

1.1 A bill for an act

1.2 relating to property taxation; requiring the commissioner of revenue to conduct a
1.3 study of the metropolitan fiscal disparities program; transferring money from the
1.4 fiscal disparities levy to pay for the study.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. **FISCAL DISPARITIES STUDY.**

1.7 The commissioner of revenue must conduct a study of the metropolitan revenue
1.8 distribution program contained in Minnesota Statutes, chapter 473F, commonly known
1.9 as the fiscal disparities program. On or before February 1, 2012, the commissioner shall
1.10 submit a report to the chairs of the house of representatives and senate tax committees
1.11 consisting of the findings of the study and any recommendations resulting from the study.

1.12 The study must consider the extent to which the program is meeting the following
1.13 goals, and recommend changes that could be made to the program in the furtherance
1.14 of meeting those goals:

1.15 (1) reducing the extent to which the property tax encourages development patterns
1.16 that do not make cost-effective use of public infrastructure or impose other high public
1.17 costs;

1.18 (2) ensuring that the benefits of economic growth of the region are shared throughout
1.19 the region, especially for growth that results from state or regional decisions;

1.20 (3) improving the ability of each jurisdiction within the region to deliver services at
1.21 a level commensurate with its tax effort;

1.22 (4) compensating jurisdictions containing properties that provide regional benefits
1.23 for the costs those properties impose on their host jurisdictions in excess of their tax
1.24 payments;

2.1 (5) promoting a fair distribution of property tax burdens across jurisdictions of
2.2 the region; and

2.3 (6) reducing the economic losses that result from competition among communities
2.4 for commercial-industrial tax base.

2.5 **EFFECTIVE DATE.** This section is effective January 1, 2011.

2.6 Sec. 2. **FUND TRANSFER FROM FISCAL DISPARITIES LEVY.**

2.7 For taxes payable in 2011 only, the Metropolitan Council must certify to the Ramsey
2.8 County auditor the amount of \$100,000, to be certified by the Ramsey County auditor to
2.9 the administrative auditor as an addition to the Metropolitan Council's areawide levy
2.10 under Minnesota Statutes, section 473F.08, subdivision 5. Upon receipt of the proceeds
2.11 of this levy, the Metropolitan Council must transfer this money to the commissioner of
2.12 revenue to be used to pay for the study required under section 1.