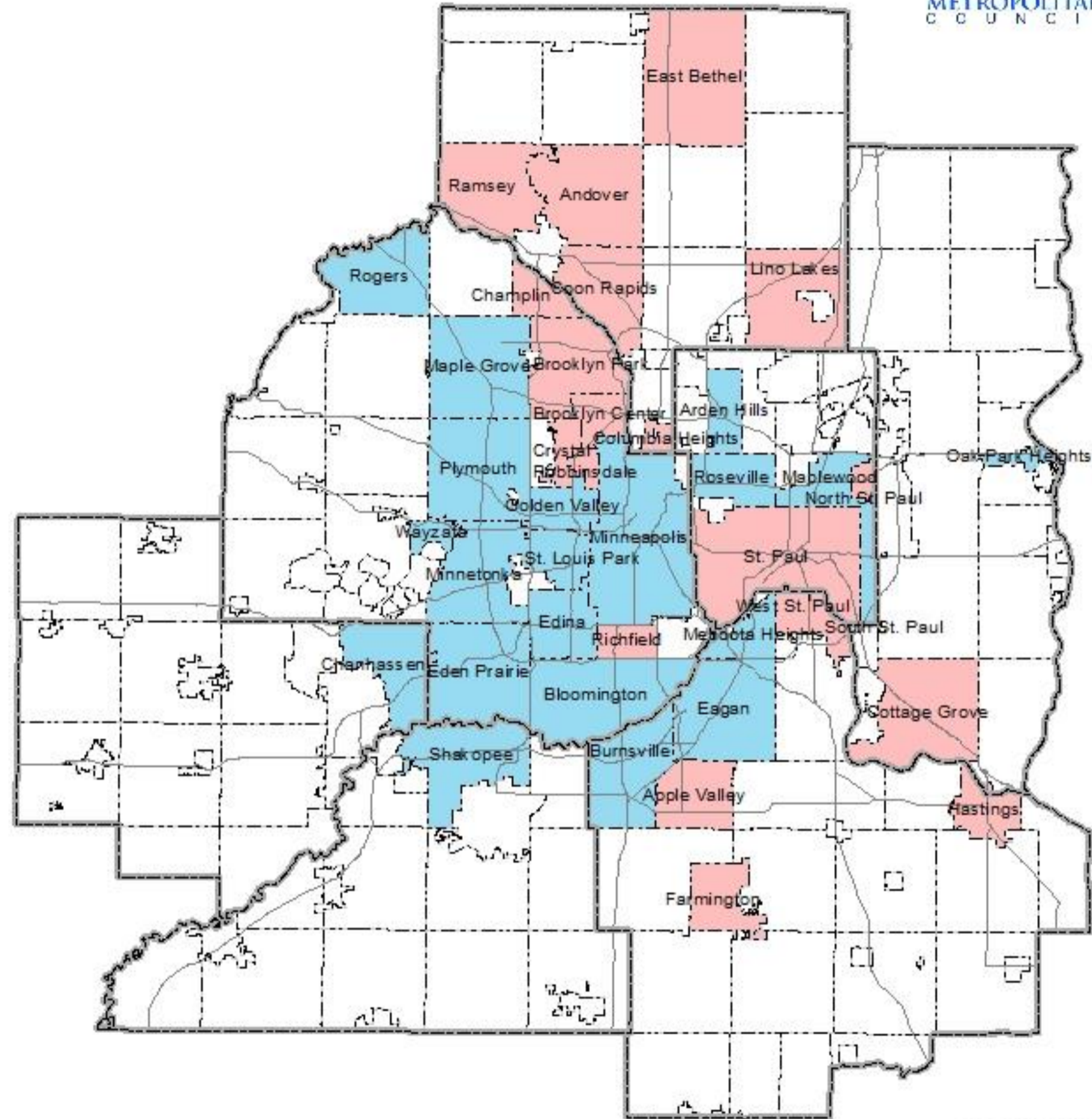


Net Recipients

- Andover
- Apple Valley
- Brooklyn Center
- Brooklyn Park
- Champlin
- Columbia Heights
- Coon Rapids
- Cottage Grove
- Crystal
- East Bethel
- Farmington
- Hastings
- Lino Lakes
- North St. Paul
- Ramsey
- Richfield
- Robbinsdale
- South St. Paul
- St. Paul
- West St. Paul

