

# Update on Fiscal Disparities Program

Community Development Committee

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# Tax base sharing in the metro area

## About the program

- Shares part of growth capacity in commercial-industrial tax-base (net tax capacity) in the seven-county metro area
- Enacted in 1971
- Built into our property tax system and administered by the state
- Attracts national and international interest

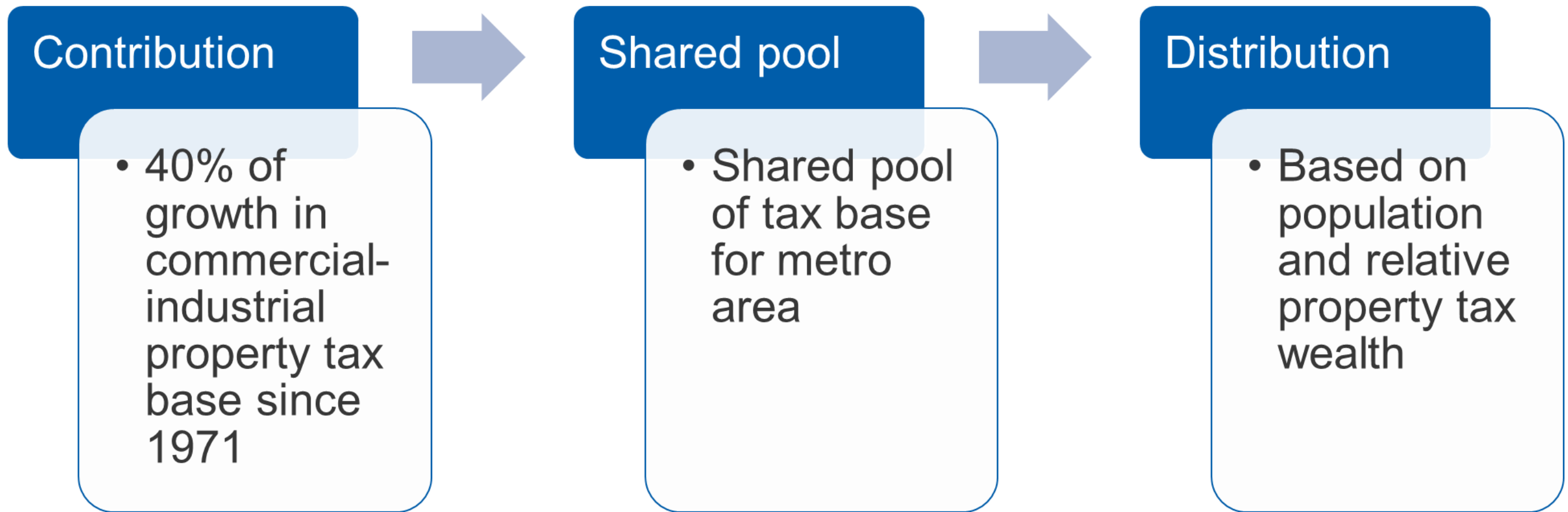
# Tax-base sharing in the metro area



## Benefits of the program

- Improves equity in fiscal resources
- Supports cost-effective regional wastewater treatment and transportation services
- Encouraging land uses that protect the environment and increase livability

# How tax-base sharing works





# Participation in the program



## 177 communities participate

- Six areas excluded by statute
- Statutory role of Metropolitan Council and Minnesota Department of Revenue to determine eligibility of communities to participate in the program
  - Four communities found ineligible to participate

# Shared tax base in the metro area

## Shared tax base for 2025 in the metro area

- 9% of the total tax base for the metro area
- 35% of the total commercial industrial tax base for the metro area

Shared tax base as part  
of the total tax base

9%

A horizontal bar chart with a green segment representing 9% and a light gray segment representing the remaining 91%.

Shared tax base as part  
of the total commercial-  
industrial tax base

35%

A horizontal bar chart with a green segment representing 35% and a light gray segment representing the remaining 65%.

