

REQUEST FOR COUNCIL ACTION

Date: 03/19/12
Item No.: 13.e

Department Approval



City Manager Approval



Item Description: Discussion of Fiscal Disparities and Retail Impact Studies

BACKGROUND

Councilmember McGehee has requested that the City Council discuss two reports that she recently became aware of; a study completed last month by Tischler Bise regarding the Metropolitan Fiscal Disparities Program and a report prepared by Civic Economics entitled “A Guide to Retail Impact Studies”. Below is a brief summary of each report.

Study of the Metropolitan Area Fiscal Disparities Program

This report was prepared at the request by the Minnesota Department of Revenue and is the first comprehensive study of the fiscal disparities program conducted since the program was initiated in 1971. As the City Council is aware, the fiscal disparities program requires metro municipalities to contribute 40% of the commercial/industrial growth that has occurred since 1971 to a regional pool. Based on that formula, Roseville contributes about \$6.1 million annually.

The study, among other things, analyzed the potential “overburden” on contributing communities and looked at what the impact would be if the fiscal disparities program were eliminated. Even though Roseville is a contributor under the Fiscal Disparities program, if the program were eliminated the overall tax rate for Roseville would rise slightly (0.51%). While the City tax rate would be lowered (from 29.31% to 25.89%), the County, School, and special district tax rates would rise. If fiscal disparities were discontinued, all cities would see a tax rate increase, with St. Paul seeing the largest at 12%

The study looked at a developed city that is a contributor to the fiscal disparities program. It found that with fiscal disparities, that only higher end homes \$350K+, Office, Industrial paid for the services they received. (In fact they generated a surplus of tax revenue). Average and lower single-family homes, multifamily, and retail generate more costs for service than the taxes they generate.

Under the same scenario and with fiscal disparities eliminated, the results would mostly stay the same, but the gap between revenue and costs would be lessened in multi-family and retail.

It is unclear if the study will lead to any changes to the Fiscal Disparities program. It can be expected that there may be some legislation introduced in the state legislature, but given that the programs benefit most of the metro area communities and that the elimination of fiscal disparities would not bring a tremendous amount of tax relief, it is probably unlikely that any legislation will pass.

32

33 *A Guide to Retail Impact Studies*

34 This 2008 report is a guide for Maine municipal officials on implementing Maine’s 2007
35 Informed Growth Act. The Maine law requires independent, developer-funded comprehensive
36 impact studies for all new retail establishments over 75,000 square feet. The guide lays out
37 methodology on how to conduct the retail impact study. According to the guide, the retail
38 impact study looks at the following:

- 39 • Identifying the line of goods to be offered in the proposed store.
- 40 • Forecasting of sales for each line in the proposed store.
- 41 • Estimate the amount of jobs associated with the forecast sales in the proposed
42 store.
- 43 • Create an analysis of the area retail activity, which includes:
 - 44 ○ Determination of the market area.
 - 45 ○ Quantifying the demand for and actual retail sales in the market area by
46 line of goods.
 - 47 ○ Quantifying the retail employment and wages in the area.
 - 48 ○ Conduct site visits and surveys of existing retail stores.
- 49 • Forecast how much of the proposed retailer’s sales will be new to the area versus
50 drawn from existing merchants.
- 51 • Forecast changes in retail employment and wages.
- 52 • Forecast impacts on municipal revenue and costs.

53 Although it is not clear from this report, it appears that the Maine municipalities are required to
54 use this information when making land use decisions. The State of Minnesota currently does not
55 have any requirement similar to Maine.

56 **REQUESTED COUNCIL ACTION**

57 No action required. Material provided for discussion.

Prepared by: Patrick Trudgeon, Community Development Director (651) 792-7071

Attachments: A: Executive Summary of “Study of Metropolitan Area Fiscal Disparities Program”.
B: “A Guide to Retail Impact Studies”
C: Email from Councilmember McGehee providing links

Study of the Metropolitan Area Fiscal Disparities Program

EXECUTIVE SUMMARY

Prepared for:

MINNESOTA DEPARTMENT OF REVENUE

February 13, 2012 *(revised)*

Prepared by:



4701 Sangamore Road
Suite S240
Bethesda, Maryland 20816
800.424.4318
www.tischlerbise.com

This study was prepared by TischlerBise for the Minnesota Department of Revenue.

TischlerBise is a fiscal, economic, and planning firm specializing in fiscal/economic impact analysis, impact fees, infrastructure financing studies, cost allocation plans, user fees, utility rate studies, and related revenue strategies. We have been providing consulting services nationally for over 30 years during which time we have advised over 2,000 communities.

Disclaimer

The analysis and findings conveyed in this report are that of TischlerBise, the authors of the study, unless otherwise noted. Any errors are the responsibility of the authors.

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 of another level of government.

The cost to prepare this report was \$96,151.

February 2012 (revised)

Note: A previous version of this report contained data errors (in tax rates and taxes paid) that have been corrected.



TischlerBise
4701 Sangamore Road
Suite S240
Bethesda, Maryland 20816
800.424.4318

www.tischlerbise.com

*Study Author**: Julie Herlands, AICP, Principal, TischlerBise

** The chapter on property tax, aid, and local development programs that interact with Fiscal Disparities program was written by Minnesota Department of Revenue.*

Executive Summary: Study of the Metropolitan Area Fiscal Disparities Program For the Minnesota Department of Revenue

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I. EXECUTIVE SUMMARY

OVERVIEW OF THE STUDY

TischlerBise has been retained by the Minnesota Department of Revenue to analyze the Twin Cities Metropolitan Area Fiscal Disparities Program. The “Charles R. Weaver Metropolitan Revenue Distribution Act” enacted in 1971, commonly referred to as the Metropolitan Fiscal Disparities program, was an attempt to address growing fiscal concerns within the seven-county Minneapolis-St. Paul region, home to over 180 cities and townships, over 60 school districts, and dozens of other taxing authorities. The law requires all communities in the seven-county area to contribute 40 percent of the growth in their commercial/industrial tax base (from 1971) to a regional pool.

The objectives of the Program as stated in the original Act were as follows:

- To provide a way for local governments to share in the resources generated by the growth of the area, without removing any resources that local governments already have.
- To increase the likelihood of orderly urban development by reducing the impact of fiscal considerations on the location of business and residential growth and of highways, transit facilities, and airports.
- To establish incentives for all parts of the area to work for the growth of the area as a whole.
- To provide a way whereby the area’s resources can be made available within and through the existing system of local governments and local decision making.
- To help communities in different stages of development by making resources increasingly available to communities at those early stages of development and redevelopment when financial pressures on them are the greatest.
- To encourage protection of the environment by reducing the impact of fiscal considerations so that flood plains can be protected and land for parks and open space can be preserved.

These objectives have been commonly reduced to two main goals:¹

- *Promoting more orderly regional development.*
- *Improving equity in the distribution of fiscal resources.*

This report seeks to provide information and analysis on:

- Growth trends in the Twin Cities metro region;
- Fiscal and economic conditions in the region;
- The basics of the Fiscal Disparities program including what has been said about it in the past and today, what the trends have been regarding tax capacity, tax rates, and residential homestead burden, and what the changes would be if the program were eliminated particularly on tax rates, taxes paid, and residential homestead burden;
- The potential “overburden” on jurisdictions—including the major local taxing jurisdictions (city, county, school)—from different types of land uses both under the current taxation system (with Fiscal Disparities) and a hypothetical scenario if the program were eliminated; and
- Major policy considerations addressing criticisms, issues, and praise for the program.

THE REGION

The Fiscal Disparities Program in the Minneapolis-St. Paul region includes seven counties and is home to over 180 cities and townships; over 60 school districts; and dozens of other taxing authorities. While the region has expanded in recent years in terms of economic reach, market area, and commuting patterns—as evident by the U.S. Census metropolitan statistical area (MSA) expansion from 5 to 13 counties from 1971 to 2009—the Fiscal Disparities Program by law includes only the jurisdictions within the seven-county region.

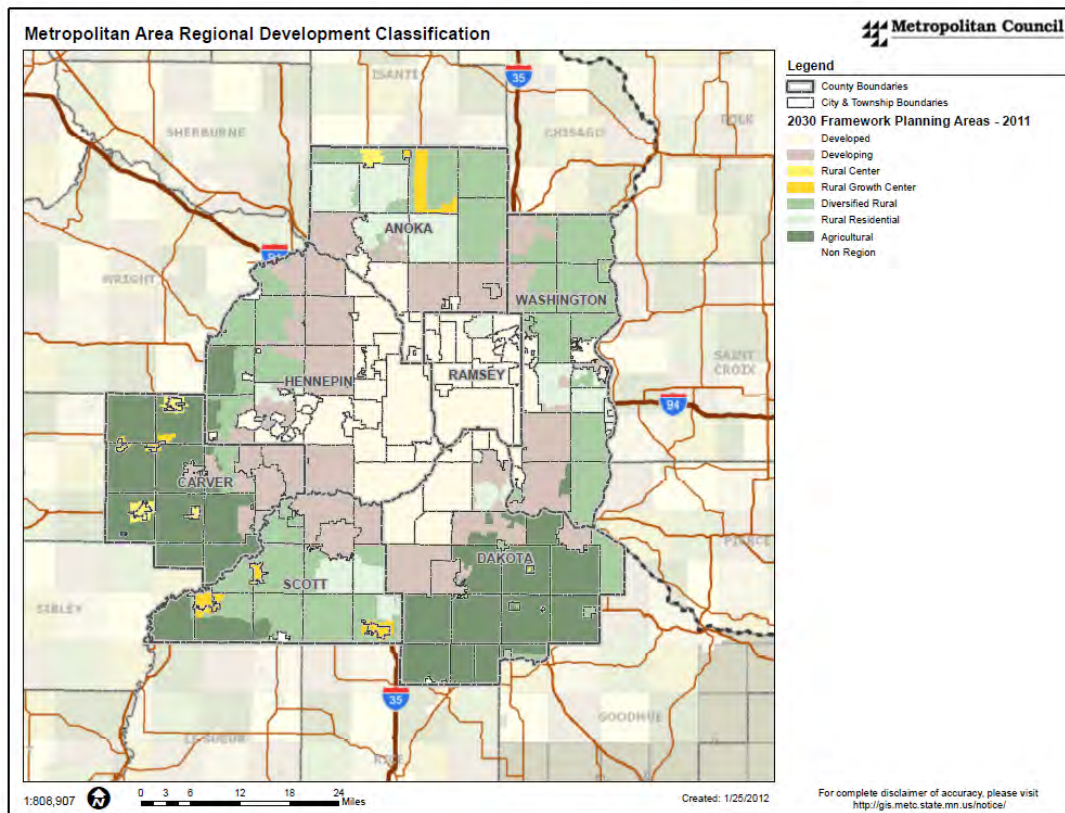
This study primarily uses three groupings to describe and discuss the jurisdictions included in the Fiscal Disparities Program.

- First, we group by County for the seven-county region: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

¹Hinze and Baker, 2005.

- The second grouping is the Metropolitan Council's regional development classifications or planning areas,² which provide a way to group localities by development characteristics in a way that geographic classifications do not. (See map below.) The groups are:
 - o Central City
 - o Developed Area
 - o Developing Area
 - o Rural Area
 - o Rural Growth Center

Figure 1. Metropolitan Council Regional Development Classification



- The third and final grouping is by Fiscal Disparities status as a *net contributor* or *net recipient*.

² Regional development framework classifications or planning areas used in this study are the Metropolitan Council designations as of 2011. The designations were originally established in 2004.

GROWTH TRENDS

The seven-county metropolitan region has grown significantly from 1970 to today. The current estimate of total population is approximately 2.85 million. This reflects an increase of almost 1 million people since 1970. Hennepin and Ramsey counties—while still the most populous counties in the region—comprise a smaller share of the regional population in 2010 when compared to 1970.

Additional detail is provided below in Figure 2, depicting the absolute growth and percentage increase in population from 1970 to 2010. As shown, the highest percentage growth occurred in Scott County followed by Carver and Washington counties. The lowest percentage growth occurred in Ramsey and Hennepin counties.

Figure 2. Population Growth by County: 1970 to 2010

	Population		Population Growth or Decline From 1970 to 2010		
	1970	2010	Increase/Decrease	% Total Growth	% Avg Ann Growth
Anoka	154,815	331,022	176,207	113.8%	2.8%
Carver	27,652	91,042	63,390	229.2%	5.7%
Dakota	139,824	397,405	257,581	184.2%	4.6%
Hennepin	962,393	1,155,495	193,102	20.1%	0.5%
Ramsey	473,822	505,795	31,973	6.7%	0.2%
Scott	32,423	129,928	97,505	300.7%	7.5%
Washington	79,980	237,733	157,753	197.2%	4.9%
Grand Total	1,870,909	2,848,420	977,511	52.2%	1.3%

Source: Census data via Metropolitan Council; analysis by TischlerBise

Grouping metropolitan area communities into regional development classifications reveals that population in the Central Cities has decreased from 1970 to 2010 by a little over 10 percent, which is a decrease of approximately .3 percent per year when averaged over the 40-year time period. At the other end of the continuum are Developing Areas, which saw an increase in population of over 350 percent from 1970 to 2010. This reflects a 9 percent average annual growth rate over the 40-year time period.

Figure 3. Population Growth by Regional Development Classification: 1970 to 2010

	Population		Population Growth or Decline From 1970 to 2010		
	1970	2010	Increase/Decrease	% Total Growth	% Avg Ann Growth
Central Cities	744,266	667,646	-76,620	-10.3%	-0.3%
Developed Area	873,808	1,184,186	310,378	35.5%	0.9%
Developing Area	180,660	823,895	643,235	356.0%	8.9%
Rural Areas	53,981	116,813	62,832	116.4%	2.9%
Rural Growth Centers	13,641	49,255	35,614	261.1%	6.5%
Excluded from FD	4,553	6,625	2,072	45.5%	1.1%
Grand Total	1,870,909	2,848,420	977,511	52.2%	1.3%

Source: Census data via Metropolitan Council; analysis by TischlerBise

Employment in the region has also grown significantly, essentially doubling from 1970 to today. The current estimate of total number of jobs in the seven-county study region is approximately 1.5 million. Hennepin and Ramsey counties contain the largest number of jobs in the region, but have declined in regional share relative to the other counties (combined comprising 73 percent of jobs in the region down from 89 percent in 1970).

As shown below, the highest percent of growth occurred in Carver County followed by Scott, Dakota, and Washington counties. The largest absolute gain in employment occurred in Hennepin County following by Dakota County. The lowest percentage increase occurred in Ramsey County.

Figure 4. Employment Growth by County: 1970 to 2010

	<i>Jobs</i>		<i>Job Growth From 1970 to 2010</i>		
	<i>1970</i>	<i>2010</i>	<i>Increase/Decrease</i>	<i>% Total Growth</i>	<i>% Avg Ann Growth</i>
Anoka	29,170	107,074	77,904	267.1%	6.7%
Carver	4,120	32,955	28,835	699.9%	17.5%
Dakota	31,100	169,360	138,260	444.6%	11.1%
Hennepin	463,090	804,056	340,966	73.6%	1.8%
Ramsey	230,240	314,347	84,107	36.5%	0.9%
Scott	6,820	41,557	34,737	509.3%	12.7%
Washington	14,370	71,454	57,084	397.2%	9.9%
Grand Total	778,910	1,540,803	761,893	97.8%	2.4%

Grouping employment data into regional development classifications shows that all areas added jobs since 1970 with Developing Areas adding the second largest number of jobs (behind Developed Areas) with the highest growth rate. Rural Areas also added jobs at a high growth rate, mainly because the initial number of jobs is so low. Central Cities added jobs, but at a much lower growth rate than all other areas.

Figure 5. Employment Growth by Regional Development Classification: 1970 to 2010

	<i>Jobs</i>		<i>Job Growth From 1970 to 2010</i>		
	<i>1970</i>	<i>2010</i>	<i>Increase/Decrease</i>	<i>% Total Growth</i>	<i>% Avg Ann Growth</i>
Central Cities	435,580	456,798	21,218	4.9%	0.1%
Developed Area	288,550	712,372	423,822	146.9%	3.7%
Developing Area	36,440	320,367	283,927	779.2%	19.5%
Rural Areas	2,060	16,272	14,212	689.9%	17.2%
Rural Growth Centers	2,020	9,237	7,217	357.3%	8.9%
Excluded from FD	14,140	25,757	11,617	82.2%	2.1%
Grand Total	778,790	1,540,803	762,013	97.8%	2.4%

Source: Data from Metropolitan Council and MN Dept. of Employment and Economic Development; analysis by TischlerBise

More recent job growth data is shown below from 2000 to 2009. During the recent recession with overall job losses experienced in the region as a whole, it is interesting to note that both the Developing Areas and Rural Areas have added jobs while Central Cities and Developed Areas have lost jobs. See Figure 6.

Figure 6. Employment Growth by Regional Development Classification: 2000 to 2009

	2000 (2nd Qtr)	2009 (2nd Qtr)	Gain (Loss)	% Gain/Loss
Central Cities	496,251	458,026	(38,225)	-7.7%
Developed Areas	709,258	652,577	(56,681)	-8.0%
Developing Areas	374,295	410,827	36,532	9.8%
Rural Areas	23,628	25,726	2,098	8.9%
Rural Centers	9,451	9,762	311	3.3%
Other Rural	14,177	15,964	1,787	12.6%
Metro Council Regional Total	1,603,432	1,547,156	(56,276)	-3.5%

Note: All Metro localities are included in one of the categories (unlike above tables with an "Excluded from FD" group).

Source: Metro Council Data; analysis by TischlerBise.

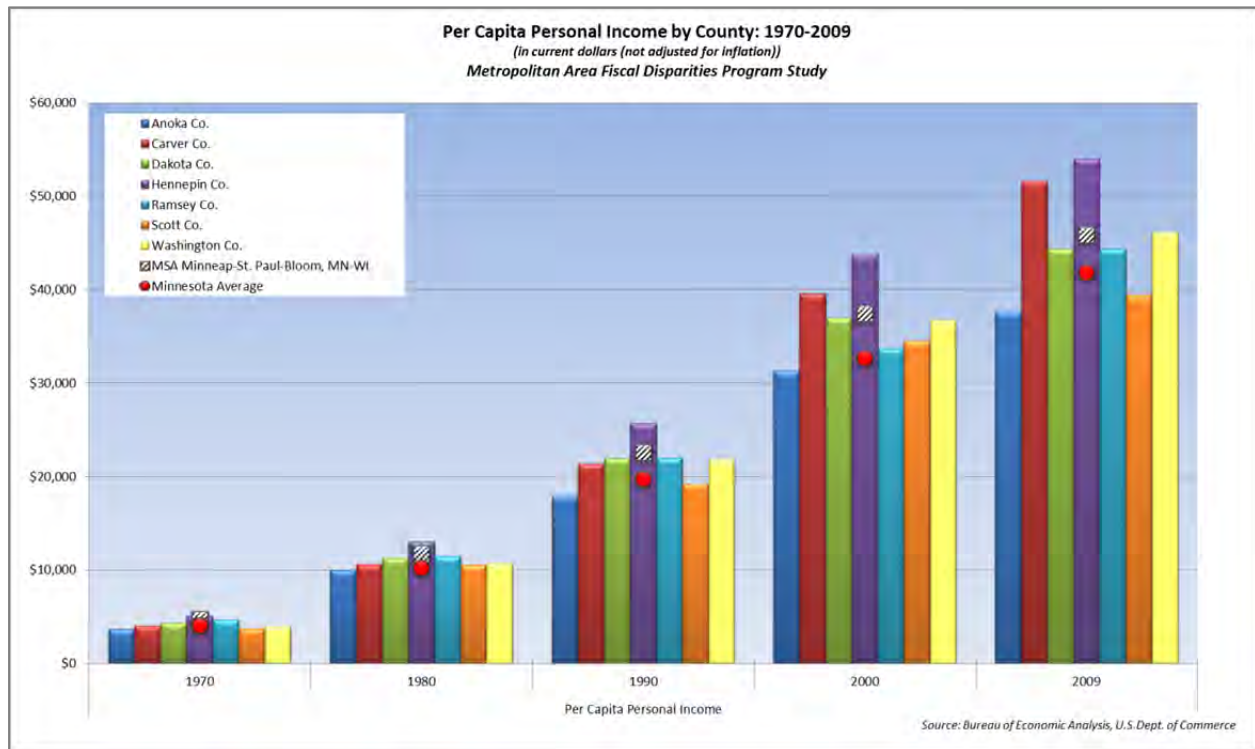
ECONOMIC AND TAX BASE TRENDS

To provide further context of economic and tax base trends in the region, we examine other economic and fiscal factors in this study such as personal income, wages, gross domestic product (GDP) by MSA, and tax base composition.

Economic Trends

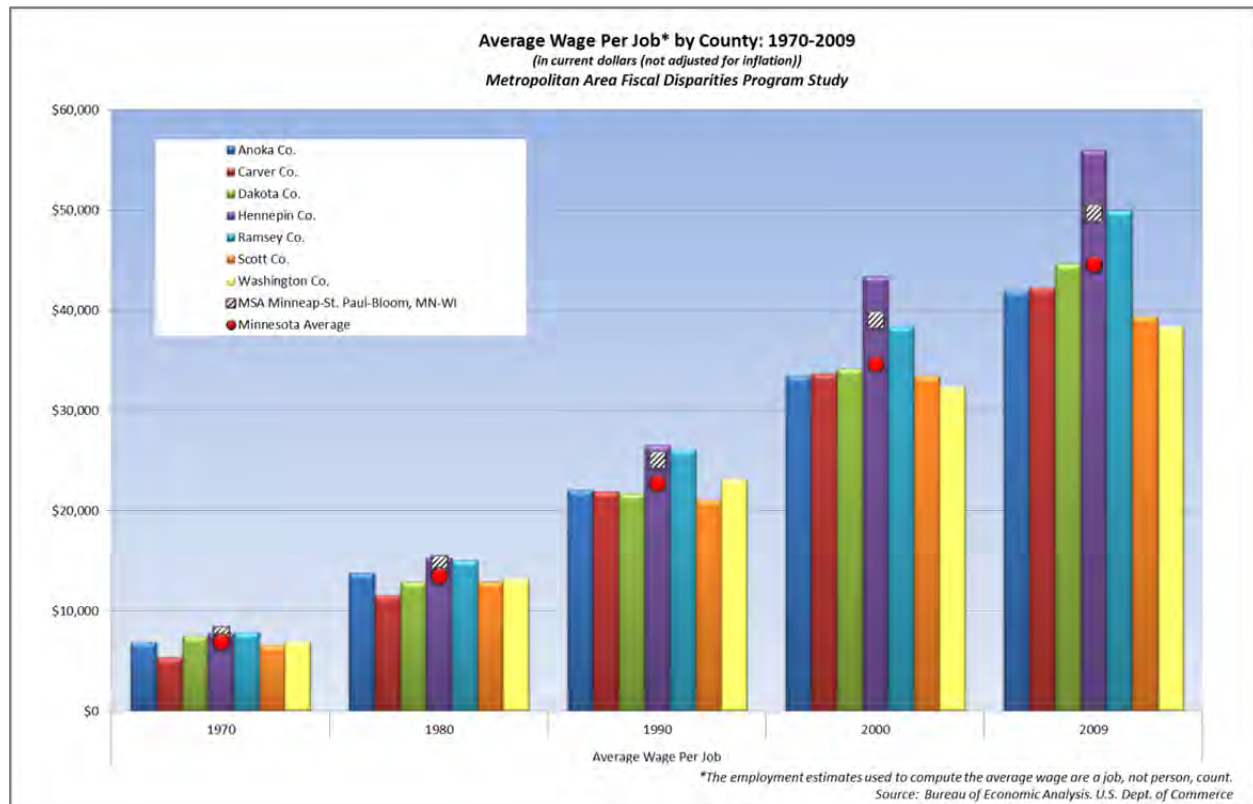
Personal income by *place of residence* is shown below in Figure 7. (Data shown are in current dollars; that is, not adjusted for inflation.) Over the past 40 years, personal income levels have varied when comparing counties in the region. Hennepin County has consistently had the highest per capita income in the region with Anoka County having the lowest. Most of the counties are higher than the Minnesota average with Anoka and Scott counties hovering at or below the state average.

Figure 7. Per Capita Personal Income by County: 1970 to 2009



Another factor to examine is wage and salary data by *place of employment*. Figure 8 shows average wages per job by County location, reflecting where the job is located as opposed to where workers live. (Data shown are in current dollars; that is, not adjusted for inflation.) Aside from 1970, Hennepin County has had the highest average wages per job in the region. Ramsey County has ranked second in all years except 1970 when it was ranked first. The county with the lowest average wages per job has changed over time with Carver County ranking at the bottom in 1970 and Washington County in 2009.

Figure 8. Average Wage Per Job by County: 1970 to 2009



Tax Base Composition

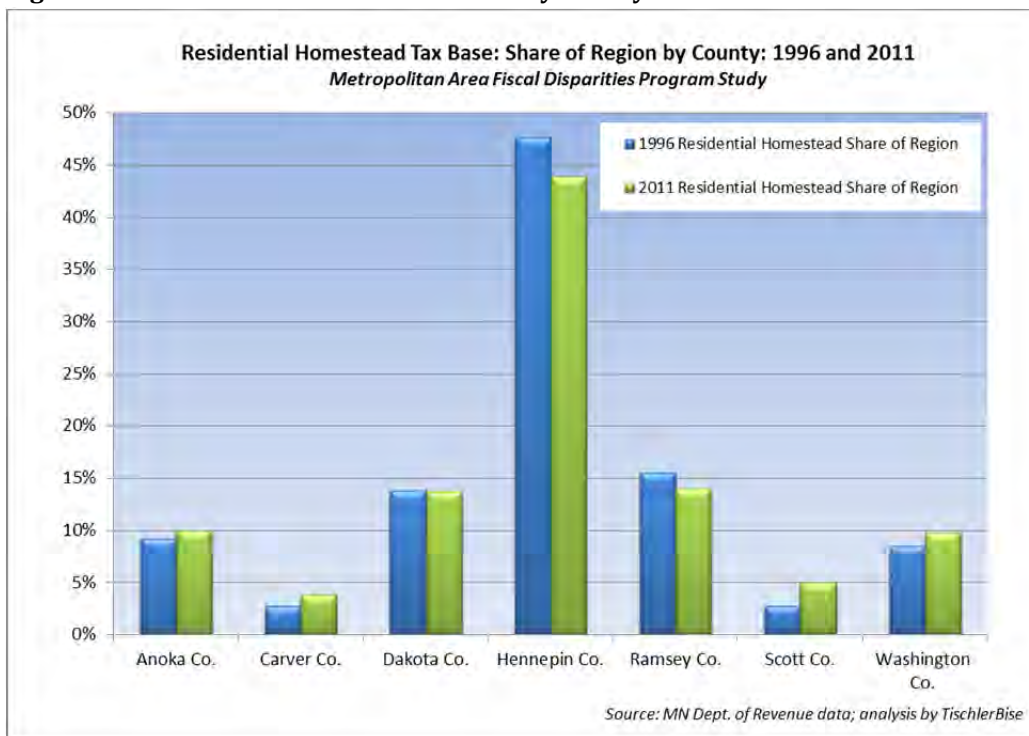
Tax base composition was also evaluated to understand fiscal conditions in the region and changes over time. Results are presented in the body of the report by county for 1996 and 2011 showing the dollar amounts and share by type of tax capacity³ (residential homestead, commercial/industrial, and other). In 1996, tax base in the region was generally evenly split between residential homestead and commercial/industrial properties. Hennepin and Ramsey counties were the only counties with a higher percentage of the tax base in commercial/industrial property, however counties had a range of 40 to 60 percent of its tax capacity from residential homestead property. The characteristics of the tax base has shifted by 2011, partly due to state policy changes, especially from 1997 to 2002, that significantly changed class rates to reduce C/I tax base relative to residential homestead tax base. In 2011, all counties have a majority of its tax capacity from residential homestead properties with most counties

³ Tax capacity is based on a property's market value and the state-mandated classification system by land use type (e.g., residential homestead property under \$500,000 has a class rate of 1.0 percent compared to a commercial/industrial property with a class rate of 1.5 percent for the first \$150,000 in value and 2 percent over \$150,000.).

now having anywhere from 50 to 64 percent of their tax capacity from residential homestead properties.

