

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

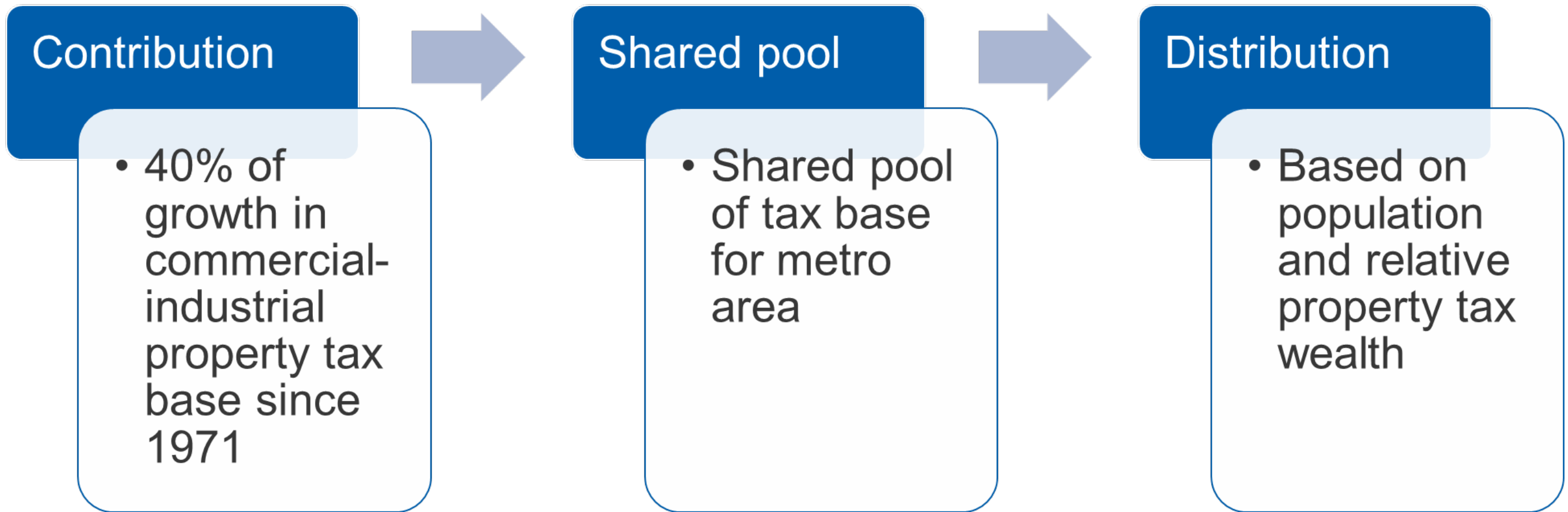
Tax-base sharing in the metro area



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 2026 in the metro area

- 9% of the total tax base for the metro area
- 36% 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 on the left representing 9% and a grey segment on the right representing the remaining 91%.

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

36%

A horizontal bar chart with a green segment on the left representing 36% and a grey segment on the right representing the remaining 64%.

Results for taxes payable in 2026

Tax base

- Shared over \$622 million in tax base for taxes payable in 2026

Tax revenue

- Shared over \$825 million in tax revenue for taxes payable in 2026

Net recipients and net contributors






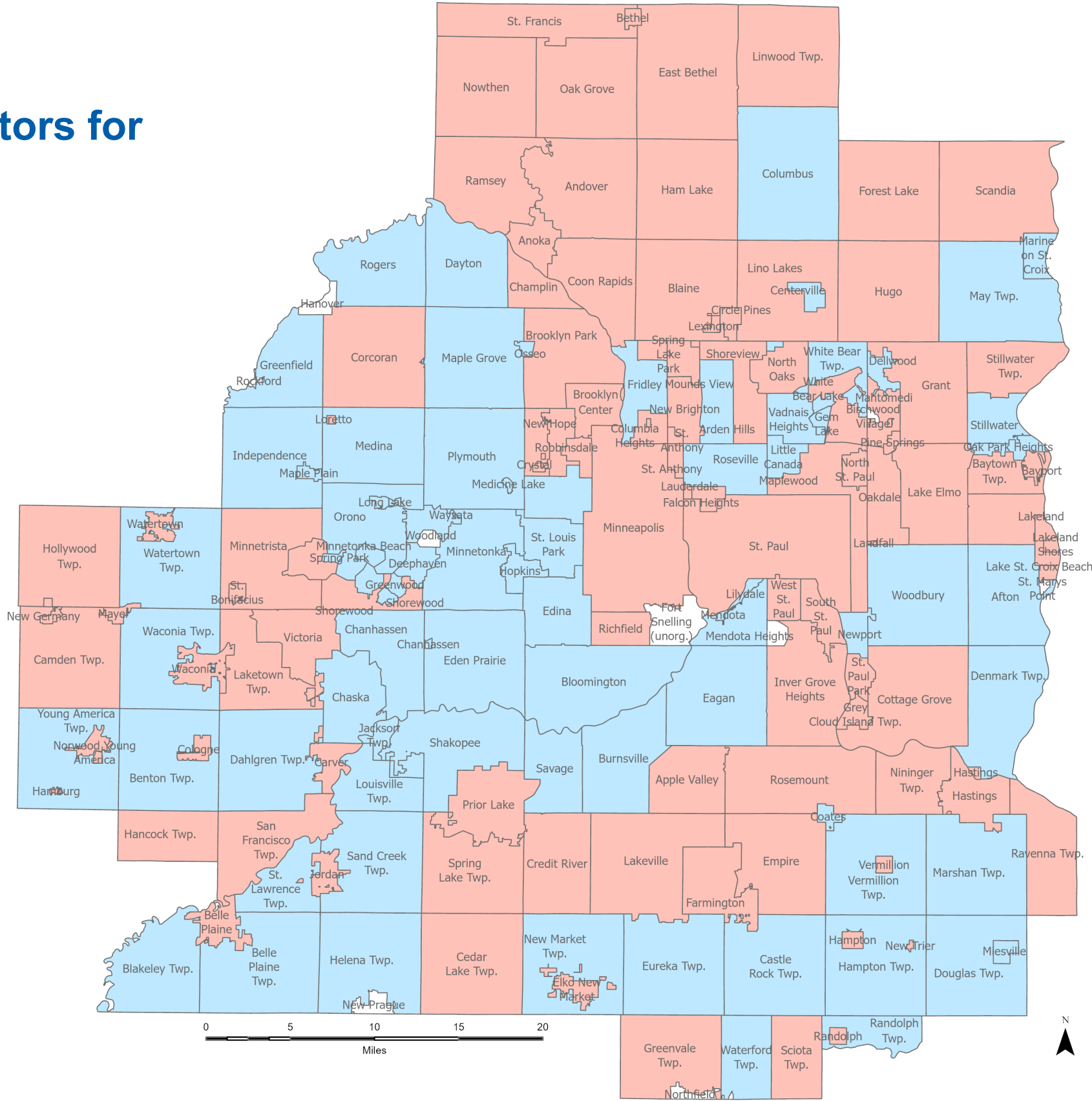
Taxes payable in 2026

- **101 net recipients**
 - 85 cities
 - 16 townships
- **76 net contributors**
 - 52 cities
 - 24 townships