# Results for taxes payable in 2025

## Tax base

- Shared over \$620 million in tax base for taxes payable in 2025

## Tax revenue

- Shared over \$769 million in tax revenue for taxes payable in 2025



# Net recipients and net contributors



## Taxes payable in 2025

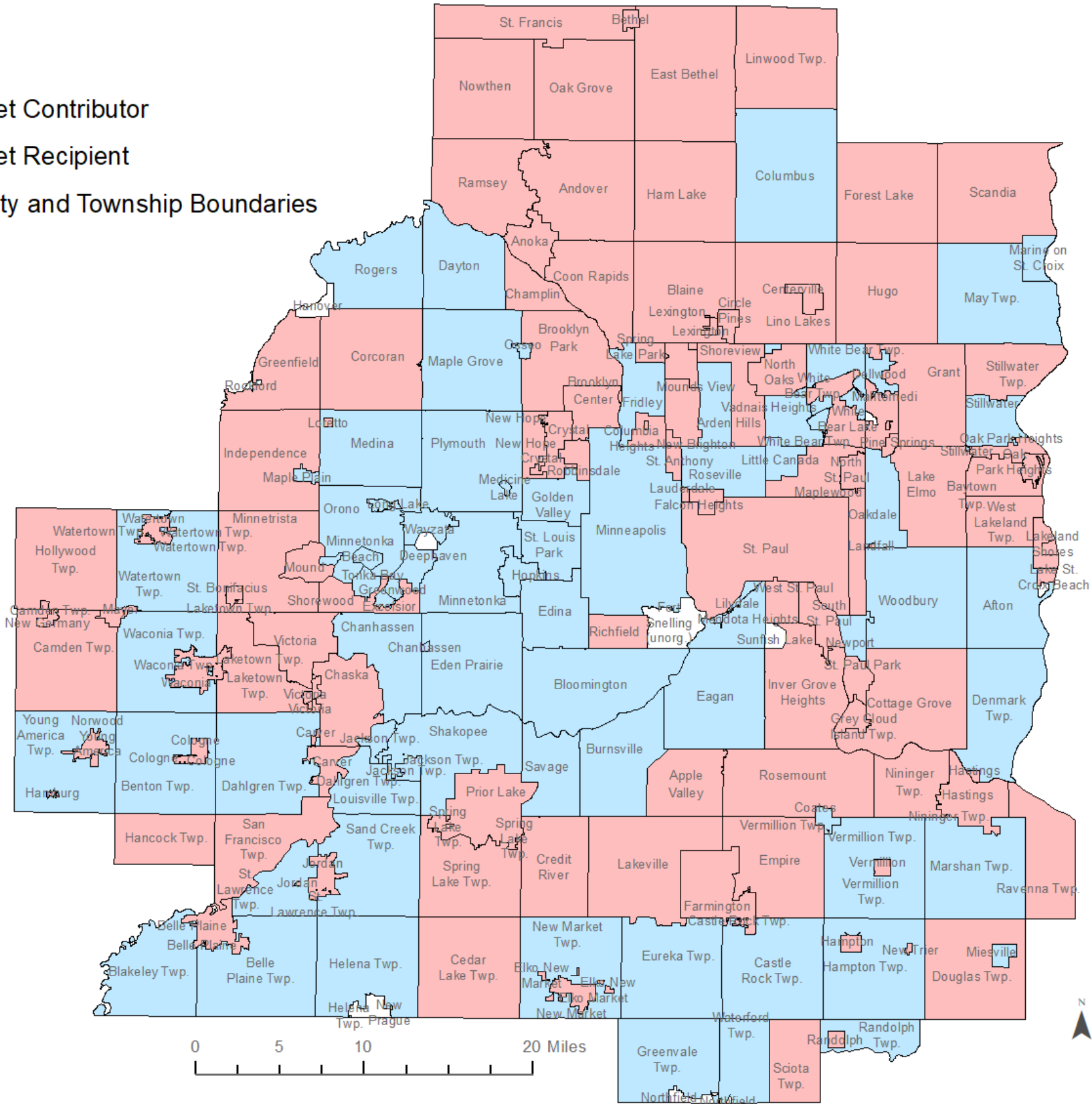
- 104 net recipients
  - 88 cities
  - 16 townships
- 73 net contributors
  - 49 cities
  - 24 townships



# Fiscal Disparities Program

## Net Recipients and Net Contributors for 2025

- Net Contributor
- Net Recipient
- City and Township Boundaries



# Fiscal Disparities Program

## Top 20 Recipients and Contributors for Taxes Payable 2025

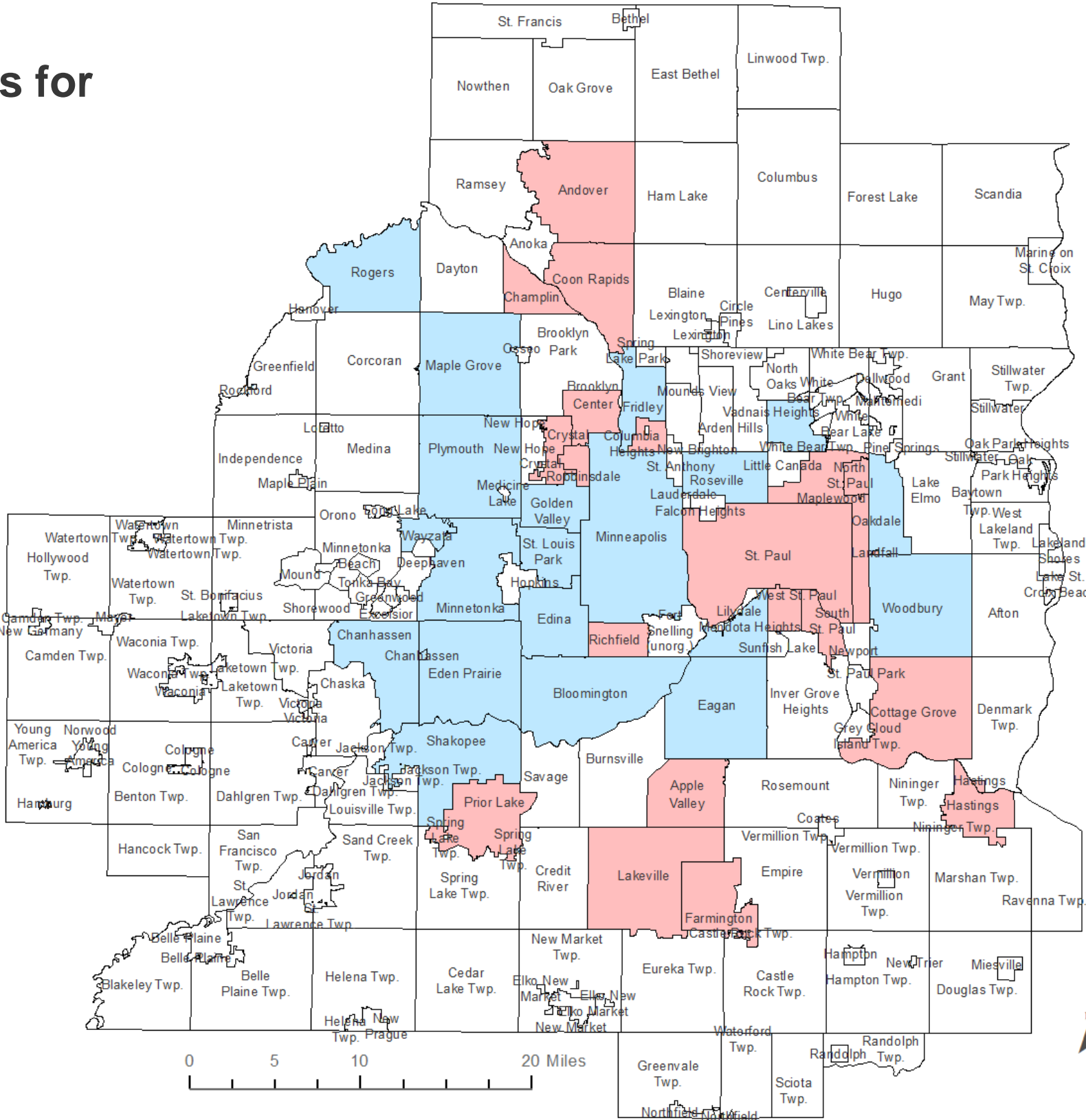
- Net Contributor
- Net Recipient
- City and Township Boundaries