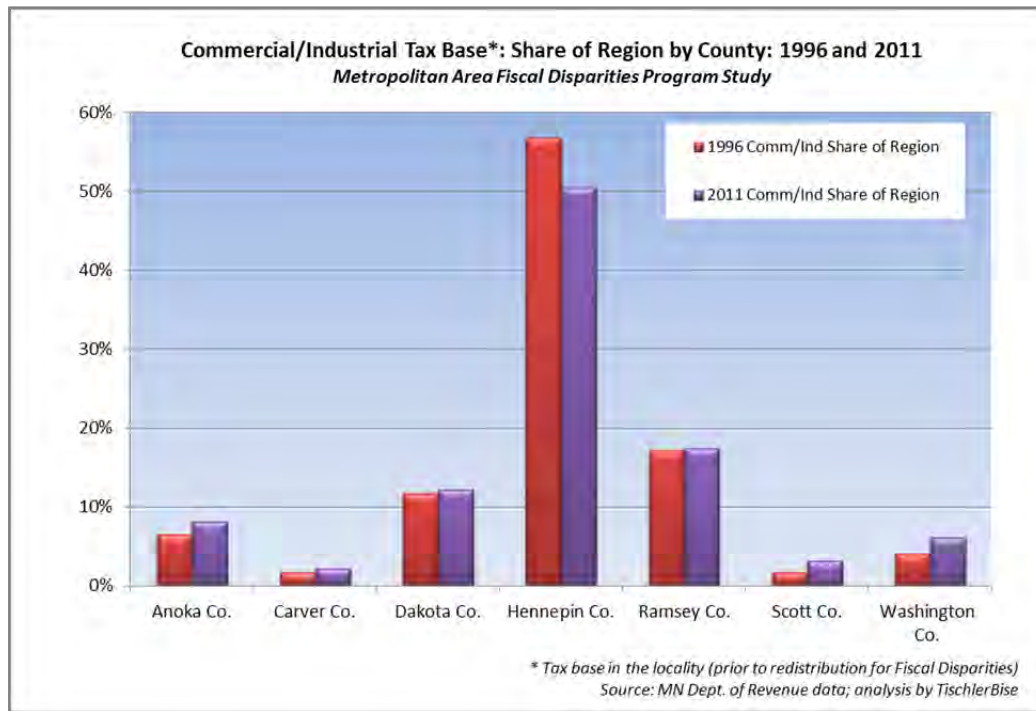
County data was analyzed for 1996 and 2011 looking at each county's share of the regional total and how that may have changed over time. For residential homestead tax capacity, most counties have maintained the same approximate share of the regional total from 1996 to 2011 with the exception of Hennepin County (with a 3.8 percent *decrease* in regional share) and Scott County (with a 2.2 percent *increase* in regional share). See Figure 9.

Figure 9. Residential Homestead Tax Base by County: 1996 and 2011



For commercial/industrial tax capacity (before Fiscal Disparities distributions), Hennepin County has lost 6.3 percent of its regional share from 1996. All other counties have either retained or increased their share since 1996. Counties that have increased their regional share of commercial/industrial tax capacity by over 1 percent are Anoka, Scott, and Washington counties. See Figure 10.

Figure 10. Commercial/Industrial Tax Base by County: 1996 and 2011

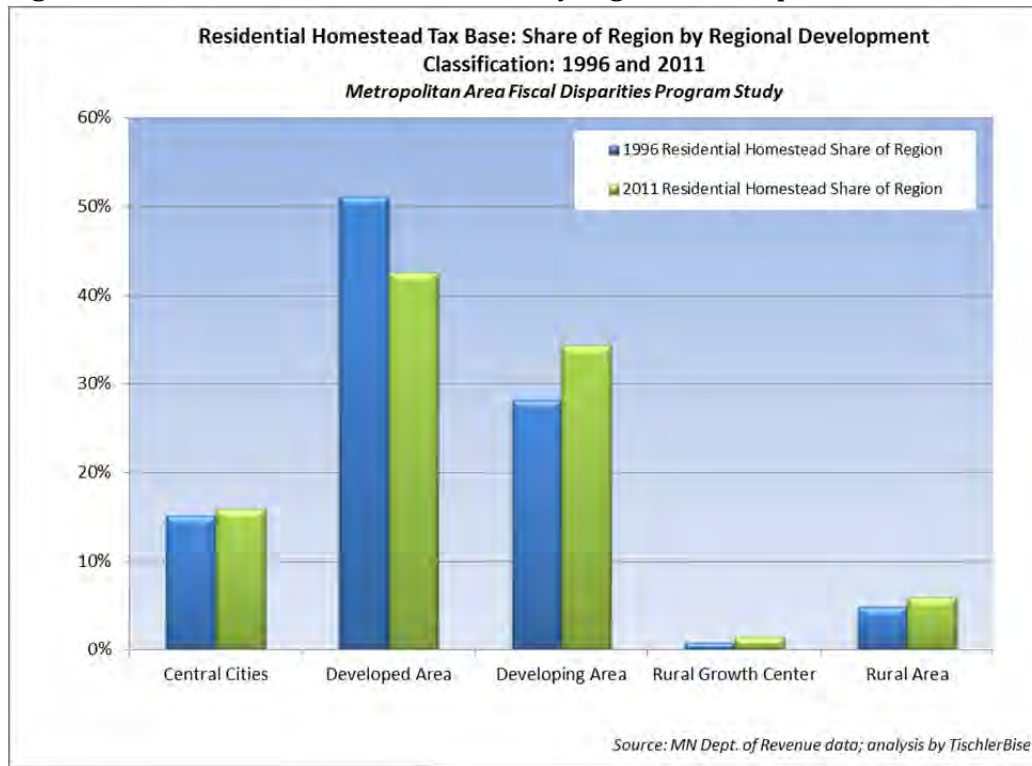


The above analysis was replicated using the regional development classifications. In 1996, Central Cities and Developed Areas had the majority of their tax capacity from commercial/industrial property. As one moves down the development classification continuum from more developed (Central Cities) to less (Rural Areas), the share in commercial/industrial properties decreases, as one would expect.

In 2011, characteristics of the tax base have shifted by 2011, partly due to state policy changes, especially from 1997 to 2002, that significantly changed class rates to reduce C/I tax base relative to residential homestead tax base. However, the general relationship holds that as one moves down the development classification continuum from more to less developed, the share in commercial/industrial properties decreases, as one would expect.

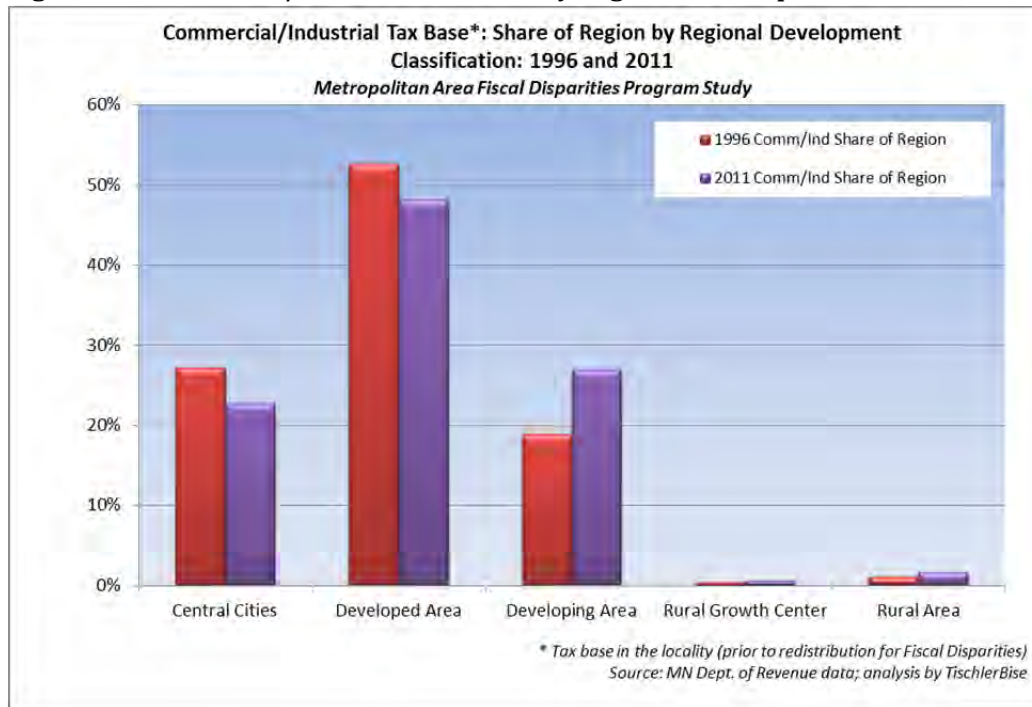
As was done by county, regional development classification groupings were analyzed for 1996 and 2011 to evaluate the share of tax capacity out of the regional total and how that may have changed over time. For residential homestead tax capacity, most areas have maintained the same approximate share of the regional total from 1996 to 2011 with the exception of Developed Areas (with a 9 percent *decrease* in regional share) and Developing Areas (with a 6 percent *increase* in regional share). See below.

Figure 11. Residential Homestead Tax Base by Regional Development Classification: 1996 and 2011



For commercial/industrial tax base (before Fiscal Disparities distributions), Central Cities and Developed Areas have each lost 4 percent of their regional share with Developing Areas gaining 8 percent. This reflects the development trends discussed above (and in further detail in the body of the report) regarding the outward growth of employment. See Figure.

Figure 12. Commercial/Industrial Tax Base by Regional Development Classification: 1996 and 2011



PROPERTY TAX, AID, AND LOCAL DEVELOPMENT PROGRAMS THAT INTERACT WITH FISCAL DISPARITIES

The report provides a description of a range of property tax, aid, and local development programs that are in existence in Minnesota and available to local governments. The following are discussed in the body of the report:

- Category I: Classification and Other Tax Base Features
 - Classification
 - Homestead Market Value Exclusion
- Category II: Aids and Refunds
 - Local Government Aid
 - County Program Aid
 - Property Tax Refund
 - Disparity Reduction Aid
- Category III: TIF and Economic Development
 - Tax Increment Financing
 - Economic Development Abatements
 - Metro Vacant Land Plat Law

- Category IV: Open Space Preservation and Conservation
 - Green Acres Program
 - Rural Preserve Program
 - Ag Preserves Credit
 - Open Space Property
 - Agricultural Homestead Market Value Credit
 - Payments in Lieu of Taxes (PILT)
 - Sustainable Forest Incentive Act

FISCAL DISPARITIES PROGRAM OVERVIEW

The Minnesota Fiscal Disparities Act of 1971 was an attempt to address growing fiscal concerns within the seven-county Minneapolis-St. Paul region. The law, which took effect 35 years ago after surviving two court challenges, required all communities in the seven-county area to contribute 40 percent of the growth after 1971 in their commercial-industrial tax base to a regional pool. By 2011, the Fiscal Disparities program included \$420.7 million of shared tax base resulting in \$544.1 million in tax revenue generated across all taxing jurisdictions.⁴

The distribution of the pool is based on fiscal capacity, defined as equalized market value per capita. This means that:

- If the municipality's fiscal capacity is the same as the metropolitan average, its percentage share of the pool will be the same as its share of the area's population;
- If its fiscal capacity is above the metro average, its share will be smaller; and
- If its fiscal capacity is below the metro average, its share will be larger.⁵

All units of local government in the Fiscal Disparities program are participants, including cities, counties, school districts, and special districts. Each jurisdiction determines its levy needs (i.e., the amount of property taxes needed to provide its desired level of services) and then determines the property tax rate based on the levy and net tax capacity in the taxing unit. Without the Fiscal Disparities program, the rate would be determined based on the tax base of the jurisdiction, with no contribution or distribution of tax base. With the Fiscal Disparities program, the tax rate—and burden—is determined based on an adjusted net tax capacity. Taxpayers in jurisdictions contributing more than they receive (net contributors), pay more than their jurisdiction's levy, and those receiving more than they contribute (net recipients) pay less.⁶

⁴Metropolitan Council.

⁵Hinze and Baker, 2005.

⁶From Hinze and Baker, 2005; this report also provides a detailed description of the Fiscal Disparities formula.

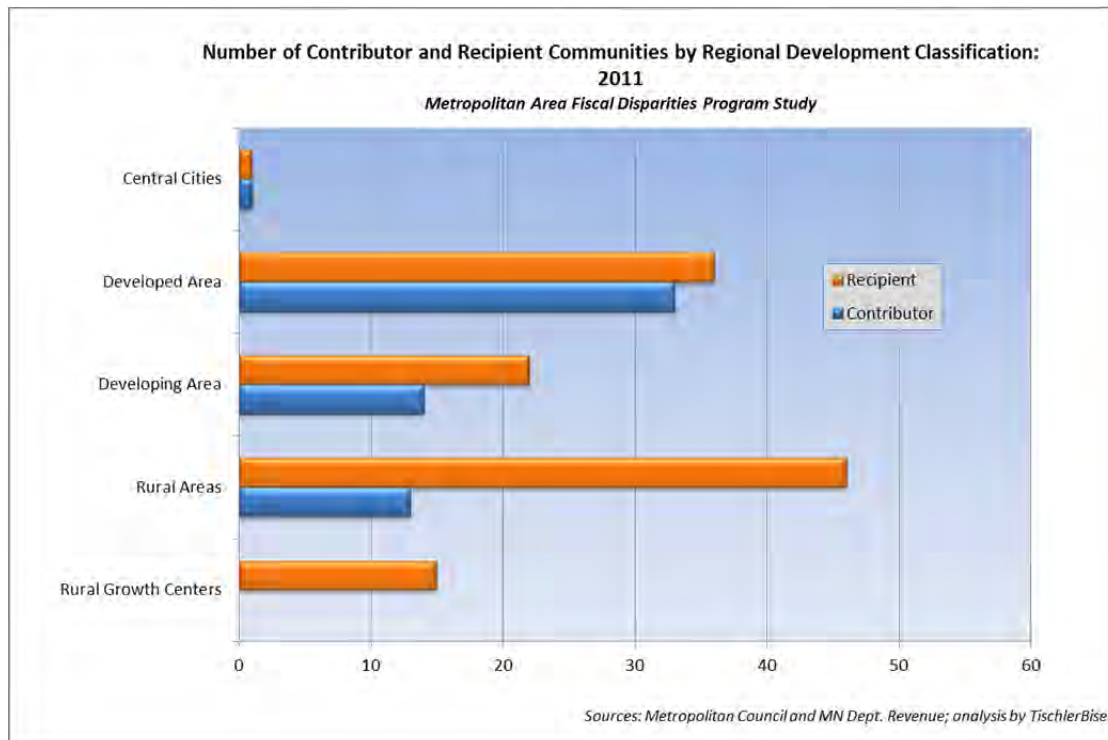
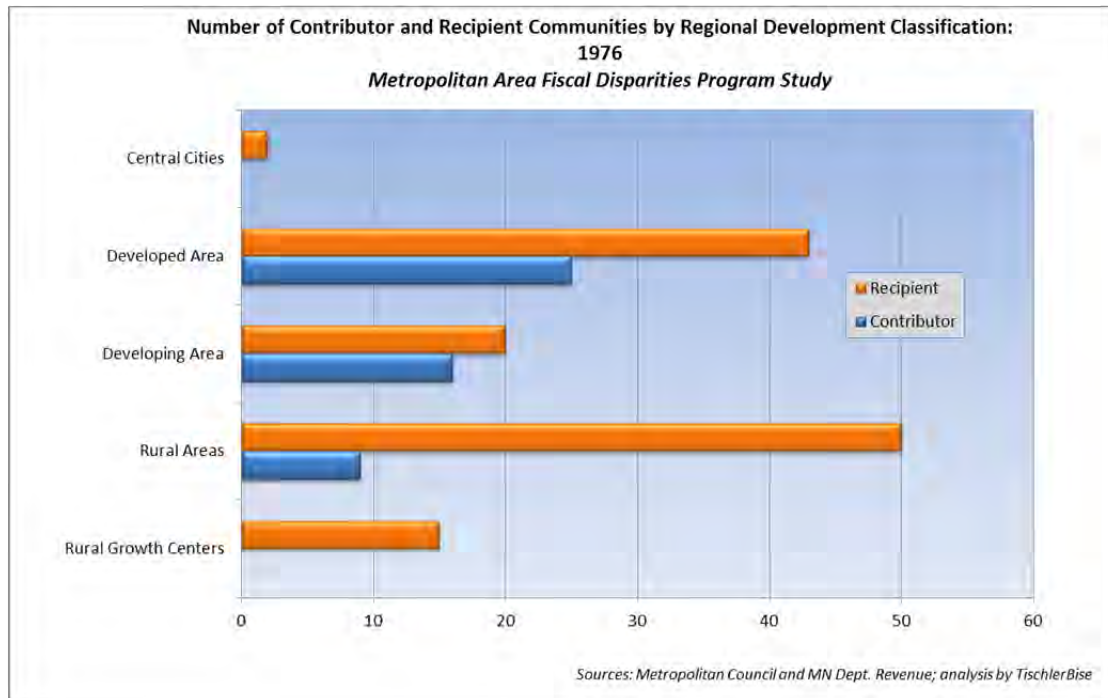
FISCAL DISPARITIES PROGRAM TRENDS

Jurisdictions that contribute more in tax base than they receive are known as “net contributors” and those that contribute less tax base than they receive are known as “net recipients.” Figure 13 provides further detail on the types of communities that are net contributors or net recipients comparing the start of the program, 1976 to 2011.⁷ The comparison reveals the following:

- Central Cities (for which there are two) have typically been either all recipients or split with Minneapolis as a net contributor and St. Paul as a net recipient.
- Developed Areas in 2011 are almost evenly split between recipients and contributors with recipients outnumbering contributors only slightly, which is a change from 1976 where recipients outnumbered contributors by a factor of 1.7.
- The number of Developing Area communities in either category has remained relatively constant when comparing 1976 to 2011 with net recipients outnumbering contributors in both years.
- For Rural Areas, the relationship of recipients to contributors has changed from 1976, where the ratio of recipients to contributors was 5.5. In 2011, the ratio has decreased to 3.5.
- All Rural Growth Centers are net recipients in 2011, as they were in 1976 as well.

⁷ The regional development classifications were designated in 2004 and therefore were not in existence in 1976. However, as is done elsewhere in this study, we group the municipalities in these classifications for comparison purposes.

Figure 13. Number of Recipients and Contributors by Regional Development Classification: 1976 and 2011



Impacts if the Fiscal Disparities Program Were Eliminated

We then examine the impact to tax capacities if the program had not been in existence in 1996 as well as today (2011). We also evaluate the impact to taxes paid and tax rates in 2011 if the program were eliminated.

Impact on Tax Capacity

Per capita commercial/industrial tax capacities are evaluated with and without the Fiscal Disparities Program to enable a comparison among counties. The first set of figures is C/I tax capacity per person by County compared to the regional average.

Figure 14. Commercial/Industrial Tax Capacity Per Capita with and without the Fiscal Disparities Program by County: 1996

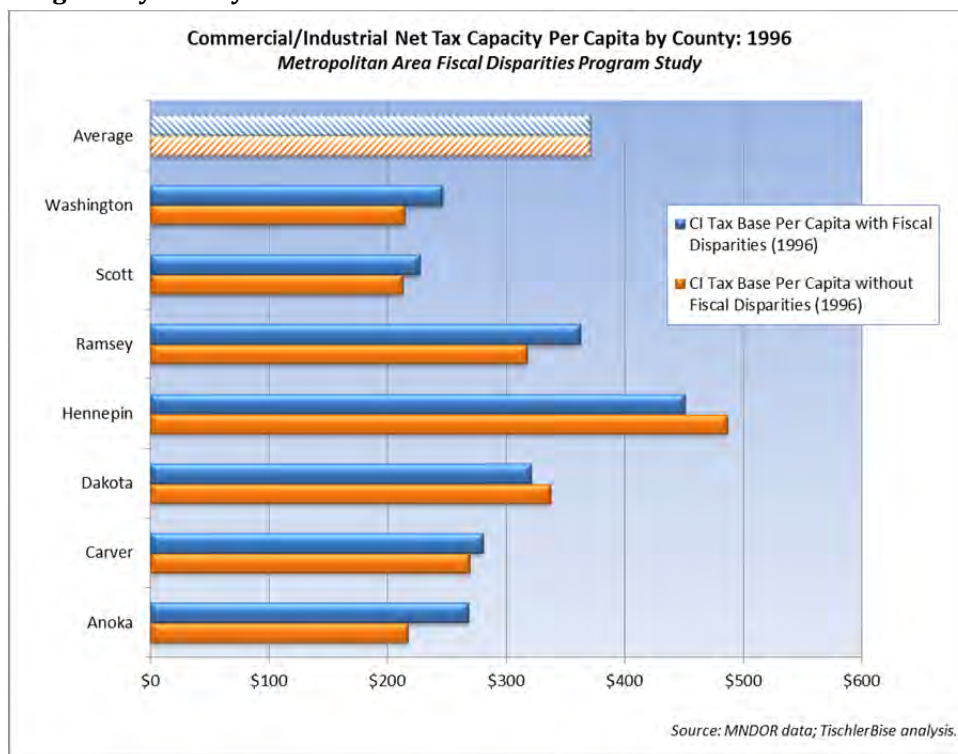
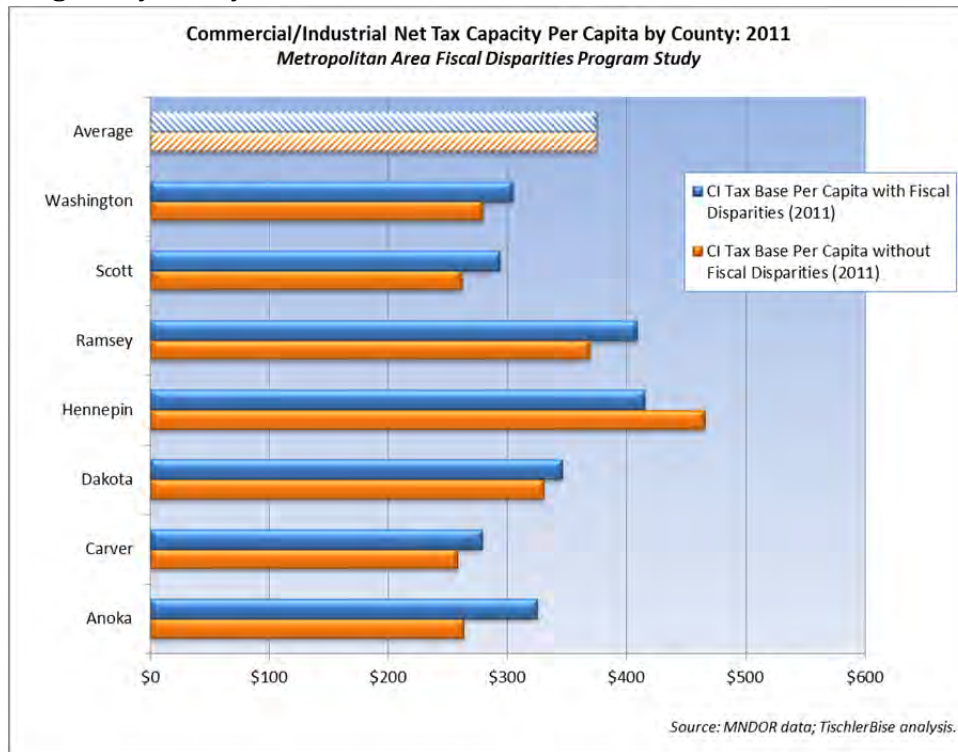


Figure 15. Commercial/Industrial Tax Capacity Per Capita with and without the Fiscal Disparities Program by County: 2011



The average C/I tax capacity per person has remained constant from 1996 to 2011 at around \$370 per person.⁸ In 1996, Hennepin County was the only county with *above average* per capita figures both with and without the Fiscal Disparities Program. In 1996, Hennepin and Dakota counties were net contributors, therefore with the Fiscal Disparities Program both have a lower per capita amount with the program in effect than each would if the program were eliminated.

In 2011, Hennepin County still has a higher than average per capita amount, under both scenarios—with and without the program. Ramsey County also has a higher than average per capita amount with the Fiscal Disparities Program and a lower than average amount if the program were eliminated. If the program were eliminated, Hennepin County's per capita value would increase by 12 percent, and all other counties would decrease in total by approximately 11 percent.

Impact on Taxes Paid and Tax Rates

One of the questions addressed in this study is the impact on taxes paid and tax rates if the program were to be eliminated. The impact on taxes paid is shown below in the following figures. The data

⁸ The property tax reforms from 1997 to 2002 contributed to lowered Commercial/Industrial tax capacities, therefore even with population increasing, the average value per person remains at around the 1996 level.

reflects the amount of taxes paid within each group to **all taxing jurisdictions**, including city, county, schools, state, and any applicable special districts.⁹ The assumption regarding the taxes paid with “FD Eliminated” is that there is **no change in the levy amount**. In reality, a jurisdiction is likely to adjust the levy, particularly in localities that would see a significant increase in tax rates as a result of elimination of the program.

Results by County

Results are first presented grouped by county for *taxes paid* and then implications to tax rates if the Fiscal Disparities Program were eliminated. All dollars are shown in thousands for Taxes Payable 2011.

