MINNESOTA · REVENUE

2014

Iron Range Fiscal Disparities Study

Property Tax Division
Minnesota Department of Revenue
January 31, 2014

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The Honorable Rod Skoe
Chair, Senate Taxes Committee
235 Capitol
St. Paul, MN 55155

The Honorable Julianne E. Ortman
Ranking Minority Member, Senate Taxes Committee
119 State Office Building
St. Paul, MN 55155

The Honorable Ann Lenczewski
Chair, House Taxes Committee
509 State Office Building
St. Paul, MN 55155

The Honorable Greg Davids
Ranking Minority Member, House Taxes Committee
283 State Office Building
St. Paul, MN 55155

To Members of the Legislature of the State of Minnesota:

I am pleased to present this study on the Iron Range Fiscal Disparities program undertaken by the Department of Revenue, as required by Minnesota Laws 2013, Regular Session, chapter 143, article 11, section 9.

Sincerely,

Myron Frans
Commissioner
Minnesota Department of Revenue

Per Minnesota Statutes, section 3.197, any report to the Legislature must contain, at the beginning of the report, the cost of preparing the report, including any costs incurred by another agency or another level of government.

This report cost $21,700.

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EXECUTIVE SUMMARY

The concept of sharing commercial, industrial, and utility property tax base among the jurisdictions of a region is called "fiscal disparities." This study examines the fiscal disparities in the Iron Range in northern Minnesota. The Iron Range Fiscal Disparities (IFRD) program, established in 1996, was set up to share commercial-industrial tax-base in the region known as the "taconite assistance area."

Taconite assistance area tax base and Fiscal Disparities program have grown since 2001

Since 2001 the taconite assistance area has experienced tax base growth at twice the rate of the state as a whole (80% and 42%, respectively). At the same time the area's population has been unchanged while the state's population has grown by 8%.

Strong growth in commercial, industrial and utility values have caused the Iron Range Fiscal Disparities tax base sharing pool to grow by almost 600% since 2001. The amount of the area's total tax base in the fiscal disparities pool is 3.7%, up from 1% in 2001.

Table 1

Year	Contribution Tax Base % of Total Business Property	Contribution Tax Base % of Total Tax Base	% of Tax Base Shifted
2001	4%	1.0%	0.5%
2013	22%	3.7%	1.7%

Even though 3.7% of the area tax base went into the tax base sharing pool in 2013, the program redistributed only 1.7% of area tax base. This is because all municipalities that contributed tax base to the pool also receive tax base back out of the pool, so the amount of actual redistribution is lower than the amount of tax base in the pool.

Fiscal Disparities program is smaller than taconite production tax programs

Jurisdictions in St. Louis County are the greatest net recipients from the fiscal disparities pool, receiving more tax base from the program than they contribute. Conversely, Itasca County is the largest net contributor to the pool. The $13 million of property taxes distributed through the program in 2013 was less than the amount of taconite homestead property tax credits ($16 million), taconite aids to local governments ($37 million) and IRRRB grants and loans to local governments ($25 million), which are all funded from taconite production tax revenues. The table below compares where 2013 fiscal disparities dollars and taconite tax production dollars came from to where the proceeds were distributed (in thousands of dollars).

Table 2

County	Taconite Aid	Taconite Credits	IRRRB Grants & Loans	Fiscal Disparities Distribution Levy	Fiscal Disparities Contribution Levy	Production Tax Contribution
Aitkin	190	910	0	230	-530	0
Cook	1,150	530	750	90	-660	0
Crow Wing	390	1,170	380	590	-590	0
Itasca	5,030	3,780	4,180	2,910	-5,470	-7,450
Lake	3,280	1,140	2,930	570	-1,240	-6,300
St. Louis	27,030	8,450	17,020	9,100	-5,000	-80,450
Totals	**37,070**	**15,980**	**25,260**	**13,490**	**-13,490**	**-94,200**

(000s)

The program outcomes can be unpredictable

The program uses previous-year tax base and tax rate data for some calculations. This can cause contributions and distributions to appear unpredictable. Under the current calendar for setting assessed values and tax rates it would be administratively difficult to eliminate these data lags.

The repeal of the market value homestead credit and replacement with the homestead market value exclusion in 2011 had two effects on the program. First, it changed the relative property wealth of communities because some lost more tax base from the exclusion than others. Municipalities with lower homestead values had more of their homestead tax base excluded from taxation. This shifted more of the fiscal disparities distribution to communities with below average tax base beginning in 2013. Second, many of the municipalities that lost tax base from the exclusion increased their local tax rates in 2012 to maintain their levies. This caused the fiscal disparities area-wide tax rate to increase from 142% in 2012 to 169% in 2013. Generally, the jurisdictions that are the largest recipients of fiscal disparities distribution have among the lowest tax bases and highest tax rates in the area. The exclusion's impact was most pronounced on the tax base of biggest net recipients.

IRON RANGE FISCAL DISPARITIES STUDY

Introduction

The concept of sharing commercial, industrial, and utility property tax base among the jurisdictions of a region is called “fiscal disparities.”

This particular study examines the fiscal disparities in the Iron Range in northern Minnesota. The Iron Range Fiscal Disparities (IFRD) program, established in 1996, was set up to share commercial-industrial tax-base in the region known as the “taconite assistance area.”

The 2013 tax bill[1] required the Commissioner of Revenue, in coordination with the Commissioner of the Iron Range Resources and Rehabilitation Board (IRRRB), to conduct a study of the Iron Range fiscal disparities program. The study identifies:

1. trends in population, property tax base, property tax rates, and contribution and distribution capacity across the region;
2. the interaction between the program and the distribution of property tax aids and credits, taconite aid, and IRRRB funding across the region;
3. the impact of state tax policy changes on the fiscal disparities program;
4. the unpredictability of the program's distribution and causes of the unpredictability; and
5. issues for policy makers to consider.

Principle findings

- The Iron Range fiscal disparities tax base sharing pool grew significantly in the past decade due to strong growth in the commercial, industrial and utility tax base.
- Jurisdictions in St. Louis County are the greatest net recipients from the fiscal disparities pool, receiving more tax base from the program than they contribute. Conversely, Itasca County is the largest net contributor to the pool.
- The $13 million of property taxes distributed through the program in 2013 was less than the amount of taconite homestead property tax credits ($16 million), taconite aids to local governments ($37 million) and IRRRB grants and loans to local governments ($25 million), which are all funded from taconite production tax revenues.
- Data lags from using previous year numbers in the fiscal disparities calculations can cause contributions and distributions to sometimes change unexpectedly.
- The repeal of the market value homestead credit and replacement with the homestead market value exclusion in 2011 changed how the tax base is distributed. It also contributed to the area-wide tax rate increasing from 142% to 169%, which increased taxes on some business property.

[1] 2013 Regular Session, Chapter 143, Article 11, Section 9

Fiscal Disparities Program Goals

1. *Support for a regional approach to development*

   Tax-base sharing in a region spreads the fiscal benefit of business development spawned by regional facilities such as shopping centers, airports, freeway interchanges, and sports stadiums. It also may make tax-base sharing communities more willing to accept low tax-yield regional facilities such as parks.

2. *Equalization in the distribution of fiscal resources in a region*

   Communities with low tax bases must impose higher tax rates to deliver the same services as communities with higher tax bases. These high tax rates make communities with below-average tax base less attractive places for businesses to locate or expand in, exacerbating the problem. Sharing business tax base can reduce this effect.

3. *Reduction in competition for commercial-industrial development*

   Communities generally believe that some kinds of business properties pay more in taxes than it costs to provide services to them. This encourages local communities to compete for properties by providing tax concessions or extra services to businesses, which can weaken the fiscal condition of the local community. Tax base sharing reduces the incentive for this competition.

How Fiscal Disparities Works

Each municipality in the program area contributes 40 percent of the growth of its commercial, industrial and utility property tax base since 1995 to an area-wide tax base sharing pool. This contribution value is not available for taxation by the jurisdictions where the property is located.

Each municipality receives a share of the area-wide tax base sharing pool through a formula based on its share of the area's population and its relative property tax wealth (tax base per capita). The municipality is allowed to tax this distribution value at the same rate as the tax rate paid by its residents. All taxing jurisdictions whose boundaries encompass the municipality are also allowed to tax the municipality's distribution value (i.e., counties, school districts, and special taxing districts).

A uniform area-wide rate is applied to the tax base in the pool. Proceeds from the pool pay a portion of municipal, county, school and special district levies.

Commercial, industrial and utility properties pay a portion of their tax at the local rate and a portion at the area-wide rate. The property tax statement for each property has a local portion and an area-wide portion, based on the relative amount of the tax base that is contributed versus the relative amount that is retained for the municipality where the property is located.

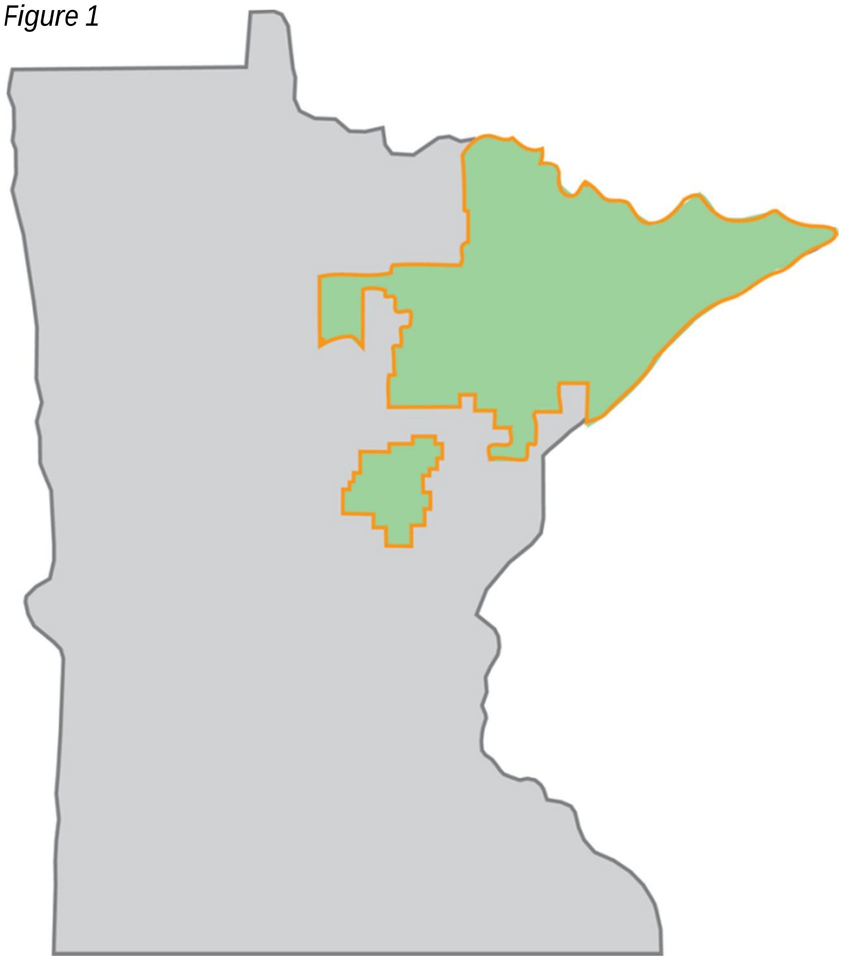
St. Louis County administers the Iron Range Fiscal Disparities program.

A similar program has been in place in the 7-county Twin Cities metropolitan area since 1971. Both programs use the same factors and formulas. See appendix 2 for a list of resources that provide further detail.

Taconite Assistance Area

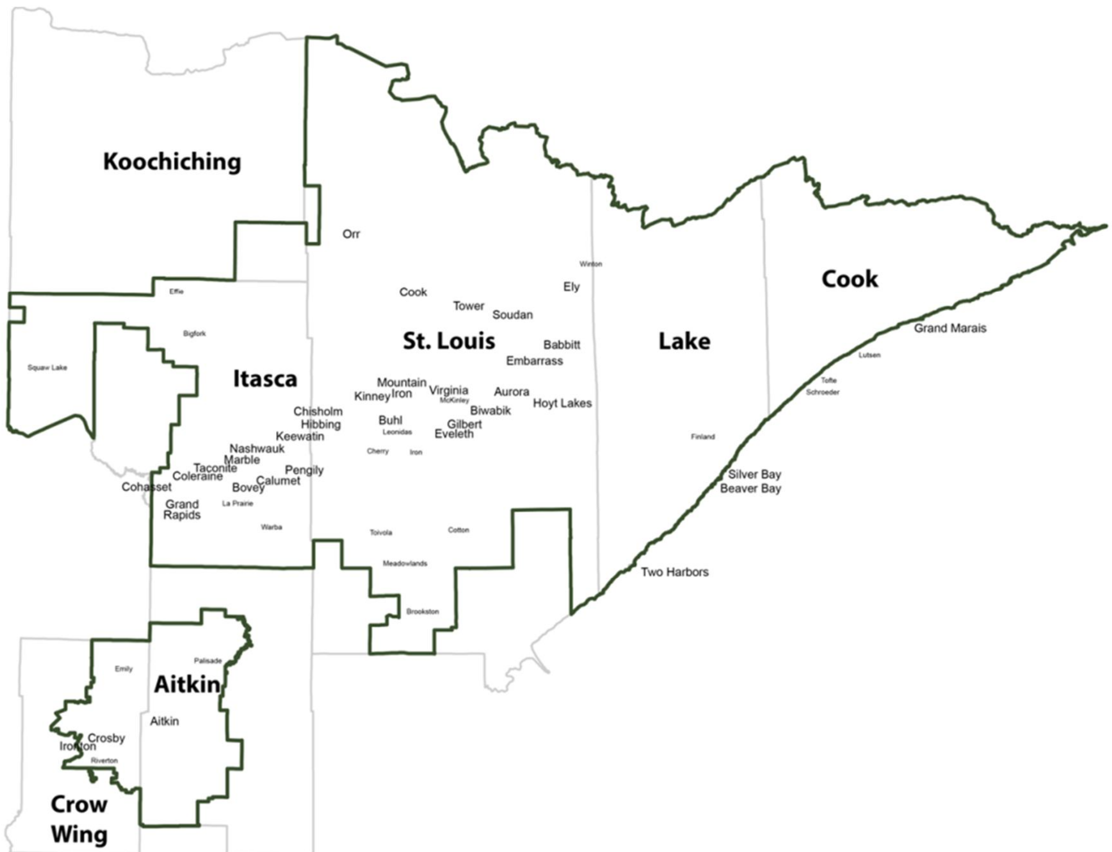
The taconite assistance area in which the fiscal disparities program operates is comprised of 15 school districts in portions of 7 northeastern counties. About 190 cities and townships are partly or fully within the boundaries of the area. See appendix 1 for a map of school districts.

