

**February 10, 2016**

# **Fiscal Disparities Update: Tax-Base Sharing in the Metro Area**

**Metropolitan Council**



# What is Fiscal Disparities?

- Taxing jurisdictions in seven-county metro area share part of growth in commercial-industrial tax base



# Program supports Council goals

- Promotes orderly and efficient growth
- Helps improve equity
- Strengthens economic competitiveness
- Encourages land uses that protect the environment and increase livability

# How fiscal disparities works

## Contribution to shared pool

Equals 40% of growth in commercial, industrial, and public utility property tax base since 1971



Shared pool of tax base for metro area



## Distribution from shared pool

Depends on population and market value of all property per person compared to average market value per person for metro area

# Distribution for community

- Distribution formula for tax base in area-wide shared pool

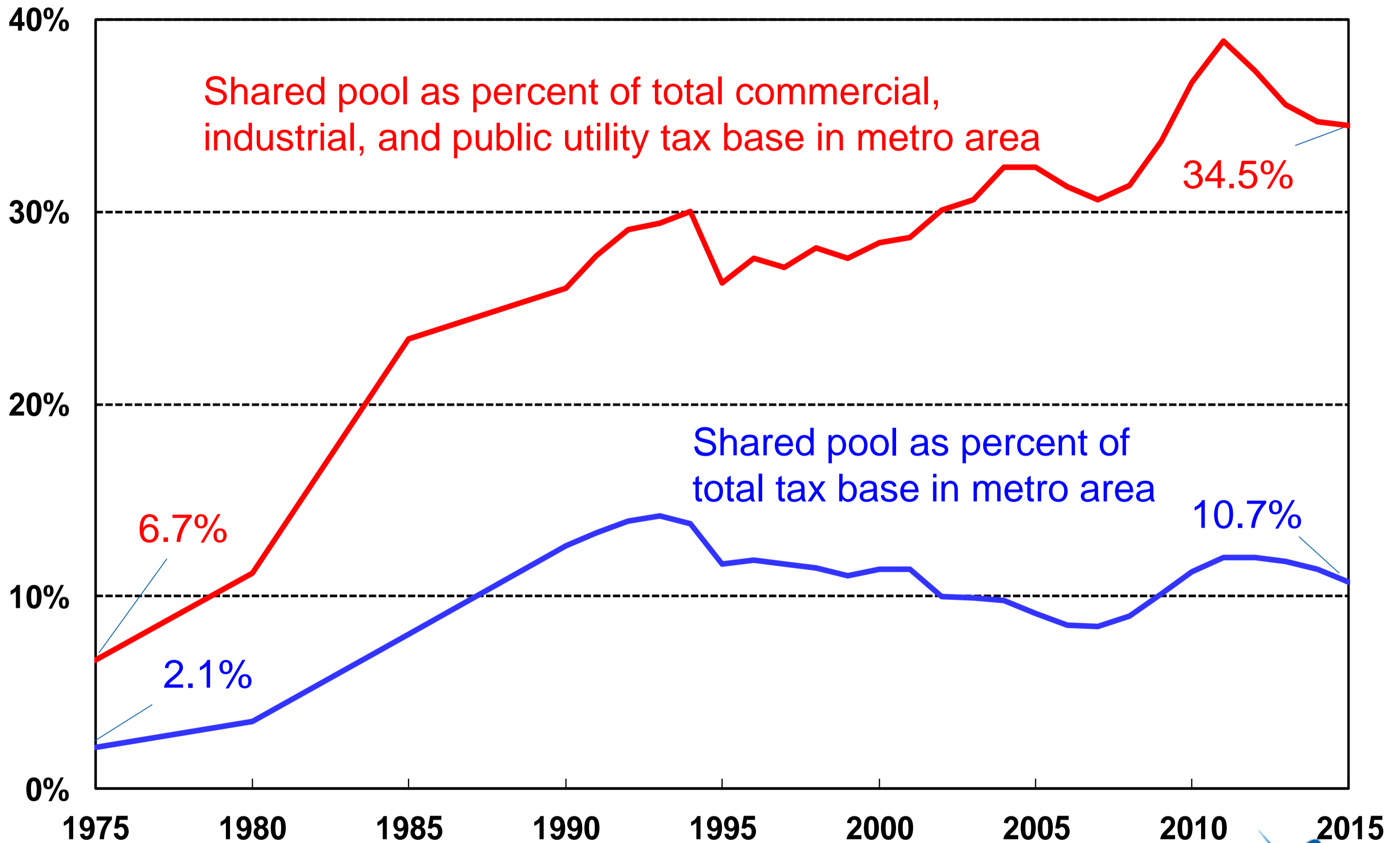
$$\text{community population} \times \frac{\text{average total market value per person}}{\text{community's market value per person}}$$

# Results for taxes payable 2015

- Shared \$367 million in tax base
  - Includes nearly \$3 million from State of Minnesota for Bloomington repayment
- Shared \$594 million in tax revenue

# Tax-base Sharing in Twin Cities Metro Area

## Shared Tax Base for Taxes Payable 1975-2015



Sources: House Research and MN Dept. of Revenue.