### Top 20 Net Contributors

Bloomington  
Plymouth  
Edina  
Eden Prairie  
Eagan  
Minnetonka  
Shakopee  
Maple Grove  
Roseville  
Golden Valley  
St Louis Park  
Rogers  
Minneapolis  
Wayzata  
Fridley  
Chanhassen  
Oakdale  
Woodbury  
Mendota Heights  
Vadnais Heights

### Top 20 Net Recipients

St Paul  
Brooklyn Center  
Apple Valley  
Columbia Heights  
Coon Rapids  
Andover  
Crystal  
Cottage Grove  
Richfield  
Farmington  
South St. Paul  
Hastings  
Robbinsdale  
Champlin  
West Saint Paul  
Lakeville  
North Saint Paul  
Landfall  
Maplewood  
Prior Lake

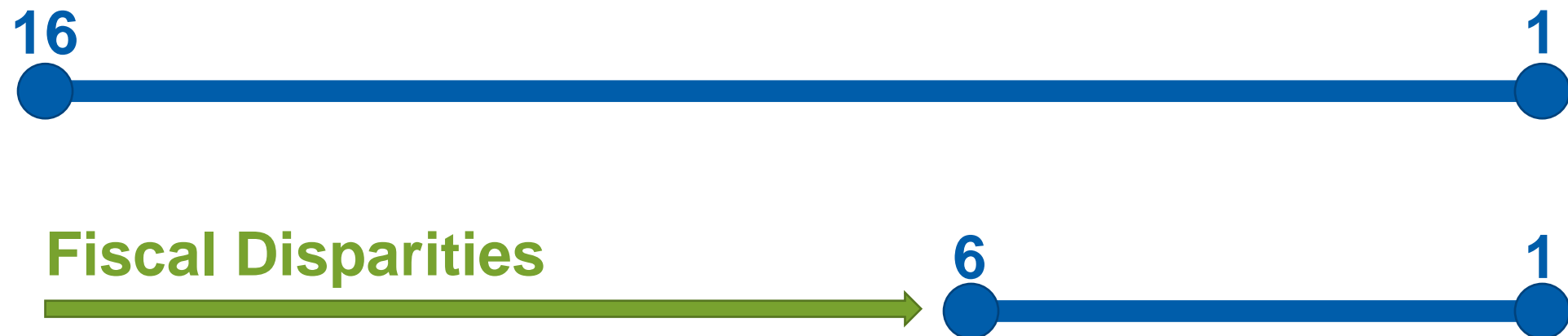


# Benefits to the region



## Reduces disparities in property tax wealth

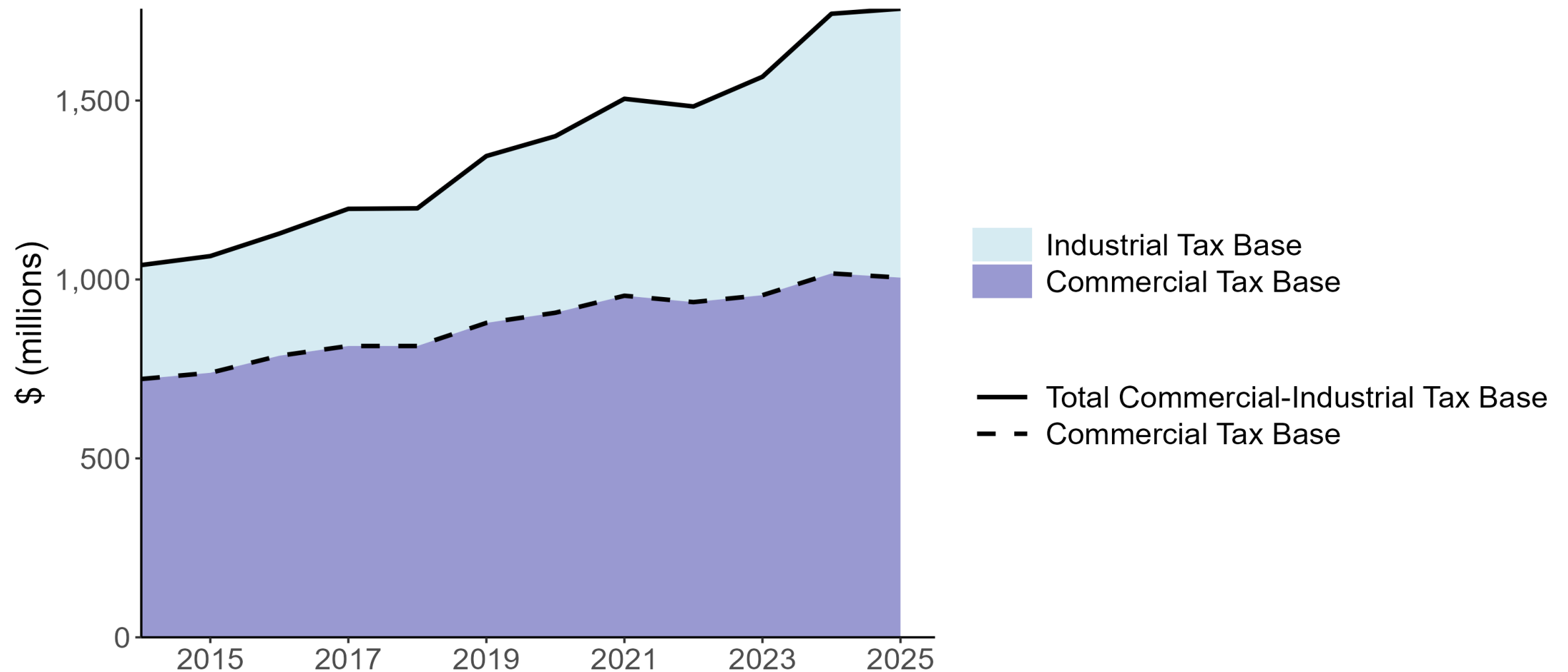
Ratio of highest to lowest commercial-industrial tax base per person for communities with population over 10,000