In total, Hennepin County would see the largest percentage decrease (at 2.6 percent) and Anoka County would see the largest increase (at 5.6 percent) if the program were eliminated. The body of the report provides detail on the impact to residential homestead and commercial/industrial properties separately.

Figure 16. Total Taxes Paid with and without the Fiscal Disparities Program by County: 2011

<u>County Name</u>	TOTAL <i>Taxes Payable 2011 (in \$1,000s)</i>		TOTAL <i>Increase/Decrease</i>
	<u>Current Taxes</u>	<u>Taxes with FD Eliminated</u>	<u>Without FD</u>
Anoka	\$443,720	\$468,665	5.6%
Carver	\$159,383	\$160,606	0.8%
Dakota	\$597,704	\$598,630	0.2%
Hennepin	\$2,535,884	\$2,470,867	-2.6%
Ramsey	\$802,964	\$834,111	3.9%
Scott	\$204,666	\$208,669	2.0%
Washington	\$357,293	\$358,993	0.5%
Grand Total	\$5,101,614	\$5,100,541	0.0%

Source: MN Dept. of Revenue data.

Implications to *tax rates* if the Fiscal Disparities Program were eliminated are evaluated as well and grouped by county. All rates are weighted averages for each County for Taxes Payable 2011. The rates shown under the “No FD” scenario assumes the same amount of local levy as under the “Current Law” scenario. Also shown for comparison purposes is the 2011 Fiscal Disparities areawide rate, the tax rate applied to the pooled commercial/industrial property tax capacity.

⁹ A computer model was used to estimate 2011 property taxes with and without the fiscal disparities program for each municipality. For this simulation, special taxing district taxes were spread countywide, so special district rates do not match actual rates for each municipality.

Figure 17. Tax Rates with and without the Fiscal Disparities Program by County: 2011

County	Average of Current Law County Rate	Average of Current Law Muni Rate	Average of Current Law School Rate	Average of Current Law Specials Rate	Average of Current Law Total Rate	
Anoka	40.19%	38.83%	23.11%	6.00%	108.12%	
Carver	41.69%	29.86%	32.69%	5.48%	109.71%	
Dakota	29.11%	40.00%	24.36%	5.28%	98.75%	
Hennepin	45.54%	43.88%	22.19%	10.26%	121.88%	
Ramsey	52.76%	33.05%	25.01%	9.07%	119.89%	
Scott	35.47%	34.07%	28.79%	5.39%	103.71%	
Washington	29.63%	32.81%	24.91%	5.82%	93.17%	

County	Average of No FD County Rate	Average of No FD Muni Rate	Average of No FD School Rate	Average of No FD Specials Rate	Average of No FD Total Rate	Inc/Dec in Rate without FD
Anoka	42.01%	41.12%	29.01%	6.23%	118.38%	10.26%
Carver	42.18%	30.41%	34.41%	5.60%	112.60%	2.89%
Dakota	29.24%	40.48%	27.49%	5.26%	102.47%	3.72%
Hennepin	43.50%	42.41%	23.19%	9.76%	118.85%	-3.03%
Ramsey	54.04%	34.51%	29.03%	9.32%	126.90%	7.01%
Scott	36.17%	35.35%	31.31%	5.53%	108.36%	4.65%
Washington	30.00%	33.54%	27.40%	5.91%	96.85%	3.68%

2011 Fiscal Disparities Areawide Rate	129.327%
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Source: MN Dept. of Revenue. (Weighted averages by County.)

As shown above, all counties would see an increase in tax rates with elimination of the program except Hennepin County. The largest percentage increases would be in Anoka and Ramsey counties.¹⁰

Results by Regional Development Classification

Results are also grouped by regional development classification for taxes paid and then implications to tax rates if the Fiscal Disparities Program were eliminated. All dollars are shown in thousands for Taxes Payable 2011.

In total, Developed Areas would see the largest percentage decrease (at 1.4 percent) and Rural Growth Centers would see the largest percentage increase (at 10.5 percent) in taxes paid. What is noticeable here is the magnitudes of the increases and decreases—with decreases in taxes at a much lower percent than the increases. This can be somewhat explained by the size of the property tax pool in the

¹⁰ An earlier version of this report included averages of the jurisdiction rates within each County for this summary (instead of weighted averages as shown in this revision). Looking at averages of the jurisdiction averages results in Hennepin tax rates decreasing by 1.9 percent and increases in the remainder of the counties with Anoka at 15.6 percent and Washington at 12.9 percent.

respective categories. In this case, a \$30 million decrease in taxes out of a larger base results in a smaller percentage (decrease) than a \$5.6 million increase in taxes out of a smaller base.

Figure 18. Total Taxes Paid with and without the Fiscal Disparities Program by Regional Development Classification: 2011

<u>Regional Classification</u>	TOTAL <i>Taxes Payable 2011 (in \$1,000s)</i>		TOTAL <i>Increase/Decrease</i>
	<u>Current Taxes</u>	<u>Taxes with FD Eliminated</u>	<u>Without FD</u>
Central Cities	\$1,163,640	\$1,193,460	2.6%
Developed Area	\$2,203,657	\$2,173,406	-1.4%
Developing Area	\$1,479,840	\$1,469,014	-0.7%
Rural Areas	\$181,927	\$186,611	2.6%
Rural Growth Centers	\$53,680	\$59,308	10.5%
Excluded from FD	\$18,870	\$18,742	-0.7%
Grand Total	\$5,101,614	\$5,100,541	0.0%

Source: MN Dept. of Revenue.

Implications to tax rates if the Fiscal Disparities Program were eliminated are evaluated and grouped by regional development classifications. All rates are for Taxes Payable 2011. The rates shown under the “No FD” scenario assumes the same amount of local levy as under the “Current Law” scenario. Also shown for comparison purposes is the 2011 Fiscal Disparities areawide rate, the tax rate applied to the pooled commercial/industrial property tax capacity.

Figure 19. Tax Rates with and without the Fiscal Disparities Program by Regional Development Classification: 2011

	<i>Average of Current Law County Rate</i>	<i>Average of Current Law Muni Rate</i>	<i>Average of Current Law School Rate</i>	<i>Average of Current Law Specials Rate</i>	<i>Average of Current Law Total Rate</i>	
Central Cities	47.09%	57.81%	24.15%	9.83%	138.87%	
Developed Areas	43.10%	37.66%	21.90%	8.57%	111.23%	
Developing Areas	38.89%	34.29%	26.32%	7.42%	106.92%	
Rural Areas	34.48%	22.29%	25.26%	5.94%	87.97%	
Rural Growth Centers	38.29%	51.17%	26.49%	5.65%	121.60%	
Excluded	40.42%	22.87%	15.01%	7.39%	85.70%	

	<i>Average of No FD County Rate</i>	<i>Average of No FD Muni Rate</i>	<i>Average of No FD School Rate</i>	<i>Average of No FD Specials Rate</i>	<i>Average of No FD Total Rate</i>	<i>Inc/Dec in Rate without FD</i>
Central Cities	46.20%	58.32%	27.88%	9.60%	142.00%	3.14%
Developed Areas	42.54%	36.98%	23.73%	8.39%	111.63%	0.40%
Developing Areas	38.58%	33.82%	28.43%	7.32%	108.15%	1.23%
Rural Areas	35.06%	23.63%	28.51%	6.03%	93.24%	5.27%
Rural Growth Centers	39.37%	60.03%	31.12%	5.82%	136.35%	14.74%
Excluded	39.56%	22.87%	15.64%	7.17%	85.24%	-0.46%

2011 Fiscal Disparities Areawide Rate	129.327%
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Source: MN Dept. of Revenue. (Weighted averages by group.)

All groupings, other than those excluded from the program, would experience an increase in tax rates if the Fiscal Disparities program were eliminated. As shown above, the largest tax rate increase would be experienced in Rural Growth Centers (with an increase of 14.74 percent). The lowest rate increase would be experienced in Developed Areas, with an increase of 0.40 percent. Note that under this simulation there is an overall increase in local tax rates from the elimination of the program of 2 percentage points. The fiscal disparities areawide rate is based on previous year local tax rates. Local tax rates increased about 10 percentage points across the metro area between 2010 and 2011 due to significant reductions in property values. Replicating this simulation at a time of steady tax rates would result in most net-contributor areas having tax rate reductions.

To further investigate the effect of the Fiscal Disparities Program on tax rates, we used the net contributor/net recipient groupings to determine the magnitude of the rate increase and decrease. Findings are shown below.

Figure 20. Tax Rates with and without the Fiscal Disparities Program for Contributors and Recipients: 2011

	<i>Average of Current Law County Rate</i>	<i>Average of Current Law Muni Rate</i>	<i>Average of Current Law School Rate</i>	<i>Average of Current Law Specials Rate</i>	<i>Average of Current Law Total Rate</i>	
Contributor	43.26%	39.99%	22.75%	8.95%	114.94%	
Recipient	39.96%	38.81%	25.70%	7.23%	111.69%	
	<i>Average of No FD County Rate</i>	<i>Average of No FD Muni Rate</i>	<i>Average of No FD School Rate</i>	<i>Average of No FD Specials Rate</i>	<i>Average of No FD Total Rate</i>	<i>Inc/Dec in Rate without FD</i>
Contributor	42.24%	37.82%	23.85%	8.67%	112.58%	-2.36%
Recipient	40.45%	41.98%	30.02%	7.29%	119.74%	8.04%
2011 Fiscal Disparities Areawide Rate					129.327%	

Source: MN Dept. of Revenue (Weighted averages by group.)

As shown, net contributors would see a decrease of 2.36 percent in the overall tax rate. Net recipients would see an increase of 8.04 percent to the overall rate. Further detail is provided in the body of the report and Appendix provides a ranking of the top twenty jurisdictions experiencing a decrease or increase in the total rate without the program.

Residential Homestead Burden

The Minnesota Department of Revenue maintains a database of property-tax and income for each homestead in the state ("Voss database"). For the Fiscal Disparities analysis, the Voss database is used to provide information on the *property tax burden as a percent of income* both under the current Fiscal Disparities law as well as if the program were eliminated. Data are from taxes payable year 2008.

Figure 21. Residential Homestead Property Tax Burden by County (2008)

County	Residential Homestead Taxes			Homestead Burden	
	Median Total Net Tax*	Median Total Net Tax*	Inc/(Dec)	Homestead Burden	Homestead Burden
	Current Law	No FD	No FD	Current Law	No FD
Anoka	\$2,252	\$2,403	\$151	3.27%	3.49%
Carver	\$3,013	\$3,107	\$94	3.38%	3.48%
Dakota	\$2,530	\$2,604	\$74	3.13%	3.23%
Hennepin	\$2,785	\$2,784	(\$1)	3.67%	3.65%
Ramsey	\$2,320	\$2,426	\$106	3.45%	3.63%
Scott	\$2,886	\$2,990	\$104	3.51%	3.62%
Washington	\$2,469	\$2,559	\$90	2.98%	3.08%
Overall Median	\$2,577	\$2,640	\$63	3.41%	3.49%

* Taxes Payable 2008 (latest data available for Homestead Burden analysis).

Source: MN Dept. of Revenue

Assuming elimination of Fiscal Disparities with no adjustment in levy amounts, median taxes paid would increase in all counties, except Hennepin where the decrease would be negligible. As a percent of income, the homestead burden would increase for all property from 3.41 percent to 3.49 percent. The largest increase would be in Anoka County increasing from 3.27 percent to 3.49 percent (*a .22 percent increase*). Hennepin County's burden would decrease from 3.67 percent to 3.65 percent, *a .02 percent decrease*.

Looking at the data grouped by regional development classification yields the following results.

Figure 22. Residential Homestead Property Tax Burden by Regional Development Classification (2008)

	<i>Number of Homesteads (2008)</i>	<i>Homestead Burden* Current Law</i>	<i>Homestead Burden* No FD</i>
Central Cities	130,110	3.95%	4.11%
Developed Area	329,039	3.34%	3.40%
Developing Area	218,933	3.27%	3.33%
Rural Areas	40,726	3.28%	3.44%
Rural Growth Centers	13,395	3.43%	3.72%
Excluded from FD	1,904	3.53%	3.57%

** Taxes Payable 2008 (latest data available for Homestead Burden analysis).*

Source: MN Dept. of Revenue

Median taxes paid by residential homestead properties grouped by regional development classifications as a percent of income would increase for all groups if the Fiscal Disparities program were eliminated. Rural Growth Centers, Rural Areas, and Central Cities would see the largest increases in homestead burden.

Finally, the data is grouped by Fiscal Disparities status (net contributor or net recipient in 2011). Results are shown below.

Figure 23. Residential Homestead Property Tax Burden by Fiscal Disparities Status (2008)

	<i>Number of Homesteads (2008)</i>	<i>Homestead Burden* Current Law</i>	<i>Homestead Burden* No FD</i>
Contributor**	364,194	3.37%	3.37%
Recipient**	368,009	3.44%	3.62%
n/a	1,904	3.53%	3.57%

** Taxes Payable 2008 (latest data available for Homestead Burden analysis).*

*** Status for taxes payable 2011*

Source: MN Dept. of Revenue

Homestead burden would stay the same in contributor communities at 3.37 percent of income. Residential homestead property taxes in recipient communities would increase the percentage of income spent on taxes from 3.44 percent to 3.62 percent. What is also interesting to note is the number of homestead properties in each category, which is almost evenly split between contributors and recipients (in 2011).

EVALUATION OF OVERBURDEN: FISCAL IMPACTS OF LAND USES

The legislation authorizing this study identified a need to analyze a locality's "overburden," particularly related to Commercial/Industrial property under the Fiscal Disparities program. That is, is the revenue generated to a locality from C/I property sufficient to cover the direct expenditures incurred.

To attempt to address the issues identified in the legislation authorizing the study as well as in stakeholder discussions, we conducted a *Cost of Land Use* fiscal impact analysis of a select group of jurisdictions in the region. The selected jurisdictions reflect one from the regional development classification groupings used in this analysis:

- Central Cities
- Developed Cities
- Developing Cities
- Rural (Rural Area and Rural Growth Center)

Fiscal impact analysis is one tool to understand the direct fiscal implications of tax structures, cost burdens, and development patterns on local governments. Most states require local governments to prepare a balanced budget on an annual basis. However, most states do not require that jurisdictions conduct fiscal impact evaluations to help ensure that local officials understand the short- and long-term fiscal effects of land-use and development policies and of potential new development. A fiscal impact analysis clarifies the financial effects of such policies and practices by projecting net cash flow to the public sector due to residential and nonresidential development.

A Cost of Land Use fiscal impact study is one type of fiscal analysis. It analyzes the fiscal impact of prototypical land uses that are currently developed in the jurisdiction. In this type of analysis, a "snapshot" approach is used that determines the costs and revenues for various land use prototypes in order to understand the fiscal effect each land use has independently on the jurisdiction. In other words, it seeks to answer the question, ***"What type of development pays for itself?"***

This type of analysis is used to investigate whether there is an "overburden" in providing public services to commercial and industrial land uses that are not sufficiently being covered by revenues generated by that land use—particularly due to the Fiscal Disparities program. Toward that end, we include in this analysis two scenarios for each case study:

1. With Fiscal Disparities (Current System)
2. Without Fiscal Disparities (Hypothetical Scenario)

For each jurisdiction, TischlerBise evaluated nine land use categories—five residential and four nonresidential land uses. The land use categories are listed below. Demographic factors vary by jurisdiction and are discussed in each jurisdiction’s section of this report. These prototypes are then used to analyze fiscal impacts to the (a) municipality, (b) county, and (c) primary school district.

Residential Land Use

- Single family detached unit: Higher value
- Single family detached unit: Median value
- Single family detached unit: Lower value
- Multifamily/Condo (Homestead) unit
- Apartment unit

Nonresidential Land Use

- Commercial/Retail
- Office
- Industrial
- Institutional (tax exempt)

This study does not intend to be comprehensive or exhaustive identifying overburdens in Metro area municipalities or fiscal impacts if the Fiscal Disparities program were eliminated. This would be impossible even with unlimited time and funding.¹¹ Rather, it is intended to identify the fiscal relationship between land uses and service demands/costs at the main levels of government providing services and infrastructure under the current Fiscal Disparities program and potential fiscal impacts if the program were eliminated.

Cost of Land Use Fiscal Analysis: General Approach

For each case example, cost and revenue factors have been determined based on FY 2011 budgets and additional fiscal research. The analysis is based on **current levels of service**. Current levels of service represent the respective level of government’s (City, County, or School District) current level of spending for services and facilities. That is, assumptions made in the analysis are based on revenue sources, programs, services, requirements, and policies that are in place today (with the exception of the “without Fiscal Disparities Program” scenario where tax rates are adjusted to reflect hypothetical elimination of the program).

The analysis includes General Funds and major Special Funds, both operating and capital, for each level of government evaluated. Enterprise funds are not included in the analysis as they are assumed to be

¹¹ However, on a location-specific level, this could be done as is being done in the City of Anoka (see the GISRDC study) as well as was conducted by TischlerBise in 2000-01.

self-sustaining. Only those revenues and costs **directly attributed** to the land use are assumed with the exception of Fiscal Disparities Program revenue. The approach taken for Fiscal Disparities revenue allocates the distribution levy in the jurisdiction using the factors in the Fiscal Disparities distribution formula—namely market values and population. Therefore, the residential prototypes in this analysis get “revenue credit” for distribution levies in the “With Fiscal Disparities” scenario.

Indirect, or spin-off, impacts are not included. An average cost approach is taken and where appropriate, revenues and costs are allocated to residential development, nonresidential development, or both with proportionate share factors.

As noted, there are two scenarios analyzed: (1) Current with Fiscal Disparities (Current System); and (2) Without Fiscal Disparities (Hypothetical Scenario). In the latter scenario, the tax rates are adjusted to assume the same amount of levy in the respective locality; therefore, for net contributors, the tax rates are assumed to decrease and for net recipients, the tax rates are assumed to increase. However, other revenue sources (such as state funding that may be affected by changes to the Fiscal Disparities program) are **not** adjusted. The concept is to test what would happen to revenue generation by type of land use if the Fiscal Disparities program were to be dismantled and levels of service maintained—without clouding the results with changes to other funding programs.

The Cost of Land Use fiscal impact results for all levels of government are discussed in terms of annual net results for each land use prototype. The figures show net fiscal results by type of land use for residential development and nonresidential development. For residential development, results are shown **per residential unit** and for nonresidential development results are shown **per 1,000 square feet of floor area** in all figures. ***Data points above the \$0 line represent net surpluses; data points below the \$0 line represent net deficits. Where net deficits are shown, one can assume an “overburden” for that particular prototype land use.***

Summary results are provided below for each of the case example jurisdictions for all levels of government.

Summary Results of Cost of Land Use Fiscal Impact Analysis

Results for each case example are presented in total layering each jurisdiction’s results in one chart. For each case example, fiscal impact summary results are shown first with the Fiscal Disparities program followed by fiscal impact summary results without the Fiscal Disparities program. While results are presented in total (combined results from the city, county, and school district), it should be acknowledged that local governments provide services and infrastructure separately. Therefore, a “net surplus” per land use at one level of government (e.g., city, county, schools) does not offset a “net deficit” at another level.

Central City Fiscal Impact Results

Figure 24. CENTRAL CITY Annual Net Fiscal Results: TOTAL Results with Fiscal Disparities

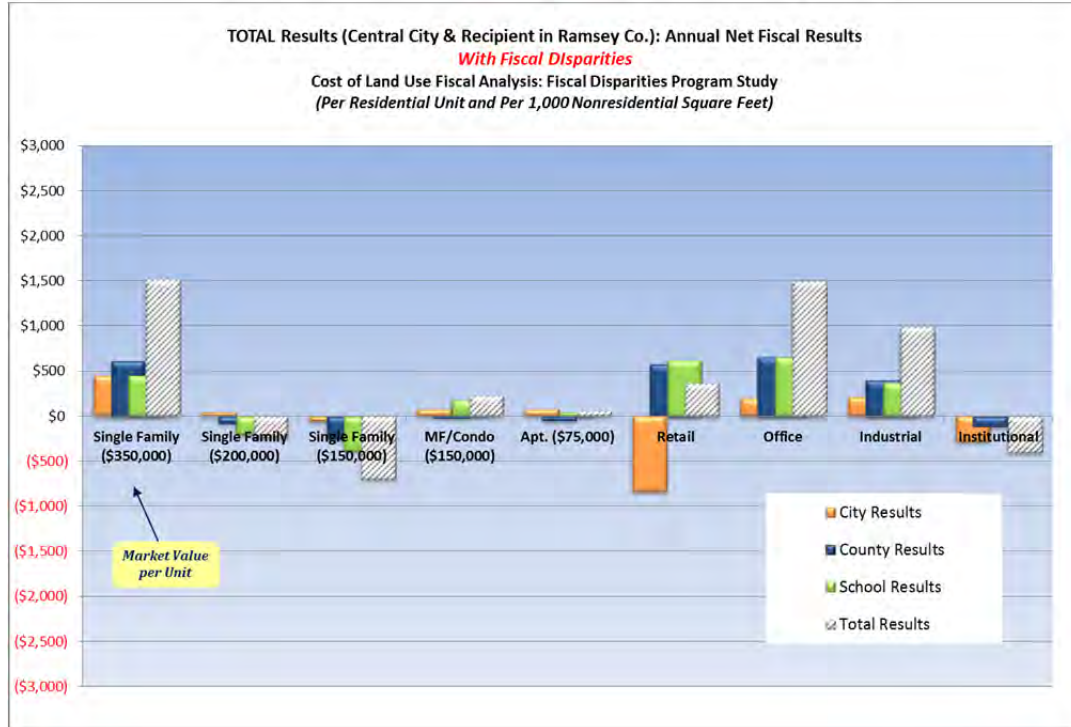
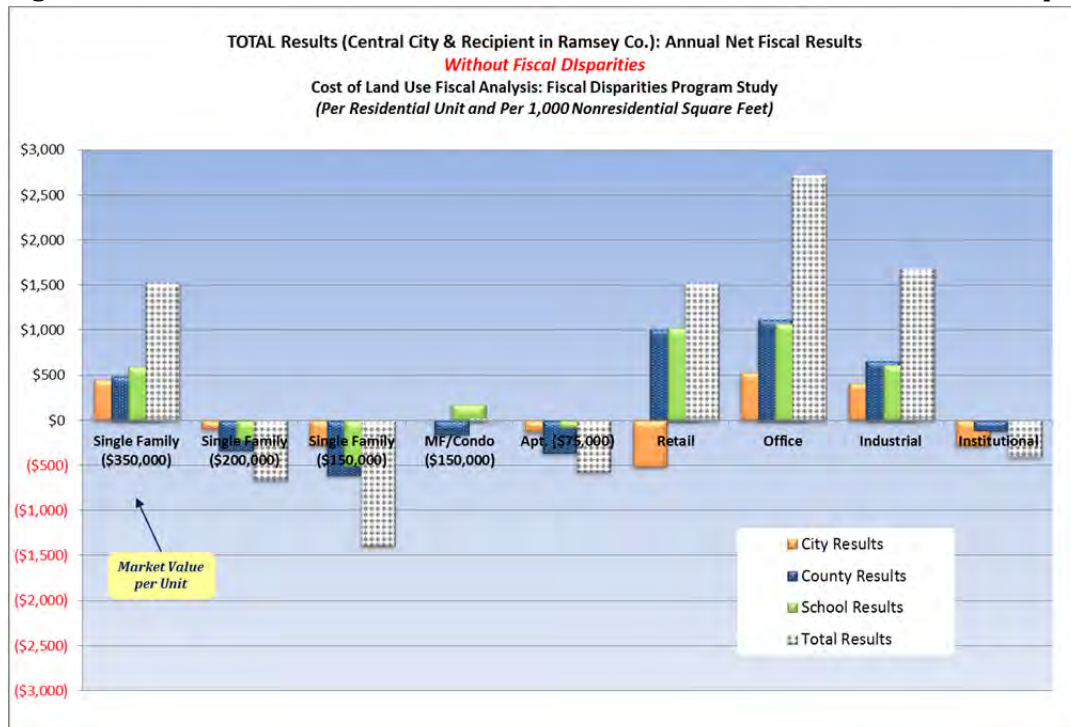


Figure 25. CENTRAL CITY Annual Net Fiscal Results: TOTAL Results without Fiscal Disparities



- With all jurisdictions combined, single family residential prototypes tend to produce net deficits unless the property values are high enough to offset the expenditures. This is true both under the current law—with Fiscal Disparities—and if it were eliminated. At the City government level, however, results for all residential prototypes under the current system are net surpluses or small net deficits, due to non-local revenues.
- For multifamily units, the results are worse with Fiscal Disparities eliminated—costs are assumed to remain the same but less revenue is allocated to these units due to loss of Fiscal Disparities revenue allocated to these units with a tax rate increase that does not cover the shortfall.
- For all nonresidential land uses except institutional uses, the overall fiscal impact is positive. The combined result is that there does not appear to be an “overburden” in total to serve these land uses (based on the prototype land use assumptions in this analysis). The results are better per nonresidential prototype without the program because more direct revenue is allocated to these land uses. Results vary by type of jurisdiction where service impacts are experienced, specifically for retail land uses where a net deficit (overburden) is generated at the city level but not at other governmental unit levels under both scenarios. Institutional uses generate a net deficit at all levels.

