

AGENCY INITIATIVE: FISCAL DISPARITIES REGIONAL CONSISTENCY

H.F. 1331 (Elkins) / S.F. 1056 (Dibble)



This program would change the definition of “area” for fiscal disparities to match the definition for the Metropolitan Council’s seven-county metropolitan area jurisdiction.

The proposal would improve the Met Council’s ability to consistently apply a provision of the Fiscal Disparities Act for determining eligibility in the Fiscal Disparities Program. This will better align the eligibility requirements for the program with what is stated in the Fiscal Disparities Act.

Why this legislation is needed

- The definition of “area” in the Charles R. Weaver Metropolitan Revenue Distribution Act (Fiscal Disparities Act), commonly known as the Fiscal Disparities Program, does not match the definition for the Met Council’s seven-county metropolitan area jurisdiction.
- The Fiscal Disparities Program shares part of growth in commercial-industrial tax base (net tax capacity) in the metropolitan area. The current inconsistency in definition allows the cities of Hanover and Rockford to share the benefits of commercial-industrial growth in the metropolitan area through the Fiscal Disparities Program, even though they are outside the Met Council’s jurisdiction and do not have to adopt comprehensive plans that meet requirements of the Metropolitan Land Planning Act.

Exclusions from the metropolitan area

The definition of “metropolitan area or area” in Minnesota Statute Sec. 473.121 (Met Council’s jurisdiction) was originally enacted in 1975. At that time, the definition referred only to the 7 area counties. No cities were excluded from the definition of “metropolitan area.” In the decades that followed, five communities have statutorily been removed from the definition of “metropolitan area.”

- New Prague (Scott County) in 1978
- Northfield (Dakota County) in 1980
- Hanover (Hennepin County) in 1983
- Rockford (Hennepin County) in 2003
- Cannon Falls (Dakota County) in 2017

New Prague and Northfield were removed from the Fiscal Disparities Act of 1971 in the same years they were removed from the “metropolitan area”. Hanover and Rockford were not, and continue to be eligible for fiscal disparities funding (this proposal would change this). Cannon Falls never participated in the Fiscal Disparities program.

Despite being removed from the definition of “metropolitan area” Hanover and Rockford continue to benefit from the Fiscal Disparities program. For taxes payable in 2022, Hanover received \$61,058 in revenue from the tax base shared in the program, and Rockford received \$46,282. For taxes payable from 1984 to 2001, Hanover benefited from nearly \$715,800 in tax revenue shared through the program after being legislatively excluded from the Met Council’s jurisdiction in 1983. For taxes payable from 2004 to 2021, Rockford received over \$650,400 in tax revenue shared through the program after being legislatively excluded from the Council’s jurisdiction in 2003.

Contact

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