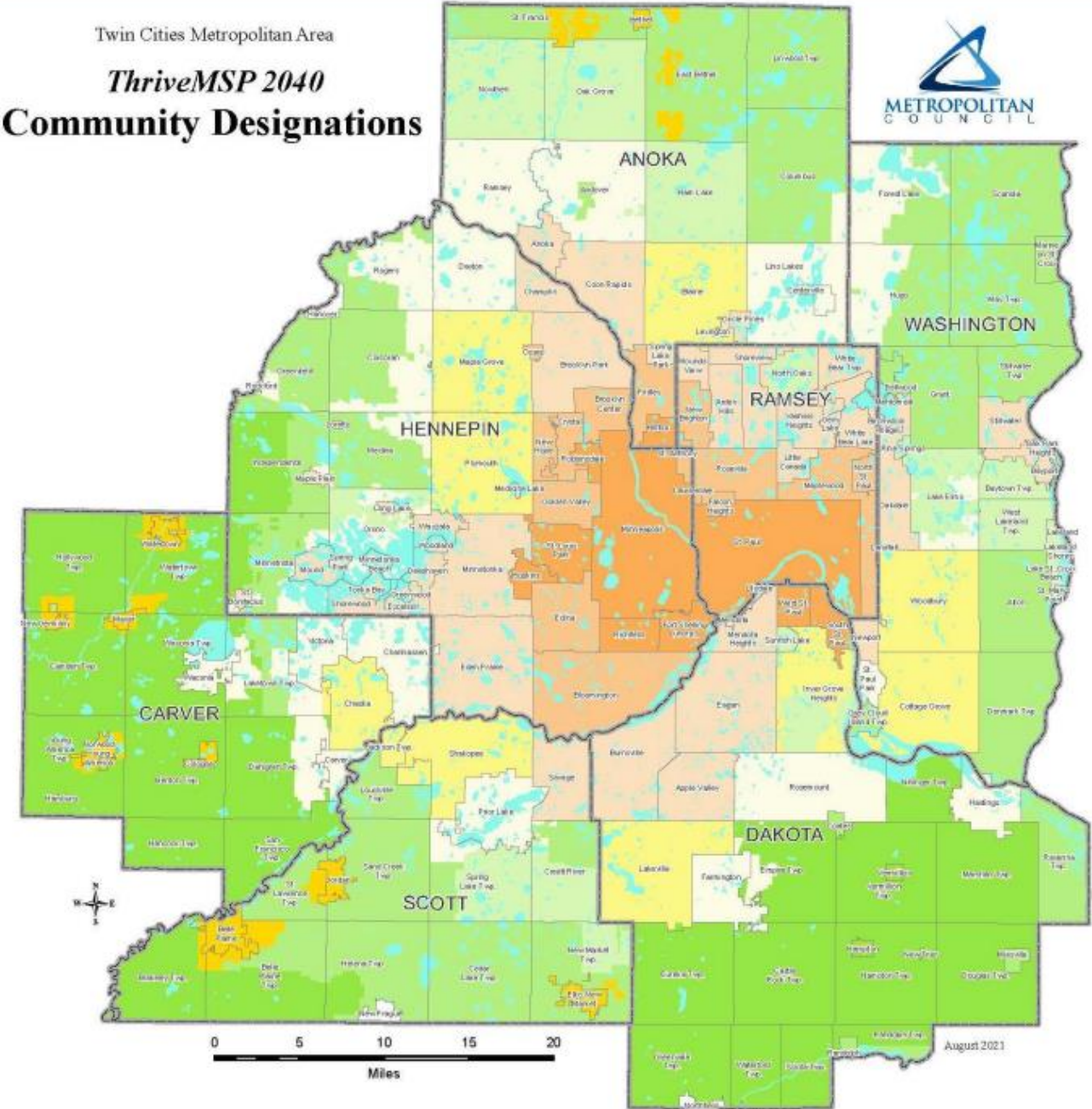
# Has commercial tax base gone down?