Fiscal Disparities Program

Net Recipients and Net Contributors for 2026

-  City and Township Boundaries
-  Net Contributor
-  Net Recipient



Fiscal Disparities Program Top 20 Net Recipients and Net Contributors for 2026

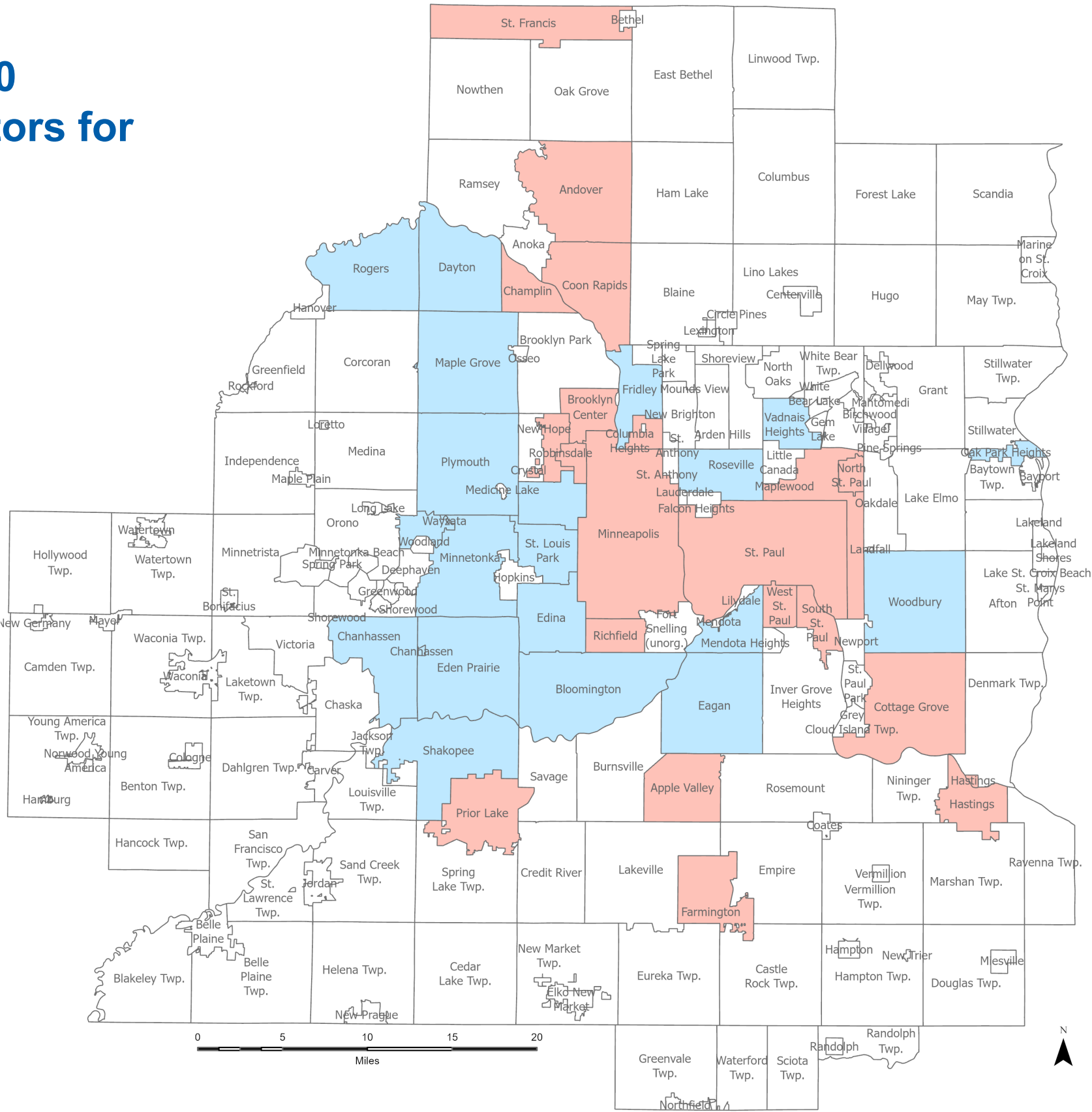
-  City and Township Boundaries
-  Net Contributor
-  Net Recipient

Top 20 Net Contributors

- Bloomington
- Plymouth
- Eagan
- Shakopee
- Edina
- Eden Prairie
- Minnetonka
- Maple Grove
- Roseville
- Rogers
- St. Louis Park
- Golden Valley
- Fridley
- Wayzata
- Chanhassen (combined)
- Mendota Heights
- Oak Park Heights
- Woodbury
- Vadnais Heights
- Dayton

Top 20 Net Recipients

- St. Paul
- Minneapolis
- Brooklyn Center
- Apple Valley
- Columbia Heights
- Richfield
- Coon Rapids
- Andover
- Crystal
- Farmington
- Cottage Grove
- Hastings (combined)
- South St. Paul
- Robbinsdale
- Champlin
- North St. Paul
- West St. Paul
- Prior Lake
- Maplewood
- St. Francis



Benefits to the region



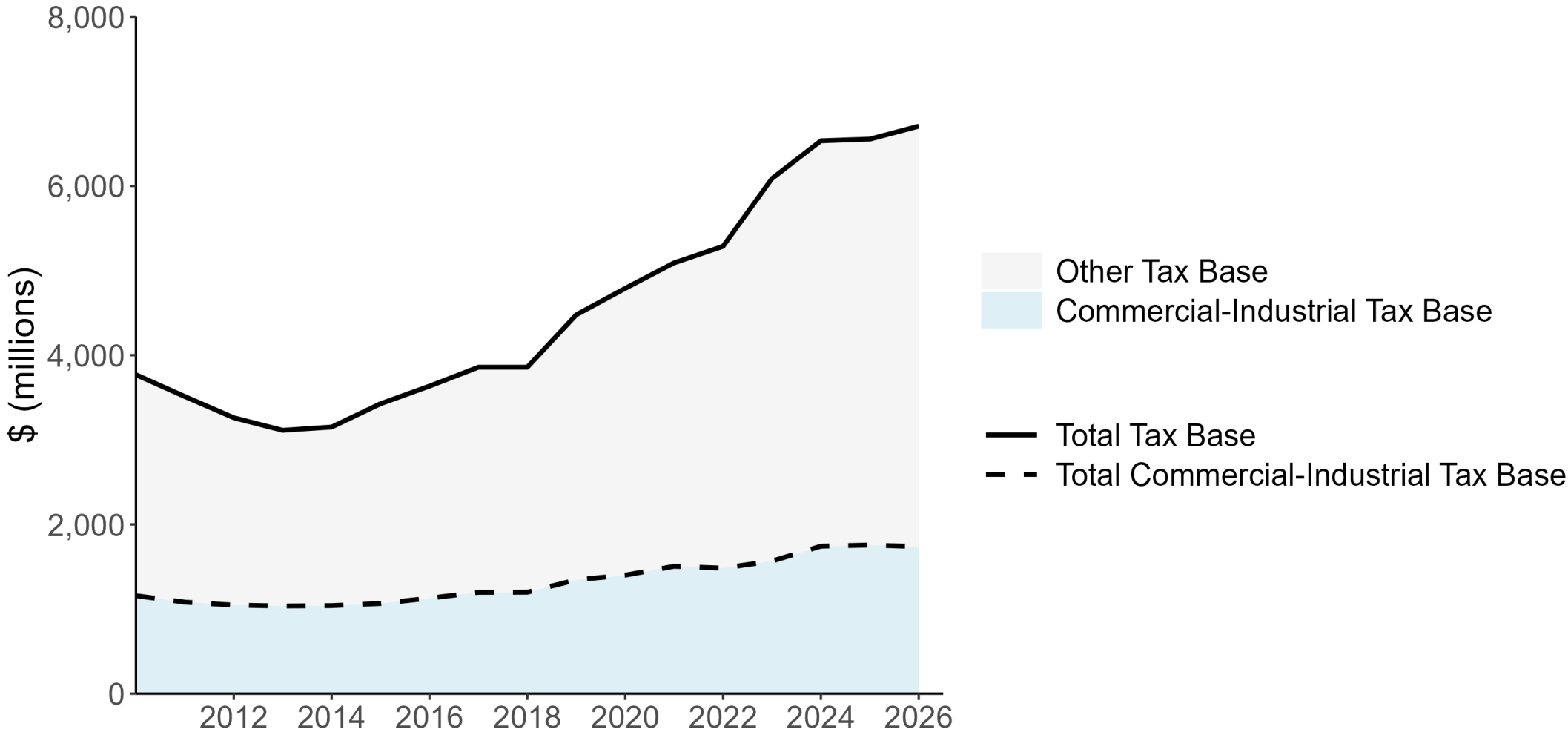
Reduces disparities in property tax wealth