Figure 1



Taconite Assistance Area Counties

Figure 2



Section 1. Trends in population, property tax base, property tax rates, and contribution and distribution capacity across the region.

A. Population

The population of the taconite assistance area declined slightly (168,246 to 167,629) from 2001 to 2012 (see table below). The portion of the area in Crow Wing County saw the greatest population percentage increase (+4.7%), while the area in St. Louis County decreased the most (-2.9%).

Across the area 108 cities/towns decreased in population and 82 increased in population. Over this same period the state population increased by almost 8%. A small portion of unorganized township in Koochiching County is part of the taconite assistance area. The 2012 taconite assistance area population of Koochiching County was 78, but this portion is excluded for the purposes of this report.

Table 3

Population
Taconite Assistance Area

County	2001	2012	% Change 2001-12
Aitkin	9,732	9,968	2.4%
Cook	5,175	5,190	0.3%
Crow Wing	18,071	18,927	4.7%
Itasca	40,303	41,273	2.4%
Koochiching	-	-	-
Lake	11,083	10,815	-2.4%
St. Louis	83,882	81,456	-2.9%
Area Total	168,246	167,629	-0.4%
Statewide	**4,977,976**	**5,368,972**	**7.9%**

B. Property Tax Base

Table 4

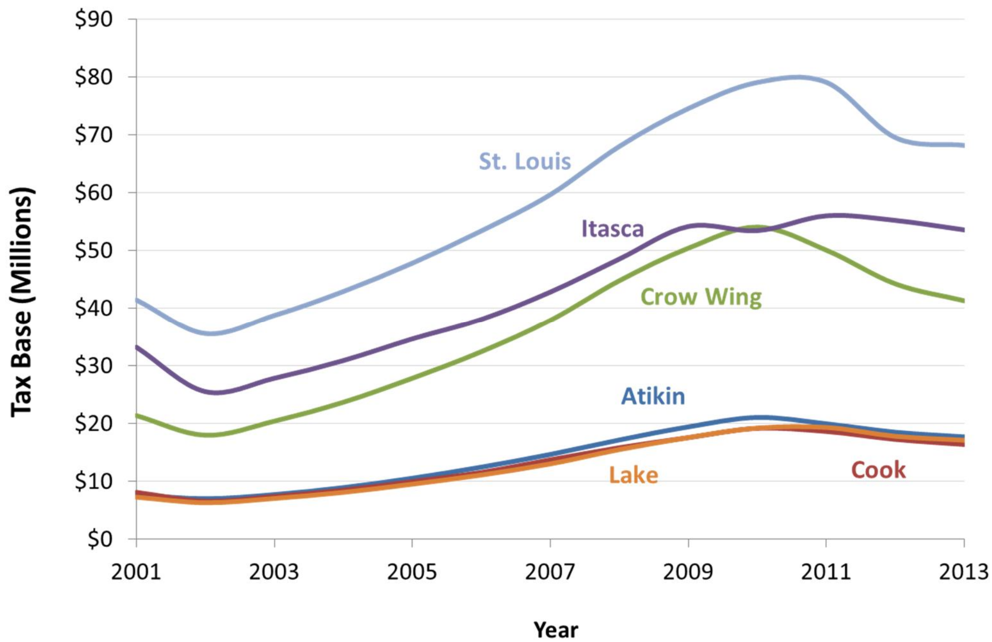
Tax Base
Taconite Assistance Area

	(000's)		
County	2001	2013	% Change 2001-13
Aitkin	7,703	17,705	130%
Cook	8,107	16,387	102%
Crow Wing	21,371	41,298	93%
Itasca	33,200	53,560	61%
Lake	7,272	17,117	135%
St. Louis	41,421	68,171	65%
Area Total	119,073	214,239	80%
Statewide	**3,671,539**	**5,210,992**	**42%**

Taconite assistance area tax base growth outpaced the statewide average from 2001 to 2013 (see table 4). Area tax base increased by 80% while the statewide property tax base increased by 42%. The portions of the area in Itasca County increased by 61%, the least of the area counties. Only 8 municipalities decreased in property tax base from 2001 to 2013. Seventeen communities more than doubled their property tax base from 2001 to 2013.

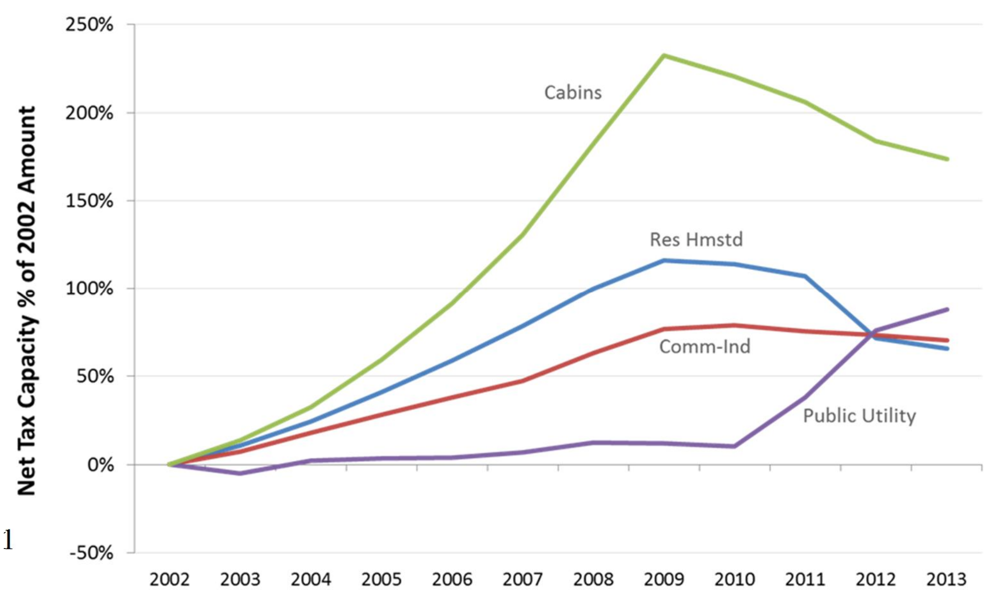
Tax Base Growth by County. Figure 3 shows tax base change by county. State-enacted property tax reform resulted in declines from 2001 to 2002. All counties experienced strong growth throughout the 2000's. The Great Recession caused tax base declines and the 2011 repeal of the market value homestead credit and replacement with the homestead market value exclusion contributed to the reductions (more on this beginning on page 27).

Figure 3



Tax Base Growth by Property Class. Throughout the 2000's seasonal recreational residential properties (cabins) and homesteads were the greatest contributors to area tax base growth. Beginning in 2010 public utility values increased by 71% while other classes declined in value. (see figure 4 below)

Figure 4



C. Taconite Mining Production

Taconite mining is a core industry of the area, along with timber and tourism. Production taxes on taconite mining fund property tax relief and local development projects. Taconite production taxes are taxes paid by mining companies in lieu of property taxes. Table 5 shows that since 2002 the amount of taconite produced hovered between 34 and 39 million tons, with the exception of 2009 where production dropped to 17 million tons. Taconite production is projected to be stable over the next few years. Growth in the production of iron nuggets and iron ore concentrates will add to total production in the coming years.

Taconite Production Tonnage by Year (millions)

Table 5

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
31.6	37.5	34.3	39.4	39.5	38.9	38.0	39.2	17.1	35.0	38.9	39.0

D. Fiscal Disparities Capacity

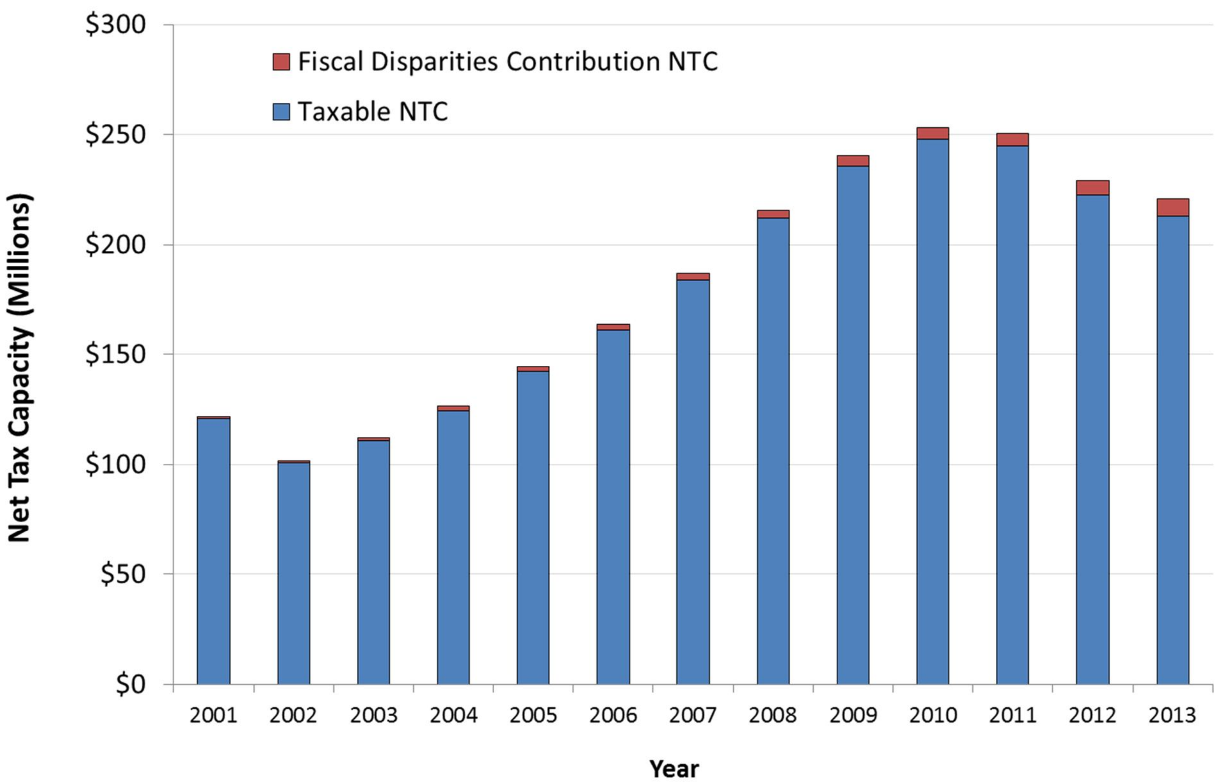
The size of the fiscal disparities tax base sharing pool grew by almost 600% since 2001 to about $8 million. There have only been two years since 2003 in which the pool grew by less than 13% (see table 6). The increases are tied directly to the growth in value of commercial, industrial and utility properties.

Table 6

Year	Fiscal Disparities Tax Base (000's)	% Change
2001	$1,191	
2002	878	-26%
2003	1,413	61%
2004	1,898	34%
2005	2,247	18%
2006	2,625	17%
2007	3,015	15%
2008	3,427	14%
2009	4,462	30%
2010	5,359	20%
2011	5,647	5%
2012	6,372	13%
2013	7,960	25%
2014	8,109	2%

Fiscal Disparities Share of Total Tax Base. The average range municipality contributes 22% of its commercial, industrial and public utility value to the tax base sharing pool, up from just 4% in 2001. Figure 5 shows the growth in the total area tax base and the fiscal disparities tax base sharing pool since 2001.

Figure 5



Note: NTC stands for Net Tax Capacity (tax base)

The amount of the area's total tax base in the fiscal disparities pool is 3.7%, up from 1% in 2001.