Net Contributors

- Arden Hills
- Bloomington
- Burnsville
- Chanhassen
- Eagan
- Eden Prairie
- Edina
- Golden Valley
- Maple Grove
- Maplewood
- Mendota Heights
- Minneapolis
- Minnetonka
- Oak Park Heights
- Plymouth
- Rogers
- Roseville
- Shakopee
- St. Louis Park
- Wayzata



- Major Highways
- Net Recipient
- Net Contributor

Program reduces disparities

- Measure by ratio of highest to lowest commercial-industrial tax base per person for communities with population over 10,000

12 to 1
without tax-base
sharing

5 to 1
with tax-base
sharing

Impact on individual parcels

- Part of commercial, industrial or public utility property taxed at area-wide rate
 - Area-wide tax rate reduces differences across jurisdictions
- Rest of property taxed at local rate



Eligibility to participate

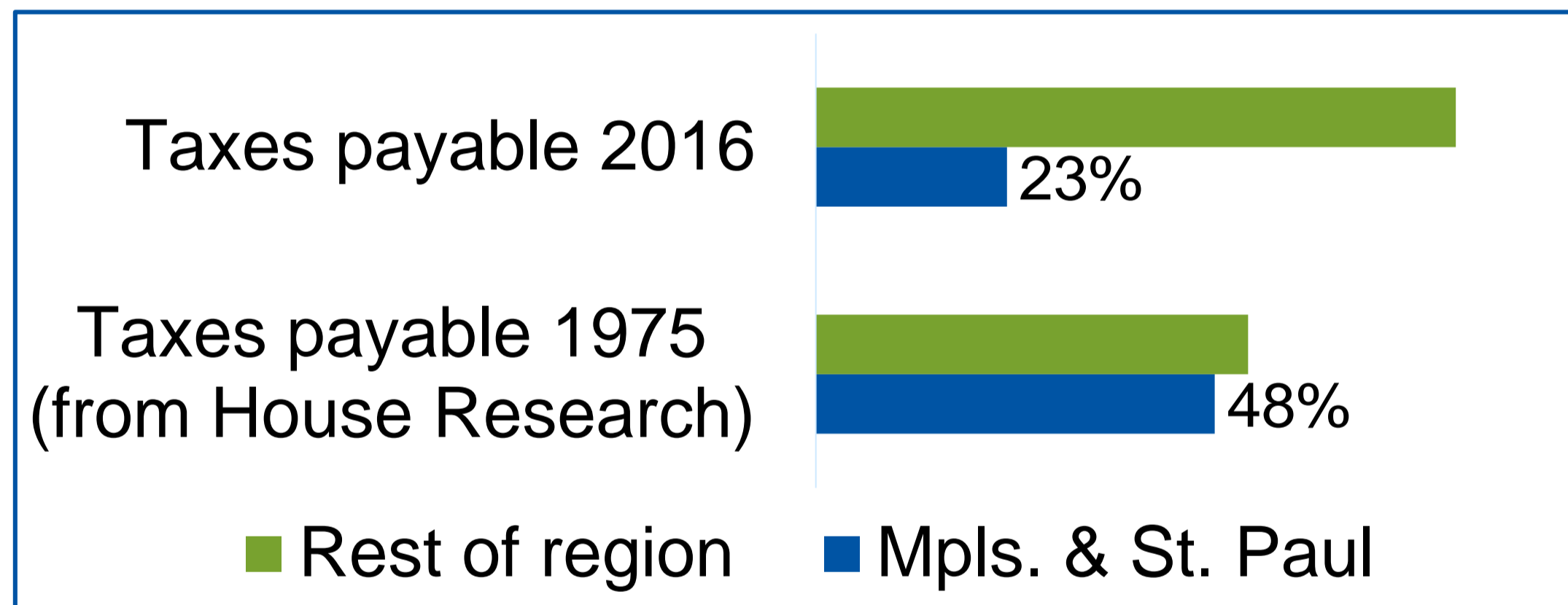
- Council and Minnesota Department of Revenue determine eligibility to participate
 - Exclude community if its zoning and planning policies conscientiously exclude most commercial-industrial property for reasons other than preserving agriculture ([Minn. Stat. § 473F.02, subd. 8](#))

Communities not in program

- Not eligible because zoning and planning policies exclude most commercial-industrial property
 - Sunfish Lake, Birchwood, St. Mary's Point and Woodland
- Not eligible because excluded by statute
 - New Prague and Northfield

Trends

- Commercial-industrial tax base far less concentrated in Minneapolis and St. Paul



- Total tax base in metro area increasing again following economic downturn

More information

- Metropolitan Council web site
[Fiscal Disparities: Tax-Base Sharing in the Metro Area](#)

Contact information

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