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



Commercial-Industrial tax base declined 1% in 2026

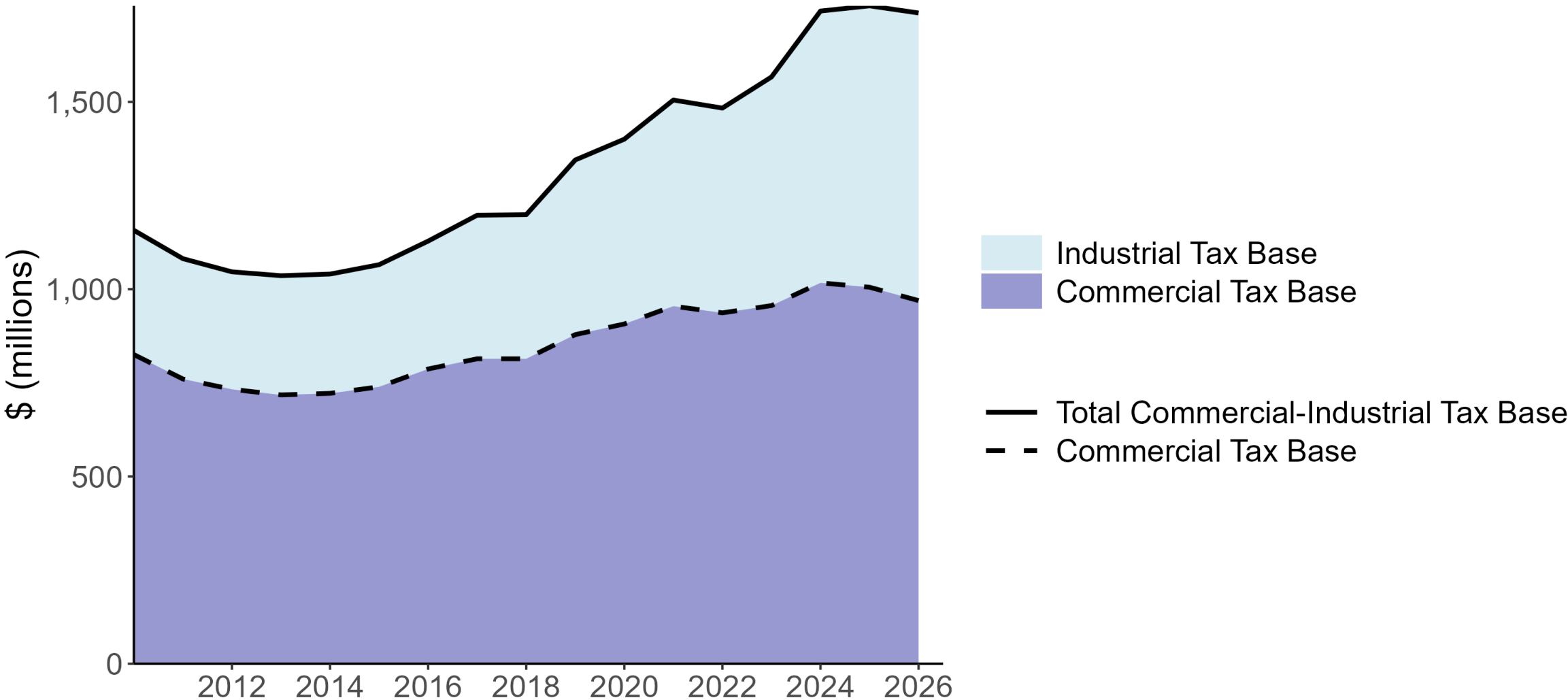
Other components of the tax base drove the small growth in overall tax capacity of the region



Source: Minnesota Department of Revenue

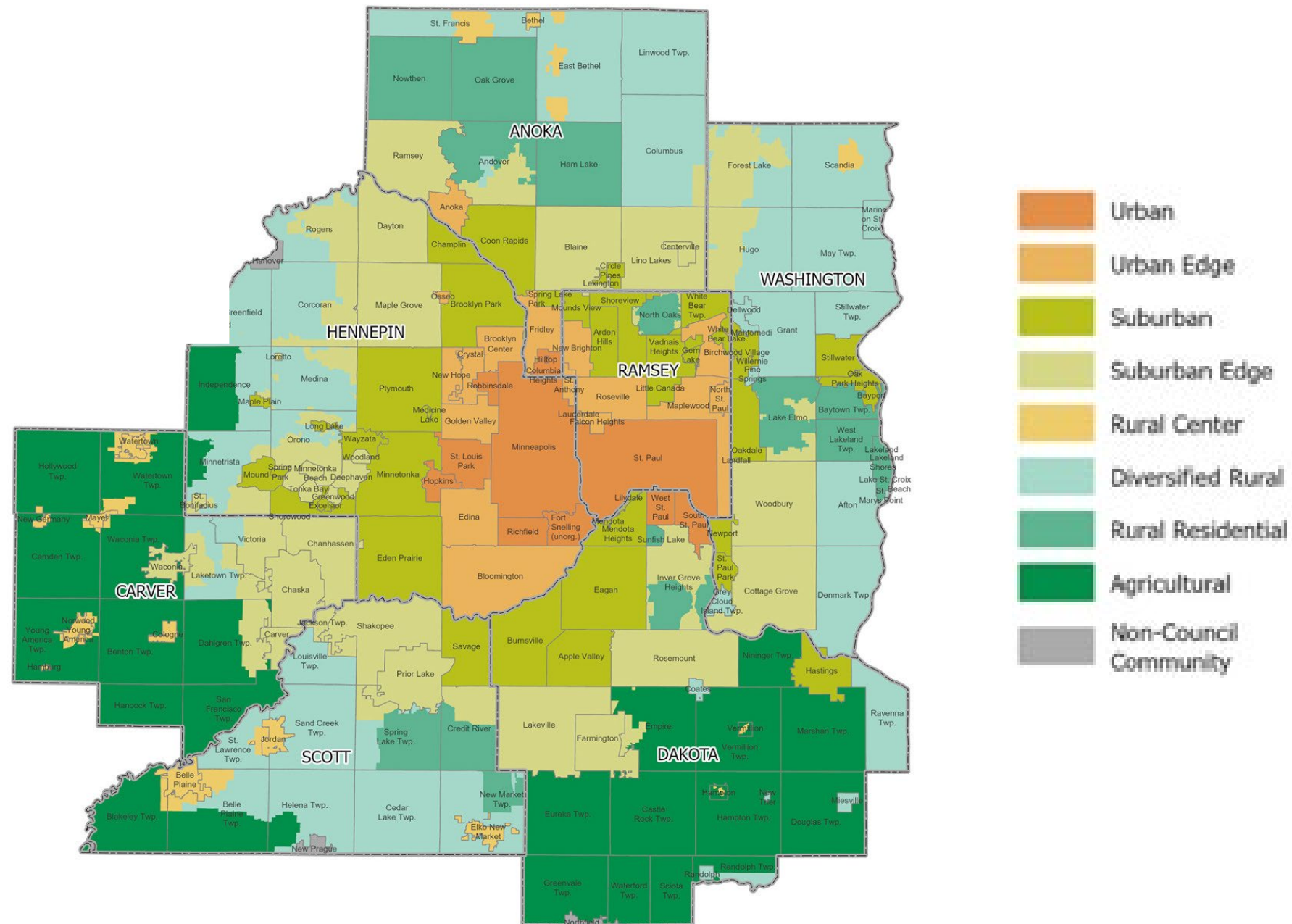
The decline in commercial-industrial tax base is from commercial tax base

Growth in industrial tax base did not fully offset the decline in commercial tax base