Table 7

Year	Contribution Tax Base % of Total Business Property	Contribution Tax Base % of Total Tax Base	% of Tax Base Shifted
2001	4%	1.0%	0.5%
2013	22%	3.7%	1.7%

Even though 3.7% of the area tax base went into the tax base sharing pool in 2013, the program redistributed only 1.7% of area tax base. This is because all municipalities that contributed tax base to the pool also receive tax base back out of the pool, so the amount of actual redistribution is lower than the amount of tax base in the pool.

E. Contribution/Distribution Capacity 2001-2014

In 2001 Lake County was the largest net contributor, while Itasca County was a small net contributor. St. Louis County was the largest net recipient, receiving 1.5 times as much tax base as it contributed. Since 2001 Itasca County has become the largest net contributor and St. Louis County is the largest net recipient, receiving almost twice the tax base it contributes to the pool in 2014.

Table 8

Net Contribution by County

2001 and 2014

2001	Aitkin	Cook	Crow Wing	Itasca	Lake	St. Louis
Contribution Capacity	25,425	59,049	95,232	281,824	206,776	522,535
Distribution Capacity	35,441	10,579	54,216	259,528	67,947	752,120
Net Contribution	10,016	-48,470	-41,016	-22,296	-138,829	229,585

2014	Aitkin	Cook	Crow Wing	Itasca	Lake	St. Louis
Contribution Capacity	314,963	391,702	348,836	3,226,650	728,723	2,949,108
Distribution Capacity	249,564	66,320	407,968	1,588,201	417,702	5,224,170
Net Contribution	-65,399	-325,382	59,132	-1,638,449	-311,021	2,275,062

Note: negative net contribution signifies on a whole the county is losing tax base

Compared to 2001, Itasca County is now home to more of the largest net contributors.

Table 9

2001		
County	City/Township	Net Contribution
Lake	Unorganized	-66,262
Lake	City of Two Harbors	-64,004
St Louis	City of Ely	-42,835
Cook	City of Grand Marais	-31,992
Itasca	City of Grand Rapids	-27,747
Itasca	Town of Blackberry	-27,129
Lake	City of Beaver Bay	-19,603
Itasca	Town of Grand Rapids	-19,207
Itasca	City of Nashwauk	-16,964
Lake	Town of Silver Creek	-15,891

Table 9.1

2014		
County	City/Township	Net Contribution
Itasca	City of Cohasset	-909,283
Itasca	City of Grand Rapids	-678,440
Itasca	Town of Blackberry	-197,964
Lake	Unorganized	-191,711
St Louis	Town of Arrowhead	-151,991
St Louis	City of Mountain Iron	-149,499
Itasca	City of Coleraine	-135,937
Itasca	City of LaPrairie	-120,693
Itasca	Town of Wawina	-104,843
Itasca	Town of Feeley	-92,365

The list of largest net recipients is similar from 2001 to 2014 but with the growth of the program the amount of tax base received grew significantly.

Table 10

2001		
County	City/Township	Net Received
St Louis	City of Virginia	85,434
St Louis	City of Hibbing	66,711
St Louis	City of Eveleth	36,827
St Louis	City of Chisholm	26,221
St Louis	City of Aurora	24,500
Lake	City of Silver Bay	21,369
Itasca	Unorganized	15,046
St Louis	City of Gilbert	14,660
Itasca	City of Keewatin	14,118
St Louis	City of Babbitt	13,123

Table 10.1

2014		
County	City/Township	Net Received
St Louis	City of Hibbing	738,431
St Louis	City of Chisholm	633,309
St Louis	City of Eveleth	437,950
St Louis	City of Virginia	372,771
St Louis	City of Aurora	160,902
Itasca	City of Keewatin	160,883
St Louis	City of Gilbert	154,617
Crow Wing	City of Crosby	128,062
St Louis	City of Buhl	116,411
Itasca	City of Marble	96,508

Impact as a percentage of tax base. Tables 11 and 11.1 show the largest net contributors and net recipients as a percent of tax base. These tables show how much smaller or larger the local tax base is due to the program. There are four municipalities, all townships in Itasca County, that lose more than 10% of their tax base. There are eight municipalities whose tax base is increased by more than 40%.

Table 11

Net Contributors

County	City/Township	2013 Fiscal Disparities Impact
ITASCA	WAWINA TWP	-20%
ITASCA	BLACKBERRY TWP	-14%
ITASCA	SAGO TWP	-10%
ITASCA	FEELEY TWP	-10%
ST LOUIS	KELSEY TWP	-9%
ST LOUIS	BASSETT TWP	-8%
ITASCA	COLERAINE	-8%
ST LOUIS	ARROWHEAD TWP	-8%
ITASCA	LAPRAIRIE	-8%
ITASCA	COHASSET	-8%
ST LOUIS	MCDAVITT TWP	-7%
ITASCA	GRAND RAPIDS	-7%
ST LOUIS	MOUNTAIN IRON	-7%
ST LOUIS	FIELD TWP	-6%
LAKE	BEAVER BAY	-6%
ST LOUIS	FAIRBANKS TWP	-6%
AITKIN	AITKIN	-6%
ST LOUIS	KUGLER TWP	-6%
COOK	SCHROEDER TWP	-6%
ST LOUIS	GREAT SCOTT TWP	-5%

Table 11.1

Net Recipients

County	City/Township	2013 Fiscal Disparities Impact
ITASCA	KEEWATIN	+67%
ST LOUIS	MCKINLEY	+56%
ST LOUIS	KINNEY	+55%
ST LOUIS	CHISHOLM	+52%
ST LOUIS	MEADOWLANDS	+50%
ITASCA	MARBLE	+48%
ST LOUIS	EVELETH	+45%
ST LOUIS	BUHL	+43%
ITASCA	BOVEY	+36%
ITASCA	CALUMET	+35%
ST LOUIS	AURORA	+29%
ST LOUIS	GILBERT	+26%
ITASCA	EFFIE	+22%
ST LOUIS	WINTON	+21%
CROW WIN(	IRONTON	+19%
ST LOUIS	BROOKSTON	+16%
AITKIN	PALISADE	+15%
CROW WIN(	CROSBY	+13%
ST LOUIS	EMBARRASS TWP	+13%
ITASCA	BIGFORK	+13%

Tax base differentials are still big after the program. The program significantly impacts the tax base of many communities. It generally increases the tax base of communities with below-average tax base and decreases the tax base of communities with above-average tax base. Yet, even with the program, the average per capita tax base of the largest net contributors is more than four times larger than that of the largest net recipients.

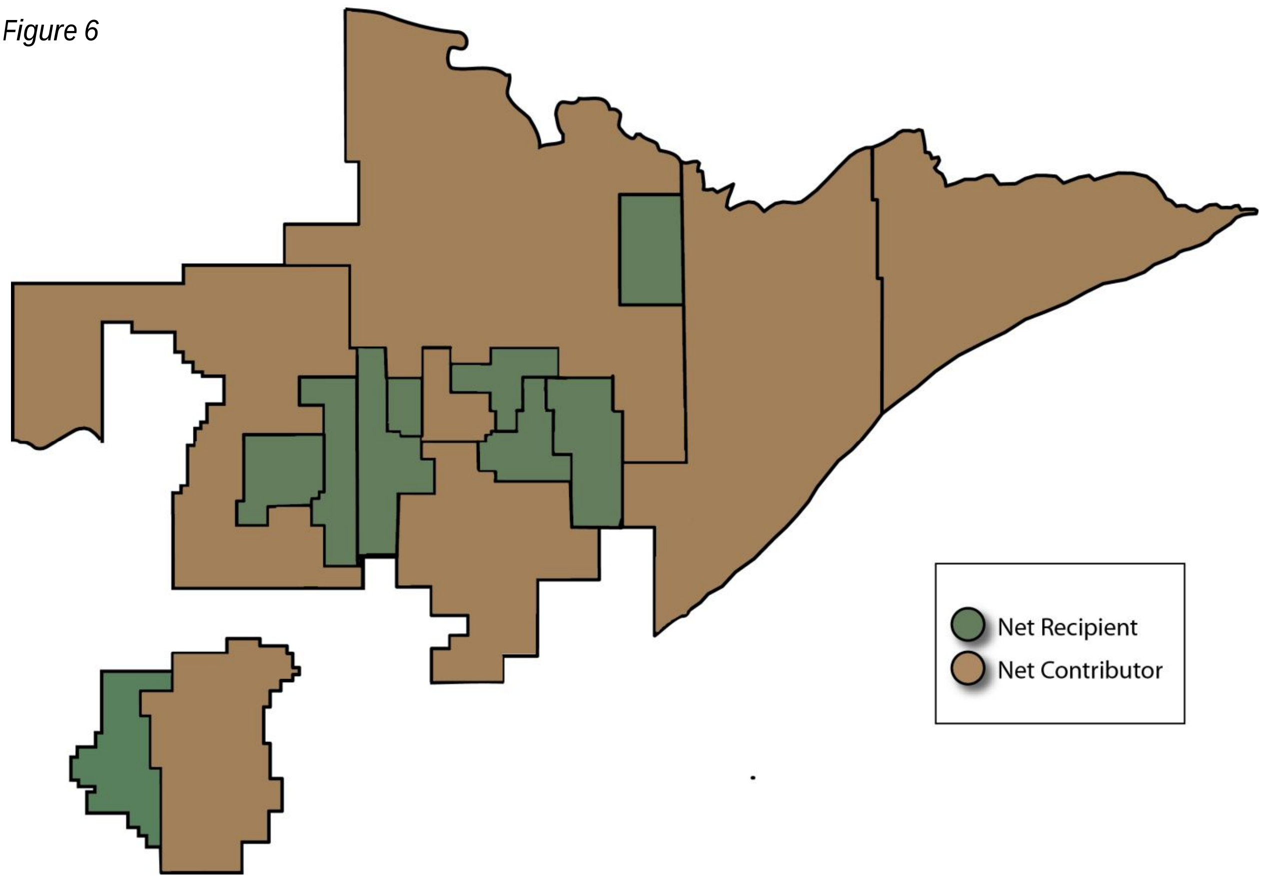
Table 12

	Average Tax Base Per Capita (2013)
Top 20 Net Contributors*	1,543
Top 20 Net Recipients	376
Taconite Assistance Area Average	1,326

*Excludes the city of Grand Rapids, which has a tax base of 784 per capita.

Net Contribution/Net Received by School District

Figure 6



F. Property Tax Rates

Overall, area tax rates follow the economy. As market values grew through the 2000's local tax rates (the sum of the municipal, county, school district and special taxing district rates) steadily dropped from an average of 122% in 2002 to an average of 78% in 2009. As the recession reduced property values the average tax rate grew to 95% in 2013. The area-wide fiscal disparities rate followed the same general pattern but was typically 50 percentage points higher than the average local rate.

Table 13

Year	Average Local Tax Rate	Area-wide Fiscal Disparities Rate
2001	121%	158%
2002	122%	206%
2003	121%	158%
2004	112%	162%
2005	101%	154%
2006	95%	145%
2007	90%	143%
2008	82%	142%
2009	78%	133%
2010	80%	131%
2011	83%	138%
2012	91%	142%
2013	95%	169%
2014 estimated	98%	155%

Why the big difference? There are two main reasons:

1. The area-wide fiscal disparities rate is based on the previous year tax rates of municipalities where the tax base is distributed, not where it comes from. Areas receiving additional tax base from fiscal disparities tend to have below-average tax base and higher average local tax rates than the municipalities that contribute most of the tax base to the pool.

2. School referendum levies are partly paid through the fiscal disparities program, which increases the area-wide fiscal disparities rate.

The average local tax rate is lower in part because it includes townships with lower tax rates and little commercial, industrial or utility property. So comparing the average local tax rate to the area-wide fiscal disparities rate overstates the rate gap faced by the typical business property; most of this property is in municipalities that have higher tax rates than the many townships with little business property.

To account for this, table 14 shows a comparison of the difference between the area-wide fiscal disparities rate and what the average local tax rate would be if the contribution capacity paid the local tax rate. In 2011 the difference was 26 percentage points. In 2012 the difference decreases to 15 percentage points but increases in 2013 to 47 percentage points. This change is in large part due to the repeal of the market value homestead credit and replacement with the homestead market value exclusion.

Table 14

Year	Contributors' Local Tax Rate	Area-wide Fiscal Disparities Rate	Difference
2011	113%	138%	26%
2012	126%	142%	15%
2013	122%	169%	47%
2014	127%	155%	28%

The difference will decline to an estimated 28% in 2014 as the area-wide fiscal disparities rate drops from 169% to 155%. The drop is the direct result of the previous year's increase in the area-wide tax rate. The increase in the area-wide fiscal disparities rate in 2013 increased the amount of fiscal disparities levy the recipient jurisdictions received, which in turn reduced the amount of local levy and the local tax rates. More on this in the 'Unpredictability' section on page 29.

G. Tax shift impacts of the program

The program moderates differences in tax base across the area by redistributing tax base from places that have seen growth in their business property values to places with low overall property value. Redistribution of the tax base helps equalize tax rates. That is, the difference between tax rates in high-rate jurisdictions and low-rate jurisdictions are lower than they would be without the fiscal disparities program.

The program also shifts some taxes onto business property from most other property types. For example, the program reduces homestead taxes by 3.2% and increases business property taxes by 4.3%.

