

## Community Development Committee

Meeting date: April 5, 2021

**Subject:** Tax-Base Sharing in the Metropolitan Area for Taxes Payable in 2021

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

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

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

**Division/Department:** Community Development Division / Regional Planning

### Proposed Action

None. This is information only.

### 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 interest.

Tax-base sharing supports goals of the Metropolitan Council. It improves equity by reducing large differences in tax base wealth among communities. It supports cost-effective regional wastewater treatment and transportation services by reducing competition for tax base. It encourages land uses that protect the environment and increase livability but raise little or no revenue, such as regional parks, open space, and low-income housing. It promotes a regional approach to planning and development. The program shared \$500 million in tax base for taxes payable in 2021 and \$697 million in tax revenue.

A total of 179 communities participate in tax-base sharing. Each year, the Council and the Minnesota Department of Revenue determine eligibility for communities to participate in the program, as required by statute.

Council staff will give an overview of the program and present results for taxes payable in 2021. [\*Fiscal Disparities: Tax-base sharing in the metro area\*](#) on the Council's website provides further information, with updated summary data and links to resources. Notable new publications include [\*Minnesota's Fiscal Disparities Programs\*](#) and [\*How Could You Do This? 50 Years of Property-Tax-base Sharing in Minnesota\*](#) covering the remarkable history of the program.

### Rationale

The work plan for the Community Development Committee includes a fiscal disparities report.