Developed City Fiscal Impact Results

Figure 26.DEVELOPED CITY Annual Net Fiscal Results: TOTAL Results with Fiscal Disparities

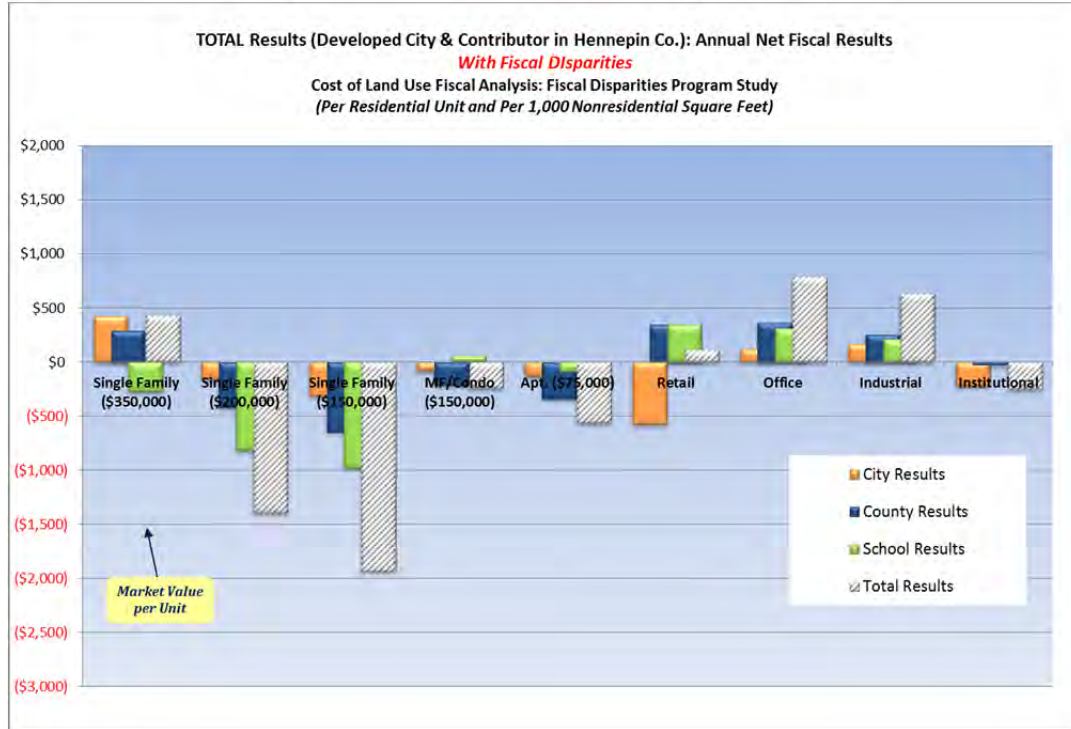
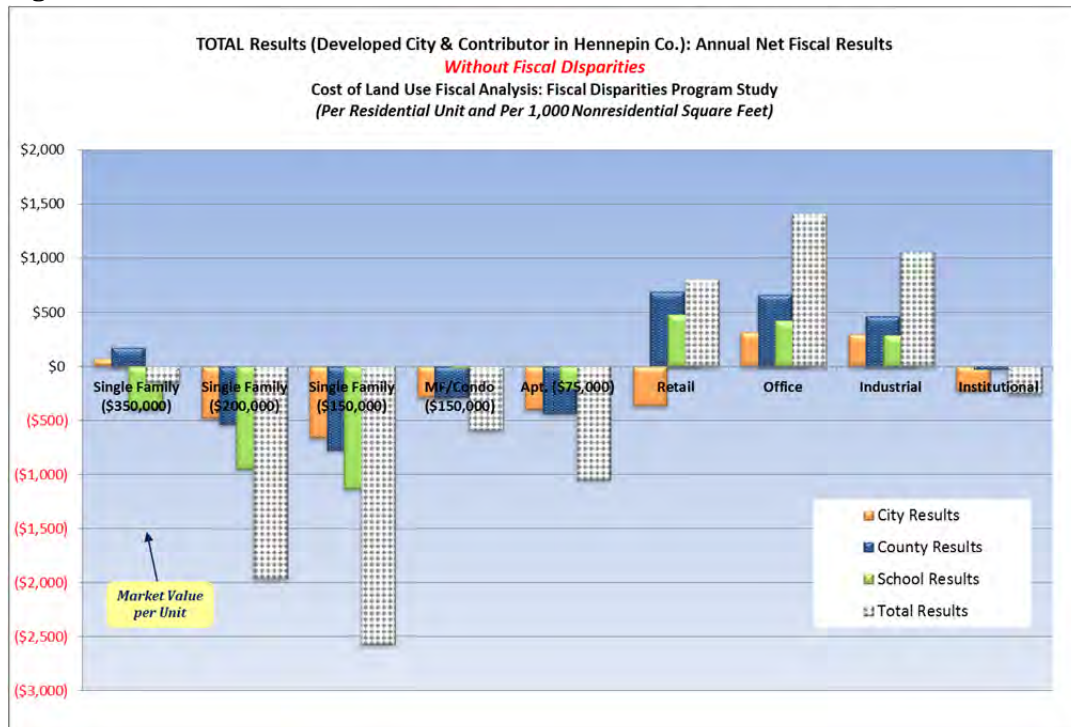


Figure 27.DEVELOPED CITY Annual Net Fiscal Results: TOTAL Results without Fiscal Disparities



- With all jurisdictions combined, all single family residential prototypes produce net deficits, except for single family detached units of higher value under the current taxing system. Multifamily (condo homestead) units generate the smallest overall net deficit due to a smaller relative household size and number of students per unit.
- For residential development, overall fiscal results are essentially the same (i.e., net deficits) under the current law—with Fiscal Disparities—and without it. The magnitude of the net deficits is greater assuming elimination of the program due to a lower property tax rate in this net contributor city. The exception is a single family unit of higher value, which switches from a net surplus to a net deficit under the scenario eliminating the program due to lower property taxes.
- All nonresidential land use prototypes produce net surpluses in total, with the exception of institutional uses. The combined result is that there does not appear to be an “overburden” in total to serve these prototype land uses. Results vary by jurisdiction level with retail as an overburden to the city, but not the other levels of government. All other nonresidential prototype land uses cover their respective costs.
- The results are better per nonresidential prototype without the Fiscal Disparities program because more direct revenue is allocated to these land uses, even with the lowered tax rate. And as discussed above, results vary by jurisdiction level where service impacts are experienced, specifically for retail land uses. At the city level, retail still generates a net deficit (an “overburden”) even with elimination of the program.

Developing City Fiscal Impact Results

Figure 28. DEVELOPING CITY Annual Net Fiscal Results: TOTAL Results with Fiscal Disparities

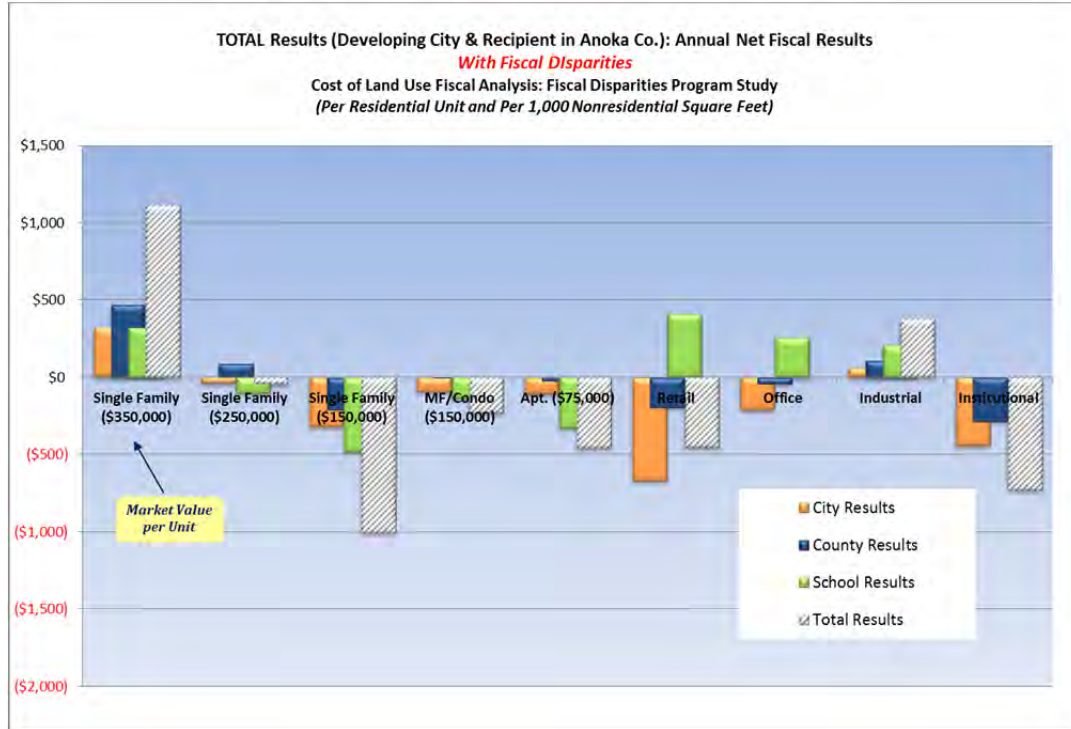
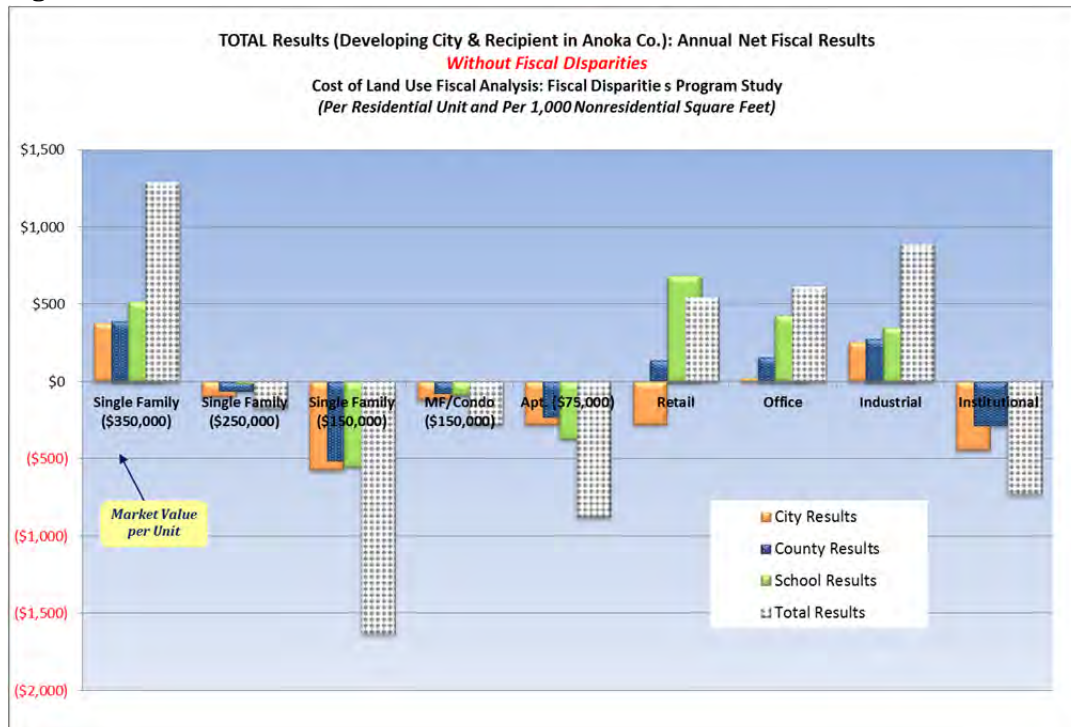


Figure 29. DEVELOPING CITY Annual Net Fiscal Results: TOTAL Results without Fiscal Disparities



- With all jurisdictions combined, all single family residential prototypes produce net deficits, except for single family detached units of higher value under both tax system assumptions. For all residential land uses—single family median and lower value units, multifamily/condo, and apartment—revenues at each level of government are insufficient to cover costs. (The only exception is single family median value units at the county level under the current system.) Even with Fiscal Disparities allocation to residential land uses, net deficits are generated.
- For residential units without the Fiscal Disparities program, net deficits are deepened—and generated at all levels of government (with the exception of higher value single family units). The increase in tax rates is not sufficient to cover the loss in Fiscal Disparities revenue.
- For nonresidential prototype land uses under the current tax system, only industrial land uses generate net surpluses. The remaining nonresidential prototypes generate net deficits (office and institutional)—an overburden, or break even (office). (For school district results, the result for nonresidential land uses are a net surplus due to revenues generated but no direct costs.)
- For nonresidential land uses without the Fiscal Disparities program, combined results produce net surpluses, with the exception of institutional uses. The amount of direct revenue captured by these land uses is sufficient to cover the projected expenditures, due to both the direct capture of tax base and the tax rate increase needed to generate the same levy.
- The combined result is that there appears to be an “overburden” under the current system when looking at individual nonresidential land use prototypes for this community, specifically with retail and office to a certain extent. This is true even though this community is a net recipient. Industrial land uses cover their respective costs. When the program is assumed to be eliminated, tax rates are assumed to increase in this community and more revenue is captured by the nonresidential development. Therefore, fiscal results improve and switch from an overall net deficit to net surplus for nonresidential land uses (except institutional). However, results vary by jurisdiction level where service impacts are experienced (i.e., city results for retail remain an overburden).

Rural Area Fiscal Impact Results

Figure 30. RURAL AREA Annual Net Fiscal Results: TOTAL Results with Fiscal Disparities

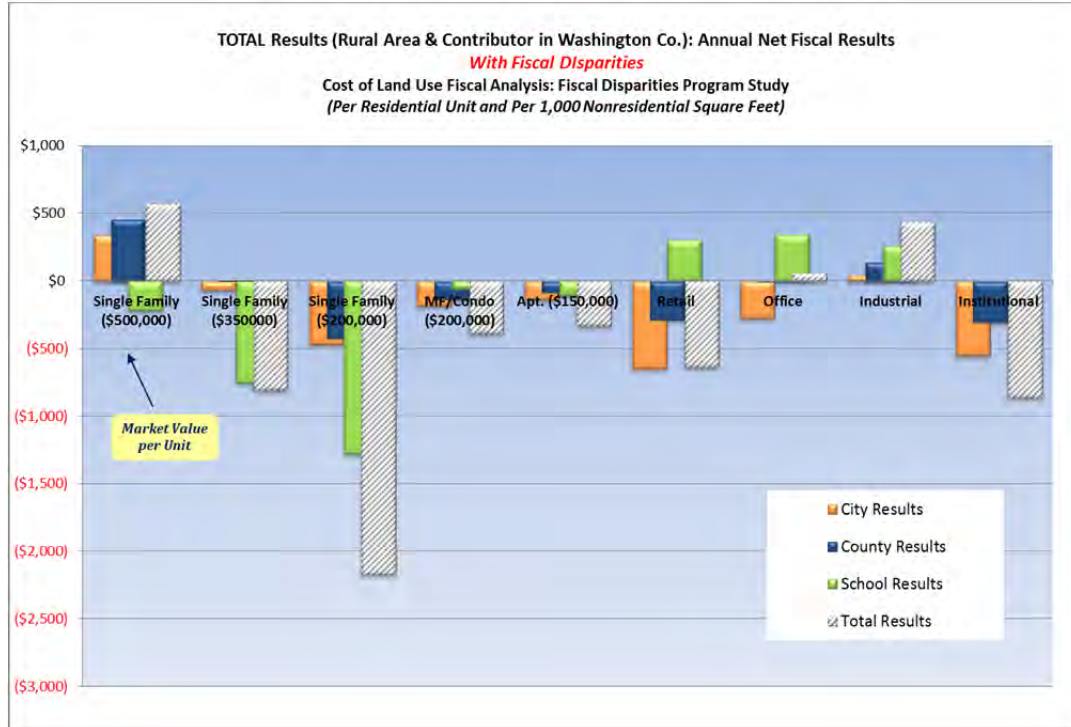
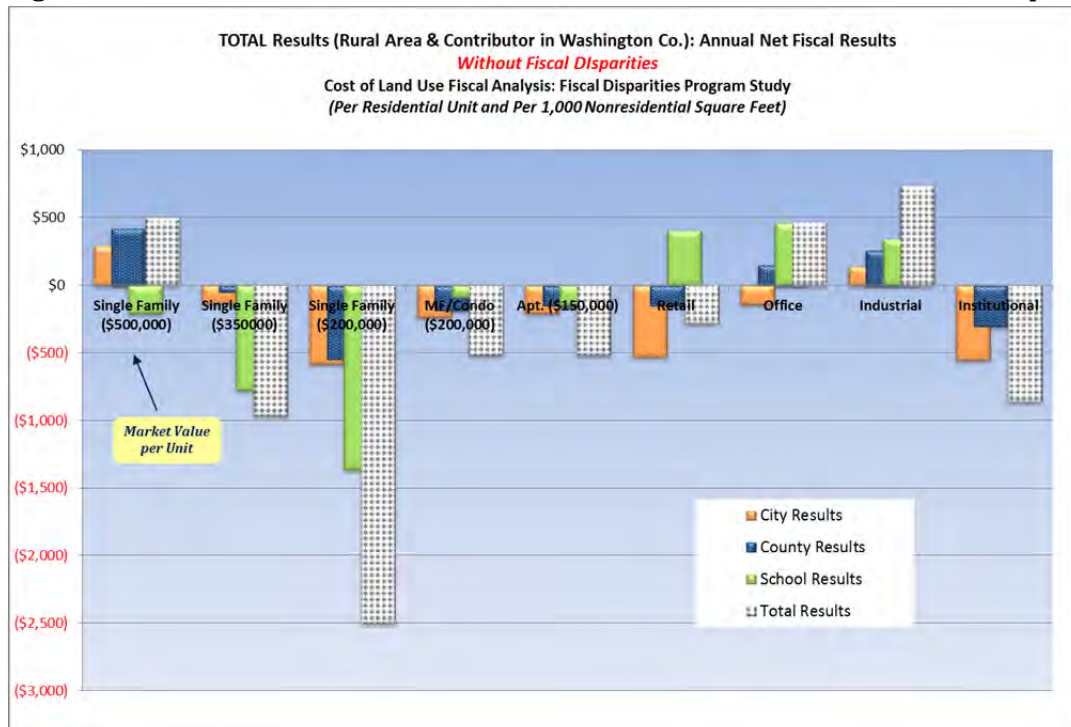


Figure 31. RURAL AREA Annual Net Fiscal Results: TOTAL Results without Fiscal Disparities



- With all jurisdictions combined, most single family residential prototypes produce net deficits with the exception of single family detached units of higher value under both the current taxing system and if Fiscal Disparities were eliminated.
- Under the current system with Fiscal Disparities combined for all jurisdictions, office and industrial generate net surpluses with retail and institutional generating net deficits. Retail generates net deficits at both the city and county level and office generates a net deficit at the city level.
- Overall findings are essentially the same under the current law—with Fiscal Disparities—and if it were eliminated. That is, whether a land use produces a net deficit or net surplus is unaffected by removal of the Fiscal Disparities program. What is affected is the magnitude of the deficit or surplus. Residential net deficits get larger, due to the removal of Fiscal Disparities revenue allocation and a decreased tax rate since this community is a net contributor.
- For nonresidential land use prototypes, the overall result is larger net surpluses for office and industrial, due to more direct revenue captured. The retail land use is still a net deficit—an overburden, even with more direct property tax revenues captured.
- For nonresidential land uses except retail and institutional uses, the overall fiscal impact is a net surplus, indicating that there is not an “overburden” in total to serve these land uses. However, for retail (and institutional) land uses, there appears to be an overburden in total. Results vary by jurisdiction level where service impacts are experienced.

POLICY CONSIDERATIONS

The report concludes with a discussion of policy considerations, including criticisms, issues, and praise for the Fiscal Disparities program.

Key Issues

- *Impact of the current economic downturn on localities.* With the current economic downturn and local government budgetary stress, a prominent issue is that with a portion of a locality's tax capacity going to a shared pool, net contributors are not receiving the full revenue from their property tax base.
- *Expansion of the Program to additional, outlying jurisdictions.* Suggestions have been made to expand the program to outlying Minnesota counties, which are now considered part of the regional labor market.
- *Inclusion of residential tax base in the program.* Some have called for adding "high-end" residential tax base to the Program. Expansion of the program to include residential homestead properties over \$200,000 was proposed and passed in the Minnesota Legislature in 1995 but vetoed by the Governor.
- *Adjusting the 40 percent contribution.* It has been noted in the literature that the 40 percent share is arbitrary and it has not been proven if this is the threshold after which a commercial/industrial property "pays for itself" locally in terms of revenues generated and costs incurred. As discussed in this report, this depends on the level of government and the type of commercial/industrial property.
- *Allowing for exclusions of certain "regional benefit" properties that generate high costs and serve as regional economic engines (e.g., the Mall of America).* This was attempted recently in 2007-08 when the Mall of America requested exemption from the tax-base sharing pool for its expansion. The proposal was defeated, but opened discussion and attention on the issue surrounding properties of regional benefit and how they relate to the Fiscal Disparities Program.
- *Adjusting the assessment level.* Each jurisdiction assesses property under its own assessment system allowing for some variation in assessment levels. Therefore, the contribution from each taxing jurisdiction is based on the locally derived assessment, thus creating "an apparent

inequity and discourages assessors from raising assessment levels in their jurisdictions.”¹² However, a number of administrative challenges to address this issue have been identified.

- *Eliminating the exemptions.* Property at the Minneapolis-St. Paul Airport is exempt from fiscal disparities contributions. While the Airport may seem a likely candidate for inclusion in the program, eliminating the exemption would be problematic since it would contribute to the pool but would not receive any distribution under the current population-based formula.¹³
- *Eliminating the 1971 base value subtraction.* The argument here is that the 1971 starting point “discriminates against those areas that have experienced most of their development since 1971.”¹⁴ Related to this is the concept that the areawide pool reflects 40 percent of total C/I valuation from 1971 including increases due to growth and inflation. It has been argued that only net new growth should be included based on the logic that development is able to occur because of regional investment (e.g., roads, sewers) and therefore the formula would be more reflective of the program’s goals. The counterargument to this is that the law allows for a regional balance among properties that increase in value and those that decline.
- *Including a spending need component to the formula, rather than purely tax-base driven.* As discussed in this report, this aspect of the Program is widely discussed. The argument being that spending needs of jurisdictions vary and tax base is not necessarily a good predictor of those needs. Hinze and Baker note the inherent challenges to altering the formula to account for this are both political and technical.
- *Stability of the Program.* It has been noted on several occasions that the program is seen as stable and not subject to a political process. This is seen as both an advantage and a disadvantage. An advantage in that it occurs as a matter of course and allows for relative stability in local funding availability. On the other hand, its legacy as a program from the 1970s that has not been modified and is not part of any political process leads to some criticism.
- *Long-term impact.* Another point made by stakeholders consulted for this study is the rapidly developing areas (“younger communities”) may be experiencing an increase in commercial/industrial growth relative to population growth and therefore may be a net contributor. As these communities mature and begin to buildout, they may remain net contributors but at a smaller margin or may see decline in value causing a transition to net recipient status. This changed status allows for additional resources to make up the shortfall and potentially support redevelopment efforts, which over time may transition the community back to net contributor status.

¹²Hinze and Baker, 2005, p., 31.

¹³Id., p. 32

¹⁴Id., p., 32.

Overburden

The overburden question has different answers depending on the unit of government. For some levels of government, as evaluated in this study, certain land uses do not cover their costs when looking at them as discrete land uses. For example, retail development does not generate sufficient direct revenues to cover its direct costs at the city level both with and without the Fiscal Disparities Program for both net contributors and net recipients. For other levels of government, the result for retail development is flipped. The overburden question depends not only on the level of government, but the locality itself. Levels of service, tolerance for tax increases, and the types of services provided are all contributing factors. It is interesting to note, however, that the Local Government Aid (LGA) formula includes a service “needs” component.

Another related point is the changes in school funding over the 40-year history of the program. While school funding is complex and an analysis of its relationship to Fiscal Disparities is beyond the scope of this study, one point made is that at the inception of the Fiscal Disparities program, the majority of funding for schools was from local property taxes. Therefore, those localities with high property tax wealth were able to more easily fund school operating and capital needs, and in particular, those communities with a large nonresidential tax base would be in a much better fiscal position. Critics note that because school funding has shifted from primarily being funded from local sources to state sources that the need for redistribution of the commercial/industrial tax base is less important today than it was prior to that shift.

Business Location Decisions

Business location decisions are driven by a range of factors first driven by the type of industry or business (e.g., manufacturers have different location needs than retail) as well as size of the firm, location decision stage, stage of firm life cycle, and economic environment.

Because there are so many interrelated variables in a site selection process, it is not feasible to isolate any one element for purposes of this study. Even if this were done as an academic exercise, the reality in a region like the Twin Cities is that other qualitative factors unique to each locality are likely to influence the decision and not be quantifiable. A recent report by the Itasca Project identified several strengths and weaknesses of the Minneapolis-St. Paul region related to business location decisions. Among the findings is a discussion of tax structure, and the region’s high relative tax burden when compared nationally and the disadvantage this puts the Metro region when competing nationally and internationally for business locations and relocations. However, the focus of their tax discussion is primarily on state and federal taxes, which according to the report already puts the region at a relative disadvantage even before adding the local tax burden.¹⁵

¹⁵ Itasca Project, “Charting a New Course: Restoring Job Growth in the Minneapolis-St. Paul Region,” April 2010.

In discussions with representatives from the regional business community, the Fiscal Disparities program does not appear to be a factor in development or relocation decisions. However, it is not possible to determine whether this is due to the very existence of the program—that is, if there were more disparity in tax rates among jurisdictions in the region, perhaps it would be a pronounced factor in location decisions.

However, one common theme from the business community is opposition to “raiding” the revenue generated by the program for specific purposes. The general concern is that if revenues were diverted from the pool, localities would need to fill the gap left by this reallocation of funds and would potentially raise taxes on local businesses.

Influence on Development Activity

The desire from a local perspective for commercial and industrial development is often driven by other factors in addition to an expansion of the tax base. Other reasons include:

- “Placemaking”—providing a gathering place for community with retail, entertainment, and cultural options (promoting a “Creative Culture”),
- Creating jobs where people live in mixed-use communities, which allows for reduced commuting times and a greater attachment to community,
- Creating jobs for purposes of “bragging” rights, particularly in this era of prolonged economic downturn and joblessness, and
- Enhancing the overall quality of life through all of the above.

Related to this phenomenon is a statement from Myron Orfield that the Fiscal Disparities program “reduces the incentives for communities to compete for tax base, because they do not keep all of the resulting revenues. On the other hand, because localities retain enough of the tax base to cover the costs of growth, the incentive is not so strong that local areas will be unwilling to allow new development.”¹⁶ There does not appear to be a clear-cut answer to this assumption, particularly in a seven-county region with almost 200 municipalities. NAIOP in its “Fiscal Disparities Task Force Report” notes the following:

*Among the unforeseen consequences of fiscal disparities is its influence on land use and development decisions by local government officials. Fiscal disparities may lead communities to focus their efforts on new and higher valued residential development (which is not required to contribute to the fiscal disparities pool), while viewing fiscal disparities as a disincentive to expanding their own local C-I tax base.*¹⁷

¹⁶Orfield, 2009, p. 38.

¹⁷NAIOP, 2007.

That said, tax increment financing (TIF) is used throughout the region to encourage development projects—both nonresidential and residential development with many of the projects appearing to be driven by the “quality of life” factors identified above. While it has been mentioned that most significant development projects in the Twin Cities Metro region include a TIF district, the share of TIF net tax capacity over the past 15 years has remained at 4 to 7 percent of total tax capacity in the region. What is more, a State Auditor’s report on TIF districts (evaluating 2009 data) found that from 2005-2009, the number of districts certified decreased by 43 percent. The Auditor’s study also found that in 2009, 34 percent of the number of TIF districts were in the Metro Area and 66 percent were located in Greater Minnesota, but the amount of tax increment revenue was predominantly generated in the Metro Area at 83 percent.¹⁸

Regional Services

From our discussions with communities, another theme that emerged is the notion of “regional services” that may or may not be universally thought of as services. Examples include provision of housing (i.e., serving as a bedroom community for nearby employment centers); protection of wetlands; and provision of institutional (tax-exempt) properties such as schools and hospitals. The relation to Fiscal Disparities is that the existence of the program allows these communities to provide these “services” without placing an undue burden on its residents or its limited nonresidential tax base. By extension, an argument is that the existence of these services—and the variety of types of communities in the region—makes the region in whole more competitive.