Table 15

(000's) Property Type	Tax Without Fiscal Disparities	Actual 2013 Tax	Change	Percent Change
Resident Homestead	61,963	59,991	-1,972	-3.2%
Apartment, Non-Homestead	16,210	15,566	-644	-4.0%
Farm, Timber	23,981	23,922	-59	-0.2%
Commercial, Industrial, Utility, Railroad, Personal	71,958	75,047	3,089	4.3%
Cabins	54,032	54,196	164	0.3%

Note: Based on payable year 2013 simulation of property taxes without the program, assuming no change in levies.

Section 2. The interaction between the program and other revenue sources.

State and Local Property Tax Related Revenue Sources. Table 16 compares the fiscal disparities distribution levy to property taxes, property tax credits, selected general purpose aids, and grants and loans from the IRRRB. The fiscal disparities program was in its infancy in 2001. It grew faster than other revenue sources in the past 12 years in percentage terms, but is still the smallest of the five categories. A description of these revenue sources can be found in Appendix 3.

Table 16

(000's)

Taconite Assistance Area	Fiscal Disparities Distribution Levy	Local Levy	Credit Total [1]	Aid Total [2]	IRRRB Grants & Loans
2001	1,850	118,780	28,790	58,460	13,140
2002	1,820	95,070	28,500	62,130	19,000
2003	2,230	106,740	29,540	55,860	4,210
2004	3,030	111,170	29,820	51,400	11,450
2005	3,460	116,000	29,940	56,170	18,520
2006	3,820	125,410	30,180	57,930	17,220
2007	4,300	138,210	30,220	58,770	9,230
2008	4,880	146,410	30,020	54,650	32,950
2009	5,950	156,760	29,530	62,730	22,010
2010	6,990	172,450	29,580	57,300	14,510
2011	7,670	177,210	29,800	57,820	20,390
2012	9,070	192,430	16,940	57,480	20,310
2013	13,490	191,990	16,770	64,030	25,260
2001-2013 change					
Dollar	**11,640**	**73,210**	**(12,020)**	**5,570**	**12,120**
Percentage	**630%**	**62%**	**-42%**	**10%**	**92%**

1 The state repealed the market value homestead credit and replaced it with the homestead market value exclusion beginning in 2012

2 Aids include LGA, CPA, Taconite, PILT, and Utility Aid

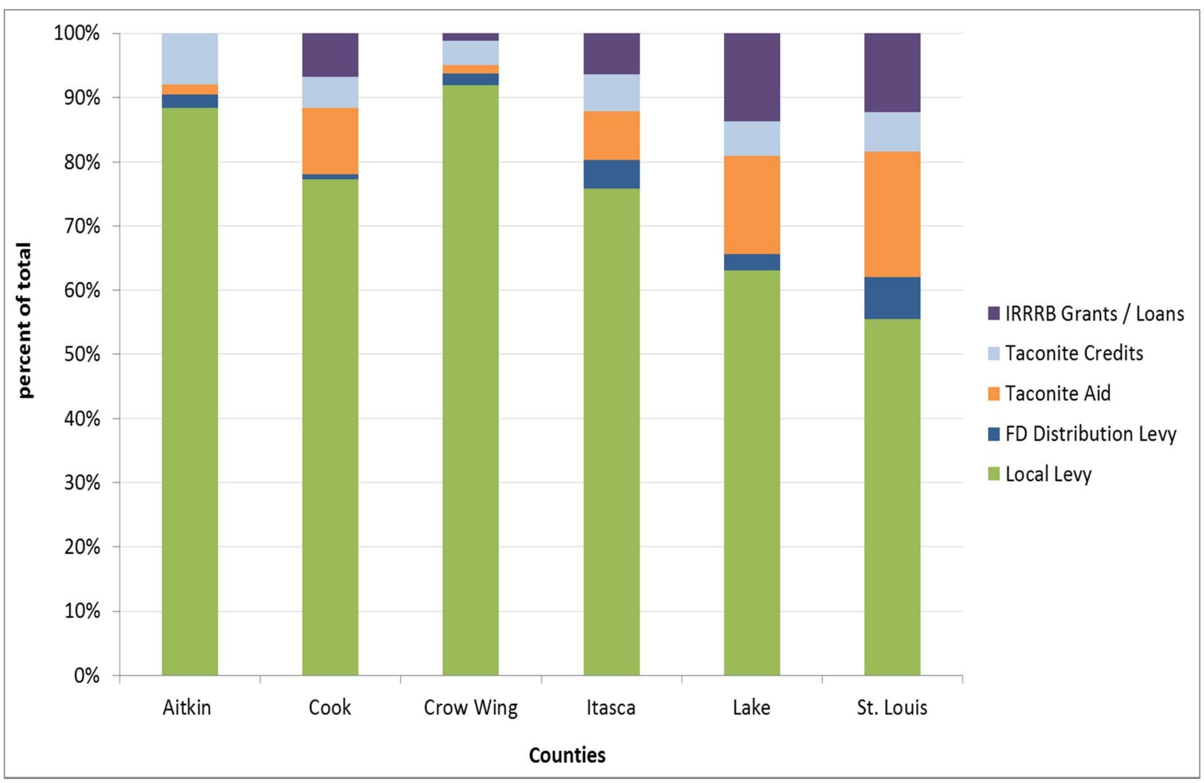
Local Property Tax Related Revenues. Table 17 narrows the revenue sources to those that are from local, not state, sources. Local property tax levies for municipalities, counties, schools, and special taxing districts make up two thirds of the total ($1,145 per capita) while fiscal-disparity levies account for just 5% of the total. The other three local revenue sources (taconite aids, taconite credits, and IRRRB grants and loans) represent 29% of the total and are funded from taconite production tax revenues.

Table 17

Revenue (2013)	Per capita $	% Share
Local Levy	1,145	66%
Fiscal Disparities Distribution Levy	81	5%
Taconite Aid	221	13%
Taconite Credits	95	5%
IRRRB Grants & Loans	194	11%

The reliance on property taxes varies by county. Figure 7 shows the distribution of these local revenue sources for 2013 for the portion of each county that is in the relief area. Aitkin and Crow Wing counties had the highest proportion of local property taxes, while Lake and St. Louis counties had the highest proportion of other revenue sources.

Figure 7



Property tax reliance varies more at the municipal level. One reason is that IRRRB grants and loans are usually for specific one-time projects, so the amount of IRRRB funds received by a municipality may change more from year to year than the other revenue sources. See appendix 4 for a list of local revenue sources for cities and townships .

By county for 2013, table 18 shows the total dollars by local revenue source other than local property taxes, and the sources of those revenues. This table provides a snapshot of the redistribution of revenues through the fiscal disparities program and the redistribution of revenues through the programs funded from the taconite production tax (taconite aids and credits and IRRRB grants and loans).

Considering fiscal disparities alone, Itasca County is the largest net contributor, contributing $5.5 million to the pool and receiving $2.9 million out of the pool. Aitkin, Cook and Lake counties have smaller net contributions. St. Louis County is the largest net recipient, receiving $9.1 million out of the pool while contributing $5 million to the pool. The other three revenue sources are funded through the taconite production tax, which is primarily generated in St. Louis County ($80.4 of $94.2 million). The other five counties receive more from these three programs than they contribute in production tax revenues.

2013 Local Revenue Sources Taconite Assistance Area by County

Table 18

County	Taconite Aid	Taconite Credits	IRRRB Grants & Loans	Fiscal Disparities Distribution Levy	Fiscal Disparities Contribution Levy	Production Tax Contribution
Aitkin	190	910	0	230	-530	0
Cook	1,150	530	750	90	-660	0
Crow Wing	390	1,170	380	590	-590	0
Itasca	5,030	3,780	4,180	2,910	-5,470	-7,450
Lake	3,280	1,140	2,930	570	-1,240	-6,300
St. Louis	27,030	8,450	17,020	9,100	-5,000	-80,450
Totals	**37,070**	**15,980**	**25,260**	**13,490**	**-13,490**	**-94,200**

Note: Includes all levels of local governments (county, city/town, school, special taxing districts). Production tax revenues also go to IRRRB operations, facilities, grants, loans and other investments not assigned to a particular jurisdiction. The total production tax contribution does not include the $8.4 million state contribution.

State revenues also address local tax base disparities

Various state aid payment programs have indirect impacts on fiscal disparities. Local Government Aid (LGA) to cities is a general purpose aid that can be used for any lawful expenditure and is also intended to be used for property tax relief. Tax base is used in the LGA formula as a local measure of ability to pay and directs more aid to cities with relatively lower tax bases. The table below shows the difference in LGA distributions to taconite assistance area cities.

Table 19

LGA to Cities	Number of Cities	Tax Base per capita	Average Local Tax Rate	LGA per capita
Net Recipients - Fiscal Disparities	30	$354	156%	$435
Net Contributors - Fiscal Disparities	17	$1,331	107%	$147
All Taconite Assistance Area Cities	47	$715	123%	$329

The 30 net recipient cities with below average tax base per capita and higher than average local tax rates receive almost three times more LGA per capita compared to net contributor cities ($435 per capita vs. $147 per capita). Similar to fiscal disparities, LGA provides additional non-local revenue sources to cities with lower local tax bases.

If LGA meets its intention of lowering local property taxes and property tax rates, there would be an impact on the area-wide fiscal disparities tax rate. If LGA lowers local property tax rates in net recipient cities (which the area-wide tax rate is based on), then net contributor cities with local tax rates below the area-wide tax rate benefit from a lower area-wide tax rate.

County Program Aid (CPA) and Payments in Lieu of Taxes (PILT) also compensate for low tax base or tax base that becomes tax exempt and are distributed to counties.

Section 3. The impact of state tax policy changes on the fiscal disparities program

This study examines three state tax policy changes that had an impact on the fiscal disparities program: the 2001 Big Plan property tax reform, the 2007 utility valuation rule change, and the 2011 enactment of the homestead market value exclusion.

A. The 2001 Big Plan Reforms

In 2001 the state enacted a property tax reform package that:

- replaced a large share of school levies with state aid,
- reduced the classification rates for commercial, industrial, utility and high-value residential property,
- established a statewide property tax on businesses and cabins,
- changed state aids and credits, and
- replaced transit levies with state aid.

The reform's impact on the fiscal disparities program was mostly due to the compression of classification rates. Total tax base declined by 17% across the taconite assistance area. Commercial, industrial and utility net tax capacities declined almost 38% from 2001 to 2002, and did not return to 2001 levels until 2011.

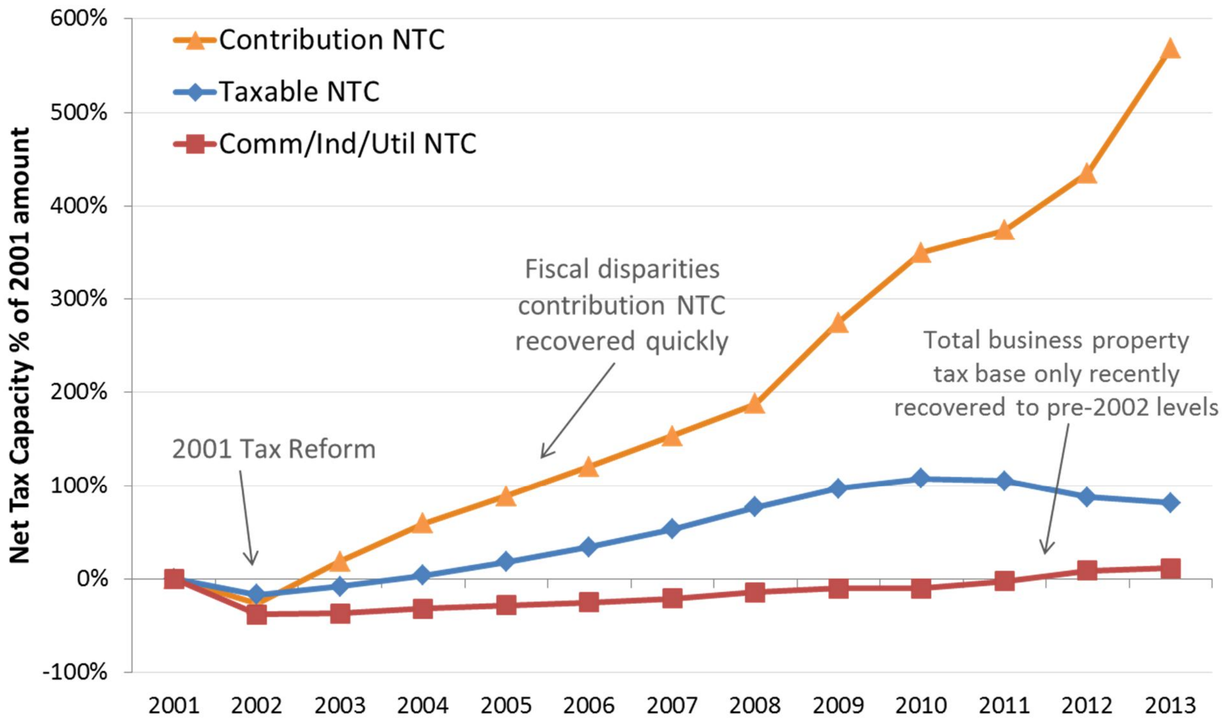
The drop in commercial, industrial and utility tax capacity in 2002 caused a 26% decline in the amount of tax base redistributed through the fiscal disparities program from 2001 to 2002. This reduction did not reduce fiscal disparities levies, as the law makes a one-time adjustment for classification changes. It did, however, create a one-time 30% increase in the area-wide fiscal disparities rate that increased property taxes paid in 2002 by business property across the region.