The growth in commercial tax base has slowed since 2021



Source: Minnesota Department of Revenue

# Community Designations



## Urban Service Areas

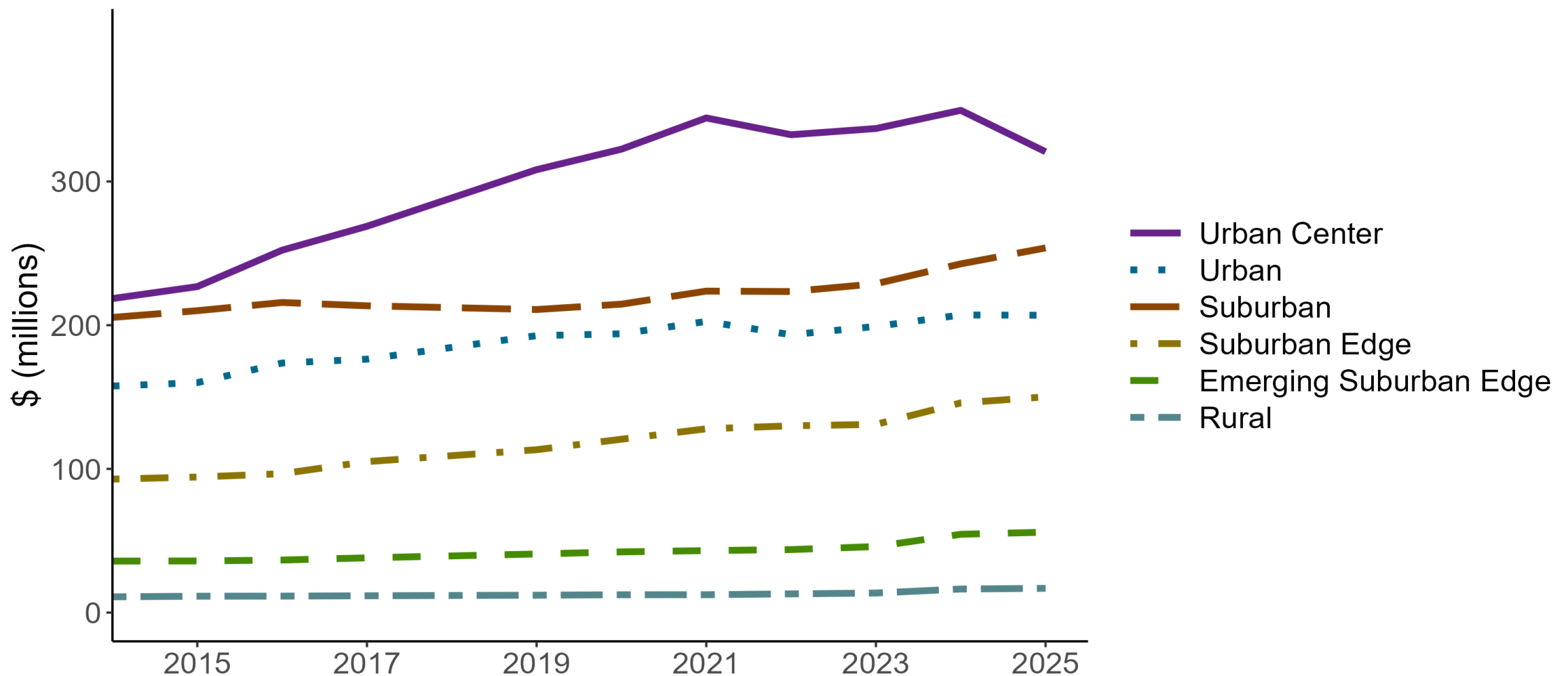
- Urban Center
- Urban
- Suburban
- Suburban Edge
- Emerging Suburban Edge

