

Information Item

Community Development Committee



Meeting Date: May 1st, 2023

Topic

Update on Fiscal Disparities Program.

District(s), Member(s):	All
Policy/Legal Reference:	Minn. Stat. Section 473F
Staff Prepared/Presented:	Maia Guerrero-Combs, Senior Planner, (651-602-1060)
Division/Department:	Community Development Division/ Livable Communities

Background

The 2023 Community Development Work Plan includes a report on the Fiscal Disparities Program. 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. The program began sharing tax base in 1975.

Tax-base sharing supports goals of the Metropolitan Council. The program improves equity in fiscal resources 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. Tax-base sharing 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. The program promotes a regional approach to planning and development.

The program shared over \$531 million in tax base for taxes payable in 2023 and over \$710 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 2023. [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.