Lines show shared pool as percentage shares of commercial, industrial, and public utility tax base and total tax base in the metro area every five years from 1975 to 1990 and each year after 1990.



# Net recipients and contributors

## Net recipients

- Total of 101 net recipients for taxes payable in 2015

## Net contributors

- Total of 78 net contributors for taxes payable in 2015
- Top 20 net contributors made up 59% of region's total commercial-industrial tax base



# Fiscal Disparities Program in the Twin Cities Metro Area

## Top 20 Net Recipients and Top 20 Net Contributors Taxes Payable 2015

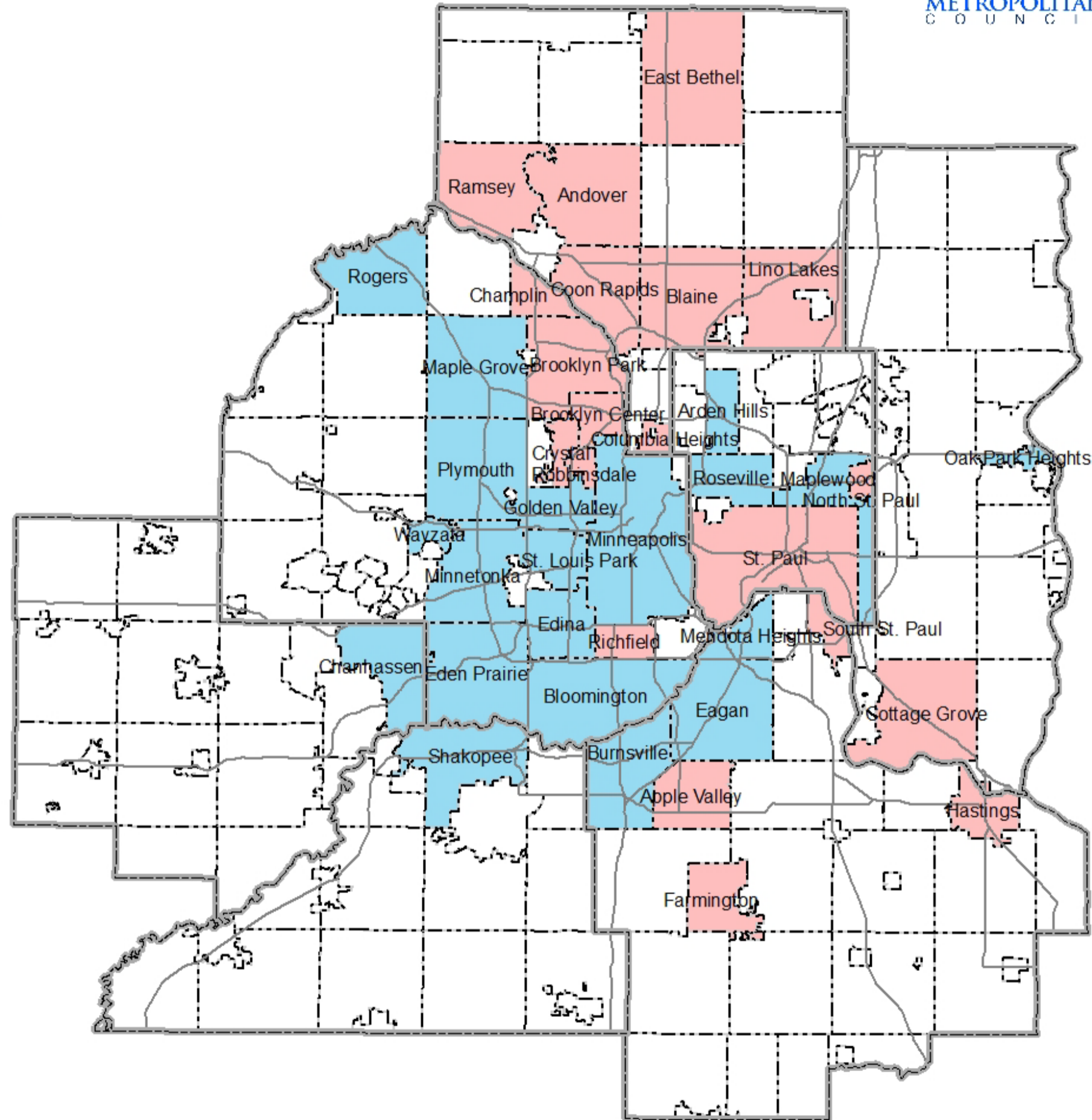


Net Recipient
  Net Contributor

- Andover
- Apple Valley
- Blaine
- Brooklyn Center
- Brooklyn Park
- Champlin
- Columbia Heights
- Coon Rapids
- Cottage Grove
- Crystal
- East Bethel
- Farmington
- Hastings
- Lino Lakes
- North St. Paul
- Ramsey
- Richfield
- Robbinsdale
- South St. Paul
- St. Paul