## Rural Service Areas

- Rural Center
- Diversified Rural
- Rural Residential
- Agricultural

# Has commercial tax base gone down?

Commercial tax base in the urban center has declined since 2021

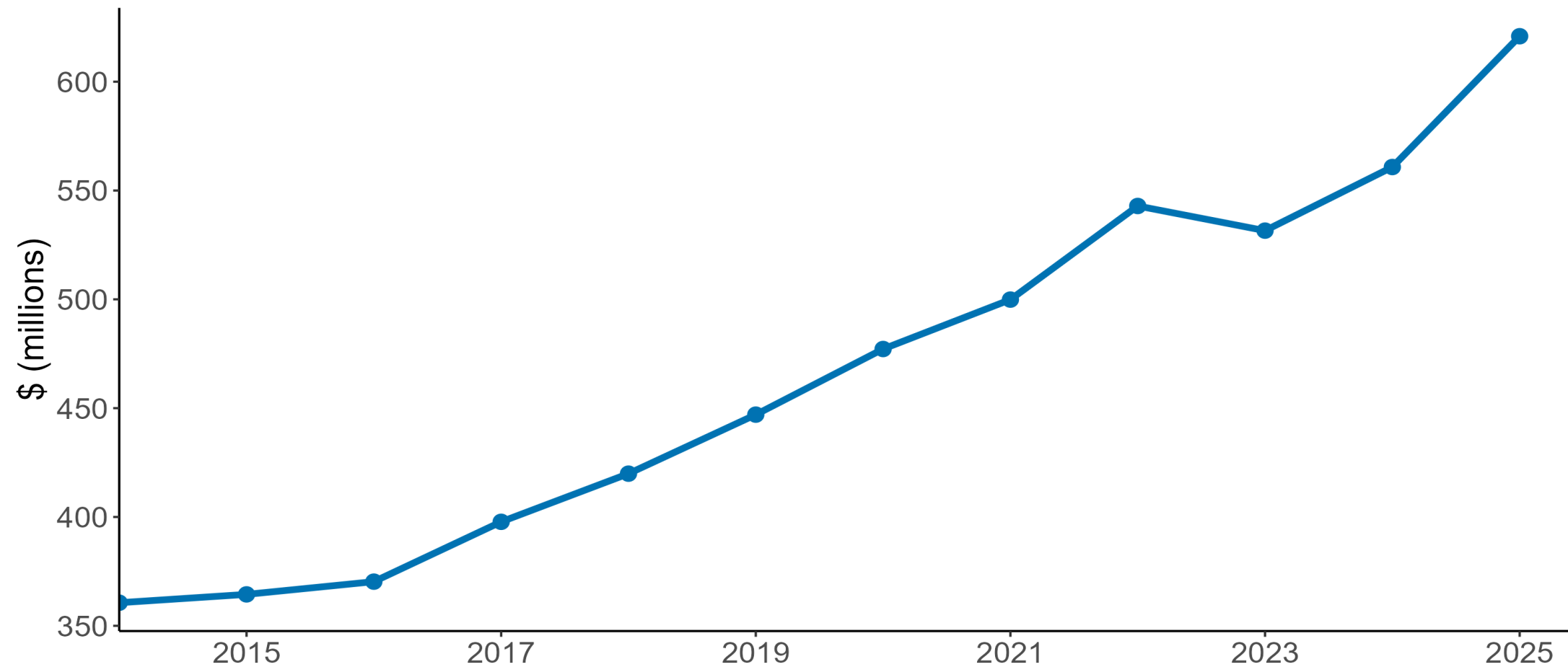


Source: Minnesota Department of Revenue



# Fiscal disparities contribution grew sharply in 2025

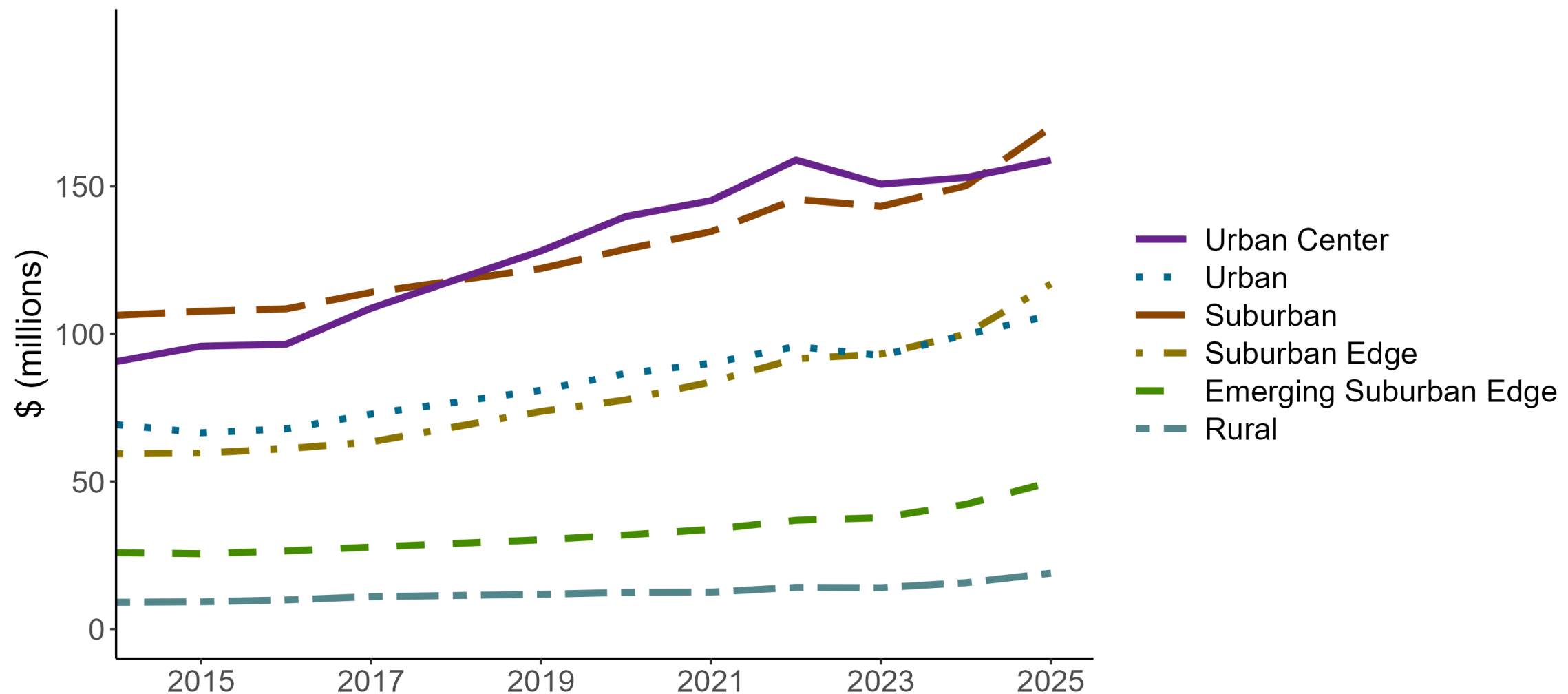
Fiscal disparities shared tax base pool continues to rise over time



Source: Minnesota Department of Revenue

# Fiscal disparities contribution grew sharply in 2025

Suburban contributions surpassed Urban Center contribution for the first time since 2018



Source: Minnesota Department of Revenue



For more information visit:

[Fiscal Disparities - Metropolitan Council \(metrocity.org\)](https://metrocity.org/fiscal-disparities)