Table 20

Taconite Assistance Area Tax Base	2001 Tax Base	2002 Tax Base	Change
Aitkin	7,703,160	7,006,848	-9%
Cook	8,106,517	6,587,678	-19%
Crow Wing	21,371,238	17,980,122	-16%
Itasca	33,199,651	25,512,293	-23%
Koochiching	2,872,787	2,561,377	-11%
Lake	7,271,571	6,324,000	-13%
St. Louis	41,421,033	35,582,866	-14%
Total Assistance Area Tax Base	**121,945,957**	**101,555,184**	**-17%**

The reduction in the overall tax base was short-lived, however, with 2003 distributions exceeding the 2001 amounts.

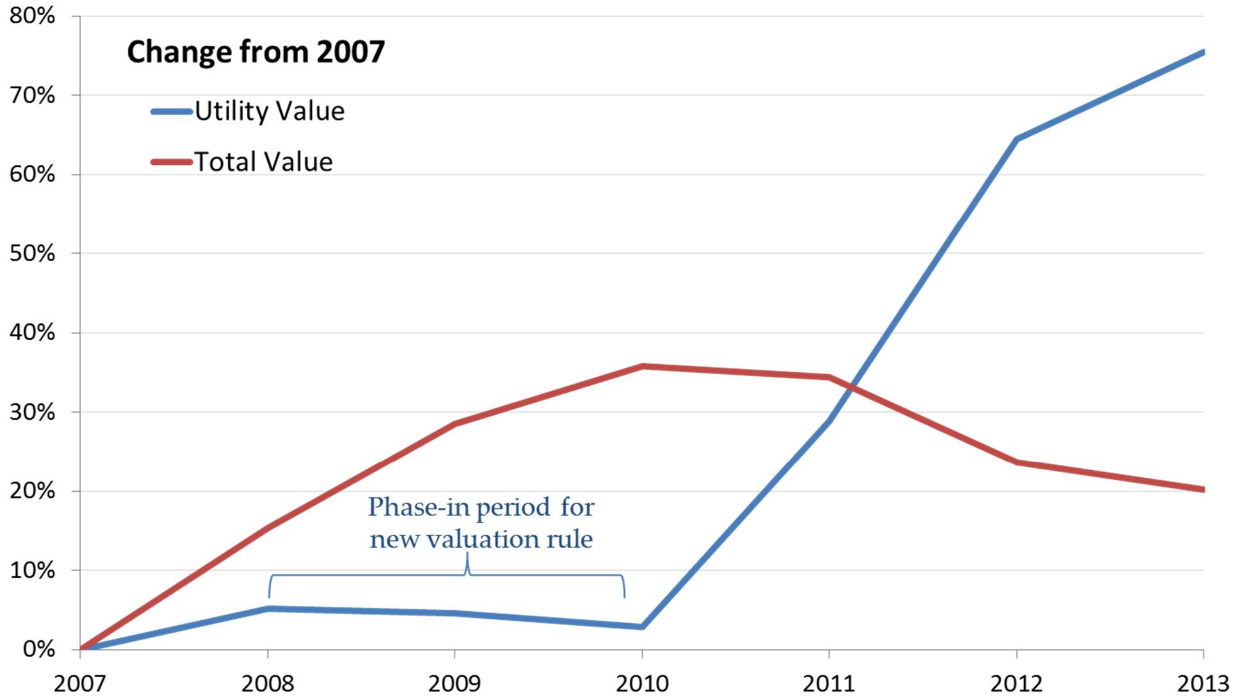
Figure 7



B. The 2007 utility valuation rule change

The department of revenue revised its rule governing the valuation of utility property in 2007. The new valuation method reduced taconite assistance area utility property by an estimated 15%. The new rule was phased in over 3 years, from 2008 to 2010. The impact of the new rule on total taconite assistance area utility value was masked by large new investments in utility property that continued through 2013. Some municipalities, however, have not recovered the value they lost from the rule change (e.g. Aitkin and Babbitt).

Figure 8



C. The 2011 repeal of the market value homestead credit and replacement with the homestead market value exclusion

In 2011 the state replaced a homestead credit with a homestead exclusion that excludes a portion of a homestead's value from taxation. The exclusion is largest for a $76,000 home and gets smaller as home value increases.

The switch to the exclusion had two effects. First, it changed the relative property wealth of communities because some lost more tax base from the exclusion than others. Municipalities with lower homestead values had more of their homestead tax base excluded from taxation. This shifted more of the fiscal disparities distribution to poorer communities beginning in 2013. Figure 8 shows that the exclusion had a bigger impact on the total tax base of communities with a higher share of their tax base in homestead property, and how that translated into a larger increase in fiscal disparities distribution.

Table 21

Location	Residential Homestead % Share of Tax Base 1	Total Tax Base Change 2	Fiscal Disparities Tax Base Change 3
Morse Township	34%	-1%	+4%
Mountain Iron	43%	-6%	+13%
Grand Rapids	42%	-7%	+15%
Hibbing	57%	-18%	+29%
Eveleth	62%	-20%	+28%
Chisholm	70%	-29%	+52%

1 payable year 2011 share of tax base
2 tax base change between 2011-12
3 tax base change between 2012-13

Second, many of the municipalities that lost tax base from the exclusion increased their local tax rates in 2012 to maintain their levies. This caused a significant increase in the fiscal disparities area-wide tax rate and in the total levy in 2013 (previous year rates are used to calculate the area-wide fiscal disparities rate). Generally, the jurisdictions that are the largest recipients of fiscal disparities distribution have among the lowest tax bases and highest tax rates in the area. The exclusion's impact was most pronounced on the tax base of biggest net recipients.

The increase in the area-wide tax rate in 2013 is a result of several factors, including changes to local levies and assessed market values. A department analysis of the exclusion holding all other factors constant indicates that about 20 of the 27 point increase in the area-wide fiscal disparities rate from 2012 to 2013 can be attributed to the exclusion.

Table 22

	Area-wide Fiscal Disparities Rate
Pay 2011	138%
Pay 2012	142%
Pay 2013	169%
Pay 2014	155%

The area-wide fiscal disparities rate moderated in 2014. The exclusion shifted additional fiscal disparities tax base to many of the largest net recipients in 2013. This additional distribution enabled them to reduce the local share of their levy, reducing their 2013 local rates. These lower local rates flowed through to the area-wide fiscal disparities rate in 2014.

Section 4. Program Unpredictability

One of the principles of good tax policy is stability. When taxes or tax-related programs are unpredictable they can cause hardship for taxpayers and budgeting challenges for governments.

This report examines four sources of unpredictability in the fiscal disparities program: contribution capacity, distribution capacity, the use of previous-year tax rates, and unpredictability from the business taxpayer's perspective.

Contribution capacity. A municipality's contribution to the pool equals 40% of the growth in its commercial/industrial/utility (CIU) value above its 1995 amount. A municipality's contribution generally rises and falls with overall changes in CIU values. However, the program bases a municipality's contribution on its CIU values from the previous year rather than the current year. Because of this data lag, a municipality enjoys the full benefit of growth in CIU tax base when it first becomes taxable. In the second year the municipality's contribution to the fiscal disparities pool increases and the share of the municipality's tax base that remains available locally is reduced by 40% of the new growth.

Figure 9 shows an example of this in Wawina Township in Itasca County. The blue bar represents the local tax base per capita after contribution to fiscal disparities. The red bar represents the contribution to the fiscal disparities pool. From 2004 to 2009 the township's CIU tax base was less than its 1995 base amount so it made no contributions to the pool. A major pipeline project through the township resulted in significant growth in the township's tax base for taxes payable in 2012. In 2013 the townships contribution increased to reflect that growth. The township had to adjust to the lower local tax base in the second year.

Figure 9

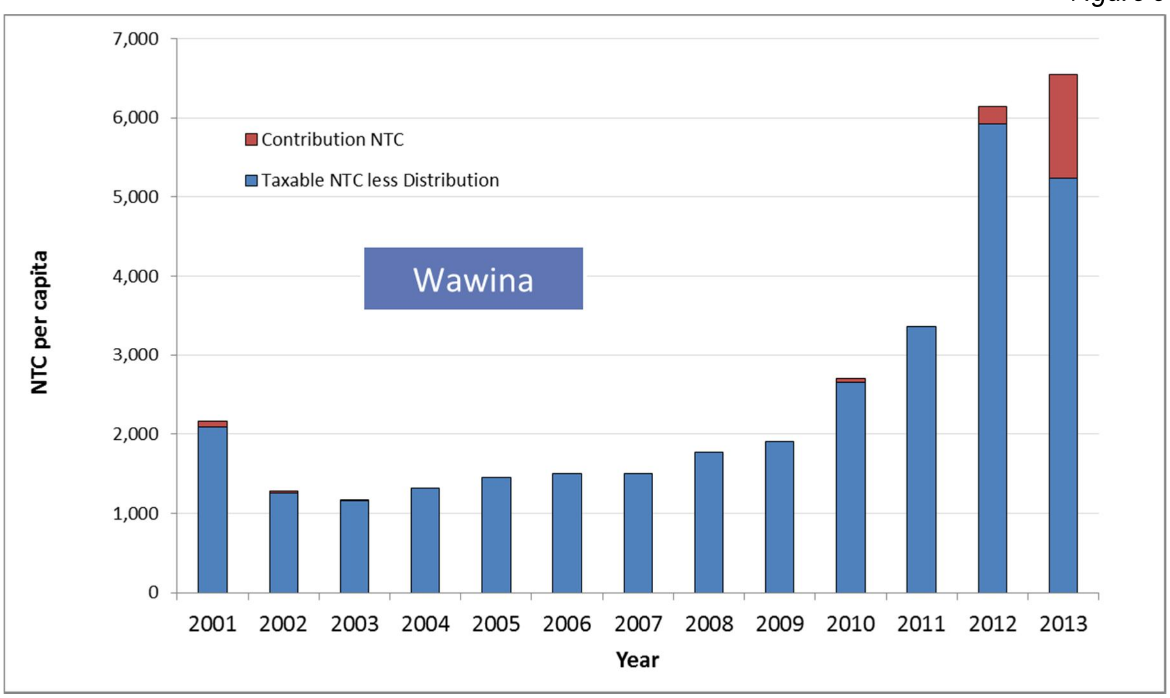
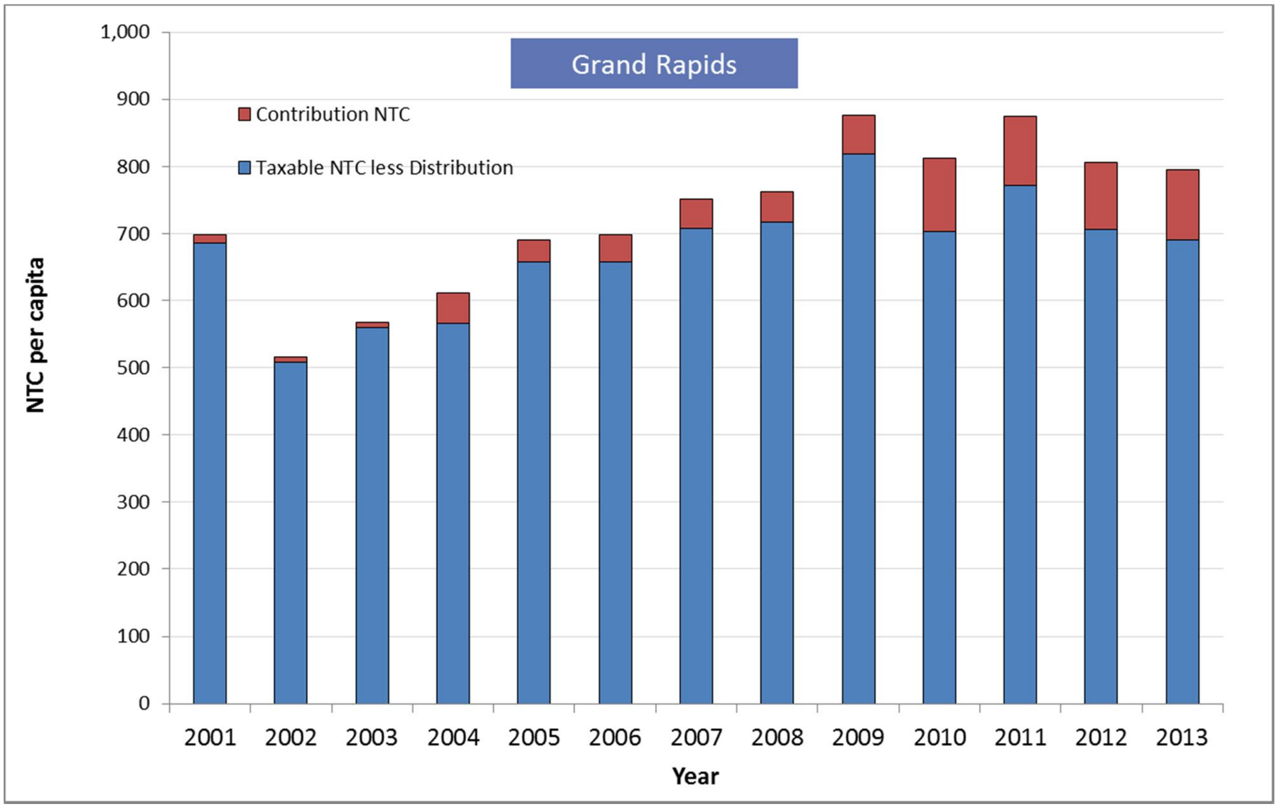


Figure 10 shows a similar pattern in the city of Grand Rapids. From 2008 to 2009 the local tax base expanded due to growth in its CIU value. As a result, in 2010 the fiscal disparities contribution increased. Local market values also fell that same year, creating a double-hit to the local tax base. The local tax base rebounded in 2011 but fell again in 2012 as a result of the repeal of the market value homestead credit and replacement with the homestead market value exclusion. The instability in the Grand Rapids tax base from 2008 to 2012 was caused by many factors, one factor being the impact of the fiscal disparities program.