Related to the idea of provision of regional services is the notion of “generational equity.” Growth has occurred in the Metro region since the inception of the Fiscal Disparities program under the assumption that the program would be in place in the future. That is, perhaps localities did not aggressively pursue commercial/industrial development for a variety of reasons not the least of which was the “protection” of the Fiscal Disparities program.

Program Execution

Finally, a criticism of the program is the manner in which the areawide tax is conveyed to a commercial/industrial property owner on his/her tax statement. A commercial/industrial tax bill lists “Fiscal Disparity” under the Special Taxing Districts heading, and typically comprises a large portion of the overall tax burden. The argument is that by virtue of the way the tax is listed implies that if the program were eliminated, property owners would not pay that tax amount. In reality, if the program did not exist, taxes would be paid to the other taxing jurisdictions and depending on status as a recipient or contributor, the overall amount of taxes paid by the individual property owner would likely be only marginally lower or higher.

¹⁸Office of the State Auditor, “Tax Increment Financing Legislative Report,” January 26, 2011.

PAY 2011 METRO AVERAGE TAX RATE BY MUNICIPALITY
STUDY OF THE METROPOLITAN AREA FISCAL DISPARITIES PROGRAM
TischlerBise and MN Dept. of Revenue

County	Municipality	Current Law ave county rate	Current Law ave muni rate	Current Law ave school rate	Current Law ave specials rate	Current Law ave TOTAL RATE	No FD ave county rate	No FD ave muni rate	No FD ave school rate	No FD ave specials rate	No FD ave TOTAL RATE	Increase/ Decrease without Fiscal Disparities
Anoka	ANDOVER CITY OF	40.31%	38.50%	18.22%	6.00%	103.03%	42.13%	44.35%	26.12%	6.23%	118.83%	15.80%
Anoka	ANOKA CITY OF	40.31%	42.98%	17.59%	6.00%	106.88%	42.13%	46.80%	25.66%	6.23%	120.82%	13.94%
Anoka	BETHEL CITY OF	40.31%	61.77%	26.63%	6.00%	134.70%	42.13%	73.63%	32.48%	6.23%	154.47%	19.77%
Anoka	BLAINE CITY OF	40.45%	32.75%	26.01%	6.03%	105.25%	42.33%	31.96%	30.57%	6.28%	111.13%	5.88%
Anoka	CENTERVILLE CITY OF	40.31%	58.63%	40.44%	6.00%	145.37%	42.13%	64.51%	45.17%	6.23%	158.05%	12.67%
Anoka	CIRCLE PINES CITY OF	40.31%	51.51%	40.44%	6.00%	138.25%	42.13%	63.66%	45.17%	6.23%	157.19%	18.94%
Anoka	COLUMBIA HEIGHTS CITY OF	37.49%	61.88%	14.06%	6.00%	119.43%	39.18%	75.07%	22.52%	6.23%	143.00%	23.57%
Anoka	COLUMBUS CITY OF	40.31%	37.97%	13.93%	6.00%	98.21%	42.13%	35.53%	15.30%	6.23%	99.19%	0.98%
Anoka	COON RAPIDS CITY OF	40.31%	38.99%	17.59%	6.00%	102.89%	42.13%	41.10%	25.66%	6.23%	115.12%	12.23%
Anoka	EAST BETHEL CITY OF	40.31%	43.84%	24.74%	6.00%	114.89%	42.13%	50.43%	30.02%	6.23%	128.81%	13.92%
Anoka	FRIDLEY CITY OF	40.31%	36.62%	29.52%	6.00%	112.45%	42.13%	33.62%	33.99%	6.23%	115.97%	3.53%
Anoka	HAM LAKE CITY OF	40.31%	25.76%	17.35%	6.00%	89.41%	42.13%	26.60%	25.00%	6.23%	99.96%	10.55%
Anoka	HILLTOP CITY OF	40.31%	98.53%	14.06%	6.00%	158.90%	42.13%	178.71%	22.52%	6.23%	249.59%	90.68%
Anoka	LEXINGTON CITY OF	40.31%	56.14%	40.44%	6.00%	142.88%	42.13%	65.30%	45.17%	6.23%	158.83%	15.95%
Anoka	LINO LAKES CITY OF	40.40%	42.10%	32.85%	6.01%	121.35%	42.22%	44.39%	36.04%	6.24%	128.89%	7.53%
Anoka	LINWOOD TOWN OF	40.31%	30.14%	13.94%	6.00%	90.38%	42.13%	34.02%	15.31%	6.23%	97.69%	7.31%
Anoka	NOWTHEN CITY OF	40.31%	22.16%	30.93%	6.00%	99.40%	42.13%	23.67%	34.53%	6.23%	106.56%	7.16%
Anoka	OAK GROVE CITY OF	40.31%	36.31%	26.47%	6.00%	109.09%	42.13%	40.63%	32.37%	6.23%	121.35%	12.26%
Anoka	RAMSEY CITY OF	40.31%	39.81%	20.79%	6.00%	106.91%	42.13%	41.68%	27.47%	6.23%	117.51%	10.61%
Anoka	SPRING LAKE PARK CITY OF	40.69%	54.89%	31.09%	6.08%	132.75%	42.45%	59.69%	30.80%	6.30%	139.24%	6.48%
Anoka	ST FRANCIS CITY OF	40.31%	47.23%	26.63%	6.00%	120.17%	42.13%	57.58%	32.49%	6.23%	138.43%	18.26%
Carver	BENTON TOWN OF	41.69%	14.74%	16.76%	5.48%	78.66%	42.18%	15.06%	19.68%	5.60%	82.52%	3.86%
Carver	CAMDEN TOWN OF	41.69%	24.77%	22.40%	5.48%	94.33%	42.18%	25.87%	24.83%	5.60%	98.48%	4.15%
Carver	CARVER CITY OF	41.69%	48.04%	38.14%	5.48%	133.35%	42.18%	52.79%	39.07%	5.60%	139.64%	6.29%
Carver	CHANHASSEN CITY OF	41.78%	26.57%	32.24%	5.58%	106.17%	42.23%	25.12%	33.49%	5.75%	106.59%	0.43%
Carver	CHASKA CITY OF	41.69%	23.19%	38.14%	5.48%	108.49%	42.18%	23.40%	39.07%	5.60%	110.25%	1.76%
Carver	COLOGNE CITY OF	41.69%	61.83%	15.61%	5.48%	124.60%	42.18%	65.99%	18.70%	5.60%	132.48%	7.88%
Carver	DAHLGREN TOWN OF	41.69%	15.36%	35.93%	5.48%	98.45%	42.18%	15.18%	37.00%	5.60%	99.96%	1.51%
Carver	HAMBURG CITY OF	41.69%	98.40%	15.61%	5.48%	161.18%	42.18%	135.10%	18.70%	5.60%	201.58%	40.40%

For this simulation special taxing districts were spread countywide, so special district rates do not match actual rates for each municipality.

<i>County</i>	<i>Municipality</i>	<i>Current Law ave county rate</i>	<i>Current Law ave muni rate</i>	<i>Current Law ave school rate</i>	<i>Current Law ave specials rate</i>	<i>Current Law ave TOTAL RATE</i>	<i>No FD ave county rate</i>	<i>No FD ave muni rate</i>	<i>No FD ave school rate</i>	<i>No FD ave specials rate</i>	<i>No FD ave TOTAL RATE</i>	<i>Increase/ Decrease without Fiscal Disparities</i>
Carver	HANCOCK TOWN OF	41.69%	14.09%	22.44%	5.48%	83.69%	42.18%	14.86%	26.53%	5.60%	89.17%	5.48%
Carver	HOLLYWOOD TOWN OF	41.69%	12.42%	36.06%	5.48%	95.64%	42.18%	12.86%	41.25%	5.60%	101.89%	6.25%
Carver	LAKETOWN TOWN OF	41.69%	15.72%	32.53%	5.48%	95.41%	42.18%	16.31%	33.63%	5.60%	97.73%	2.32%
Carver	MAYER CITY OF	41.69%	59.44%	36.68%	5.48%	143.28%	42.18%	72.16%	42.34%	5.60%	162.28%	19.00%
Carver	NEW GERMANY CITY OF	41.69%	62.06%	29.87%	5.48%	139.09%	42.18%	67.78%	31.06%	5.60%	146.62%	7.52%
Carver	NORWOOD YOUNG AMERICA CIT	41.69%	48.60%	15.61%	5.48%	111.37%	42.18%	57.57%	18.70%	5.60%	124.06%	12.68%
Carver	SAN FRANCISCO TOWN OF	41.69%	19.68%	37.50%	5.48%	104.34%	42.18%	20.73%	41.33%	5.60%	109.84%	5.50%
Carver	VICTORIA CITY OF	41.69%	37.12%	34.51%	5.48%	118.79%	42.18%	38.39%	35.49%	5.60%	121.66%	2.86%
Carver	WACONIA CITY OF	41.69%	41.76%	29.87%	5.48%	118.80%	42.18%	41.05%	31.06%	5.60%	119.89%	1.09%
Carver	WACONIA TOWN OF	41.69%	8.92%	29.54%	5.48%	85.62%	42.18%	9.10%	31.02%	5.60%	87.90%	2.28%
Carver	WATERTOWN CITY OF	41.69%	46.00%	36.68%	5.48%	129.84%	42.18%	56.80%	42.34%	5.60%	146.92%	17.08%
Carver	WATERTOWN TOWN OF	41.69%	14.58%	35.51%	5.48%	97.25%	42.18%	14.50%	40.10%	5.60%	102.38%	5.13%
Carver	YOUNG AMERICA TOWN OF	41.69%	20.08%	15.48%	5.48%	82.72%	42.18%	20.73%	18.51%	5.60%	87.03%	4.30%
Dakota	APPLE VALLEY CITY OF	29.20%	42.39%	23.59%	5.28%	100.46%	29.34%	44.25%	27.54%	5.26%	106.39%	5.93%
Dakota	BURNSVILLE CITY OF	29.20%	42.57%	20.19%	5.28%	97.25%	29.34%	40.56%	23.33%	5.26%	98.49%	1.25%
Dakota	CASTLE ROCK TOWN OF	29.20%	13.18%	43.53%	5.28%	91.20%	29.34%	13.48%	49.89%	5.26%	97.96%	6.77%
Dakota	COATES CITY OF	29.20%	14.42%	23.65%	5.28%	72.56%	29.34%	13.41%	27.60%	5.26%	75.61%	3.05%
Dakota	DOUGLAS TOWN OF	29.20%	15.31%	18.89%	5.28%	68.68%	29.34%	15.76%	22.90%	5.26%	73.26%	4.59%
Dakota	EAGAN CITY OF	29.20%	33.81%	21.84%	5.28%	90.14%	29.34%	31.31%	24.00%	5.26%	89.90%	-0.23%
Dakota	EMPIRE TOWN OF	29.20%	27.89%	44.88%	5.28%	107.25%	29.34%	28.79%	51.52%	5.26%	114.91%	7.66%
Dakota	EUREKA TOWN OF	29.20%	16.95%	36.81%	5.28%	88.24%	29.34%	16.97%	41.46%	5.26%	93.03%	4.79%
Dakota	FARMINGTON CITY OF	29.20%	55.73%	49.80%	5.28%	140.01%	29.34%	61.40%	57.92%	5.26%	153.92%	13.91%
Dakota	GREENVALE TOWN OF	29.20%	12.57%	31.40%	5.28%	78.45%	29.34%	12.53%	31.52%	5.26%	78.65%	0.19%
Dakota	HAMPTON CITY OF	29.20%	34.77%	18.06%	5.28%	87.32%	29.34%	43.02%	23.92%	5.26%	101.54%	14.22%
Dakota	HAMPTON TOWN OF	29.20%	17.85%	19.38%	5.28%	71.72%	29.34%	18.23%	22.31%	5.26%	75.14%	3.42%
Dakota	HASTINGS CITY OF	29.20%	55.19%	18.04%	5.28%	107.72%	29.34%	61.84%	23.97%	5.27%	120.41%	12.70%
Dakota	INVER GROVE HT CITY	29.20%	43.59%	22.40%	5.28%	100.47%	29.34%	45.24%	25.05%	5.26%	104.89%	4.42%
Dakota	LAKEVILLE CITY OF	29.20%	38.27%	30.79%	5.28%	103.54%	29.34%	39.31%	34.08%	5.26%	107.99%	4.44%
Dakota	LILYDALE CITY OF	29.20%	30.88%	18.77%	5.28%	84.13%	29.34%	29.68%	17.52%	5.26%	81.80%	-2.33%
Dakota	MARSHAN TOWN OF	29.20%	13.86%	18.04%	5.28%	66.38%	29.34%	13.91%	23.97%	5.26%	72.48%	6.10%
Dakota	MENDOTA CITY OF	29.20%	45.86%	18.77%	5.28%	99.11%	29.34%	42.42%	17.52%	5.26%	94.54%	-4.57%
Dakota	MENDOTA HEIGHTS CITY OF	29.20%	29.92%	18.77%	5.28%	83.17%	29.34%	27.40%	17.52%	5.26%	79.53%	-3.64%

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<i>County</i>	<i>Municipality</i>	<i>Current Law ave county rate</i>	<i>Current Law ave muni rate</i>	<i>Current Law ave school rate</i>	<i>Current Law ave specials rate</i>	<i>Current Law ave TOTAL RATE</i>	<i>No FD ave county rate</i>	<i>No FD ave muni rate</i>	<i>No FD ave school rate</i>	<i>No FD ave specials rate</i>	<i>No FD ave TOTAL RATE</i>	<i>Increase/ Decrease without Fiscal Disparities</i>
Dakota	MIESVILLE CITY OF	29.20%	27.22%	18.04%	5.28%	79.74%	29.34%	28.82%	23.97%	5.26%	87.39%	7.65%
Dakota	NEW TRIER CITY OF	29.20%	47.89%	18.04%	5.28%	100.42%	29.34%	66.77%	23.97%	5.26%	125.34%	24.93%
Dakota	NININGER TOWN OF	29.20%	14.26%	18.04%	5.28%	66.78%	29.34%	14.58%	23.97%	5.26%	73.15%	6.37%
Dakota	RANDOLPH CITY OF	29.20%	25.07%	19.53%	5.28%	79.09%	29.34%	27.58%	20.59%	5.26%	82.77%	3.68%
Dakota	RANDOLPH TOWN OF	29.20%	5.58%	19.55%	5.28%	59.61%	29.34%	5.51%	20.60%	5.26%	60.70%	1.10%
Dakota	RAVENNA TOWN OF	29.20%	13.75%	18.04%	5.28%	66.28%	29.34%	15.58%	23.97%	5.26%	74.15%	7.87%
Dakota	ROSEMOUNT CITY OF	29.20%	44.64%	23.54%	5.28%	102.66%	29.34%	45.59%	27.30%	5.26%	107.49%	4.82%
Dakota	SCIOTA TOWN OF	29.20%	17.02%	22.67%	5.28%	74.17%	29.34%	17.40%	23.41%	5.26%	75.41%	1.23%
Dakota	SOUTH ST PAUL CITY OF	26.49%	50.47%	25.03%	5.28%	107.27%	26.61%	58.09%	36.91%	5.26%	126.87%	19.60%
Dakota	SUNFISH LAKE CITY OF	29.20%	20.67%	18.77%	5.28%	73.92%	29.34%	20.67%	17.52%	5.26%	72.79%	-1.13%
Dakota	VERMILLION CITY OF	29.20%	40.86%	18.04%	5.28%	93.39%	29.34%	48.20%	23.97%	5.26%	106.77%	13.38%
Dakota	VERMILLION TOWN OF	29.20%	17.57%	25.19%	5.28%	77.25%	29.34%	18.35%	31.44%	5.26%	84.39%	7.14%
Dakota	WATERFORD TOWN OF	29.20%	11.26%	30.17%	5.28%	75.91%	29.34%	11.07%	30.43%	5.26%	76.10%	0.18%
Dakota	WEST ST PAUL CITY OF	29.20%	56.07%	18.77%	5.28%	109.32%	29.34%	58.90%	17.52%	5.26%	111.03%	1.71%
Hennepin	BLOOMINGTON CITY OF	45.71%	41.00%	20.11%	10.26%	117.08%	43.65%	34.01%	18.22%	9.76%	105.64%	-11.44%
Hennepin	BROOKLYN CENTER CITY OF	45.71%	57.17%	29.68%	10.26%	142.82%	43.65%	67.98%	36.97%	9.76%	158.36%	15.55%
Hennepin	BROOKLYN PARK CITY OF	45.71%	50.22%	20.67%	10.26%	126.86%	43.65%	52.67%	24.60%	9.76%	130.68%	3.82%
Hennepin	CHAMPLIN CITY OF	45.71%	39.20%	17.59%	10.26%	112.76%	43.65%	43.50%	25.66%	9.76%	122.57%	9.82%
Hennepin	CORCORAN CITY OF	45.71%	37.13%	31.61%	10.26%	124.71%	43.65%	37.81%	31.86%	9.76%	123.08%	-1.62%
Hennepin	CRYSTAL CITY OF	45.71%	47.33%	30.46%	10.26%	133.76%	43.65%	54.59%	36.14%	9.76%	144.14%	10.38%
Hennepin	DAYTON CITY OF	45.63%	48.60%	22.72%	10.16%	127.11%	43.61%	49.12%	27.94%	9.67%	130.34%	3.23%
Hennepin	DEEPHAVEN CITY OF	45.71%	17.23%	20.46%	10.26%	93.66%	43.65%	17.20%	21.39%	9.76%	91.99%	-1.66%
Hennepin	EDEN PRAIRIE CITY OF	45.71%	30.89%	27.13%	10.26%	113.99%	43.65%	27.80%	25.10%	9.76%	106.32%	-7.67%
Hennepin	EDINA CITY OF	45.71%	24.60%	21.74%	10.26%	102.30%	43.65%	22.84%	21.29%	9.76%	97.54%	-4.76%
Hennepin	EXCELSIOR CITY OF	45.71%	35.11%	20.46%	10.26%	111.54%	43.65%	31.85%	21.39%	9.76%	106.65%	-4.89%
Hennepin	GOLDEN VALLEY CITY OF	45.71%	53.03%	28.13%	10.26%	137.13%	43.65%	46.26%	29.54%	9.76%	129.21%	-7.92%
Hennepin	GREENFIELD CITY OF	45.71%	29.75%	35.64%	10.26%	121.36%	43.65%	29.21%	35.46%	9.76%	118.08%	-3.28%
Hennepin	GREENWOOD CITY OF	45.71%	19.11%	20.46%	10.26%	95.54%	43.65%	18.84%	21.39%	9.76%	93.64%	-1.90%
Hennepin	HASSAN TOWN OF	45.71%	27.70%	41.43%	10.26%	125.09%	43.65%	23.65%	40.33%	9.76%	117.38%	-7.71%
Hennepin	HOPKINS CITY OF	45.71%	55.67%	25.36%	10.26%	137.01%	43.65%	52.79%	23.16%	9.76%	129.36%	-7.65%
Hennepin	INDEPENDENCE CITY OF	45.71%	33.89%	21.31%	10.26%	111.17%	43.65%	34.35%	21.31%	9.76%	109.07%	-2.10%
Hennepin	LONG LAKE CITY OF	45.71%	37.10%	19.15%	10.26%	112.22%	43.65%	32.23%	19.01%	9.76%	104.65%	-7.57%

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Hennepin	LORETTO CITY OF	45.71%	53.49%	24.97%	10.26%	134.43%	43.65%	51.62%	25.07%	9.76%	130.10%	-4.33%
Hennepin	MAPLE GROVE CITY OF	45.71%	37.19%	21.08%	10.26%	114.24%	43.65%	34.68%	23.43%	9.76%	111.52%	-2.72%
Hennepin	MAPLE PLAIN CITY OF	45.71%	57.64%	19.15%	10.26%	132.75%	43.65%	52.73%	19.01%	9.76%	125.15%	-7.60%
Hennepin	MEDICINE LAKE CITY OF	45.71%	38.68%	22.99%	10.26%	117.63%	43.65%	39.04%	21.61%	9.76%	114.07%	-3.57%
Hennepin	MEDINA CITY OF	45.71%	18.96%	21.62%	10.26%	96.55%	43.65%	17.79%	21.11%	9.76%	92.31%	-4.24%
Hennepin	MINNEAPOLIS CITY OF	45.07%	69.06%	20.20%	10.26%	144.59%	43.04%	67.37%	22.39%	9.76%	142.56%	-2.03%
Hennepin	MINNETONKA BEACH CITY OF	45.71%	23.24%	19.15%	10.26%	98.36%	43.65%	23.04%	19.01%	9.76%	95.46%	-2.90%
Hennepin	MINNETONKA CITY OF	45.71%	33.50%	23.74%	10.26%	113.21%	43.65%	30.20%	22.44%	9.76%	106.05%	-7.16%
Hennepin	MINNETRISTA CITY OF	45.71%	27.24%	16.28%	10.26%	99.49%	43.65%	27.69%	17.59%	9.76%	98.69%	-0.80%
Hennepin	MOUND CITY OF	45.71%	42.14%	10.46%	10.26%	108.56%	43.65%	44.17%	11.08%	9.76%	108.66%	0.10%
Hennepin	MSP INTERNATIONAL AIRPORT	45.71%	0.00%	0.00%	10.26%	55.97%	43.65%	0.00%	0.00%	9.76%	53.41%	-2.56%
Hennepin	NEW HOPE CITY OF	45.71%	49.16%	30.46%	10.26%	135.59%	43.65%	52.45%	36.14%	9.76%	142.01%	6.42%
Hennepin	ORONO CITY OF	45.71%	15.00%	16.56%	10.26%	87.52%	43.65%	14.87%	16.62%	9.76%	84.90%	-2.62%
Hennepin	OSSEO CITY OF	45.71%	60.60%	20.93%	10.26%	137.50%	43.65%	55.29%	23.54%	9.76%	132.24%	-5.26%
Hennepin	PLYMOUTH CITY OF	45.71%	26.79%	24.33%	10.26%	107.09%	43.65%	24.93%	24.79%	9.76%	103.13%	-3.95%
Hennepin	RICHFIELD CITY OF	45.71%	54.94%	23.91%	10.26%	134.82%	43.65%	56.14%	25.09%	9.76%	134.64%	-0.19%
Hennepin	ROBBINSDALE CITY OF	45.71%	44.61%	30.46%	10.26%	131.03%	43.65%	52.45%	36.14%	9.76%	142.00%	10.97%
Hennepin	ROGERS CITY OF	45.71%	40.81%	42.99%	10.26%	139.77%	43.65%	30.54%	41.40%	9.76%	125.36%	-14.41%
Hennepin	SHOREWOOD CITY OF	45.71%	28.45%	19.91%	10.26%	104.33%	43.65%	28.49%	20.83%	9.76%	102.73%	-1.60%
Hennepin	SPRING PARK CITY OF	45.71%	36.49%	10.46%	10.26%	102.92%	43.65%	35.18%	11.08%	9.76%	99.67%	-3.25%
Hennepin	ST ANTHONY CITY OF	48.07%	58.55%	32.48%	9.94%	149.04%	47.25%	61.24%	38.60%	9.63%	156.72%	7.68%
Hennepin	ST BONIFACIUS CITY OF	45.71%	28.64%	29.87%	10.26%	114.48%	43.65%	30.65%	31.06%	9.76%	115.12%	0.64%
Hennepin	ST LOUIS PARK CITY OF	45.71%	41.80%	20.64%	10.26%	118.40%	43.65%	39.40%	21.28%	9.76%	114.10%	-4.31%
Hennepin	TONKA BAY CITY OF	45.71%	16.53%	20.46%	10.26%	92.96%	43.65%	16.43%	21.39%	9.76%	91.22%	-1.73%
Hennepin	WAYZATA CITY OF	45.71%	22.98%	22.96%	10.26%	101.90%	43.65%	19.70%	21.59%	9.76%	94.70%	-7.21%
Hennepin	WOODLAND CITY OF	45.71%	8.75%	20.46%	10.26%	85.18%	43.65%	8.75%	21.39%	9.76%	83.55%	-1.63%
Ramsey	ARDEN HILLS CITY OF	54.59%	24.18%	22.09%	9.07%	109.93%	55.90%	21.33%	23.73%	9.32%	110.27%	0.34%
Ramsey	FALCON HEIGHTS CITY OF	54.59%	21.52%	11.81%	9.07%	96.99%	55.90%	26.38%	14.05%	9.32%	105.64%	8.65%
Ramsey	GEM LAKE CITY OF	54.59%	28.43%	20.02%	9.07%	112.11%	55.90%	25.85%	22.40%	9.32%	113.46%	1.35%
Ramsey	LAUDERDALE CITY OF	54.59%	26.87%	11.81%	9.07%	102.34%	55.90%	29.99%	14.05%	9.32%	109.25%	6.91%
Ramsey	LITTLE CANADA CITY OF	54.59%	26.50%	12.47%	9.07%	102.64%	55.90%	25.03%	14.87%	9.32%	105.11%	2.47%
Ramsey	MAPLEWOOD CITY OF	54.59%	38.87%	23.64%	9.07%	126.17%	55.90%	37.35%	25.32%	9.32%	127.87%	1.70%