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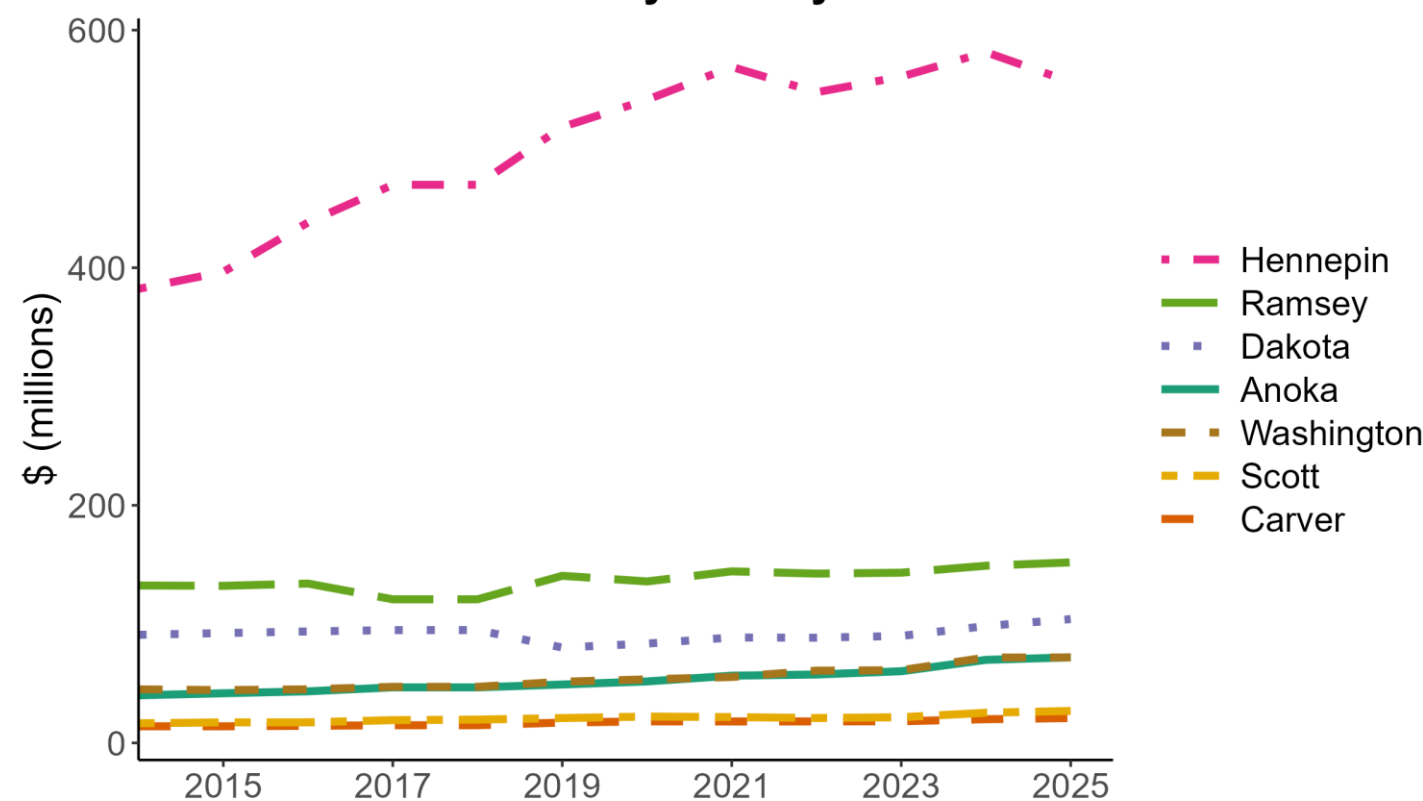




# Appendix

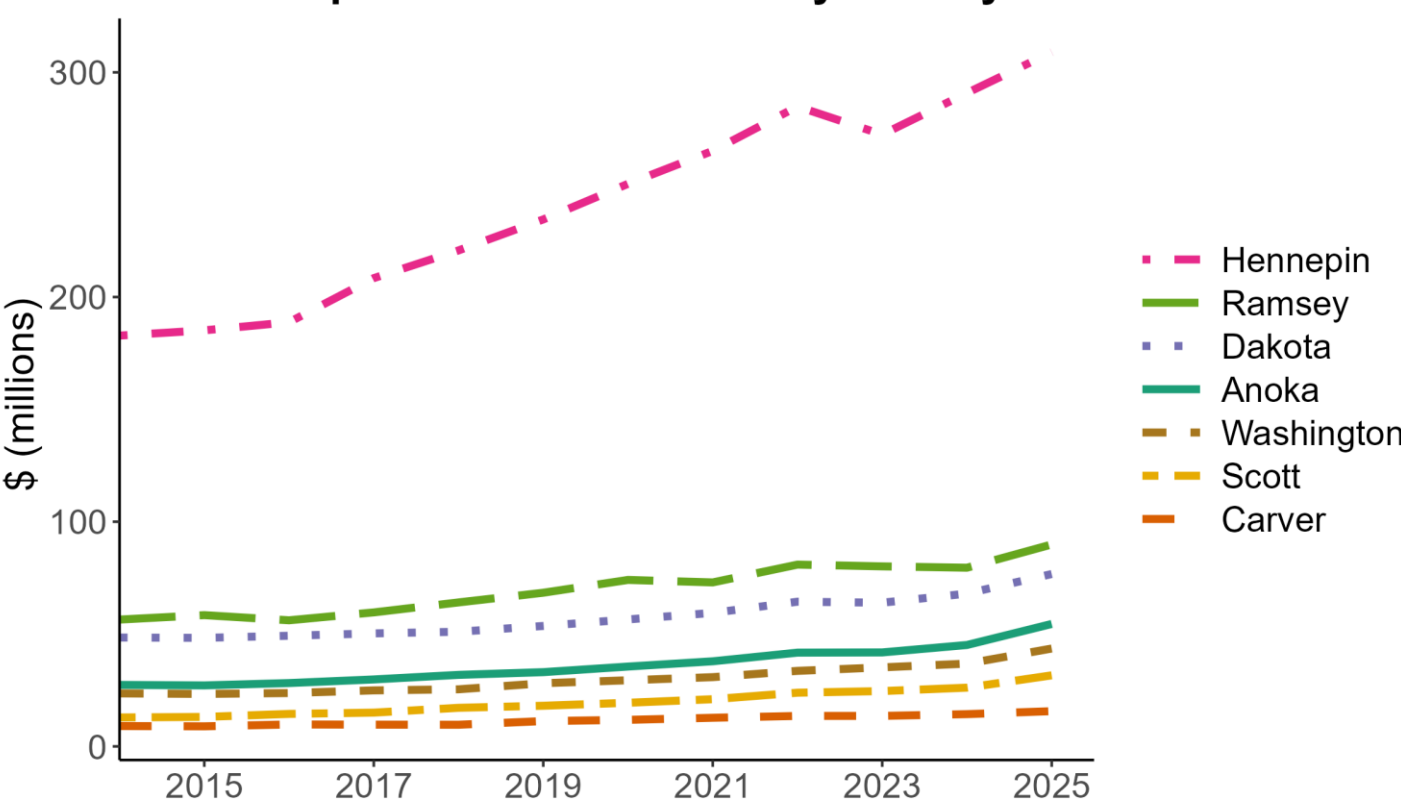
## Communities in Hennepin County continue to have the highest commercial tax base and Fiscal Disparities contribution