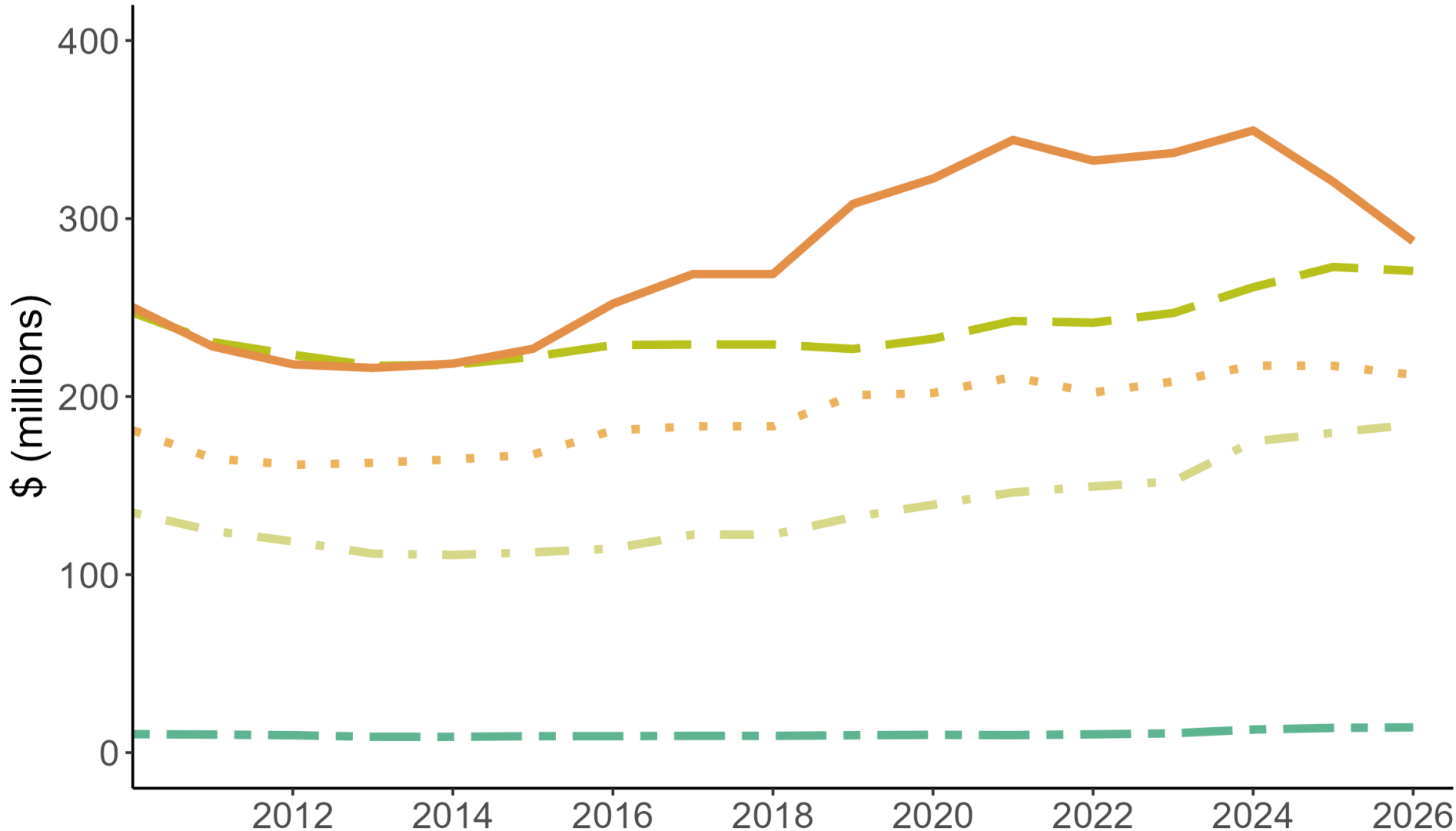
Source: Minnesota Department of Revenue

2050 Community Designations



Commercial tax base has declined most in urban cities

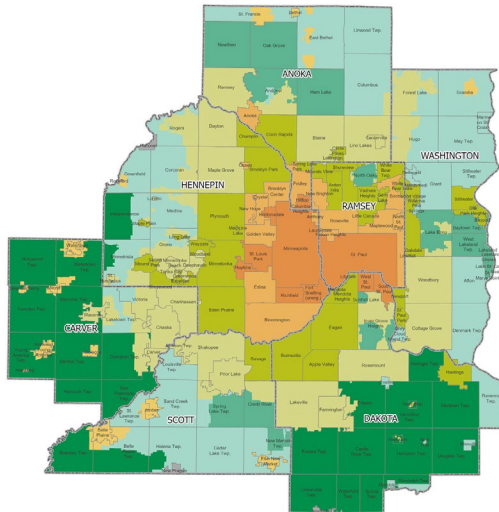
Prior to last year, Urban cities saw notable growth in commercial tax over the last 10 years



Source: Minnesota Department of Revenue

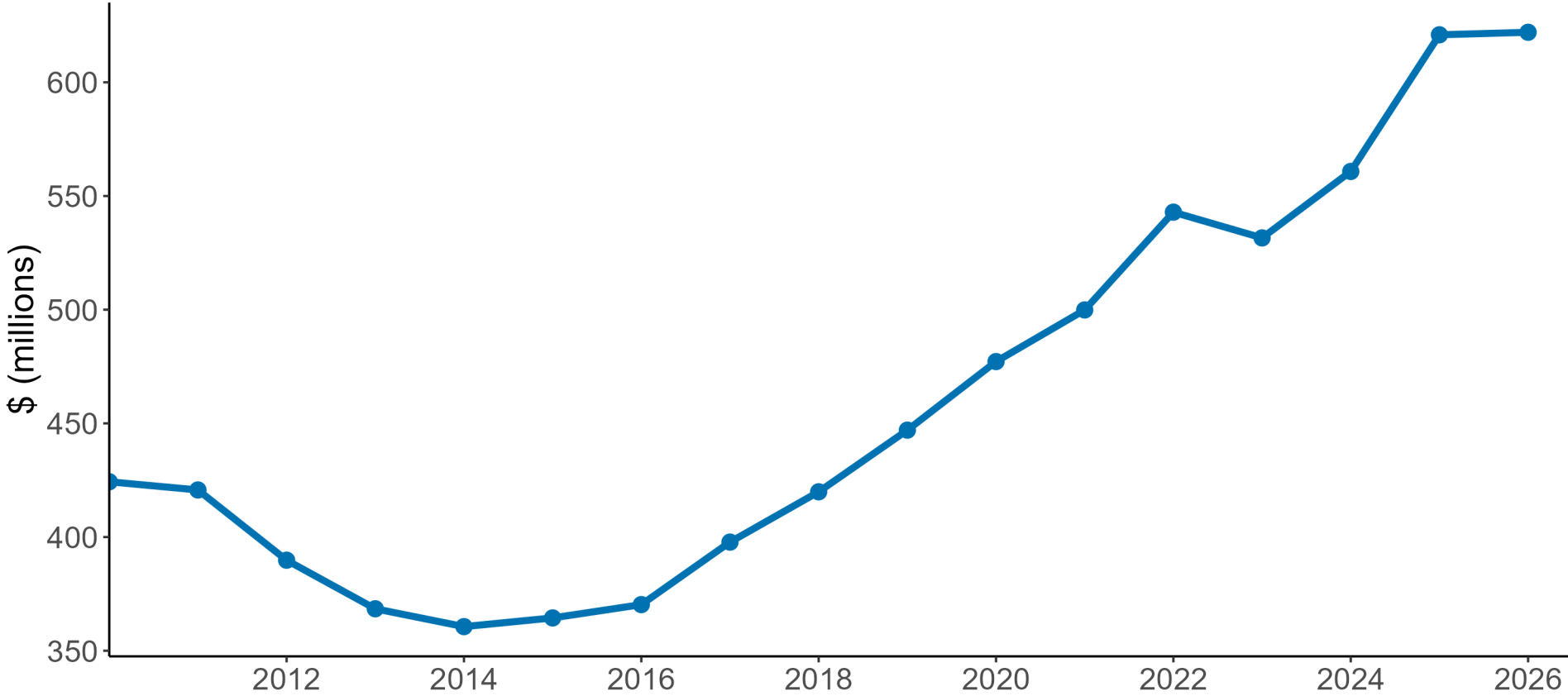
2050 Community Designations

- Urban
- - Urban Edge
- - Suburban Edge
- Suburban
- - Rural (combined)