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Ramsey	MOUNDS VIEW CITY OF	54.59%	41.09%	22.51%	9.07%	127.26%	55.90%	42.56%	24.04%	9.32%	131.82%	4.56%
Ramsey	NEW BRIGHTON CITY OF	54.59%	37.70%	23.28%	9.07%	124.64%	55.90%	39.02%	25.04%	9.32%	129.27%	4.63%
Ramsey	NORTH OAKS CITY OF	54.59%	9.15%	21.78%	9.07%	94.59%	55.90%	9.11%	23.57%	9.32%	97.89%	3.30%
Ramsey	NORTH ST PAUL CITY OF	54.59%	29.02%	25.42%	9.07%	118.10%	55.90%	33.74%	26.87%	9.32%	125.82%	7.73%
Ramsey	ROSEVILLE CITY OF	54.59%	29.31%	13.68%	9.07%	106.65%	55.90%	25.89%	16.06%	9.32%	107.16%	0.51%
Ramsey	SHOREVIEW CITY OF	54.59%	30.54%	21.72%	9.07%	115.92%	55.90%	30.12%	23.36%	9.32%	118.69%	2.78%
Ramsey	ST PAUL AIRPORT	50.61%	0.00%	0.00%	9.07%	59.68%	51.82%	0.00%	0.00%	9.32%	61.13%	1.46%
Ramsey	ST PAUL CITY OF	50.61%	38.16%	31.04%	9.07%	128.87%	51.82%	42.24%	37.64%	9.32%	141.01%	12.14%
Ramsey	STATE FAIR GROUNDS	54.60%	0.00%	17.27%	9.06%	80.94%	55.90%	0.00%	20.73%	9.32%	85.94%	5.01%
Ramsey	VADNAIS HEIGHTS CITY OF	54.59%	24.76%	20.32%	9.07%	108.74%	55.90%	22.91%	22.59%	9.32%	110.72%	1.97%
Ramsey	WHITE BEAR LK CITY OF	54.15%	17.70%	20.26%	9.01%	101.12%	55.44%	18.02%	22.63%	9.26%	105.34%	4.23%
Ramsey	WHITE BEAR TOWN OF	54.59%	20.76%	20.03%	9.07%	104.45%	55.90%	20.54%	22.40%	9.32%	108.15%	3.70%
Scott	BELLE PLAINE CITY OF	35.46%	67.34%	36.94%	5.39%	145.13%	36.16%	80.77%	43.44%	5.53%	165.89%	20.76%
Scott	BELLE PLAINE TOWN OF	35.46%	12.00%	34.76%	5.39%	87.60%	36.16%	12.42%	40.12%	5.53%	94.22%	6.62%
Scott	BLAKELEY TOWN OF	35.46%	13.12%	35.40%	5.39%	89.37%	36.16%	13.45%	41.23%	5.53%	96.37%	7.00%
Scott	CEDAR LAKE TOWN OF	35.78%	9.56%	28.33%	5.39%	79.06%	36.48%	9.99%	30.05%	5.53%	82.05%	2.99%
Scott	CREDIT RIVER TOWN OF	35.46%	16.60%	30.58%	5.39%	88.03%	36.16%	16.95%	33.73%	5.53%	92.36%	4.34%
Scott	ELKO NEW MARKET CITY OF	35.46%	43.85%	29.60%	5.39%	114.30%	36.16%	49.05%	31.75%	5.53%	122.48%	8.19%
Scott	HELENA TOWN OF	35.76%	12.34%	27.91%	5.39%	81.40%	36.47%	12.88%	29.72%	5.53%	84.59%	3.19%
Scott	JACKSON TOWN OF	35.46%	10.20%	29.58%	5.39%	80.63%	36.16%	11.18%	30.44%	5.53%	83.30%	2.67%
Scott	JORDAN CITY OF	35.46%	60.63%	19.65%	5.39%	121.12%	36.16%	69.65%	23.43%	5.53%	134.76%	13.64%
Scott	LOUISVILLE TOWN OF	35.46%	4.73%	28.74%	5.39%	74.31%	36.16%	4.50%	29.81%	5.53%	75.99%	1.68%
Scott	NEW MARKET TOWN OF	35.46%	12.20%	29.72%	5.39%	82.77%	36.16%	12.39%	32.18%	5.53%	86.27%	3.50%
Scott	NEW PRAGUE CITY OF	37.42%	64.01%	29.35%	3.14%	133.91%	37.81%	64.01%	30.81%	3.22%	135.84%	1.93%
Scott	PRIOR LAKE CITY OF	35.46%	30.69%	31.94%	5.39%	103.48%	36.16%	32.25%	35.76%	5.53%	109.69%	6.21%
Scott	SAND CREEK TOWN OF	35.46%	17.34%	20.84%	5.39%	79.03%	36.16%	17.16%	24.28%	5.53%	83.13%	4.10%
Scott	SAVAGE CITY OF	35.46%	48.27%	24.90%	5.39%	114.01%	36.16%	49.50%	27.86%	5.53%	119.05%	5.04%
Scott	SHAKOPEE CITY OF	35.46%	34.56%	29.13%	5.39%	104.54%	36.16%	33.09%	29.96%	5.53%	104.74%	0.20%
Scott	SPRING LAKE TOWN OF	35.46%	16.25%	27.60%	5.39%	84.70%	36.16%	16.79%	31.43%	5.53%	89.91%	5.21%
Scott	ST LAWRENCE TOWN OF	35.46%	23.30%	21.75%	5.39%	85.89%	36.16%	23.65%	25.89%	5.53%	91.23%	5.33%
Washington	AFTON CITY OF	29.81%	27.04%	20.00%	5.82%	82.67%	30.19%	26.97%	21.03%	5.91%	84.10%	1.43%
Washington	BAYPORT CITY OF	27.42%	35.64%	19.31%	5.82%	88.20%	27.78%	39.97%	20.14%	5.91%	93.80%	5.59%

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Washington	BAYTOWN TOWN OF	29.81%	10.61%	19.31%	5.82%	65.55%	30.19%	10.95%	20.14%	5.91%	67.19%	1.63%
Washington	BIRCHWOOD CITY OF	29.81%	21.82%	20.00%	5.82%	77.46%	30.19%	21.82%	22.38%	5.91%	80.31%	2.85%
Washington	COTTAGE GROVE CITY OF	29.81%	38.42%	32.00%	5.82%	106.05%	30.19%	42.74%	37.06%	5.91%	115.90%	9.85%
Washington	DELLWOOD CITY OF	29.81%	9.33%	33.13%	5.82%	78.09%	30.19%	9.15%	35.09%	5.91%	80.35%	2.25%
Washington	DENMARK TOWN OF	29.81%	13.09%	18.52%	5.82%	67.24%	30.19%	12.86%	24.41%	5.91%	73.37%	6.14%
Washington	FOREST LAKE CITY OF	29.81%	33.52%	14.22%	5.82%	83.37%	30.19%	33.47%	15.61%	5.91%	85.18%	1.81%
Washington	GRANT CITY OF	29.81%	11.09%	27.52%	5.82%	74.24%	30.19%	11.26%	28.91%	5.91%	76.27%	2.03%
Washington	GREY CLOUD ISLAND TOWN OF	29.81%	23.77%	32.25%	5.82%	91.65%	30.19%	25.01%	37.30%	5.91%	98.41%	6.76%
Washington	HUGO CITY OF	29.81%	33.55%	20.19%	5.82%	89.37%	30.19%	35.58%	22.30%	5.91%	93.98%	4.61%
Washington	LAKE ELMO CITY OF	29.81%	21.82%	21.47%	5.82%	78.92%	30.19%	21.61%	22.59%	5.91%	80.31%	1.39%
Washington	LAKE ST CROIX BEACH CITY	29.81%	40.96%	19.31%	5.82%	95.91%	30.19%	47.68%	20.14%	5.91%	103.92%	8.01%
Washington	LAKELAND CITY OF	29.81%	40.37%	19.31%	5.82%	95.31%	30.19%	42.22%	20.14%	5.91%	98.46%	3.15%
Washington	LAKELAND SHORE CITY OF	29.81%	17.20%	19.31%	5.82%	72.15%	30.19%	17.46%	20.14%	5.91%	73.70%	1.55%
Washington	LANDFALL CITY OF	29.81%	40.39%	25.34%	5.82%	101.37%	30.19%	336.98%	26.79%	5.91%	399.87%	298.50%
Washington	MAHTOMEDI CITY OF	29.81%	31.39%	33.13%	5.82%	100.15%	30.19%	32.65%	35.09%	5.91%	103.84%	3.69%
Washington	MARINE-ON-STCROIX CITY OF	29.81%	38.74%	19.31%	5.82%	93.69%	30.19%	38.79%	20.14%	5.91%	95.03%	1.34%
Washington	MAY TOWN OF	29.81%	9.40%	18.59%	5.82%	63.62%	30.19%	9.63%	19.47%	5.91%	65.20%	1.57%
Washington	NEWPORT CITY OF	29.81%	67.13%	32.25%	5.82%	135.01%	30.19%	64.86%	37.30%	5.91%	138.26%	3.25%
Washington	OAK PARK HEIGHTS CITY OF	29.81%	45.02%	19.31%	5.82%	99.96%	30.19%	38.01%	20.14%	5.91%	94.25%	-5.71%
Washington	OAKDALE CITY OF	29.81%	35.79%	25.41%	5.82%	96.83%	30.19%	36.06%	26.86%	5.91%	99.02%	2.20%
Washington	PINE SPRINGS CITY OF	29.81%	6.53%	32.91%	5.82%	75.07%	30.19%	6.89%	34.86%	5.91%	77.85%	2.78%
Washington	SCANDIA CITY OF	29.81%	33.55%	15.43%	5.82%	84.62%	30.19%	34.86%	16.64%	5.91%	87.60%	2.99%
Washington	ST MARYS POINT CITY OF	29.81%	22.27%	19.31%	5.82%	77.22%	30.19%	22.27%	20.14%	5.91%	78.52%	1.29%
Washington	ST PAUL PARK CITY OF	29.81%	43.22%	32.25%	5.82%	111.10%	30.19%	51.00%	37.30%	5.91%	124.41%	13.31%
Washington	STILLWATER CITY OF	27.42%	52.47%	19.31%	5.82%	105.03%	27.78%	52.33%	20.14%	5.91%	106.15%	1.13%
Washington	STILLWATER TOWN OF	29.81%	18.09%	19.31%	5.82%	73.03%	30.19%	18.97%	20.14%	5.91%	75.21%	2.17%
Washington	WEST LAKELAND TOWN OF	29.81%	5.29%	19.31%	5.82%	60.23%	30.19%	5.44%	20.14%	5.91%	61.68%	1.45%
Washington	WILLERNIE CITY OF	29.81%	37.53%	33.13%	5.82%	106.30%	30.19%	42.53%	35.09%	5.91%	113.73%	7.43%
Washington	WOODBURY CITY OF	29.81%	34.92%	29.62%	5.82%	100.17%	30.19%	33.90%	33.30%	5.91%	103.30%	3.14%

For this simulation special taxing districts were spread countywide, so special district rates do not match actual rates for each municipality.

A GUIDE TO RETAIL IMPACT STUDIES

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Prepared by Civic Economics
www.CivicEconomics.com

For and with the Institute for Local Self-Reliance
www.ILSR.org

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INTRODUCTION

States and municipalities have long evaluated the impact that large retail development projects may have on such things as traffic and the environment. Some are now adopting policies that require that the economic and fiscal impact of these developments be considered as well. These policies typically have two key components:

- They require that an independent **study** of the economic and fiscal impact of the retail development be conducted by a qualified analyst selected by the municipality and paid for by a fee assessed to the developer.
- They establish a **standard** that the project must meet in order to be approved. The policy may say, for example, that the planning board (or city council or other permitting authority) may approve the development only if it concludes, based on the data provided by the study and other evidence submitted, that the project will not have an undue adverse impact on the community or that the benefits of the development will outweigh the costs.

A growing number of cities and towns are incorporating these types of policies into their zoning codes. At the state level, Vermont has long required a review of the fiscal impact (i.e., the effect on local government revenue and costs) of large development projects through its Act 250, which became law in 1970. More recently, Maine adopted the Informed Growth Act, which requires a comprehensive economic impact study for proposed retail stores of 75,000 square feet or larger, and stipulates that such a development may be approved only if the town concludes that it would not have an undue adverse impact.

The Purpose of this Guidebook

This guidebook is designed to give municipal officials and concerned citizens an understanding of how retail impact studies are conducted and what types of data and analysis they provide. Although written in an accessible style, this guide is intended to familiarize readers with the process and terminology of economic impact analysis. As such, it may feel a bit technical at times, but should leave readers better equipped to evaluate and use the findings of these studies.

For Maine municipal officials, this guidebook is part of a larger package of resources designed to assist towns in implementing the Informed Growth Act and getting the most out of this new development review tool. These resources are available at www.informedgrowthact.com and include:

- *Answers to Common Questions about Maine's Informed Growth Act* — A Q&A that describes how the law works and addresses common questions about it.

- *Municipal Forms Package* — A set of sample forms that towns may use, including a "Checklist," which guides town officials through the steps and deadlines established by the Informed Growth Act, and a "Municipal Decision Form," which guides officials through the process of making findings of fact and determining whether a proposed development would have an undue adverse impact.

Steps in the Process

Here are the main steps involved a typical impact review for retail development:

- **1. A developer** files an application for a project large enough to trigger an economic impact review.

The size at which a retail development must undergo an economic impact review varies by jurisdiction. In Maine, projects involving stores of 75,000 square feet or larger trigger the provisions of the Informed Growth Act. Several different types of retailers currently develop and operate stores of this scale. See **Appendix A: Large-Scale Retail Formats** for a description of these store types.

By the time an application for such a development is filed, the applicant typically will have secured a site, evaluated the market demand in the region, and prepared preliminary site plans. In addition, many developers put forth economic and fiscal impact numbers for the project. These values are based on the activity forecast to occur within the project, including construction, retail sales, employment, and tax revenue.

However, these figures provide only a partial picture of the economic and fiscal impact of the development. Those millions of dollars in sales and the associated tax revenue and employment do not exist in a vacuum. The new store will be inserted into an existing economic ecosystem, which must be fully understood in order to evaluate the likely changes in spending patterns, employment, tax revenue, and public costs the new store will bring.

- **2. Municipal officials** (i.e., the planning board, city council, or other permitting authority as specified by municipal or state statute) retain a qualified **consultant** to prepare an impact analysis for the proposed development

Cities typically find a consultant through a request-for-proposals process. In Maine, the **State Planning Office** maintains a list of qualified preparers for municipalities to choose from when implementing the Informed Growth Act. In contracting with the consultant, the town should specify the scope of the study, which, in the case of many municipal impact review policies, as well as the Informed Growth Act, is defined within the law.

➤ **3. The consultant conducts the study.**

There are typically four phases in analyzing the economic and fiscal impact of a proposed retail development:

First, in order to evaluate the impact a new large-scale retailer will have on the local and regional economy and community, that new retailer itself must be carefully analyzed. Large discount stores offer tens of thousands of individual products across multiple lines of goods, which may or may not overlap with the inventory of existing local and regional businesses and may or may not add diversity in public choice. The analyst must identify the lines of goods to be offered by the new retailer, forecast the sales for each line of goods, and estimate the jobs and wages associated with the forecast sales.

Second, the consultant must gain a thorough understanding of the existing retail activity and conditions within the region. This includes determining the extent of the retail market area, quantifying both the demand for and actual retail sales in the market area by line of goods, quantifying retail employment in the area, and analyzing other aspects of retail activity in the region.

Third, the analyst must examine how the existing retail economy will likely respond to the new retail store. The primary consideration here is just how much of the retailer's projected sales will be drawn from existing merchants and how much will be new to the locality. Analysts often develop this forecast into probable ranges, reflecting the medium, or most probable, scenario, as well as the high and low end of the forecast.

Finally, the analyst projects the impact on retail employment, wages, tax revenue, municipal costs, and other factors. Just as a traffic analysis cannot determine the exact number of car trips a development will generate, forecasting economic impacts is not an exact science. However, like a traffic analysis, an economic impact analysis can forecast impacts that are reasonably close to the mark and sufficiently reliable to serve as a basis for evaluating the overall impact of a retail development proposal.

- **4.** After the study is submitted to the town, **municipal officials** then hold a public hearing, providing an opportunity for **citizens**, the **developer**, **neighboring municipalities**, and others to offer testimony on the findings of the study and the impact of the proposed development.
- **5. Municipal officials** review the study and any data and testimony submitted by the applicant and others, and make a determination as to whether the development meets the standard set forth in the policy.

What Follows in this Guide

The remainder of this guidebook focuses on the third step in the process: how the consultant conducts the analysis. The methodology described here is the approach used by Civic Economics. While other firms and analysts may follow other approaches and call upon other data, the fundamental principles should be the same. That is, any credible analysis must begin with an understanding both of the practices of the proposed large-scale retailer and of local retail conditions, then proceed to forecast the economic and fiscal impact of inserting that retailer into the local and regional economy.

1. ANALYSIS OF THE PROPOSED RETAIL STORE

OVERVIEW: The analysis begins with a careful study of the large-scale retailer proposed for the community. Large discount stores offer tens of thousands of individual products across multiple lines of goods, which may or may not overlap with the inventory of existing local and regional businesses and may or may not add diversity in public choice. Therefore, the analyst will first:

- Identify the lines of goods to be offered by the proposed retailer.
- Forecast the sales for each line of goods.
- Estimate the jobs and wages associated with the forecast sales.

GLOSSARY: **Sales per square foot** is a standard measure of a retailer's performance and refers to annual revenue. General retail, as used here, is a cluster of product segments offered by a discount department store.

DATA SOURCES: Discussions with company officials; ESRI-BIS and/or Claritas; corporate annual reports.

Identifying the Lines of Goods to be Offered by the Proposed Retailer

The analyst must first identify the lines of goods to be offered by the proposed retailer. The North American Industry Classification System (NAICS) provides a thorough categorization of all businesses and a useful system for categorizing the lines of goods sold in a retail store. The broadest classifications are in the two digit range, and increasing specialization is represented by additional digits. Retail businesses are found in the 44 and 45 segments.

For a typical discount department store, the lines of goods in the table at right will be represented. A "supercenter" retailer will generally add a full service grocery to those categories. For some types of large format retail, NAICS includes specific classifications. For example, "home centers" and "warehouse clubs" are now listed independently.

Retail Categories Comprising General Retail

NAICS	LINES OF GOODS
4413	Auto Parts, Accessories, and Tire Stores
442	Furniture and Home Furnishing Stores
4431	Electronics and Appliance Stores
4442	Lawn and Garden Equipment and Supply Stores
4461	Health and Personal Care Stores
448	Clothing and Clothing Accessories Stores
451	Sporting Goods, Hobby, Book, and Music Stores
452	General Merchandise Stores
453	Miscellaneous Store Retailers

Source: US Census Bureau, Civic Economics

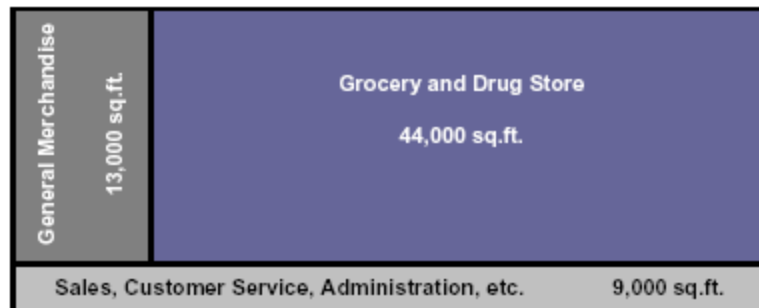
Forecasting Sales by Line of Goods in the Proposed Store

Once the composition of the store is identified, the analyst should then proceed to estimate the sales of each line of goods to be offered by the proposed retailer. Methodologies here may vary. The process often involves determining how much space the store will devote to each line of goods and what the sales per square foot will be in those categories. The primary source of information is the corporation's Annual Report and the filings required by the Securities Exchange Commission (SEC). In these documents, firms provide an extraordinary range of information about business practices. In addition, investment analysts routinely review the business practices of major retailers. It is from such information that consultants specializing in retail impact analysis develop space allocation and average sales per square foot for particular retailers.

The emergence of supercenter retailing has added to the complexity of this task. Until recently, the bulk of grocery sales in a given jurisdiction were easily quantified. However, an increasing share of grocery purchases take place in stores that are reported under other NAICS categories. Corporate average sales per square foot in groceries provide only rough guidance because actual values vary widely by locale depending on local market conditions. This variance plays a significant role in the ongoing reshuffling of markets among the major national and regional grocery chains and is, in turn, affected by that reshuffling. One approach some economic analysts use is to forecast grocery sales in proposed supercenter retailers by applying current sales per square foot in grocery stores for the region to the space to be allocated in the supercenter.

In any case, the goal is to forecast sales in the proposed retail store by line of goods. There is no single methodology or data source for such an analysis. Indeed, such forecasts reflect hard-earned, in-house knowledge rather than any formulaic approach to the issue. The analyst must be willing and able to visit examples of the proposed retailer, to procure and review investment analyst reports, and to maintain an ongoing knowledge base about the ever-evolving practices of large-scale retailers.

The illustration below represents the proposed space allocation of a hypothetical 66,000 square foot retailer. As you can see, not all 66,000 square feet will be allocated to grocery items as 13,000 square feet is being dedicated to general merchandise and 9,000 square feet to various sales, service, and administrative needs. These square footages are important to note as they will affect the analysis in later stages.



This table, showing space allocation and sales by line of goods, is from a 1993 impact analysis prepared on behalf of the state of Vermont for a proposed retail development in St. Albans.

Table 13
ALLOCATION OF 1995 WAL-MART SALES BY CATEGORY OF GOODS

Category	Space (%)	Sales (000s)
Apparel	33.00%	\$9,990
Furn., home furn.	17.00%	\$5,146
Misc DSTM	18.00%	\$5,449
Hardware	10.00%	\$3,027
Drug Store	10.00%	\$3,027
Food	4.00%	\$1,211
Auto Parts	3.00%	\$908
Other Non DSTM	2.00%	\$605
subtotal	97.00%	\$29,365
Other	3.00%	\$908
TOTAL	100.00%	\$30,273

Estimating Jobs and Wages at the Proposed Store

The analysis of business practices will provide enough data to estimate jobs, wages, and benefits for local workers. These estimates may vary substantially from those presented by project proponents. The goal here is primarily to determine the share of store revenue that will be paid to local workers in the form of wages and benefits.

The typical retail Annual Report provides a single, broad line item for “General & Administrative” (G&A), which contains all labor costs and a number of other items, typically enumerated in a footnote. The task of the analyst is to extrapolate from that gross figure the future spending on wages and benefits in the proposed new store. Filings and investment reports and the specific expertise of the consultant will often provide additional detail for that task. However, under all but the most unusual circumstances, the analyst should err on the side of allocating spending to labor at the retail level, in individual stores. If portions of the G&A line item cannot be reasonably isolated, that should be assumed to occur in the individual markets where the company operates stores.

The estimate of local labor costs will be expressed as a share of total revenue. In order to lay the groundwork for forecasting employment change, these values should also be expressed as total jobs (both full-time and part-time) per unit of revenue. If credible data sources make it possible, wage and employment may be further broken down to reflect hourly work and the range of job types to be provided.

2. ANALYSIS OF EXISTING RETAIL ACTIVITY IN THE REGION

OVERVIEW: In the second phase of the study, the analyst develops a thorough understanding of the existing retail activity and conditions within the region. The analyst will:

- Determine the market area (the geographic area to be studied).
- Quantify both the demand for and actual retail sales in the market area by line of goods.
- Quantify retail employment and wages in the region.
- Develop a more detailed understanding of the region's retail activity through site visits and/or surveys.

GLOSSARY: Some of these terms may have a different meaning in common usage. Supply refers to actual retail sales. **Demand** refers to expected retail sales based on average per capita spending patterns. **Surplus** is said to exist where supply exceeds demand or where total sales are greater than can be accounted for by residents. **Deficit** is said to exist where demand exceeds supply. A deficit indicates **leakage**, or residents making purchases elsewhere.

DATA SOURCES: ESRI-BIS and/or Claritas; US Census Bureau's Economic Census.

Determining the Market Area

To understand the local retail economy, one must first determine the general boundaries of the retail markets served by the community.

Market area patterns of various communities tend to follow consistent rules. The most fundamental is that larger communities have a stronger retail draw than smaller communities. In Maine, for example, Greater Portland and Bangor routinely draw shoppers from a wide geographic area, whereas small towns and villages typically attract only those living in the immediate vicinity. To gain an initial understanding of the boundaries of the market area to be studied, the analyst maps the interconnections between the host community and surrounding communities and applies a formula to each relationship that factors in both distance and size. The result is a reasonable approximation of the market area (also known as the "trade area").

The analyst then makes adjustments to this based on several factors. One has to do with the lines of goods to be offered by the proposed large retailer. Market areas for everyday needs, such as bread or gasoline, tend to be quite small, as even the smallest communities can provide such goods. For less frequent and more expensive purchases, market areas begin to expand

greatly. A rural resident may drive further for a good deal on a television than for bread, and further still for a dishwasher or a vehicle.

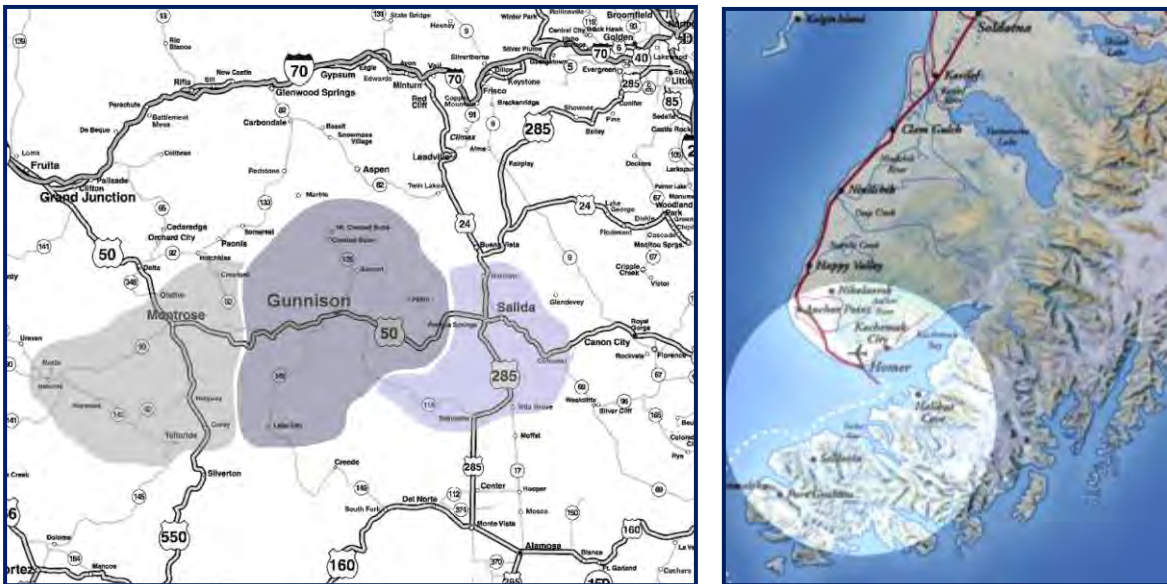
Geographical features, such as mountains or bodies of water, may further alter market areas. In a Colorado analysis, for example, the strong boundary created by the winding passes across the Continental Divide and various roadless areas altered the market area of a mountain city a great deal. In Alaska, ferry routes brought some very distant communities into the orbit of a study community, while nearer communities on paved roads felt little draw. These boundaries are best understood by discussions with local residents and business owners and a review of transportation infrastructure in the region.

Finally, market areas in many regions are impacted by other factors, such as the presence of tourists, niche specialization in particular communities, or the location of “destination retail” outlets. Upon taking all these considerations into account, the analyst can identify a consensus market area for the lines of goods at issue in the analysis.

Analysts can employ consumer surveying to help determine the extent of market areas, but this may be prohibitively expensive in many cases.