Figure 10

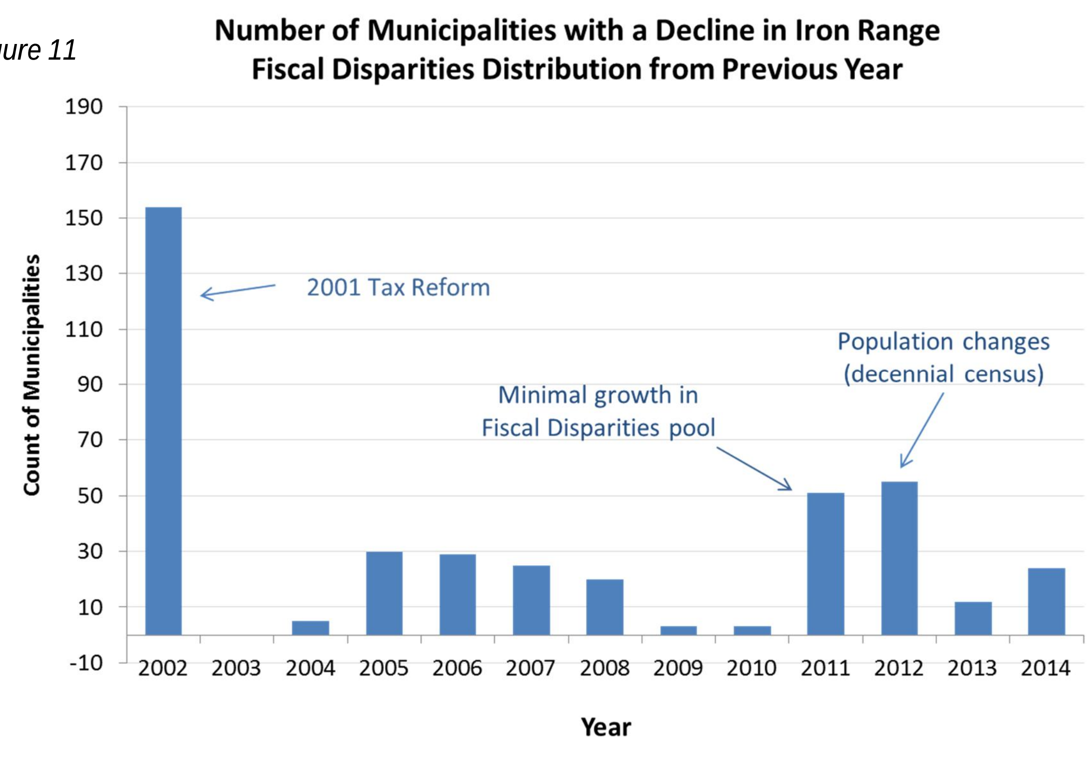


Under the current calendar for setting assessed values it would be administratively difficult to eliminate these lags in tax base changes being recognized in the calculation of fiscal disparities contribution capacity.

Distribution capacity. The amount of tax base a jurisdiction receives from the pool varies from year to year based on its overall property value per capita compared to the average across the area. Every year municipalities' tax base changes at varying rates, so there is always some amount of shifting of the distribution from year to year. In most years since 2002 the amount of tax base distributed by the pool grew from the previous year. This growth made decreases in the distribution share less problematic for municipalities that received a smaller share of the tax base sharing pool because most of them experienced smaller year-over-year increases instead of actual year-over-year decreases. However, in three of the past twelve years a large number of municipalities saw a decrease in their distribution capacity:

1. Major tax reform enacted in 2001 resulted in a reduction in commercial/industrial/utility tax base that reduced the size of the fiscal disparities pool. This reform caused 154 of 190 area municipalities (81%) to experience a decline in distribution tax base in 2002.
2. In 2011 there was almost no growth in the pool, so the normal shifting of distribution among municipalities resulted in 51 municipalities with a decline.
3. In 2012 there were 55 municipalities with a decline in distribution. 2012 was the first year in which the 2010 decennial census population figures were available. Many municipalities saw a significant change in their population from the 2009 state estimates to the 2010 census counts.[2] Because the pool is distributed based on per capita tax base, a large decrease in population without a corresponding reduction in tax base will make a municipality appear more property wealthy compared to other area municipalities, reducing its distribution from the pool.
4. In 2013 distribution was first affected by the change to the homestead market value exclusion. The exclusion shifted the share of the pool going to some of the biggest net recipient municipalities who lost the most tax base from the exclusion. The impact of this shift was masked by a 25% increase in the size of the pool in 2013; that is, many jurisdictions that received a smaller *share* of the pool in 2013 still saw an increase in the *dollars* of distribution because of the growth in the size of the pool.

Figure 11



[2] Significant changes in population have occurred with previous decennial census population counts

Use of previous-year tax rates. A jurisdiction's fiscal disparities levy for a year is the product of its distribution capacity and its previous-year local tax rate. If a jurisdiction has an increase in its tax rate in one year, its fiscal disparities distribution levy increases in the following year. This increase in distribution levy in year two may lead to a decrease in the local portion of the levy (assuming the total levy remains the same) and therefore a decrease in the local tax rate in year two. That decrease in the tax rate in year two will lead to a decrease in the fiscal disparities distribution levy in year three, which may cause an increase in the local levy and the local tax rate. This cycle could continue for any number of years, with the share of a jurisdiction's levy that is paid from the pool rising one year and falling the next.

The repeal of the market value homestead credit and replacement with the homestead market value exclusion appears to have impacted a number of jurisdictions. The loss of tax base in 2012 from the exclusion increased many local tax rates. This caused an increase in fiscal disparities distribution levies in 2013, which in turn reduced local levies and local tax rate in 2013. These lower local rates will yield lower fiscal disparities levies in 2014 and may cause these local tax rates to increase again.

As with the tax base lag, under the current calendar for setting assessed values it would be administratively difficult to eliminate the lag in tax rates.

Business taxpayer's perspective. A business property owner's tax bill can change for many reasons. The two most common reasons for a tax change are changes in local government levies and changes in the parcel's value that vary from the change in the overall tax base. Fiscal disparities can also cause changes in the tax bill. Recall that a jurisdiction contributes 40% of the growth in its CIU value since 1995 to the pool. A portion of a business's value equal to their municipality's contribution share is taxed at the area-wide fiscal disparities rate, while the balance of the value is taxed at the local rate. If the area-wide fiscal disparities rate increases, the tax on business property increases regardless of local levy decisions. The area-wide fiscal disparities rate increased from 142% in 2012 to 169% in 2013.

Additionally, changes in the contribution percentage can change a business's tax bill. Figure 12 shows the Township of Sago, which did not contribute to the pool from 2002 to 2010 because its CIU values were below its 1995 base year level. Growth in utility value caused it to become a contributor again starting in 2012. Sago's contribution percentage increased from 0% in 2011 to 19% in 2013.

Figure 12

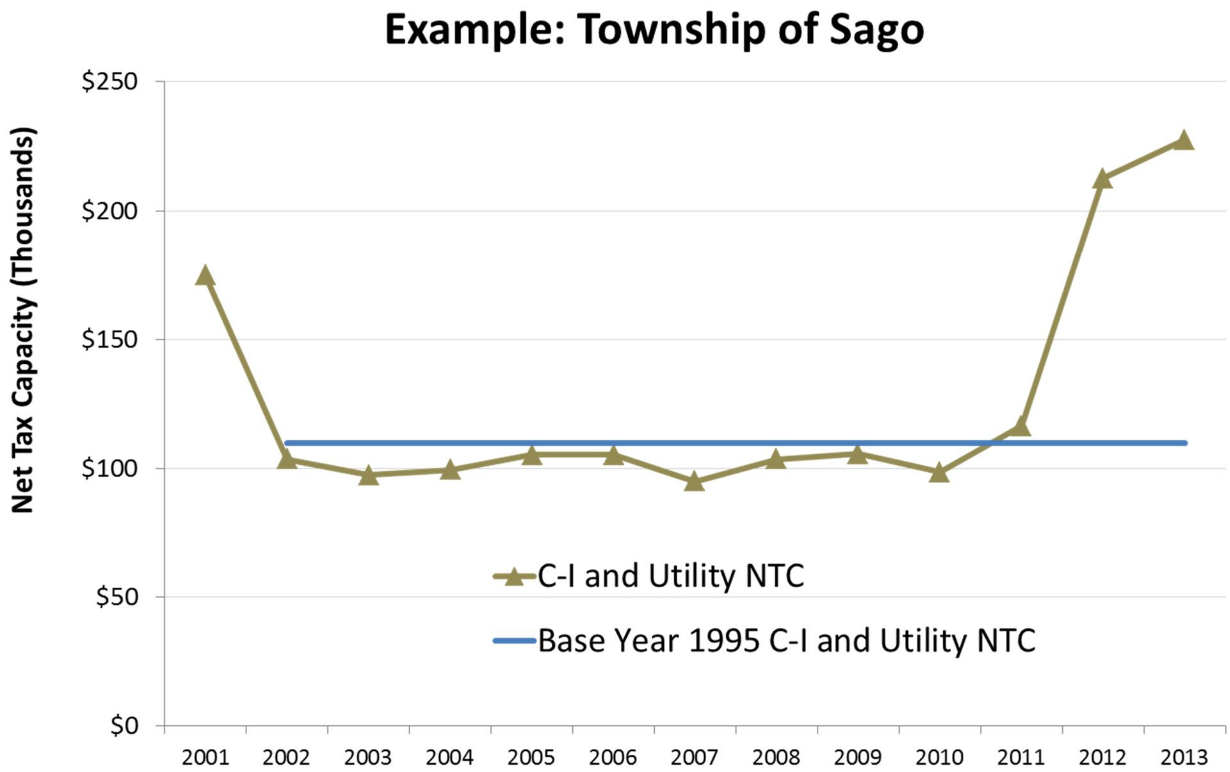


Table 23 shows the rates for Sago for 2011 and 2013. In 2011 a Sago business was taxed entirely at the local tax rate of 75% because the township did not contribute to the pool. By 2013 19% of the business's value was taxed at the area-wide fiscal disparities rate of 169% and the rest at the local rate of 80%. The business's resulting tax bill is the same as if the entire value were taxed at a 96% rate. So the growth in utility value caused the township to become a contributor to the program, which in turn caused all business property in the township to pay a portion of their value at the higher area-wide fiscal disparities rate.

Table 23

Township of Sago	2011	2013
Area-wide Rate	138%	169%
Local Rate	75%	80%
Contribution Share*	0%	19%
Effective rate for business taxpayers	75%	96%

* Contribution share is based on previous year tax base.

Transparency to taxpayers. Fiscal Disparities can appear on tax statements as an additional tax rather than a substitute tax. Figure 13 shows a sample business property tax statement with the fiscal disparities line highlighted. Many business owners assume that if the Fiscal Disparities program were eliminated, their tax bill would be reduced by the amount shown on their tax statement. In reality, the tax base would return to their local municipality, county and school and the other portions of their tax bill would increase. Additional educational outreach efforts to business owners may improve understanding of the program and its impact.

Example Property Tax Statement

Figure 13

	Payable 2012	Payable 2013
1. Use this amount on Form M-1PR to see if you're eligible for a property tax refund. File by August 15. If box is checked, you owe delinquent taxes and are not eligible.	☐	
2. Use these amounts on Form M1PR to see if you are eligible for a special refund.		
PROPERTY TAX AND CREDITS		
3. Property tax before credits	5,523.48	5,599.90
4. Credits that reduce property taxes:		
A. Agricultural market value credit		
B. Taconite tax relief		
C. Other credits		
5. Property tax after credits	5,523.48	5,599.90
PROPERTY TAX BY JURISDICTION		
6. County	1,114.31	1,126.40
7. City or Town	1,634.81	1,562.16
8. State General Tax	1,360.28	1,369.80
9. School District: A. Voter approved levies	257.20	249.90
701 B. Other local levies	162.92	159.35
10A. Special taxing district	32.32	23.55
B. Tax increment		
C. Fiscal disparity	961.64	1,108.74
11. Non-school voter approved referenda levies		
12. Total property tax before special assessments	5,523.48	5,599.90
SPECIAL ASSESSMENTS		
13A.		
B.		
C.		
14. Total property tax and special assessments	5,523.48	5,599.90

Section 5. Identification of issues for policy makers to consider.