Fiscal disparities contribution stayed level in 2026

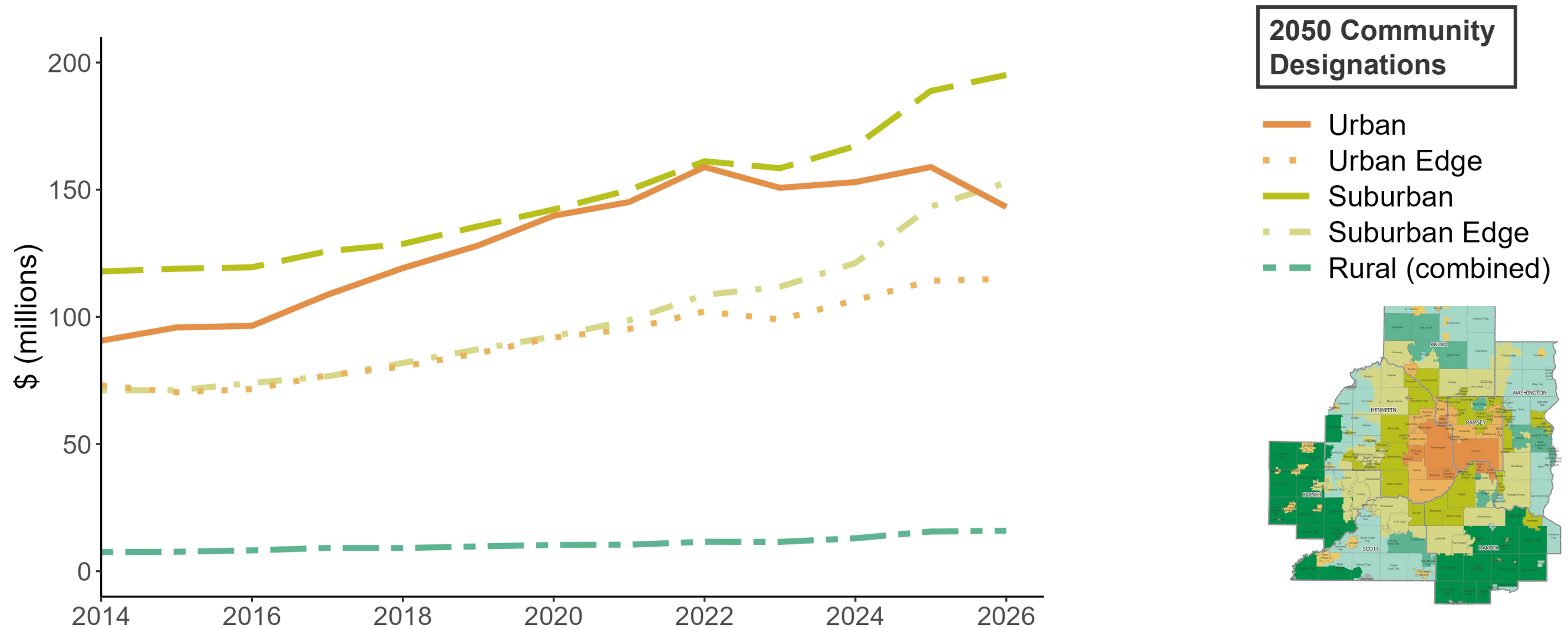
Despite decreases in commercial-industrial tax base this year, fiscal disparities contribution remained level after large increases the last 2 years



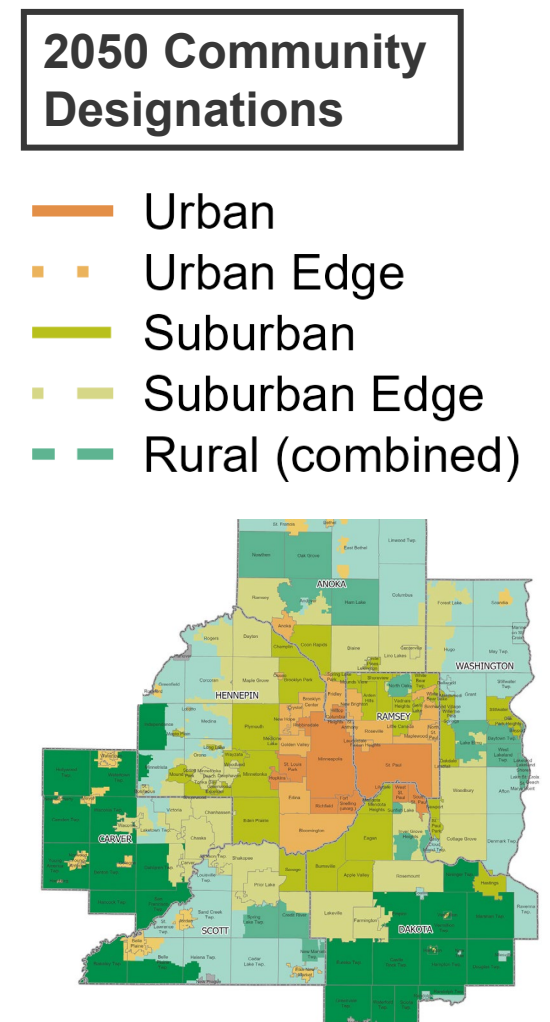
Source: Minnesota Department of Revenue

Suburban cities continue to be the largest contributor

Contributions across all community designations slowed while urban contributions decreased in 2026