Below are two sample market area maps.

RETAIL MARKET AREAS: GUNNISON, CO AND HOMER, AK



Note that market areas for the study communities are strongly affected by both transportation infrastructure and geographic features. In Gunnison on the left, the market is defined by the broad arc of the continental divide to the east and the Black Canyon to the west. In such a setting, there is little the community might offer to entice residents from adjacent market areas. In Homer on the right, note in particular the inclusion of roadless areas to the south. In those communities, would-be shoppers must travel on a ferry that delivers them to Homer.

In some cases, the area to be considered in the impact analysis is already specified by the permitting regulations. For example, Maine's Informed Growth Act specifies that the "comprehensive economic impact area" to be considered "includes the municipality [where the store would be located] and its abutting municipalities." The statutorily defined "impact area" and the "market area" will overlap, but may or may not be identical.

In cases where the area to be analyzed is defined by statute, that impact area should be used for the analysis instead of the market area. Please note, however, that under the Maine statute, the impact area "includes" the municipality and abutting municipalities, but does not prohibit the addition of other areas so as to evaluate the entire market area. The terms "market area" and "impact area" are used interchangeably below.

Comparing Demand with Actual Retail Sales in the Market Area by Line of Goods

Having determined the lines of goods to be sold by the proposed large format retailer and the geographic extent of the impact area or market area, the analyst then quantifies the volume of retail sales in the impact area (referred to as the "supply") and compares those figures with the amount of retail activity expected based on local population and demographic characteristics. This analysis is often referred to as a "retail gap" or "leakage" study. It is a well-established tool of economic analysis and is widely and frequently prepared for communities of all sizes. The purpose of this analysis in this context is to gain an understanding of where new retailers will likely reduce leakage and where they will likely redirect retail sales from existing stores in the impact area.

Actual or estimated local sales figures should be established for each line of goods to be studied. Proprietary datasets of sales are available for purchase from various data providers. In large communities, these datasets are generally reliable because public data for larger markets is less often subject to suppression. Suppression is the withholding of public data in order to protect the privacy of businesses or individuals included in the dataset. The smaller the community, the more likely one is to encounter widespread suppression. For example, if a community has only one car dealership, public data will generally not reveal car sales in that jurisdiction. Private sector data providers correct for suppression by applying various methodologies to fill in gaps in the data. In our experience, these datasets are quite accurate, though sales for specific lines of goods in smaller markets may be easily adjusted by the analyst based on real world observations.

Actual sales in the impact area are then compared to expected sales in the area. Expected sales, or "demand," is based on population and demographic characteristics in the region. Most analysts do not calculate demand in-house, relying instead on proprietary data providers. These data providers, moreover, allow potential demand to be estimated within highly customized geographic boundaries. Although these statistical packages, offered by firms such as Claritas, have a cost associated with them, the fees are generally small and will not affect the cost of such studies in any meaningful way.

The next step is to compare supply with demand: for each line of goods, how much do actual retail sales exceed or fall short of expected sales? This analysis involves a rather simple process of subtraction. Actual sales for a given line of goods are compared with potential demand in the market area and the difference is expressed as either a surplus (indicating strong local sales and attraction of shoppers from outside the area) or a deficit (indicating weak local sales and leakage to other jurisdictions).

Although e-commerce sales can affect retail activity for certain lines of goods, there is no reliable data on internet sales by location. In situations where the presence of internet sales is skewing the results in a meaningful way, the analyst may estimate these sales to correct the problem or provide some discussion of the issue in the analysis.

Similar retail surplus/deficit analyses may also be prepared for nearby communities with retail market areas. These analyses will provide very clear indications of where residents in the impact area are making various purchases and, conversely, how successful the impact area is in attracting nonresident spending.

The following is an example of a retail surplus/deficit analysis, adapted from an actual rural community:

Retail Supply and Demand Analysis				
NAICS	LINES OF GOODS	CITY SALES	TRADE AREA DEMAND	SURPLUS/ DEFICIT
4431	Electronics and Appliance Stores	\$70,094	\$2,784,584	\$2,714,490
448	Clothing and Clothing Accessories Stores	\$3,711,557	\$7,239,125	\$3,527,568
451	Sporting Goods, Hobby, Book, and Music Stores	\$3,960,259	\$4,333,791	\$373,532
452	General Merchandise Stores	\$2,700,058	\$5,238,087	\$2,538,029
	<i>Available Deficit in the Market: General Merch.</i>			<i>\$9,153,619</i>
445	Food and Beverage Stores	\$29,566,236	\$26,858,876	\$2,707,360
4461	Health and Personal Care Stores	\$344,065	\$3,073,249	\$2,729,184
	<i>Available Deficit in the Market: Grocery/Drug</i>			<i>\$21,824</i>

Source: ESRI-BIS, Civic Economics

This is another example of a retail surplus/deficit analysis, from a 1993 study prepared on behalf of the state of Vermont for a proposed retail development in St. Albans.

Table 12
PER CAPITA¹ TAXABLE RECEIPTS: 1993
(in current dollars)

	Actual Franklin Cty	Actual State of VT	Expected ² Franklin Cty	Difference Act.-Exp.
Lumber & Bldg Maint	\$324	\$249	\$215	\$109
Hardware	174	163	140	34
Gen Merch	472	545	471	1
Food	389	371	321	68
Auto	221	235	203	18
Apparel	105	321	277	-172
Home Furn	156	219	187	-31
Other Misc	499	720	622	-123
Total	\$2340	\$2823	\$2436	-\$96

It should be noted here that, for the typical rural community, deficits or leakage will be the rule rather than the exception and leakage, in and of itself, is no cause for alarm. Even urban areas

present measurable leakage to other communities. Communities with strong tourism sectors or particularly appealing retail offerings or districts will demonstrate surplus sales in selected categories and deficits in others. The addition of a strong and appealing large format retailer will not reverse all leakage, as the lure of the big city or the novel retailer will always remain. For most communities, strategies to reduce leakage must be balanced with a concern for maintaining the strength of those retail segments generating a surplus.

A Note on Data Sources

Retail sales data can be procured from three general sources, presented in ascending order of preference:

Public records may be reviewed for a broad snapshot of retail activity in a given municipality. Federal and state data sources tend to be reliable in large jurisdictions where suppression is unnecessary. However, these datasets are typically updated infrequently and are subject to suppression often enough to yield only the broadest analyses. They should not be utilized for anything more substantial than preliminary reviews for discussion.

Local government officials may be willing to provide actual sales records for a given municipality. In a small market, the analyst can then conduct a survey of goods offered at existing retailers and allocate sales to specific lines of goods. While this is clearly the most accurate method for identifying current retail sales, it presents challenges. First, in all but the smallest communities, it may be prohibitively time-consuming to visit every retailer and identify the range of goods offered. Second, confidentiality requirements may make reporting quite difficult because the analysts themselves will be required to suppress any detailed data that might reveal sales of a particular business.

Private, proprietary data providers are the more common source of retail sales numbers for any jurisdiction. In many ways, these datasets are preferred because they provide the analyst with the most detailed and current information available. Using proprietary algorithms and/or rolling surveys, these frequently updated datasets fill in the gaps created by data suppression. Moreover, relying on a private data provider frees the analyst from the confidentiality constraints associated with the use of actual sales tax records. The amount of detail reported will be limited by professional courtesy and client sensitivities rather than strict and legally binding agreements. Moreover, the software associated with these data providers allows a highly customized analysis according to a wide variety of geographic or economic parameters. Claritas and ESRI are two of the leading providers, and both are widely accepted sources among retailers, market analysts, and economic development practitioners.

Quantifying Retail Employment and Wages in the Region

The analyst then needs to quantify retail employment and wages in the market area. One source for this data is the U.S. Census Bureau's Economic Census. This census is conducted every five years and typically there is further delay before publication. This results in outdated datasets for most analyses. However, adjusting these values for inflation in the time since the

survey provides a credible estimate of local employment and wages in any given sector. If the community has experienced significant changes in the composition of the retail sector through the opening or closing of stores, the analyst should endeavor to adjust employment and wage data to reflect these changes.

Other datasets, including publicly available data from states or cities, can be used if they are readily available and suited to the task. However, these datasets may not have retail sales broken out by line of goods or correspond to the geographic area needed for this analysis. The analyst must weigh the trade-offs and select the data source most appropriate for the situation.

Developing a More Detailed Understanding of the Region's Retail Activity

The analyst should then endeavor to gain a more specific understanding of local retail dynamics. This can only be done through meaningful “time on the ground,” touring the community and visiting as many retail stores as possible. Such visits will allow the analyst to understand local shopping habits, note the availability and cost of a range of goods and services, and speak to shopkeepers and local officials about the customer base and community.

Particular attention should be paid to reviewing the retail economy in the impact area and identifying existing merchants facing new competition from the proposed large format retailer. If the proposed development includes grocery inventory, existing grocery stores should be included in the evaluation.

This can be supplemented or replaced with a retailer survey, which may be less expensive and is likely to provide better statistical information.

The analyst may also find it useful to conduct a *market basket study*, comparing the availability and cost of goods in the impact area and nearby communities. Such a price comparison may shed light on regional spending patterns. In addition, the findings are often surprising to residents of the study community, highlighting price competitiveness that local lore assumed was lacking.

3. FORECAST OF MARKET CHANGES

OVERVIEW: In the third phase of the study, the analyst examines how the existing retail economy will likely respond to the proposed development. The analyst will:

- Forecast how much of the proposed retailer's projected sales will be new to the market area, derived from either import substitution (reduced leakage) or nonresident spending, and how much will be drawn from existing merchants.
- Present this forecast in probable ranges, reflecting the medium, or most probable, scenario, as well as the high and low end of the forecast.

GLOSSARY: **Import substitution** occurs when residents begin making purchases locally that they previously made in other communities. **Nonresident spending** refers to retail purchases made by people living outside the market area.

DATA SOURCES: ESRI-BIS and/or Claritas; corporate annual reports.

Forecasting Changes in Retail Sales in the Market Area

Any new retail option in a community presents an opportunity to increase total retail activity through two outcomes.

The first is *import substitution*, in which local residents begin making purchases locally that they previously made in other communities. No community, large or small, is entirely self-sufficient in retail activities. Residents of a town routinely make purchases across jurisdictional boundaries for a wide range of reasons, from convenience to preference to cost sensitivity. In rural Maine, for example, it is likely that many consumers incorporate shopping time into trips to Portland, Bangor, or Augusta. A new retailer in one's hometown, with new offerings and merchandising strategies, might well induce residents to forego some of the shopping they do elsewhere.

The second is *nonresident spending*, in which residents of other communities begin making purchases in the host community that they previously made elsewhere. The underlying effect is to strengthen or even expand the local retail market area, attracting residents of other communities due to the availability of new, more appealing, or cheaper goods. True "destination retailers" or vibrant and appealing downtown areas may, in fact, radically alter the ability of a given community to draw nonresidents.

Nonresident spending may also grow through increases in tourist spending. It should be noted that spending by tourists presents analytical challenges. The values compiled for market area demand are based on residents and their anticipated spending habits. Areas with strong tourist activity, however, regularly show substantial surplus retail spending in lines of goods that

tourists purchase while visiting. The ability of a new retailer to attract additional tourist spending is, therefore, more difficult to estimate.

Moreover, in some cases, the presence or design of a large format retailer may ultimately reduce tourist spending and even nonresident spending by damaging the appeal of the downtown or other establish shopping areas.

A small and short-lived increase in local retail sales may also occur due to *induced spending*, in which consumers make purchases that they previously would not have made. Only the most novel and attractive retailers, though, can induce completely new retail spending. Moreover, the relatively inflexible nature of the typical household budget suggests that such spending will be a brief indulgence or will be offset by reduced spending on other items.

Presenting the Forecast in Probable Ranges

Humans are a fickle species, never more so than when we act as consumers. Our tastes change with the seasons, fads and trends come and go, and retailers are perpetually reacting to those changes. Indeed, many retailers seek to drive those changes, creating demand where there was none.

As a result, forecasting the impact any proposed retailer may have in a given retail market is not an exact science. However, careful and data-driven analysis can provide public officials with a reasonable guide for what they may anticipate. Often, presenting forecasts within a range from a low impact scenario to a high impact scenario can provide decision makers with enough information to make their votes from an educated stance.

It should be noted that, barring truly extraordinary circumstances, a new large-scale retailer will

FORECAST RANGE	
LOW: The new retailer generates minimal new sales with more of its revenue diverted from existing merchants.	not, by its very presence and in the near term, reduce total retail sales in the area. ¹ The basic question for the analyst, then, is by what amount the proposed store would increase sales.
MEDIUM: Most likely mix of new and diverted sales.	
HIGH: The new retailer generates maximum new sales with less of its revenue diverted from existing merchants.	New retailers with the least positive impact are those that offer goods already widely available and price competitive in the impact and market areas. Those with the most positive impact tend to introduce new, more attractive, or cheaper goods to the market or to merchandise those goods in compelling ways. These impacts will also vary among different lines of goods. A new supercenter, for example, may dramatically broaden local offerings in electronics or sporting goods,

¹ Research by economist Kenneth Stone suggests that, over the long-term, towns that gain large-format stores may experience declines in overall retail sales if the surrounding region becomes saturated by similar outlets. See, for example, ["The Impact of 'Big-Box' Building Materials Stores on Host Towns and Surrounding Counties in a Midwestern State,"](#) by Kenneth Stone and Georgeanne M. Artz, Iowa State University, 2001.

while adding grocery store space quite comparable to existing merchants.

An economic forecast should begin by creating a “*medium* scenario,” reflecting the analysts’ most confident forecast of the ability of the new merchant to reduce leakage through import substitution and nonresident spending for each broad line of goods. In the case of the supercenter described above, for example, the increase in electronics offerings may be expected to lead to a real increase in local spending on electronics, while new grocery space may be expected to primarily divert spending from existing stores. Although derived from solid data and careful analysis, these are forecasts and are best expressed within ranges.

The base year for the analysis is the most recent 12 months for which credible retail sales data is available. This approach provides a demonstrated and conservative foundation for forecasting “Year 1” impacts. If the analysis is to be projected into future years, area forecasts of population, demographics, and economics should be drawn from government sources such as state data centers and regional planning bodies. If the community is experiencing or expected to experience growth or decline in population and income, associated increases or decreases in retail sales should be incorporated into the impact forecast for future years.

The example below is drawn from an actual study, in which the proposed retailer was forecast to increase total retail sales by adding retail offerings that were previously absent in the impact area.

MARKET SHARE FORECAST

GROCERY		Year 1			Year 5			Year 10		
		Low	Medium	High	Low	Medium	High	Low	Medium	High
Variable	Sales Diverted from Other Merchants	3%	5%	7%	3%	5%	7%	3%	5%	7%
Sales	Sales WITHOUT New Retailer (\$ Millions)	22.9	22.9	22.9	23.1	23.1	23.1	23.2	23.2	23.2
	Sales WITH New Retailer (\$ Millions)	24.3	25.2	26.2	24.4	25.4	26.3	24.1	25.5	26.4

GENERAL MERCHANDISE		Year 1			Year 5			Year 10		
		Low	Medium	High	Low	Medium	High	Low	Medium	High
Variable	Sales Diverted from Other Merchants	25%	15%	5%	25%	15%	5%	25%	15%	5%
Sales	Sales WITHOUT New Retailer (\$ Millions)	10.4	10.4	10.4	10.5	10.5	10.5	10.6	10.6	10.6
	Sales WITH New Retailer (\$ Millions)	13.8	14.3	14.7	13.9	14.3	14.8	14	14.4	14.9

TOTAL		Year 1			Year 5			Year 10		
		Low	Medium	High	Low	Medium	High	Low	Medium	High
Sales	Sales WITHOUT New Retailer (\$ Millions)	33.3	33.3	33.3	33.6	33.6	33.6	33.8	33.8	33.8
	Sales WITH New Retailer (\$ Millions)	38.1	39.5	40.9	38.3	39.7	41.1	38.1	39.9	41.3

The table on the following page, from a 1993 impact analysis prepared on behalf of the state of Vermont for a proposed retail development in the town of St. Albans, shows the amount of the proposed retailer’s projected sales that are forecast to be recaptured retail sales (i.e., reduced leakage), nonresident spending from people living outside the county and in Canada, and revenue redirected from existing businesses in the county.

PROPOSED WAL-MART PROJECTED SALES IN FRANKLIN COUNTY
(in current dollars)

Wal-Mart Character	1995	1998	2000
Square feet	100,780	126,090	126,090
Sales per sq ft (1)	\$316.20	\$366	\$399.70
Total sales	\$31,866,636	\$46,148,940	\$50,398,173
Maturity factor (2)	0.95	0.95	1
Adjusted sales	\$30,273,304	\$43,841,493	\$50,398,173
 Sales by Source			
Canada	\$3,027,330	\$4,384,149	\$5,039,817
Recapture	\$2,497,548	\$3,616,923	\$4,157,849
Outside Franklin	\$1,755,852	\$2,542,807	\$2,923,094
Total Outside	\$7,280,730	\$10,543,879	\$12,120,761
From Franklin Cty Bus	\$22,992,575	\$33,297,614	\$38,277,412
 Total Wal-Mart Sales	 \$30,273,304	 \$43,841,493	 \$50,398,173

It may be desirable to aggregate reported values into one value for grocery and one value for non-grocery items, as in the first table above. Indeed, circumstances may call for further forecasting by line of goods. However, greater specificity, particularly in small communities, risks publicly forecasting the decline or closure of a specific local business, which should be avoided as some retailers can and do successfully restructure their businesses.

Maine's Informed Growth Act requires the analyst to evaluate the impact of the proposed retailer on existing retail operations. Although the analysis should avoid speculating about the future of any particular business, an estimate of the number of business in the impact area likely to see their sales affected to a meaningful extent by the proposed retail development could be made by determining how many existing businesses carry overlapping lines of goods in categories in which the new retailer is forecast to have significant market impact. The analysis should also estimate the total volume of sales the proposed retailers is expected to draw from existing merchants.

4. ECONOMIC AND FISCAL IMPACT ANALYSIS

OVERVIEW: Up to this point, the study has forecast the change in retail sales activity to be expected upon the opening of the proposed large-scale retailer. The final stage of the analysis will:

- Forecast changes in retail employment and wages.
- Forecast impacts on municipal revenue and costs.
- Forecast additional impacts on such factors as the supply of retail space and downtown, as specified by municipal directive or state statute.

GLOSSARY: **Economic impacts** include such things as employment and wages. **Fiscal impact** refers to the effect of the development on government revenue and costs.

DATA SOURCES: ESRI-BIS and/or Claritas; information provided by the retailer; local tax records; public data on municipal services costs; interviews with local officials.

Forecasting Changes in Retail Employment and Wages

While virtually all proposed large-scale retail developments will increase total retail sales and sales in particular lines of goods, employment increases are by no means automatic. Many of the largest retailers achieve employee productivity rates (revenue per employee and per unit of labor cost) that are substantially higher than most other retailers. As a result, a large-scale retailer with high worker productivity that creates relatively little new retail activity will likely have a negative impact on total retail employment and wages as various studies have shown.²

The values for comparison here were generated in the second phase of the study. For the forecast of total retail employment in the market area without the proposed store, the analyst will bring forward in time (accounting for inflation and changes in the local retail sector) the most recent Economic Census data for sales, wages, and jobs in the retail sector. (See page 13 for a discussion of other public data sources.)

Employment figures for the proposed large-scale retailer are derived from the first phase of the study. In the case of a proposed new store, the most reliable indicator of the total number of employees will come from the retailer itself. Absent a compelling reason to dismiss that

² David Neumark (University of California-Irvine), Junfu Zhang (Clark University), and Stephen Ciccarella (Cornell University), "The Effects of Wal-Mart on Local Labor Markets," IZA Discussion Paper No. 2545, Jan. 2007; Arindrajit Dube, T. William Lester, and Barry Eidlin, "The Impact of Wal-Mart Stores on Retail Wages and Benefits," UC Berkeley Center for Labor Research and Education, Dec. 2007.

forecast, it should be used. However, keep in mind that such forecasts will make no attempt to quantify full-time versus part-time workers and may introduce wage and benefit values that do not apply across the board.

To forecast total retail employment in the market area after the opening of the large-scale retailer, however, requires recognition of the sales diverted from existing retailers and the associated reduction in employment. For example, if existing grocery stores currently employ ten persons per \$10X of sales, a loss of \$1X in sales will be forecast to result in the loss of one local grocery job. To calculate the net change in employment in the local grocery sector, that loss is added into the grocery employment in the new store.

This chart is drawn from the same study as that on page 17 and shows calculations for changes in retail employment:

ECONOMIC AND FISCAL IMPACTS

GROCERY		Year 1			Year 5			Year 10		
		Low	Medium	High	Low	Medium	High	Low	Medium	High
Variable	Sales Diverted from Other Merchants	3%	5%	7%	3%	5%	7%	3%	5%	7%
Impact	Change in Sales (\$ Millions)	1.4	2.3	3.3	1.3	2.3	3.2	0.9	2.3	3.2
	Change in Employment	-3	2	7	-3	1	6	-4	1	6
	Change in Sales Tax Collections (\$)	59,708	99,514	139,319	59,708	99,514	139,319	59,708	99,514	139,319

GENERAL MERCHANDISE		Year 1			Year 5			Year 10		
		Low	Medium	High	Low	Medium	High	Low	Medium	High
Variable	Sales Diverted from Other Merchants	25%	15%	5%	25%	15%	5%	25%	15%	5%
Impact	Change in Sales (\$ Millions)	3.4	3.9	4.3	3.4	3.8	4.3	3.4	3.8	4.3
	Change in Employment	20	23	26	20	23	26	20	23	26

TOTAL		Year 1			Year 5			Year 10		
		Low	Medium	High	Low	Medium	High	Low	Medium	High
Sales	Sales WITHOUT New Retailer (\$ Millions)	33.3	33.3	33.3	33.6	33.6	33.6	33.8	33.8	33.8
	Sales WITH New Retailer (\$ Millions)	38.1	39.5	40.9	38.3	39.7	41.1	38.1	39.9	41.3
Impact	Change in Sales (\$ Millions)	4.8	6.2	7.6	4.7	6.1	7.5	4.3	6.1	7.5
	Change in Employment	17	25	33	17	24	32	16	24	32

This chart is drawn from another study analyzing the impact of a proposal to expand an existing discount store into a supercenter with groceries.

		Increased Sales Attributable to Supercenter			
		Low	Medium	High	
Economic Impacts	Current Year	Change in Jobs	-32	-14	+3
		Increased Sales (\$ Milions)	6.61	9.52	12.35
	2009	Change in Jobs	-42	-19	+4
		Increased Sales (\$ Milions)	11.47	15.11	18.70

Source: ESRI BIS, Civic Economics

A related calculation is the change in total retail wages to be expected in the community. As with retail jobs, the baseline value is derived from Economic Census data for the community, while the wage contribution of the proposed new store is based on corporate averages identified earlier and adjusted for local conditions. The chart below is drawn from the same study as the first chart above. In this case, the proposed new retailer was expected to offer wages comparable to the prevailing local wage.

WAGES AND EMPLOYMENT	2005			2010			2015		
	Low	Medium	High	Low	Medium	High	Low	Medium	High
Net New Employees	17	25	33	17	24	32	16	24	32
Net New Wages	424,507	624,275	824,043	424,507	599,304	799,072	399,536	599,304	799,072

Forecasting Impacts on Municipal Finances

The analysis also examines the fiscal impact of the proposed development, meaning its effect on public revenue and costs for towns in the market area. The impact of a large-format retail store on public finances varies considerably depending on the particular circumstances and the types of taxes that the host municipality relies on.

Sales Tax Revenue

Several states, including Maine, have no municipal sales tax. Sales taxes flow to the state. At the state level, a new retail development is unlikely to have much effect on sales tax revenue as its presence cannot induce new spending beyond what the state's population and income levels can support. An exception would be a store that draws significant numbers of shoppers from across state lines. However, this is still unlikely to have more than a slight effect on overall state tax revenue.

In areas where municipalities and counties do rely on sales taxes, they are often of paramount importance in financing local government services. Even seemingly small increases in municipal revenue are attractive to officials. The job of the analyst, of course, is not to weight the costs and benefits of employment, wages, and public revenues. Rather, the analyst should present these values with clarity and allow the community to determine the appropriate balance.

Generally speaking, the calculation for estimating the amount of sales tax gained or lost is an easy one. The net change in sales is simply multiplied by the sales tax rate to determine the sales tax generated. Cities, counties, states, and other political subdivisions may have different sales tax rates that determine the amount of income received by each entity.

Property Tax Revenue

Many communities rely quite heavily on property taxes. That tax base may be, in turn, heavily reliant on a healthy retail and commercial sector, on a healthy tourist industry, or on high value shoreland and other residential properties.

Any new, large-scale retail development will provide local authorities with a similarly scaled increase in assessed valuation and property tax payments. On the other hand, the reduction in value in other properties negatively affected by the retail development may offset that increase.

The analyst must seek to identify any related and offsetting declines in property values in other commercial or residential areas. The challenge is to forecast the location, pace, and degree of decline in these other areas. Analysts will want to refer to what has occurred in similar circumstances in other areas in the state and country to aid in their projections by analogy; will want to project impacts over time; and will want to balance carefully the data indicators to provide a reasoned assessment of what degree and type of decline may be anticipated.

Public Infrastructure and Services

There has been much discussion across the nation regarding the costs and benefits of large-scale retail developments with regard to public infrastructure and services.

Infrastructure demands such as water and sewer are a relatively simple matter for local officials and utility providers to estimate and should be used as part of any analysis. Communities face a challenge when a large project would quickly exhaust current excess capacity, thereby forcing an earlier than expected investment in capacity increases. Traffic demands and associated public works costs (including initial infrastructure outlays and ongoing costs) are also quantifiable by specialist consultants and municipal planners. It is recommended analysts use the estimates supplied by those experts.

Demands on public services such as police, fire, and rescue present another challenge. Any new development in a community is likely to call upon these services, yet forecasting the degree to which demand may increase is difficult. Calls for police and fire intervention are frequently reported to be higher at large-scale retail developments than in similarly sized traditional commercial districts. A simple method in which to forecast these costs is to calculate the cost of these services on a per square foot basis in current retail projects and assume the same relative costs with increased square footage in the new development.

Other Municipal Costs and Benefits

The analysis should state the amount of any public subsidies, including tax increment financing, that the development is slated to receive.

It should also detail the value of any community benefits negotiated with the developer. Municipalities nationwide have increasingly attempted to negotiate terms for the development of large-scale retail projects to ensure a net benefit for their communities. These terms may include conditions that the developer hire a specified number of employees, provide a minimum level of wages and benefits, donate conserved and public land, contribute to extraordinary municipal costs caused by the development, and commit to an exit plan in the event of the store's closure to ensure there will be no empty large shell made unavailable to others' reuse. In many cases, these negotiations result in an incentive package with monetary value. Such incentives must be incorporated into any analysis of costs and benefits.