Commercial Tax Base by County



Source: Minnesota Department of Revenue

Fiscal Disparities Contribution by County

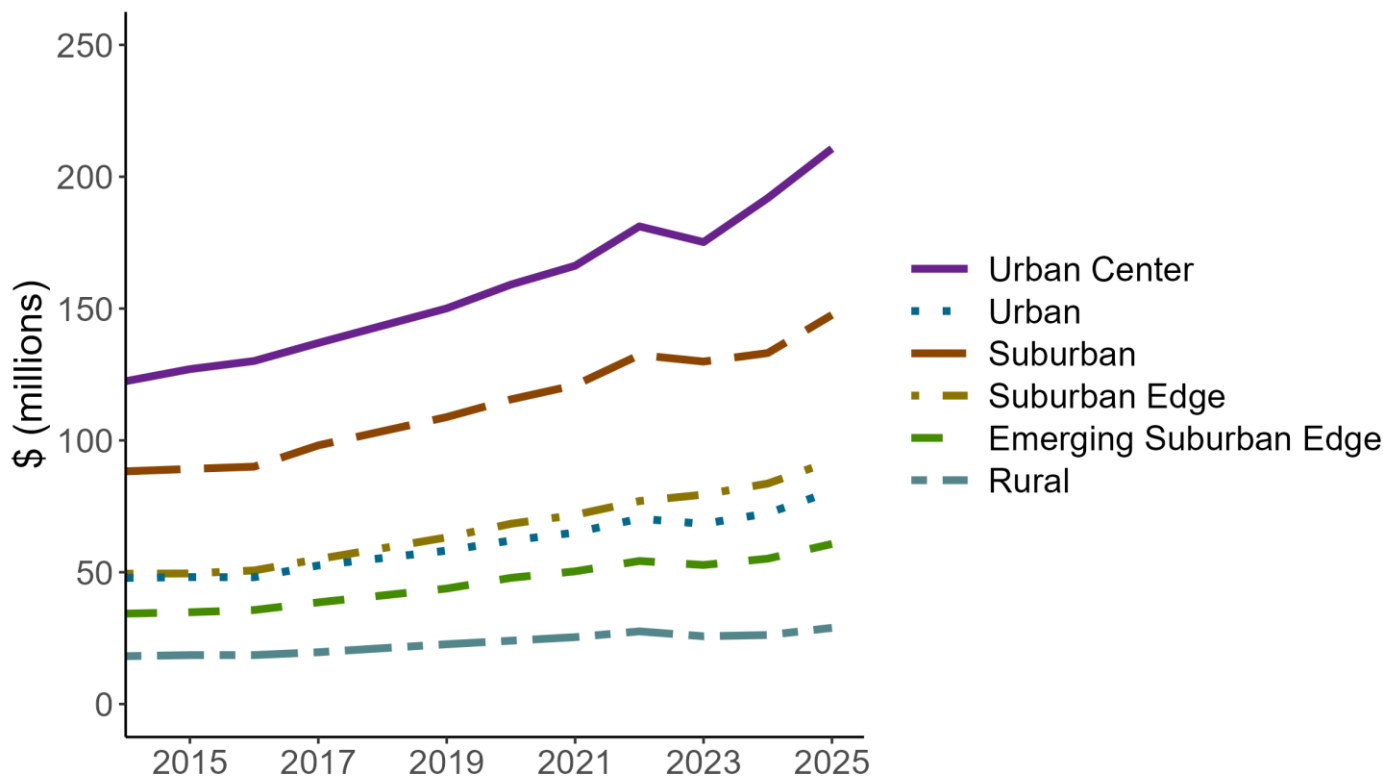


Source: Minnesota Department of Revenue

# Appendix

## Fiscal Disparities distribution follows a trend similar to the past few years in 2025

Fiscal Disparities Distribution by Community Designation



Fiscal Disparities Distribution by County