- Arden Hills
- Bloomington
- Burnsville
- Chanhassen
- Eagan
- Eden Prairie
- Edina
- Golden Valley
- Maple Grove
- Maplewood
- Mendota Heights
- Minneapolis
- Minnetonka
- Oak Park Heights
- Plymouth
- Rogers
- Roseville
- Shakopee
- St. Louis Park
- Wayzata

Major Highways



# Fiscal Disparities Program in the Twin Cities Metro Area

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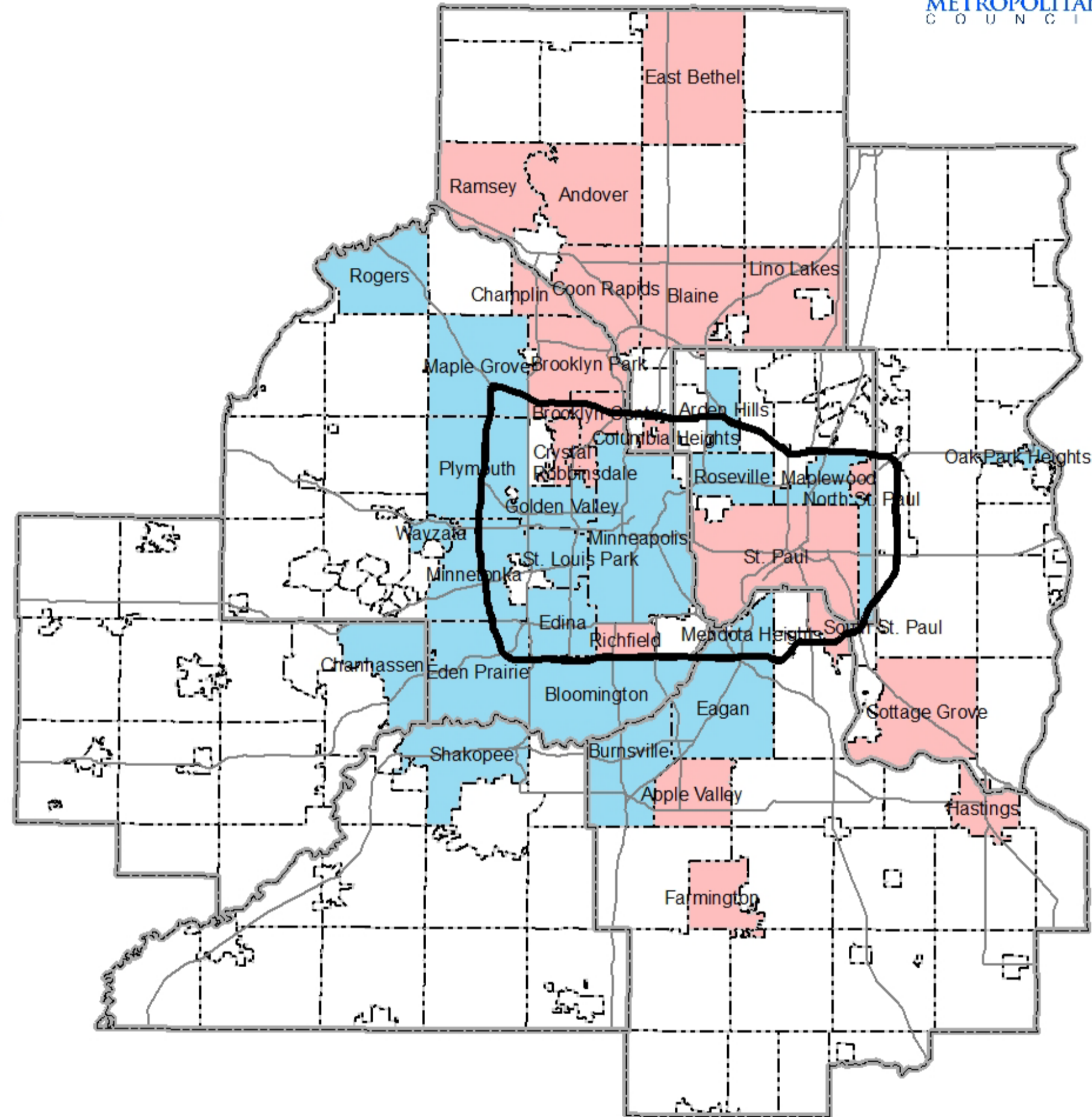


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— Major Highways



# Program reduces disparities

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

11 to 1  
without tax-base  
sharing

4 to 1  
with tax-base  
sharing

# Eligibility

- Council and Minnesota Department of Revenue determine eligibility to participate
  - Exclude community if its zoning and planning policies conscientiously exclude most commercial-industrial property for reasons other than preserving agriculture ([Minn. Stat. § 473F.02, subd. 8](#))

# Communities not in program

- Not eligible because zoning and planning policies exclude most commercial-industrial
  - Sunfish Lake
  - Birchwood
  - St. Mary's Point
  - Woodland
- Not eligible because excluded by statute
  - New Prague
  - Northfield

# More on fiscal disparities

- Metropolitan Council website  
[Fiscal Disparities: Tax-Base Sharing in the Metro Area](#)
  - Updated web pages forthcoming

# Contact information

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