

Community Development Committee

Meeting date: December 16, 2013

Subject: Twin Cities Fiscal Disparities Program Update

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

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

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

Division/Department: Community Development Division

Proposed Action

No action is proposed.

Background

Through the Fiscal Disparities Program, taxing jurisdictions in the seven-county region share part of growth in commercial-industrial tax base. The program was created in 1971, with the support of the Metropolitan Council, and implemented in 1975. The amount of tax base shared by the program and its geographic scope make the Twin Cities a national model.

Rationale

The 2013 work plan for the Community Development Committee includes a fiscal disparities report.

Overview

Two broad goals of the program are to distribute fiscal resources to improve equity and promote better planning. The program distributed \$369 million of tax base for taxes payable in 2013 and generated \$566 million of tax revenue. Tax-base sharing reduces differences between communities with the highest and lowest commercial-industrial tax base value per capita.

The Council and the Minnesota Department of Revenue have jointly determined which communities are eligible to participate in the program since 1992. The Minnesota Legislature enacted changes to the program earlier this year, and a presentation will include descriptions of both one-time and long-term changes.

Funding

N/A

Known Support / Opposition

N/A