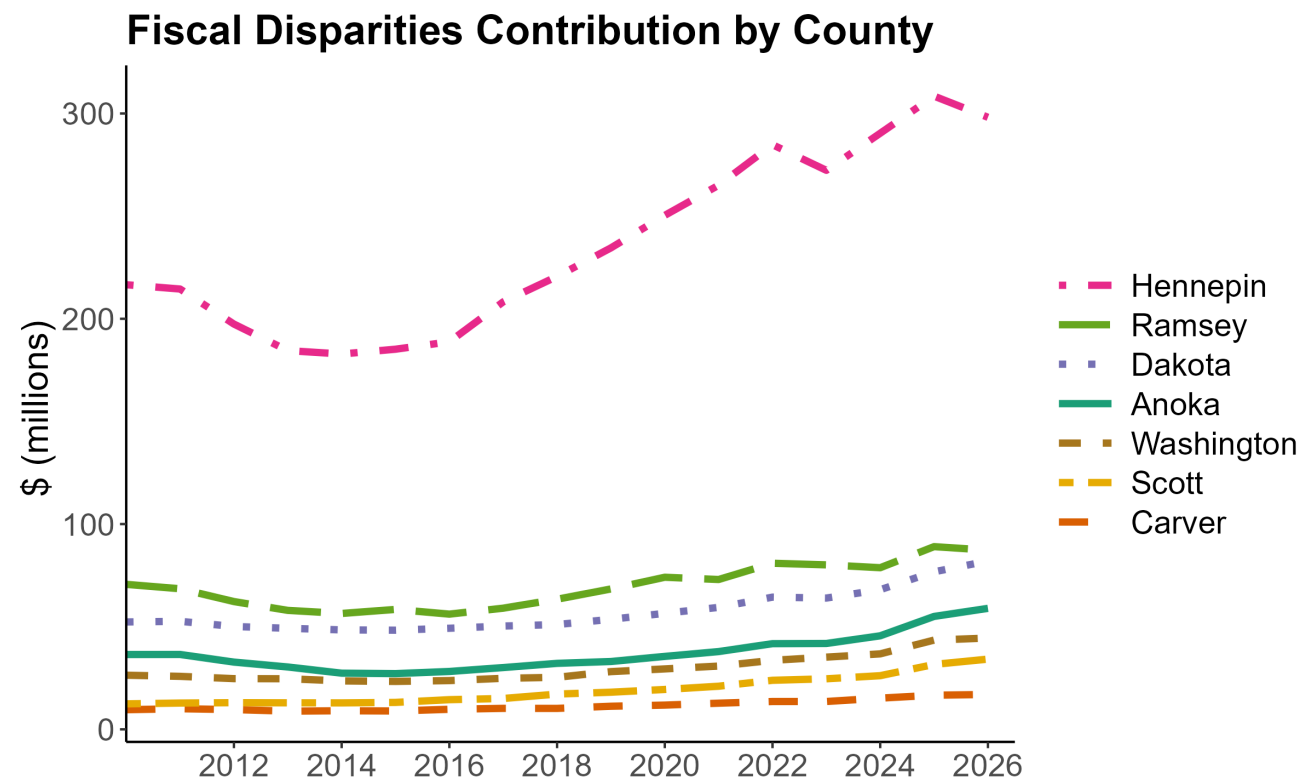


Source: Minnesota Department of Revenue

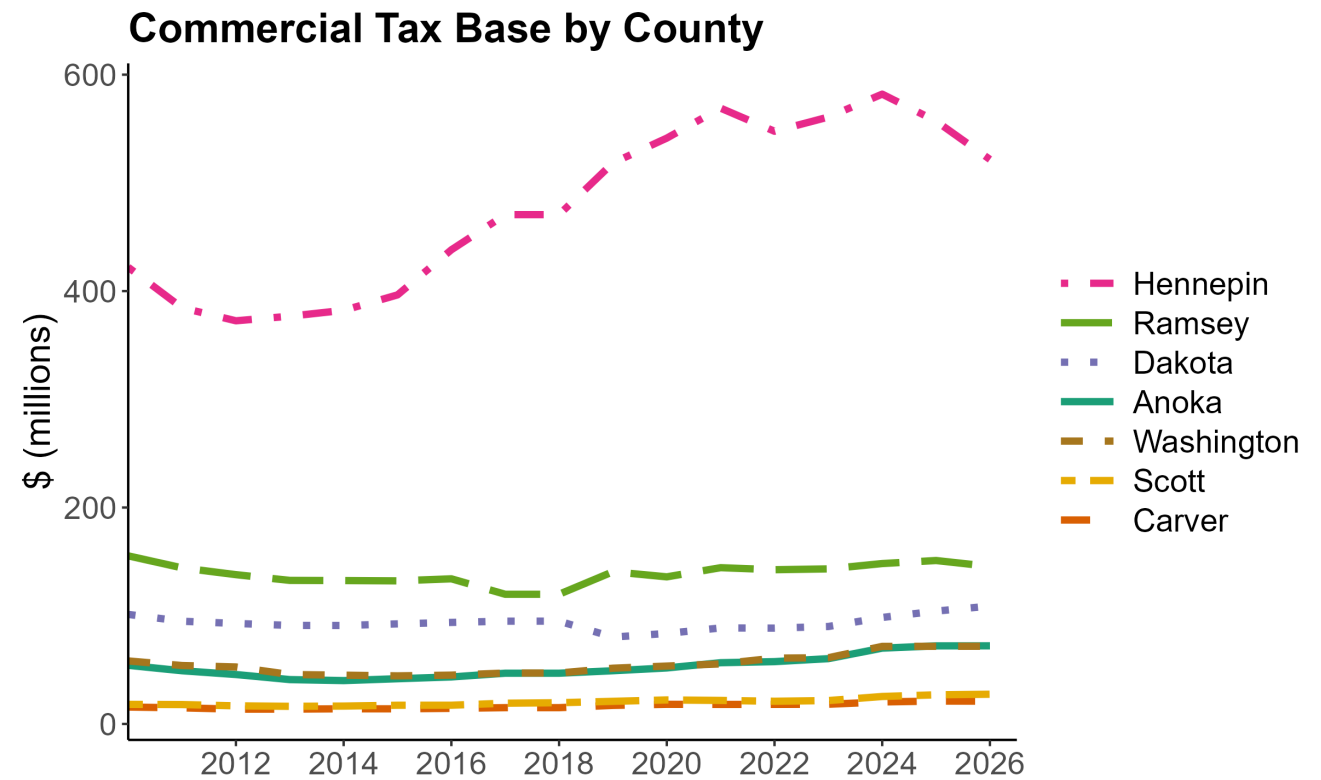


Where is the decline in commercial tax base occurring?

Communities in Hennepin County continue to have the highest commercial tax base and fiscal disparities contribution despite decline in 2026



