

Information Item

Community Development Committee



Meeting date: June 2, 2025

Topic

Fiscal Disparities Program 2025 Annual Report

District(s), member(s):	All
Policy/legal reference:	Minn. Stat. Section 473F
Staff prepared/presented:	Maia Guerrero-Combs, Planning Analyst, (651-602-1060) and Sarah Rodman, Business Analyst (651-602-1953)
Division/department:	Community Development Division – Livable Communities and Housing

Background

The 2025 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 Fiscal Disparities Program in 1971 with the support of the Metropolitan Council, and the first year of tax base sharing was 1975. Through the Fiscal Disparities program, local taxing jurisdictions in the seven-county metro area each share part of the growth in commercial-industrial net tax capacity, or commercial-industrial tax base.

The Fiscal Disparities program is built into our property tax system and is administered by the state. The Metropolitan Council reports on the outcomes of the program annually and conducts an eligibility review for participating cities and townships.

Tax-base sharing supports the statutory direction and regional 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 Fiscal Disparities Program shared over \$620 million in tax base for taxes payable in 2025 which created over \$769 million in tax revenue.

A total of 177 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 2025. [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.