In light of the information laid out in this study, the following policy issues may be worth consideration:

1. **Program factors**. The factors used in the taconite assistance area program (the 40% contribution, the exclusion from the program of existing commercial/industrial/utility tax base, the types of property included) that determine the amount of sharing are all based on the structure of the older Twin Cities area program. Having the two programs structured identically makes it easier for state policy makers to understand the programs and provide oversight. There may, however, be unique conditions in the taconite assistance area that warrant exploration.
2. **Local and area-wide tax rate differentials**. In 2014, the area-wide fiscal disparities rate is estimated to be 28 percentage points higher than the typical local rate in contributor communities. In municipalities with low local tax rates and high contribution percentages the added taxes from the program can be significant.
3. **Transparency to taxpayers**. Many policy makers perceive a lack of understanding about the program among the business taxpayers who pay fiscal disparities. Fiscal Disparities redirects a portion of a business property's value to local governments other than the ones in which the property resides. The fiscal disparities tax is a substitute for having that value taxed by the local governments where the property resides. This substitute tax may be more or less than the tax that would be paid by the business if the property's entire value were taxed locally, depending on whether the local tax rate is higher or lower than the fiscal disparities area-wide tax rate.

Conclusion

The Iron Range fiscal disparities tax base sharing pool grew in size in the past decade as commercial, industrial, and utility tax base expanded.

By redistributing the tax base the program made tax base and tax rates more uniform across the region. About 3.7 percent of the area tax base is contributed to the program, although almost half of that tax base is distributed back to the same municipalities that contributed it. The program collected about $13 million in taxes in 2013, smaller than the amount of taconite homestead property tax credits ($16 million), taconite aids to local governments ($37 million) and IRRRB grants and loans to local governments ($25 million), which are all funded from taconite production tax revenues.

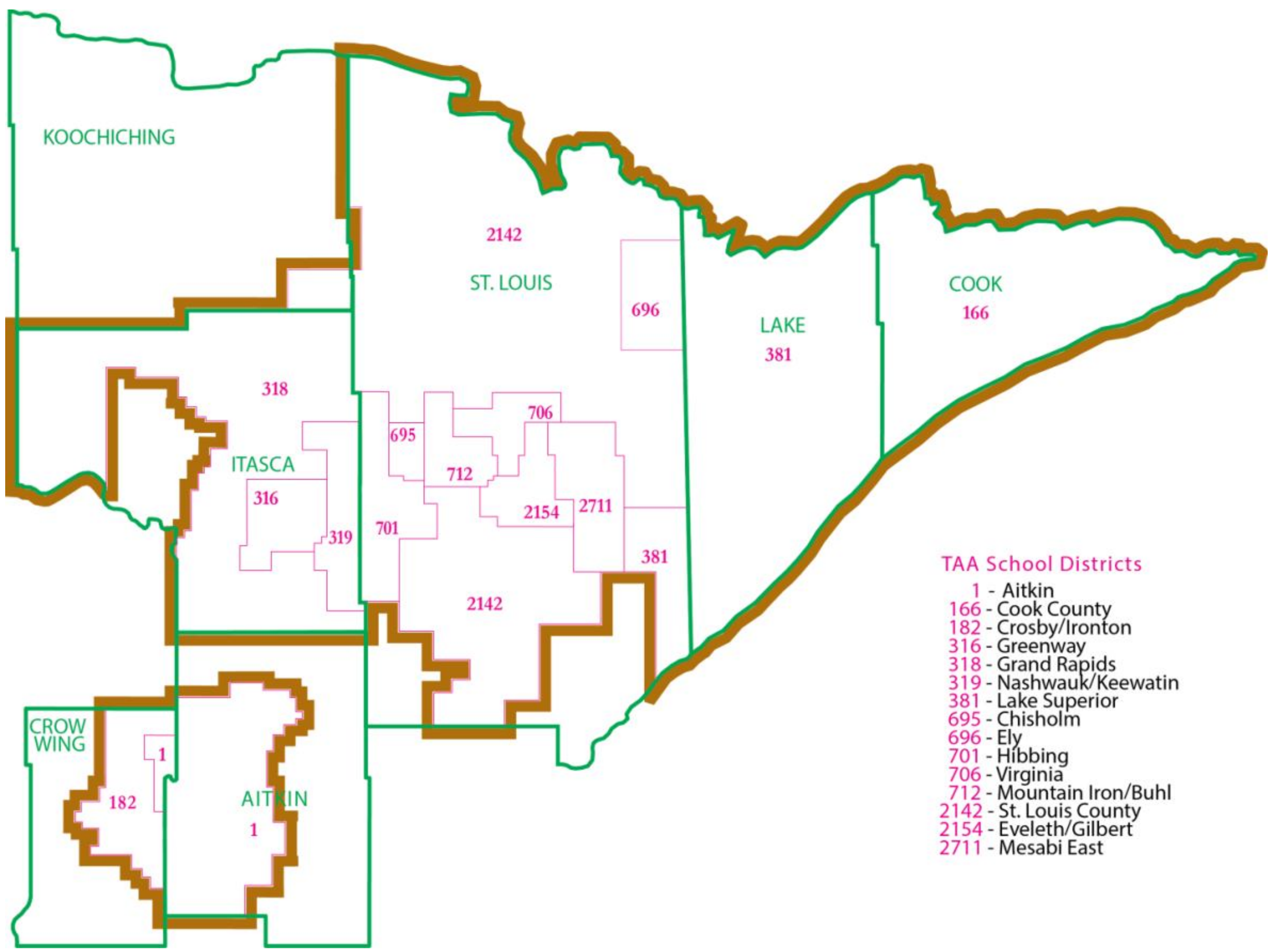
The program's distribution experienced some unpredictability which caused tax base changes for certain municipalities, especially in times of state tax policy change. Structurally, the program uses year-old tax rate and tax base data for some calculations, which can cause unpredictability in tax base contributions and tax distributions.

Business taxpayers' property taxes are about 4.3% higher across the area because of the program, while residential taxes are lower. In municipalities with low local tax rates and high contribution percentages the added taxes from program can be more significant.

Appendix 1

Taconite Assistance Area School Districts

Figure 14



Appendix 2

Additional Resources

For a basic description of the program, see League of Minnesota Cities, "Fiscal Disparities 101," December 2013. Available at www.lmc.org.

For a more comprehensive description of the calculations involved in the program, see Steve Hinze and Karen Baker, House Research Department, *Minnesota's Fiscal Disparities Programs*, January 2005. Available at www.house.mn.

For up to date information on the metropolitan area fiscal disparities program, see the Metropolitan Council website: http://www.metrocouncil.org/Data-Maps/Fiscal-Disparities.aspx

A 2012 study of the metropolitan fiscal disparities program included a more comprehensive bibliography of reports and research about the program. See TischlerBise, *Study of the Metropolitan Fiscal Disparities Program*, February 2012. Available at www.revenue.state.mn.us.

Appendix 3

Description of Revenue Sources

1. Property tax aids include the following:

- **Local Government Aid** (LGA) is a general purpose aid to cities that can be used for any lawful expenditure. It is also intended to be used for property tax relief by reducing the amount of revenue that is collected locally, through property tax or other means. The LGA formula for cities changed many times since enacted in 1971. The current formula measures city need with factors including population and age of housing and compares this to a city's ability to pay measured by local tax base. In general, the formula attempts to target aid to those cities with the lowest tax base and highest need.
- **County Program Aid** (CPA) is a general purpose aid to counties that can be used for any lawful expenditure. It is also intended to be used for property tax relief by reducing the amount of revenue collected locally, through property tax or other means. Prior to 2004, counties received aid through a number of different programs. Beginning in 2004, the aid programs were combined into one general aid program. The CPA appropriation is divided into two main pots: (1) need aid and (2) tax base equalization aid. The need aid is distributed proportionately based on a county's measure of crime rate, poverty, and age-adjusted population. The tax base equalization aid is distributed based on a county's population and local tax base. In general, the formula attempts to target aid to those counties with the highest need and lowest tax base.
- **Payments in Lieu of Taxes** (PILT) provide compensation for the property taxes lost to local government when the Department of Natural Resources (DNR) acquires natural resource land for the state. The state makes payments in lieu of taxes primarily to counties for certain DNR lands, county-administered other natural resource land, land utilization project land, and commissioner-administered natural land.
- **Utility Valuation Transition Aid** (UVTA) compensate cities and towns with tax base reductions greater than four percent due to the implementation of a new rule pertaining to the assessment of utility property.

2. Property tax credits include the following:

- **The Residential Market Value Homestead Credit** was designed to reduce the tax on any property that was classified as homestead property. For agricultural homestead property, only the taxable market value of the house, garage and immediately surrounding one acre of land qualified for the credit. The credit was based on a percentage of homestead market value, with a maximum credit of $304 which phases out to zero for homes valued above $413,780. The residential market value homestead credit was repealed effective beginning for taxes payable in 2012 and replaced with a market value exclusion.

- **Market Value Agricultural Land Credit** was designed to reduce the tax on agricultural homestead land beyond the house, garage and immediately surrounding one acre of land (or HGA). The credit is based on a percentage of land market value, with a maximum credit of $345 per homestead which reduces to $230 for agricultural land of $345,000 or more.
- **Taconite Homestead Credit** reduces property tax paid by owner-occupied homesteads and farms within the Taconite Tax Relief Area. The credit is equal to either 57 percent or 66 percent of the homestead tax depending on the area of the taconite taxing district in which it is located. The maximum amount of this credit is $289.80 for homesteads receiving the 57 percent credit and $315.10 for those receiving the 66 percent credit. The supplement credit is equivalent to the regular taconite credit but is provided to certain areas that are adjacent to the Taconite Tax Relief Area but face similar issues.

3. Taconite aids include various distributions of proceeds from the taconite production tax to counties, school districts, cities and townships located throughout the taconite assistance area. For additional details refer to the Minnesota Mining Tax Guide or Minnesota Statutes chapter 298.28.

4. Iron Range Resources and Rehabilitation Board (IRRRB) funding includes grants and loans to support projects throughout the taconite assistance area including infrastructure improvements, economic development, culture and tourism, and education and training. Funding is primarily from proceeds from the taconite production tax.

Appendix 4

City/Township 2013 Local Revenue Sources, Percent of Total

Note that reliance on specific revenue sources can vary from year to year.

COUNTY	CITY-TOWN NAME	Local Levy	Fiscal Disparities Distribution Levy	Taconite Aid	Taconite Credits	IRRRB Grants & Loans
AITKIN	AITKIN	83%	8%	0%	8%	0%
AITKIN	AITKIN TOWN	98%	0%	1%	0%	0%
AITKIN	FARM ISLAND TOWN	99%	0%	1%	0%	0%
AITKIN	FLEMING TOWN	99%	0%	1%	0%	0%
AITKIN	GLEN TOWN	99%	0%	1%	0%	0%
AITKIN	HAZELTON TOWN	99%	0%	1%	0%	0%
AITKIN	KIMBERLY TOWN	99%	0%	0%	0%	0%
AITKIN	LAKESIDE TOWN	100%	0%	0%	0%	0%
AITKIN	LEE TOWN	99%	0%	0%	0%	0%
AITKIN	LIBBY TOWN	100%	0%	0%	0%	0%
AITKIN	LOGAN TOWN	98%	1%	0%	1%	0%
AITKIN	MALMO TOWN	99%	0%	1%	0%	0%
AITKIN	MORRISON TOWN	98%	1%	1%	1%	0%
AITKIN	NORDLAND TOWN	99%	0%	1%	0%	0%
AITKIN	PALISADE	76%	12%	0%	12%	0%
AITKIN	SPENCER TOWN	98%	1%	1%	1%	0%
AITKIN	UNORGANIZED AREAS	100%	0%	0%	0%	0%
AITKIN	VERDON TOWN	100%	0%	0%	0%	0%
AITKIN	WAUKENABO TOWN	99%	0%	1%	0%	0%
AITKIN	WEALTHWOOD TOWN	99%	0%	1%	0%	0%
AITKIN	WORKMAN TOWN	100%	0%	0%	0%	0%
COOK	GRAND MARAIS	71%	2%	2%	2%	23%
COOK	LUTSEN TOWN	80%	0%	4%	0%	16%
COOK	SCHROEDER TOWN	87%	0%	13%	0%	0%
COOK	TOFTE TOWN	95%	0%	5%	0%	0%
COOK	UNORGANIZED AREAS	96%	0%	4%	0%	0%

(continued)