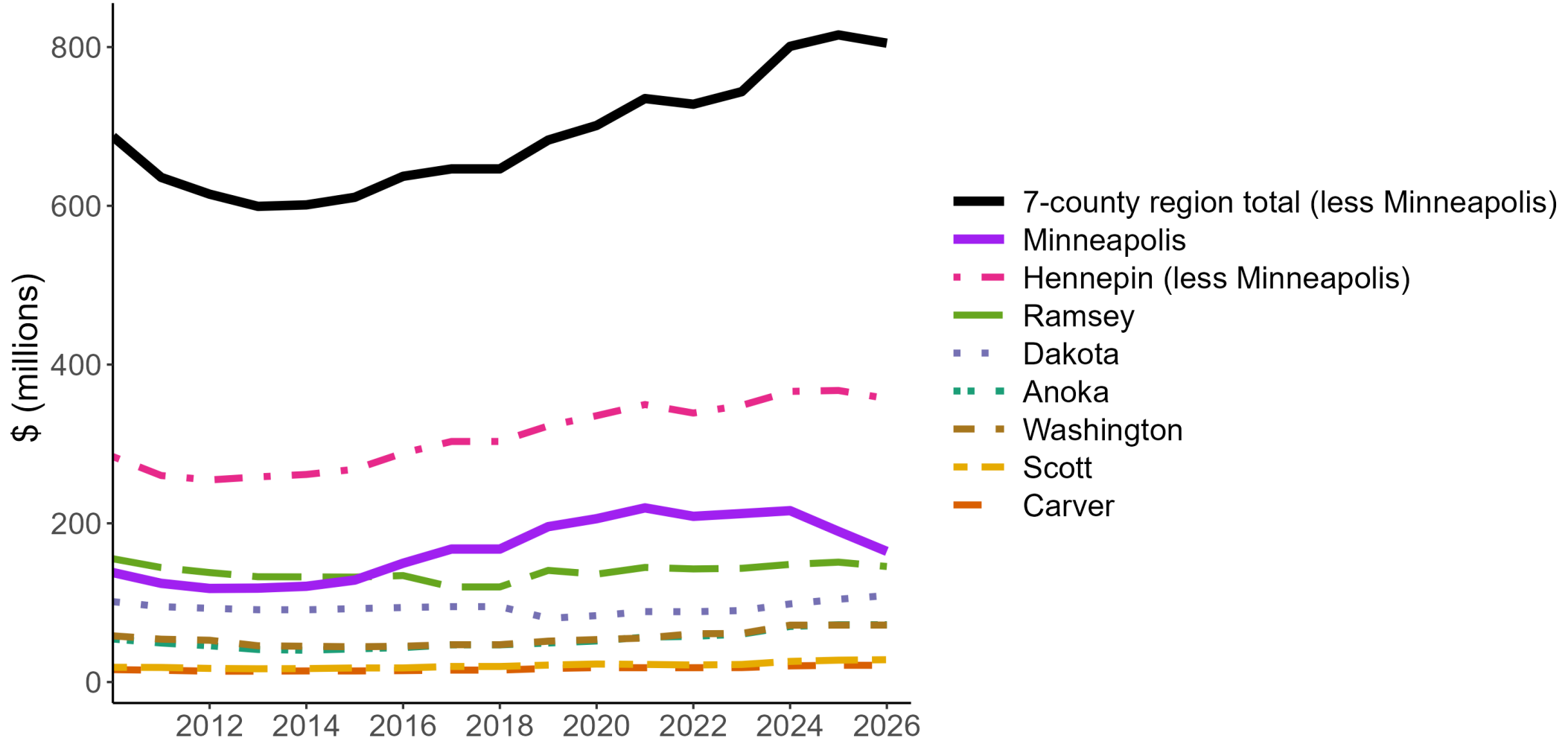
Source: Minnesota Department of Revenue



Source: Minnesota Department of Revenue

Minneapolis was a driver of the decline in commercial tax base

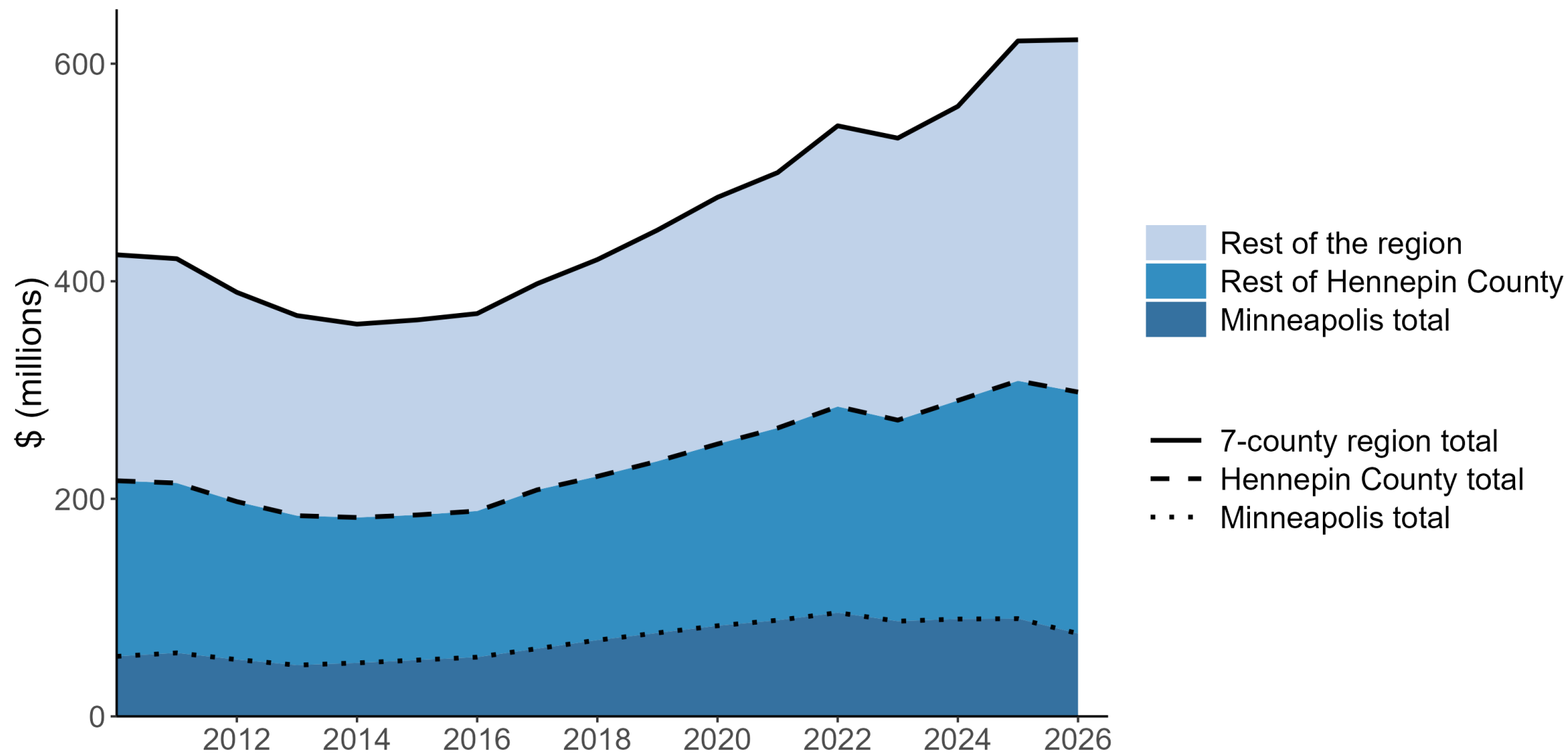
However, without Minneapolis, the region still saw a decline in commercial tax base



Source: Minnesota Department of Revenue

Growth outside of Minneapolis kept fiscal disparities around the same level

Increases in industrial tax capacity as well as growth in other cities offset the decrease coming from Minneapolis and Hennepin County



Source: Minnesota Department of Revenue



For more information visit:

[Fiscal Disparities - Metropolitan Council \(metro council.org\)](https://metro council.org)

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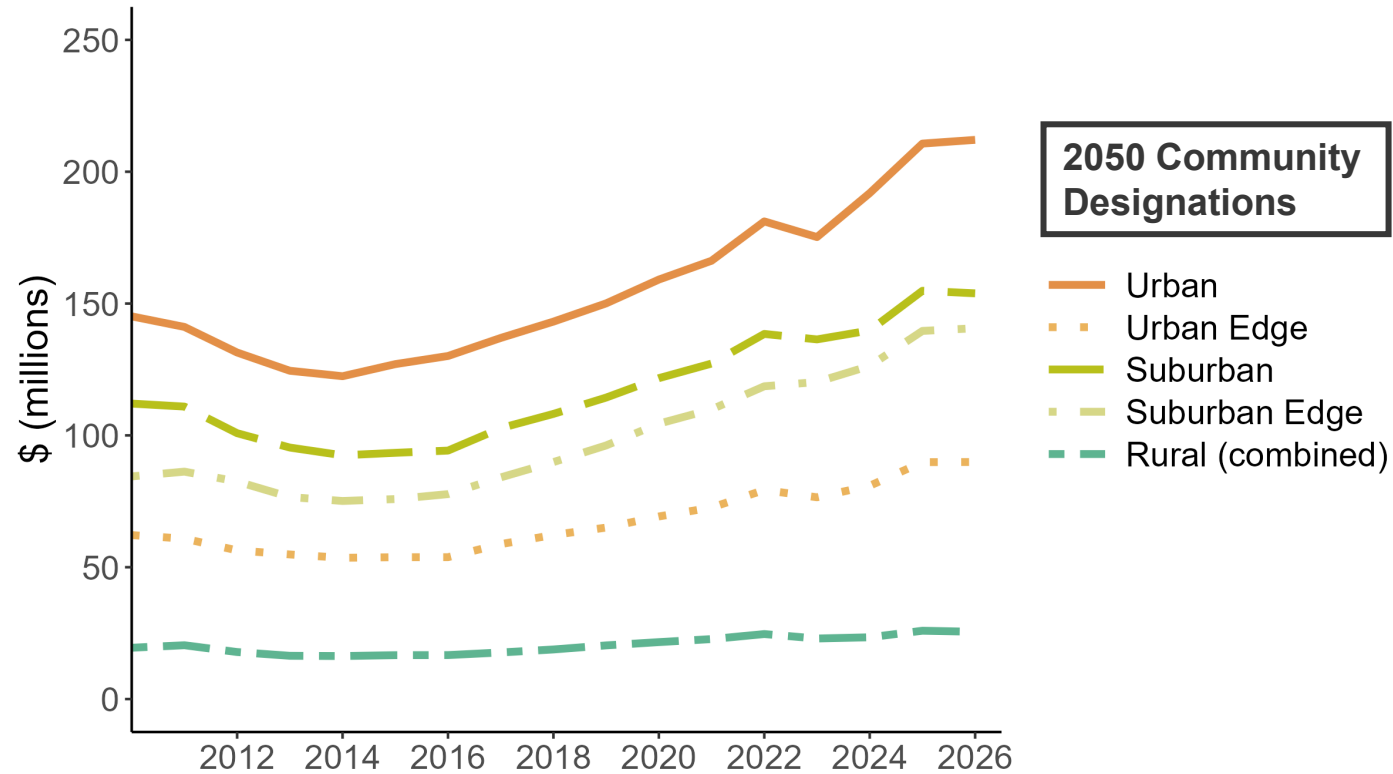
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Appendix: Fiscal disparities distribution