COUNTY	CITY-TOWN NAME	Local Levy	Fiscal Disparities Distribution Levy	Taconite Aid	Taconite Credits	IRRRB Grants & Loans
CROW WING	BAY LAKE TOWN	100%	0%	0%	0%	0%
CROW WING	CENTER TOWN	100%	0%	0%	0%	0%
CROW WING	CROSBY	58%	12%	12%	12%	7%
CROW WING	CROSSLAKE	100%	0%	0%	0%	0%
CROW WING	CUYUNA	95%	2%	0%	2%	0%
CROW WING	DEAN LAKE TOWNSHIP	99%	0%	1%	0%	0%
CROW WING	DEERWOOD	95%	2%	0%	2%	0%
CROW WING	DEERWOOD TOWN	99%	0%	1%	0%	0%
CROW WING	EMILY	96%	0%	0%	0%	4%
CROW WING	FAIRFIELD TOWN	99%	0%	0%	0%	0%
CROW WING	IRONDALE TOWN	92%	2%	4%	2%	0%
CROW WING	IRONTON	55%	17%	10%	17%	0%
CROW WING	LAKE EDWARD TOWN	100%	0%	0%	0%	0%
CROW WING	LITTLE PINE TOWN	99%	0%	0%	0%	0%
CROW WING	MISSION TOWN	99%	0%	0%	0%	0%
CROW WING	NOKAY LAKE TOWN	100%	0%	0%	0%	0%
CROW WING	OAK LAWN TOWN	100%	0%	0%	0%	0%
CROW WING	PELICAN TOWN	100%	0%	0%	0%	0%
CROW WING	PERRY LAKE TOWN	99%	0%	1%	0%	0%
CROW WING	RABBIT LAKE TOWN	99%	0%	0%	0%	0%
CROW WING	RIVERTON	28%	2%	2%	2%	66%
CROW WING	ROSS LAKE TOWN	99%	0%	1%	0%	0%
CROW WING	TROMMALD	90%	3%	5%	3%	0%
CROW WING	WOLFORD TOWN	99%	0%	0%	0%	0%
ITASCA	ALVWOOD TOWN	97%	0%	3%	0%	0%
ITASCA	ARBO TOWN	95%	1%	3%	1%	0%
ITASCA	ARDENHURST TOWN	96%	0%	4%	0%	0%
ITASCA	BALSAM TOWN	96%	0%	4%	0%	0%
ITASCA	BEARVILLE TOWN	96%	0%	4%	0%	0%
ITASCA	BIGFORK	25%	5%	1%	5%	66%
ITASCA	BIGFORK TOWN	96%	0%	3%	0%	0%

(continued) COUNTY	CITY-TOWN NAME	Local Levy	Fiscal Disparities Distribution Levy	Taconite Aid	Taconite Credits	IRRRB Grants & Loans
ITASCA	BLACKBERRY TOWN	96%	0%	3%	0%	0%
ITASCA	BOVEY	51%	13%	10%	13%	14%
ITASCA	CALUMET	34%	12%	8%	12%	34%
ITASCA	CARPENTER TOWN	96%	0%	4%	0%	0%
ITASCA	COHASSET	91%	0%	3%	0%	5%
ITASCA	COLERAINE	83%	3%	7%	3%	4%
ITASCA	EFFIE	79%	10%	2%	10%	0%
ITASCA	FEELEY TOWN	96%	0%	4%	0%	0%
ITASCA	GOOD HOPE TOWN	96%	0%	4%	0%	0%
ITASCA	GOODLAND TOWN	89%	0%	11%	0%	0%
ITASCA	GRAND RAPIDS	76%	5%	2%	5%	12%
ITASCA	GRATTAN TOWN	95%	0%	4%	0%	0%
ITASCA	GREENWAY TOWN	82%	3%	12%	3%	0%
ITASCA	HARRIS TOWN	96%	1%	3%	1%	0%
ITASCA	IRON RANGE TOWN	89%	2%	7%	2%	0%
ITASCA	KEEWATIN	17%	17%	22%	17%	26%
ITASCA	KINGHURST TOWN	96%	0%	4%	0%	0%
ITASCA	LAPRAIRIE	60%	1%	2%	1%	37%
ITASCA	LAWRENCE TOWN	93%	0%	7%	0%	0%
ITASCA	LIBERTY TOWN	96%	0%	4%	0%	0%
ITASCA	LONE PINE TOWN	83%	0%	17%	0%	0%
ITASCA	MARBLE	50%	18%	14%	18%	0%
ITASCA	MAX TOWN	96%	0%	4%	0%	0%
ITASCA	MOOSE PARK TOWN	96%	0%	4%	0%	0%
ITASCA	NASHWAUK	45%	4%	17%	4%	30%
ITASCA	NASHWAUK TOWN	76%	1%	22%	1%	0%
ITASCA	NORE TOWN	97%	0%	3%	0%	0%
ITASCA	POMROY TOWN	96%	0%	4%	0%	0%
ITASCA	SAGO TOWN	96%	0%	4%	0%	0%
ITASCA	SPANG TOWN	96%	0%	3%	0%	0%
ITASCA	SPLITHAND TOWN	95%	0%	4%	0%	0%

(continued)

COUNTY	CITY-TOWN NAME	Local Levy	Fiscal Disparities Distribution Levy	Taconite Aid	Taconite Credits	IRRRB Grants & Loans
ITASCA	SQUAW LAKE	88%	4%	3%	4%	0%
ITASCA	STOKES TOWN	97%	0%	3%	0%	0%
ITASCA	TACONITE	56%	7%	9%	7%	20%
ITASCA	THIRD RIVER TOWN	96%	0%	4%	0%	0%
ITASCA	TROUT LAKE TOWN	95%	0%	4%	0%	0%
ITASCA	UNORGANIZED AREAS	97%	0%	3%	0%	0%
ITASCA	WABANA TOWN	96%	0%	4%	0%	0%
ITASCA	WARBA	91%	3%	3%	3%	0%
ITASCA	WAWINA TOWN	97%	0%	3%	0%	0%
ITASCA	WILDWOOD TOWN	96%	0%	4%	0%	0%
KOOCHICHING	UNORGANIZED AREAS	100%	0%	0%	0%	0%
LAKE	BEAVER BAY	94%	0%	5%	0%	0%
LAKE	BEAVER BAY TOWN	87%	0%	13%	0%	0%
LAKE	CRYSTAL BAY TOWN	85%	0%	14%	0%	0%
LAKE	FALL LAKE TOWN	90%	0%	10%	0%	0%
LAKE	SILVER BAY	60%	6%	25%	6%	2%
LAKE	SILVER CREEK TOWN	88%	0%	12%	0%	0%
LAKE	STONY RIVER TOWN	86%	0%	14%	0%	0%
LAKE	TWO HARBORS	38%	3%	2%	3%	54%
LAKE	UNORGANIZED AREAS	91%	0%	9%	0%	0%
ST LOUIS	ALANGO TOWN	86%	1%	12%	1%	0%
ST LOUIS	ALBORN TOWN	89%	1%	10%	1%	0%
ST LOUIS	ALDEN TOWN	86%	1%	12%	1%	0%
ST LOUIS	ANGORA TOWN	90%	0%	10%	0%	0%
ST LOUIS	ARROWHEAD TOWN	93%	0%	7%	0%	0%
ST LOUIS	AULT TOWN	90%	0%	10%	0%	0%
ST LOUIS	AURORA	38%	13%	16%	13%	21%
ST LOUIS	BABBITT	45%	4%	31%	4%	15%
ST LOUIS	BALKAN TOWN	80%	2%	16%	2%	0%
ST LOUIS	BASSETT TOWN	84%	0%	16%	0%	0%
ST LOUIS	BEATTY TOWN	93%	0%	7%	0%	0%

COUNTY *(continued)*	CITY-TOWN NAME	Local Levy	Fiscal Disparities Distribution Levy	Taconite Aid	Taconite Credits	IRRRB Grants & Loans
ST LOUIS	BIWABIK	74%	2%	9%	2%	14%
ST LOUIS	BIWABIK TOWN	81%	1%	17%	1%	0%
ST LOUIS	BREITUNG TOWN	92%	0%	7%	0%	0%
ST LOUIS	BREVATOR TOWN	93%	0%	7%	0%	0%
ST LOUIS	BROOKSTON	83%	6%	6%	6%	0%
ST LOUIS	BUHL	21%	11%	15%	11%	42%
ST LOUIS	CAMP 5 TOWN	92%	0%	8%	0%	0%
ST LOUIS	CEDAR VALLEY TOWN	88%	0%	11%	0%	0%
ST LOUIS	CHERRY TOWN	85%	1%	13%	1%	0%
ST LOUIS	CHISHOLM	22%	14%	13%	14%	39%
ST LOUIS	CLINTON TOWN	78%	1%	19%	1%	0%
ST LOUIS	COLVIN TOWN	90%	0%	10%	0%	0%
ST LOUIS	COOK	63%	5%	3%	5%	24%
ST LOUIS	COTTON TOWN	90%	0%	9%	0%	0%
ST LOUIS	CRANE LAKE TOWN	94%	0%	6%	0%	0%
ST LOUIS	CULVER TOWN	87%	1%	10%	1%	0%
ST LOUIS	DULUTH TOWN	89%	0%	10%	0%	0%
ST LOUIS	EAGLES NEST TOWN	92%	0%	8%	0%	0%
ST LOUIS	ELLSBURG TOWN	92%	0%	8%	0%	0%
ST LOUIS	ELMER TOWN	84%	0%	15%	0%	0%
ST LOUIS	ELY	61%	8%	13%	8%	10%
ST LOUIS	EMBARRASS TOWN	76%	4%	12%	4%	5%
ST LOUIS	EVELETH	17%	10%	13%	10%	51%
ST LOUIS	FAIRBANKS TOWN	91%	0%	9%	0%	0%
ST LOUIS	FAYAL TOWN	80%	1%	18%	1%	0%
ST LOUIS	FIELD TOWN	88%	0%	11%	0%	0%
ST LOUIS	FRENCH TOWN	88%	0%	12%	0%	0%
ST LOUIS	GILBERT	35%	11%	14%	11%	29%
ST LOUIS	GREAT SCOTT TOWN	75%	0%	25%	0%	0%
ST LOUIS	GREENWOOD TOWN	92%	0%	8%	0%	0%
ST LOUIS	HIBBING	46%	6%	16%	6%	26%

(continued) COUNTY	CITY-TOWN NAME	Local Levy	Fiscal Disparities Distribution Levy	Taconite Aid	Taconite Credits	IRRRB Grants & Loans
ST LOUIS	HOYT LAKES	58%	2%	21%	2%	16%
ST LOUIS	INDUSTRIAL TOWN	86%	1%	11%	1%	0%
ST LOUIS	IRON JUNCTION	79%	4%	13%	4%	0%
ST LOUIS	KABETOGAMA TOWN	93%	0%	7%	0%	0%
ST LOUIS	KELSEY TOWN	89%	0%	10%	0%	0%
ST LOUIS	KINNEY	30%	23%	24%	23%	0%
ST LOUIS	KUGLER TOWN	87%	1%	12%	1%	0%
ST LOUIS	LAVELL TOWN	92%	0%	8%	0%	0%
ST LOUIS	LEIDING TOWN	91%	0%	9%	0%	0%
ST LOUIS	LEONIDAS	40%	10%	40%	10%	0%
ST LOUIS	LINDEN GROVE TOWN	88%	0%	11%	0%	0%
ST LOUIS	MCDAVITT TOWN	64%	0%	35%	0%	1%
ST LOUIS	MCKINLEY	30%	24%	18%	24%	4%
ST LOUIS	MEADOWLANDS	52%	23%	2%	23%	0%
ST LOUIS	MEADOWLANDS TOWN	87%	1%	11%	1%	0%
ST LOUIS	MORCOM TOWN	89%	0%	10%	0%	0%
ST LOUIS	MORSE TOWN	91%	0%	9%	0%	0%
ST LOUIS	MOUNTAIN IRON	50%	2%	30%	2%	16%
ST LOUIS	NESS TOWN	89%	0%	11%	0%	0%
ST LOUIS	NEW INDEPENDENCE TOWN	89%	0%	11%	0%	0%
ST LOUIS	NORTHLAND TOWN	91%	0%	9%	0%	0%
ST LOUIS	ORR	58%	5%	3%	5%	29%
ST LOUIS	OWENS TOWN	88%	0%	11%	0%	0%
ST LOUIS	PEQUAYWAN TOWN	90%	0%	10%	0%	0%
ST LOUIS	PIKE TOWN	83%	1%	14%	1%	0%
ST LOUIS	PORTAGE TOWN	92%	0%	8%	0%	0%
ST LOUIS	SANDY TOWN	80%	1%	17%	1%	0%
ST LOUIS	STONEY BROOK TOWN	84%	1%	15%	1%	0%
ST LOUIS	STURGEON TOWN	88%	0%	11%	0%	0%
ST LOUIS	TOIVOLA TOWN	90%	0%	10%	0%	0%
ST LOUIS	TOWER	48%	2%	5%	2%	43%

(continued)

COUNTY	CITY-TOWN NAME	Local Levy	Fiscal Disparities Distribution Levy	Taconite Aid	Taconite Credits	IRRRB Grants & Loans
ST LOUIS	UNORGANIZED AREAS	93%	0%	7%	0%	0%
ST LOUIS	VERMILION LAKE TOWN	90%	0%	10%	0%	0%
ST LOUIS	VIRGINIA	44%	7%	15%	7%	28%
ST LOUIS	WAASA TOWN	85%	0%	15%	0%	0%
ST LOUIS	WHITE TOWN	68%	2%	20%	2%	8%
ST LOUIS	WILLOW VALLEY TOWN	88%	0%	12%	0%	0%
ST LOUIS	WINTON	72%	12%	4%	12%	0%
ST LOUIS	WUORI TOWN	66%	1%	33%	1%	0%