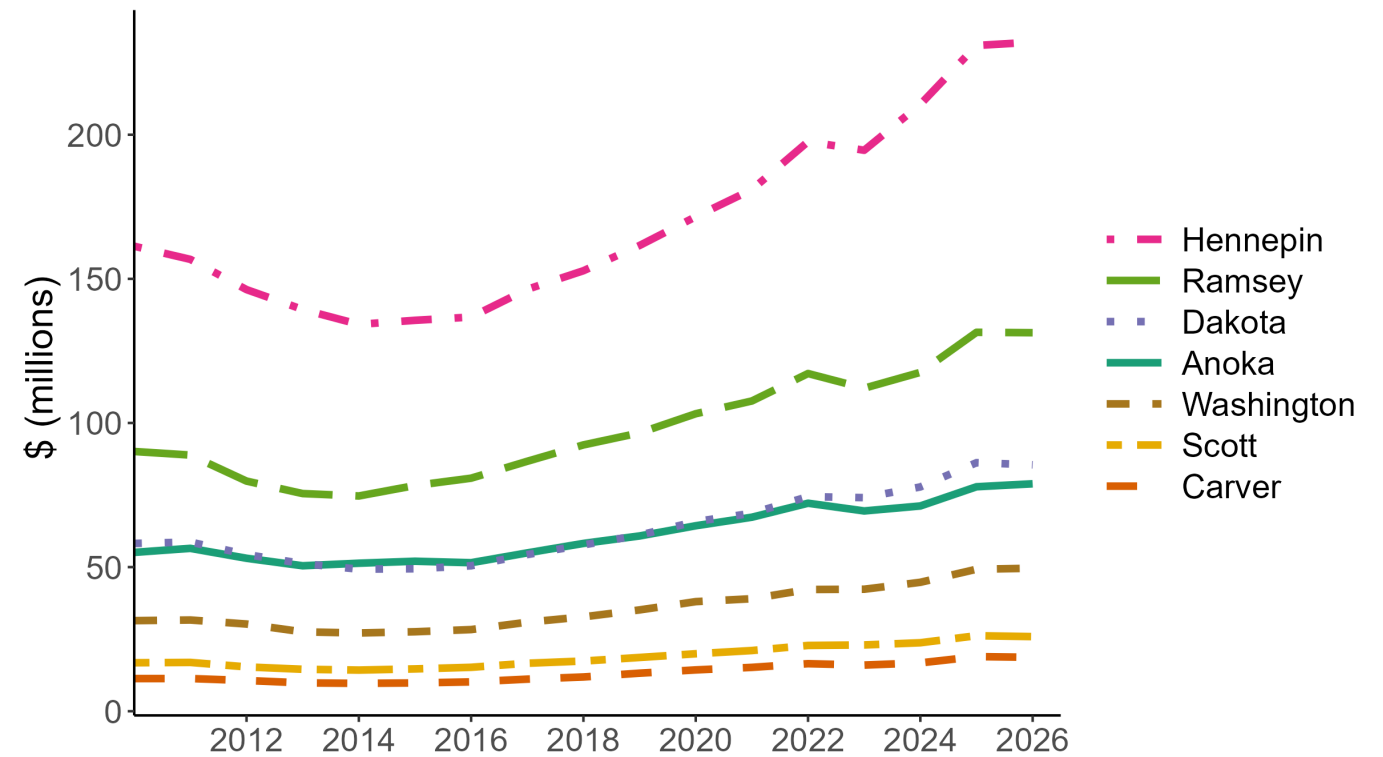
Fiscal disparities distribution stayed the same on net for most counties and designations in 2026

Fiscal Disparities Distribution by Community Designation



Source: Minnesota Department of Revenue

Fiscal Disparities Distribution by County



Source: Minnesota Department of Revenue

Appendix: Cities with the largest changes in commercial tax base in 2026

Top 10 decreases

City	Change in commercial tax base	Percent change in commercial tax base
Minneapolis	-\$25,243,402	-13.3
St. Paul	-\$4,218,392	-6.1
Plymouth	-\$2,772,113	-10.0
St. Louis Park	-\$2,129,851	-7.3
Eden Prairie	-\$1,812,676	-6.2
Golden Valley	-\$1,608,000	-10.2
Edina	-\$1,166,864	-3.0
Hopkins	-\$869,865	-12.5
Richfield	-\$862,955	-6.5
Roseville	-\$769,645	-3.2

Source: Minnesota Department of Revenue

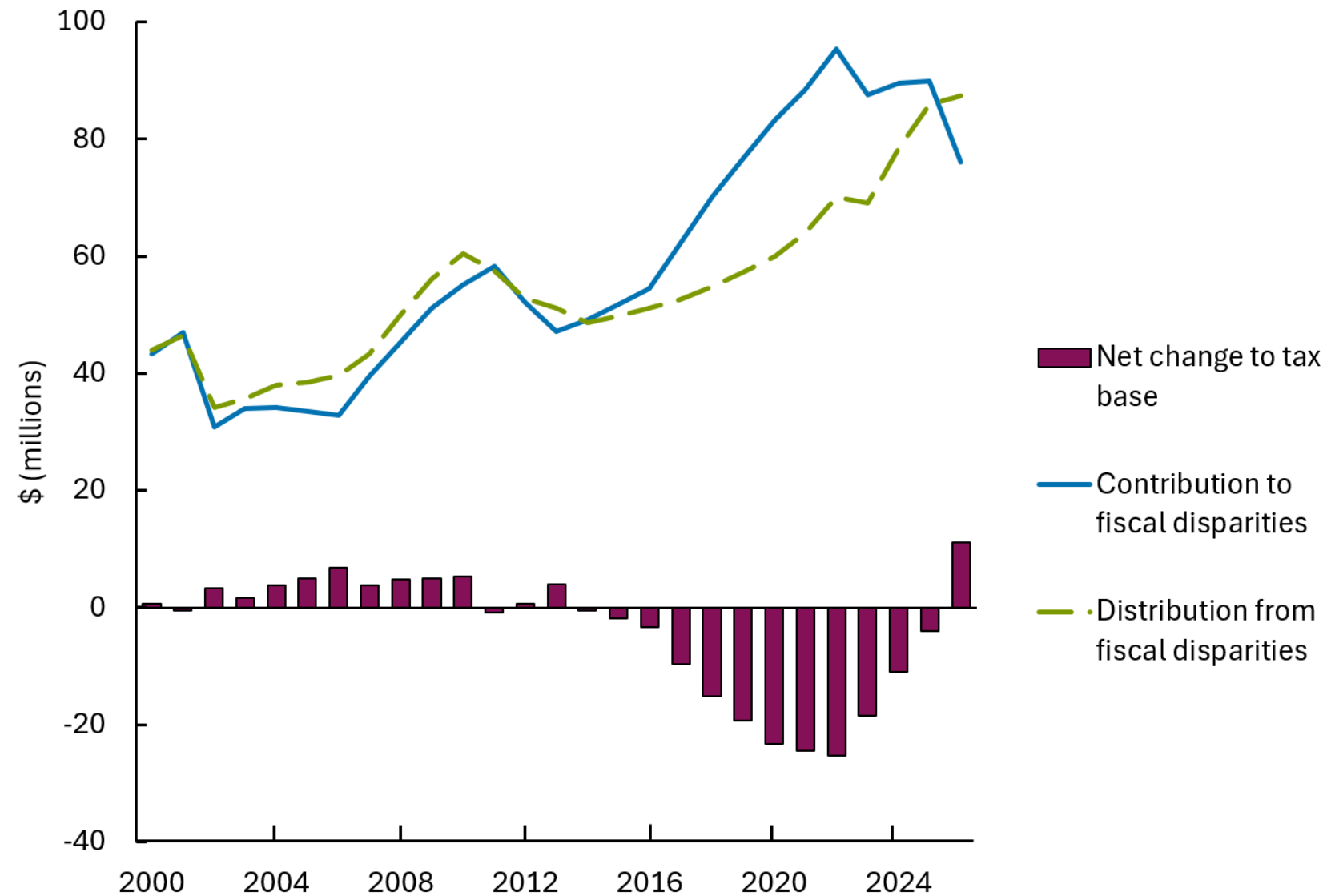
Top 10 Increases

City	Change in commercial tax base	Percent change in commercial tax base
Maple Grove	\$1,188,399	4.6
Eagan	\$1,090,445	3.5
Rosemount	\$940,044	36.6
Burnsville	\$629,184	3.3
Lakeville	\$534,882	3.8
Lake Elmo	\$461,954	13.6
Apple Valley	\$382,238	3.5
Shakopee	\$321,356	2.2
Ramsey	\$289,765	6.7
Wayzata	\$272,410	2.7

Source: Minnesota Department of Revenue

Appendix: Historical fiscal disparities trend in Minneapolis

Minneapolis was historically a net recipient of tax base from the fiscal disparities program, but has been a large contributor for the past 10 years



Source: Minnesota Department of Revenue