The following table is from an impact study prepared by Planning Decisions on behalf of the city of Biddeford, Maine, for a proposed development involving multiple large-format stores. In this case, the projected fiscal impact varied depending on whether the city followed through on a plan to use tax increment financing ("TIFF") for the project and the effect that would have on the state's contribution to local education costs.

**Table 1
Fiscal Impact of "The Shops at Biddeford Crossing"**

Item	amount with 100% TIFF	amount with 50% TIFF	amount with 0% TIFF
Property Tax Revenues	\$609,700	\$609,700	\$609,700
Excise Tax Revenues	\$0	\$0	\$0.00
State Revenue Sharing	\$18,000	\$1,000	(\$6,000)
State Education Subsidy	\$0	(\$143,000)	(\$286,000)
Other	\$0	\$0	\$0.00
Total Revenue Impact	\$627,700	\$467,700	\$317,700
General Government	\$7,000	\$7,000	\$7,000
Public Services	\$0	\$0	\$0
Public Safety	\$173,100	\$173,100	\$173,100
Public Works	\$112,300	\$112,300	\$112,300
Public Service & Education	\$0	\$0	\$0
County Tax	\$0	\$11,000	\$22,000
Debt Service	\$0	\$80,000	\$160,000
Total Expense Impact	\$292,400	\$383,400	\$474,400
Total Revenue	\$627,700	\$467,700	\$317,700
Total Expenses	\$292,400	\$383,400	\$474,400
Net Fiscal Impact	\$335,300	\$84,300	(\$156,700)

Forecasting Additional Impacts

As mentioned in the introduction, the economy functions much like an ecosystem, and therefore a comprehensive impact study must go beyond examining retail sales, employment, and tax revenue to adequately assess the impacts of a proposed retail store. Many state and municipal statutes call for a number of additional components to be included in the required study. They are discussed below.

Supply of Retail Space and Downtown Vitality

The addition of a large-scale retailer can have significant impact on retail vacancies and downtown vitality. The introduction of 75,000 square feet of new retail space into a large market area will likely have little measurable impact. However, that same development in a small market may dramatically reshape the flow of retail traffic in the region. An impact analysis should provide the municipality with an evaluation of the extent and impacts of such a change.

For a baseline, the analyst should procure from local officials any current estimates of retail square footage. In addition, local real estate brokers may be able to provide current vacancy and rental rates, as well as a sense of how the impact area compares in those measures to

nearby areas. From that information and public tax records, the analyst should be able to estimate total local square footage occupied by retailers specializing in the lines of goods most directly impacted by the proposed new store. In the smallest markets, that estimate may be made more comprehensive based on the earlier survey of local retail firms.

From that baseline, it is a simple matter to calculate the percentage increase in total retail space and space dedicated to the particular lines of goods. If the increase in space is substantially comparable to the near term growth prospects of the community overall, the economic analyst will be hard pressed to assert significant difficulties related to oversupply.

However, in many communities, a large-scale retail project will represent a tremendous increase in total retail space in the impact area, raising concerns about oversupply, vacancy, and declining rents. Moreover, many communities contain underutilized spaces originally designed and currently zoned for non-retail uses. In such circumstances, the analyst may be asked to consider the potential retail uses of these spaces and, where appropriate, incorporate them into the supply and demand discussion.

A related challenge associated with large increases is the relocation of the center of gravity in regional retail. In a traditional community, the downtown area may remain the retail anchor. In others, retail activity may have spread in one direction or another from the center. In all of these, however, large-scale projects raise the prospect of significantly and permanently altering traffic patterns in the impact area and leaving vacancies in formerly prosperous areas. Municipal officials, property owners, business owners, and nearby residents may be greatly concerned about a project drawing away shoppers, as they struggle to maintain activity, revenue, and infrastructure in declining commercial areas.

Forecasting the location, pace, and degree of such decline is, of course, a challenge. Analysts should, however, be able to indicate which commercial areas are likely to be negatively affected by a new large scale retail project and the degree of that impact. Findings of this nature are highly relevant to municipal planning officials when evaluating permitting and zoning applications.

Comprehensive Plan Compatibility

For those municipalities in the impact area that have adopted comprehensive land use plans or related growth management documents, the analyst will want to review those plans and documents to identify relevant provisions as to which the proposed large scale retail project is or is not consistent. The analyst may also want to confer with planning officials, groups, commissions, unions and chambers of commerce for further insights into the project's anticipated community impacts.

Revenue Retained and Reinvested in the Region

A "local premium" is a term defined recently and refers to the amount of money kept in the local economy by a retail business. This is calculated separately from the standard economic or fiscal impact and is usually expressed as a percentage of sales revenue. It includes such factors as

salaries paid locally, services contracted for locally, and donations made to local charities. Local and regionally based businesses often produce a higher local premium than publicly held firms because they usually rely more heavily on local services and retain a larger share of their profits in the region. There are numerous methods for calculating this premium which vary from firm to firm. This premium can help paint a fuller picture in an economic or fiscal impact analysis by digging deeper into financial patterns of firms to see which firms keep more money local in the long term.

General Environmental Impacts

Many jurisdictions require environmental and traffic impact analyses for any large development. These are typically conducted separately from an economic impact analysis.

Maine's Informed Growth Act calls for including information on a range of environmental impacts within the comprehensive impact study, with two substantial conditions. First, there must be existing studies and data available. The analyst is not required to prepare an independent environmental impact study, but only to survey what information is available from existing studies, including the retailer's own traffic, wetland, and other impact studies that it submits as part of its development permit application. Second, environmental impacts are to be identified generally.

Because these issues are substantively different from the economic issues discussed throughout this document, few firms with the relevant economic expertise would be qualified to prepare detailed environment assessments. However, as the Informed Growth Act places limits on the applicability and depth of these assessments, firms specializing in economic impact analysis with a degree of in-house planning expertise should be well-equipped to handle these tasks, including commenting, in general terms, on the impact the proposed development will have on residential areas and on natural, recreational, and historic sites, and describing the key findings of any relevant studies of the impacts of the proposed development on air and water quality, plant and wildlife habitat, and other environmental conditions.

PRESENTATION OF FINDINGS TO THE COMMUNITY

The municipality should expect to receive a single document containing all the analyses and assessments required above. This document should be accessible for the non-technical reader, yet contain sufficient technical detail to allow for a meaningful review by the permitting authority, and provide sufficient supporting evidence for the findings of fact and the conclusions of law that the authority is charged to make in determining whether the proposed project will or will not have an "undue adverse impact" on the comprehensive economic impact area.

The primary document should be supplemented with an Executive Summary, providing highlights of the findings and pointing interested readers to specific locations in the primary document for further review. In addition, appendices should be provided containing legible worksheets, data source materials, and any external studies and surveys cited.

Finally, the analyst should be prepared to deliver one or more live presentations of the findings and methodologies and provide a forum for questions to be asked and answered.

APPENDIX A: LARGE-SCALE RETAIL FORMATS

A number of national and regional retailers currently develop and operate stores of a scale that would trigger an economic impact review under some municipal zoning policies as well as Maine's Informed Growth Act, which applies to stores of 75,000 square feet or larger. The following describes the types of stores that may reach this size. These stores may be proposed as stand-alone projects or grouped together in a shopping center. The latter requires that the analyst examine the cumulative impact of all of the large-scale stores in the development.

Department Stores: The traditional department store offers a range of goods and services under one roof, often on multiple floors. Typically focused on clothing and accessories, departments may also include housewares, appliances, furniture, toys, sporting goods, or hardware, among others. In addition, many offer fine and casual dining, salon and spa services, and optometry and eyewear. A few continue to offer automotive service, lawn and garden, and hardware, as well. Larger stores such as mall anchors will generally exceed 75,000 square feet. Of course, many American communities are still served by smaller downtown department stores which will be unaffected by large scale retail regulations.

Discount Stores: The prototypical “large scale retailer” is a variant of the traditional department store. Mass merchandisers eschew the complex layouts and amenities of department stores, instead displaying merchandise in long rows with checkout services located at the front of the store. Automotive services are typically offered. Wal-Mart stores without full-service grocery sales average 102,000 square feet while the average Target without full-service grocery sales average 123,000 square feet.

Grocery Stores: Supermarkets, with an industry average of 44,000 square feet, will generally fall below the size threshold for mandatory impact analyses. In particularly strong markets, traditional supermarket retailers have begun introducing “plus” format stores with an expanded general merchandise selection. These have recently begun surpassing 75,000 square feet.

Supercenters: Recent years have seen an explosion of so-called supercenter retailers, which combine conventional, general merchandise discount stores with grocery stores and often eclipse 200,000 square feet of space even in smaller markets. The average Wal-Mart supercenter is 186,000 square feet. The average SuperTarget is 176,000 square feet.

Wholesale Clubs: A variant of the supercenter, wholesale clubs are large, no-frills retail operations that typically require a membership fee. While the total number of items offered is generally less than in a supercenter, bulk packaging and unusual special offers characterize the format. Originally conceived as a wholesale channel to serve the needs of small business, wholesale clubs have evolved into a distinct retail format serving a broad range of business and consumer customers. Large clubs may also offer a range of business services such as insurance, office and break-room supply, travel planning, or automotive purchasing.

Home Centers: Traditionally, hardware stores and lumber yards were distinct operations, as were retailers focused on the consumer and wholesalers focused on the trades. In recent

years, however, expansive home centers have incorporated all these segments under one roof, covering 100,000 to 150,000 square feet. The segment remains in flux, as leading national retailers explore business models for serving both consumers and the trades.

Other Large Scale Retailers: In addition to those described above, a number of national and regional retailers specializing in particular lines of goods have emerged. Within the local market for the line of goods offered, these stores are as influential as the large retailers described above, earning the industry name “category killers.” Few break the 75,000 square foot threshold. These include specialty stores focused on electronics, books, music and musical instruments, home goods, furniture, office supply, sporting goods, clothing and accessories, etc.

The following table summarizes the lines of goods and services typically offered by each of these large-scale retail formats.

OFFERINGS OF LARGE-SCALE RETAILERS						
	FORMAT					NAICS
	Department Stores	Discount Stores	Grocery Stores	Supercenters	Home Centers	
LINES OF GOODS AND SERVICES	Appliances					443
	Auto Supplies					4413
	Books & Music					4512
	Clothing					448
	Drugs					446
	Electronics					443
	Furniture					442
	Groceries (Dry Goods)					445
	Groceries (Full Line)					445
	Hardware					444
	Housewares					
	Lawn & Garden					444
	Office Supplies					4532
	Pet Supplies					45391
	Sporting Goods					451
	Toys					
	Auto Fuel					447
	Auto Service					4413
	Insurance					
	Optometry					44613
	Photography					44313
	Salon/Spa					
	Travel Services					
		KEY		Typically Offered		
				Often Offered		
NAICS: North American Industry Classification System						

PAY 2011 METRO AVERAGE TAX RATE BY MUNICIPALITY
STUDY OF THE METROPOLITAN AREA FISCAL DISPARITIES PROGRAM
TischlerBise and MN Dept. of Revenue

County	Municipality	Current Law ave county rate	Current Law ave muni rate	Current Law ave school rate	Current Law ave specials rate	Current Law ave TOTAL RATE	No FD ave county rate	No FD ave muni rate	No FD ave school rate	No FD ave specials rate	No FD ave TOTAL RATE	Increase/ Decrease without Fiscal Disparities
Anoka	ANDOVER CITY OF	40.31%	38.50%	18.22%	6.00%	103.03%	42.13%	44.35%	26.12%	6.23%	118.83%	15.80%
Anoka	ANOKA CITY OF	40.31%	42.98%	17.59%	6.00%	106.88%	42.13%	46.80%	25.66%	6.23%	120.82%	13.94%
Anoka	BETHEL CITY OF	40.31%	61.77%	26.63%	6.00%	134.70%	42.13%	73.63%	32.48%	6.23%	154.47%	19.77%
Anoka	BLAINE CITY OF	40.45%	32.75%	26.01%	6.03%	105.25%	42.33%	31.96%	30.57%	6.28%	111.13%	5.88%
Anoka	CENTERVILLE CITY OF	40.31%	58.63%	40.44%	6.00%	145.37%	42.13%	64.51%	45.17%	6.23%	158.05%	12.67%
Anoka	CIRCLE PINES CITY OF	40.31%	51.51%	40.44%	6.00%	138.25%	42.13%	63.66%	45.17%	6.23%	157.19%	18.94%
Anoka	COLUMBIA HEIGHTS CITY OF	37.49%	61.88%	14.06%	6.00%	119.43%	39.18%	75.07%	22.52%	6.23%	143.00%	23.57%
Anoka	COLUMBUS CITY OF	40.31%	37.97%	13.93%	6.00%	98.21%	42.13%	35.53%	15.30%	6.23%	99.19%	0.98%
Anoka	COON RAPIDS CITY OF	40.31%	38.99%	17.59%	6.00%	102.89%	42.13%	41.10%	25.66%	6.23%	115.12%	12.23%
Anoka	EAST BETHEL CITY OF	40.31%	43.84%	24.74%	6.00%	114.89%	42.13%	50.43%	30.02%	6.23%	128.81%	13.92%
Anoka	FRIDLEY CITY OF	40.31%	36.62%	29.52%	6.00%	112.45%	42.13%	33.62%	33.99%	6.23%	115.97%	3.53%
Anoka	HAM LAKE CITY OF	40.31%	25.76%	17.35%	6.00%	89.41%	42.13%	26.60%	25.00%	6.23%	99.96%	10.55%
Anoka	HILLTOP CITY OF	40.31%	98.53%	14.06%	6.00%	158.90%	42.13%	178.71%	22.52%	6.23%	249.59%	90.68%
Anoka	LEXINGTON CITY OF	40.31%	56.14%	40.44%	6.00%	142.88%	42.13%	65.30%	45.17%	6.23%	158.83%	15.95%
Anoka	LINO LAKES CITY OF	40.40%	42.10%	32.85%	6.01%	121.35%	42.22%	44.39%	36.04%	6.24%	128.89%	7.53%
Anoka	LINWOOD TOWN OF	40.31%	30.14%	13.94%	6.00%	90.38%	42.13%	34.02%	15.31%	6.23%	97.69%	7.31%
Anoka	NOWTHEN CITY OF	40.31%	22.16%	30.93%	6.00%	99.40%	42.13%	23.67%	34.53%	6.23%	106.56%	7.16%
Anoka	OAK GROVE CITY OF	40.31%	36.31%	26.47%	6.00%	109.09%	42.13%	40.63%	32.37%	6.23%	121.35%	12.26%
Anoka	RAMSEY CITY OF	40.31%	39.81%	20.79%	6.00%	106.91%	42.13%	41.68%	27.47%	6.23%	117.51%	10.61%
Anoka	SPRING LAKE PARK CITY OF	40.69%	54.89%	31.09%	6.08%	132.75%	42.45%	59.69%	30.80%	6.30%	139.24%	6.48%
Anoka	ST FRANCIS CITY OF	40.31%	47.23%	26.63%	6.00%	120.17%	42.13%	57.58%	32.49%	6.23%	138.43%	18.26%
Carver	BENTON TOWN OF	41.69%	14.74%	16.76%	5.48%	78.66%	42.18%	15.06%	19.68%	5.60%	82.52%	3.86%
Carver	CAMDEN TOWN OF	41.69%	24.77%	22.40%	5.48%	94.33%	42.18%	25.87%	24.83%	5.60%	98.48%	4.15%
Carver	CARVER CITY OF	41.69%	48.04%	38.14%	5.48%	133.35%	42.18%	52.79%	39.07%	5.60%	139.64%	6.29%
Carver	CHANHASSEN CITY OF	41.78%	26.57%	32.24%	5.58%	106.17%	42.23%	25.12%	33.49%	5.75%	106.59%	0.43%
Carver	CHASKA CITY OF	41.69%	23.19%	38.14%	5.48%	108.49%	42.18%	23.40%	39.07%	5.60%	110.25%	1.76%
Carver	COLOGNE CITY OF	41.69%	61.83%	15.61%	5.48%	124.60%	42.18%	65.99%	18.70%	5.60%	132.48%	7.88%
Carver	DAHLGREN TOWN OF	41.69%	15.36%	35.93%	5.48%	98.45%	42.18%	15.18%	37.00%	5.60%	99.96%	1.51%
Carver	HAMBURG CITY OF	41.69%	98.40%	15.61%	5.48%	161.18%	42.18%	135.10%	18.70%	5.60%	201.58%	40.40%

For this simulation special taxing districts were spread countywide, so special district rates do not match actual rates for each municipality.

<i>County</i>	<i>Municipality</i>	<i>Current Law ave county rate</i>	<i>Current Law ave muni rate</i>	<i>Current Law ave school rate</i>	<i>Current Law ave specials rate</i>	<i>Current Law ave TOTAL RATE</i>	<i>No FD ave county rate</i>	<i>No FD ave muni rate</i>	<i>No FD ave school rate</i>	<i>No FD ave specials rate</i>	<i>No FD ave TOTAL RATE</i>	<i>Increase/ Decrease without Fiscal Disparities</i>
Carver	HANCOCK TOWN OF	41.69%	14.09%	22.44%	5.48%	83.69%	42.18%	14.86%	26.53%	5.60%	89.17%	5.48%
Carver	HOLLYWOOD TOWN OF	41.69%	12.42%	36.06%	5.48%	95.64%	42.18%	12.86%	41.25%	5.60%	101.89%	6.25%
Carver	LAKETOWN TOWN OF	41.69%	15.72%	32.53%	5.48%	95.41%	42.18%	16.31%	33.63%	5.60%	97.73%	2.32%
Carver	MAYER CITY OF	41.69%	59.44%	36.68%	5.48%	143.28%	42.18%	72.16%	42.34%	5.60%	162.28%	19.00%
Carver	NEW GERMANY CITY OF	41.69%	62.06%	29.87%	5.48%	139.09%	42.18%	67.78%	31.06%	5.60%	146.62%	7.52%
Carver	NORWOOD YOUNG AMERICA CIT	41.69%	48.60%	15.61%	5.48%	111.37%	42.18%	57.57%	18.70%	5.60%	124.06%	12.68%
Carver	SAN FRANCISCO TOWN OF	41.69%	19.68%	37.50%	5.48%	104.34%	42.18%	20.73%	41.33%	5.60%	109.84%	5.50%
Carver	VICTORIA CITY OF	41.69%	37.12%	34.51%	5.48%	118.79%	42.18%	38.39%	35.49%	5.60%	121.66%	2.86%
Carver	WACONIA CITY OF	41.69%	41.76%	29.87%	5.48%	118.80%	42.18%	41.05%	31.06%	5.60%	119.89%	1.09%
Carver	WACONIA TOWN OF	41.69%	8.92%	29.54%	5.48%	85.62%	42.18%	9.10%	31.02%	5.60%	87.90%	2.28%
Carver	WATERTOWN CITY OF	41.69%	46.00%	36.68%	5.48%	129.84%	42.18%	56.80%	42.34%	5.60%	146.92%	17.08%
Carver	WATERTOWN TOWN OF	41.69%	14.58%	35.51%	5.48%	97.25%	42.18%	14.50%	40.10%	5.60%	102.38%	5.13%
Carver	YOUNG AMERICA TOWN OF	41.69%	20.08%	15.48%	5.48%	82.72%	42.18%	20.73%	18.51%	5.60%	87.03%	4.30%
Dakota	APPLE VALLEY CITY OF	29.20%	42.39%	23.59%	5.28%	100.46%	29.34%	44.25%	27.54%	5.26%	106.39%	5.93%
Dakota	BURNSVILLE CITY OF	29.20%	42.57%	20.19%	5.28%	97.25%	29.34%	40.56%	23.33%	5.26%	98.49%	1.25%
Dakota	CASTLE ROCK TOWN OF	29.20%	13.18%	43.53%	5.28%	91.20%	29.34%	13.48%	49.89%	5.26%	97.96%	6.77%
Dakota	COATES CITY OF	29.20%	14.42%	23.65%	5.28%	72.56%	29.34%	13.41%	27.60%	5.26%	75.61%	3.05%
Dakota	DOUGLAS TOWN OF	29.20%	15.31%	18.89%	5.28%	68.68%	29.34%	15.76%	22.90%	5.26%	73.26%	4.59%
Dakota	EAGAN CITY OF	29.20%	33.81%	21.84%	5.28%	90.14%	29.34%	31.31%	24.00%	5.26%	89.90%	-0.23%
Dakota	EMPIRE TOWN OF	29.20%	27.89%	44.88%	5.28%	107.25%	29.34%	28.79%	51.52%	5.26%	114.91%	7.66%
Dakota	EUREKA TOWN OF	29.20%	16.95%	36.81%	5.28%	88.24%	29.34%	16.97%	41.46%	5.26%	93.03%	4.79%
Dakota	FARMINGTON CITY OF	29.20%	55.73%	49.80%	5.28%	140.01%	29.34%	61.40%	57.92%	5.26%	153.92%	13.91%
Dakota	GREENVALE TOWN OF	29.20%	12.57%	31.40%	5.28%	78.45%	29.34%	12.53%	31.52%	5.26%	78.65%	0.19%
Dakota	HAMPTON CITY OF	29.20%	34.77%	18.06%	5.28%	87.32%	29.34%	43.02%	23.92%	5.26%	101.54%	14.22%
Dakota	HAMPTON TOWN OF	29.20%	17.85%	19.38%	5.28%	71.72%	29.34%	18.23%	22.31%	5.26%	75.14%	3.42%
Dakota	HASTINGS CITY OF	29.20%	55.19%	18.04%	5.28%	107.72%	29.34%	61.84%	23.97%	5.27%	120.41%	12.70%
Dakota	INVER GROVE HT CITY	29.20%	43.59%	22.40%	5.28%	100.47%	29.34%	45.24%	25.05%	5.26%	104.89%	4.42%
Dakota	LAKEVILLE CITY OF	29.20%	38.27%	30.79%	5.28%	103.54%	29.34%	39.31%	34.08%	5.26%	107.99%	4.44%
Dakota	LILYDALE CITY OF	29.20%	30.88%	18.77%	5.28%	84.13%	29.34%	29.68%	17.52%	5.26%	81.80%	-2.33%
Dakota	MARSHAN TOWN OF	29.20%	13.86%	18.04%	5.28%	66.38%	29.34%	13.91%	23.97%	5.26%	72.48%	6.10%
Dakota	MENDOTA CITY OF	29.20%	45.86%	18.77%	5.28%	99.11%	29.34%	42.42%	17.52%	5.26%	94.54%	-4.57%
Dakota	MENDOTA HEIGHTS CITY OF	29.20%	29.92%	18.77%	5.28%	83.17%	29.34%	27.40%	17.52%	5.26%	79.53%	-3.64%

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Dakota	MIESVILLE CITY OF	29.20%	27.22%	18.04%	5.28%	79.74%	29.34%	28.82%	23.97%	5.26%	87.39%	7.65%
Dakota	NEW TRIER CITY OF	29.20%	47.89%	18.04%	5.28%	100.42%	29.34%	66.77%	23.97%	5.26%	125.34%	24.93%
Dakota	NININGER TOWN OF	29.20%	14.26%	18.04%	5.28%	66.78%	29.34%	14.58%	23.97%	5.26%	73.15%	6.37%
Dakota	RANDOLPH CITY OF	29.20%	25.07%	19.53%	5.28%	79.09%	29.34%	27.58%	20.59%	5.26%	82.77%	3.68%
Dakota	RANDOLPH TOWN OF	29.20%	5.58%	19.55%	5.28%	59.61%	29.34%	5.51%	20.60%	5.26%	60.70%	1.10%
Dakota	RAVENNA TOWN OF	29.20%	13.75%	18.04%	5.28%	66.28%	29.34%	15.58%	23.97%	5.26%	74.15%	7.87%
Dakota	ROSEMOUNT CITY OF	29.20%	44.64%	23.54%	5.28%	102.66%	29.34%	45.59%	27.30%	5.26%	107.49%	4.82%
Dakota	SCIOTA TOWN OF	29.20%	17.02%	22.67%	5.28%	74.17%	29.34%	17.40%	23.41%	5.26%	75.41%	1.23%
Dakota	SOUTH ST PAUL CITY OF	26.49%	50.47%	25.03%	5.28%	107.27%	26.61%	58.09%	36.91%	5.26%	126.87%	19.60%
Dakota	SUNFISH LAKE CITY OF	29.20%	20.67%	18.77%	5.28%	73.92%	29.34%	20.67%	17.52%	5.26%	72.79%	-1.13%
Dakota	VERMILLION CITY OF	29.20%	40.86%	18.04%	5.28%	93.39%	29.34%	48.20%	23.97%	5.26%	106.77%	13.38%
Dakota	VERMILLION TOWN OF	29.20%	17.57%	25.19%	5.28%	77.25%	29.34%	18.35%	31.44%	5.26%	84.39%	7.14%
Dakota	WATERFORD TOWN OF	29.20%	11.26%	30.17%	5.28%	75.91%	29.34%	11.07%	30.43%	5.26%	76.10%	0.18%
Dakota	WEST ST PAUL CITY OF	29.20%	56.07%	18.77%	5.28%	109.32%	29.34%	58.90%	17.52%	5.26%	111.03%	1.71%
Hennepin	BLOOMINGTON CITY OF	45.71%	41.00%	20.11%	10.26%	117.08%	43.65%	34.01%	18.22%	9.76%	105.64%	-11.44%
Hennepin	BROOKLYN CENTER CITY OF	45.71%	57.17%	29.68%	10.26%	142.82%	43.65%	67.98%	36.97%	9.76%	158.36%	15.55%
Hennepin	BROOKLYN PARK CITY OF	45.71%	50.22%	20.67%	10.26%	126.86%	43.65%	52.67%	24.60%	9.76%	130.68%	3.82%
Hennepin	CHAMPLIN CITY OF	45.71%	39.20%	17.59%	10.26%	112.76%	43.65%	43.50%	25.66%	9.76%	122.57%	9.82%
Hennepin	CORCORAN CITY OF	45.71%	37.13%	31.61%	10.26%	124.71%	43.65%	37.81%	31.86%	9.76%	123.08%	-1.62%
Hennepin	CRYSTAL CITY OF	45.71%	47.33%	30.46%	10.26%	133.76%	43.65%	54.59%	36.14%	9.76%	144.14%	10.38%
Hennepin	DAYTON CITY OF	45.63%	48.60%	22.72%	10.16%	127.11%	43.61%	49.12%	27.94%	9.67%	130.34%	3.23%
Hennepin	DEEPHAVEN CITY OF	45.71%	17.23%	20.46%	10.26%	93.66%	43.65%	17.20%	21.39%	9.76%	91.99%	-1.66%
Hennepin	EDEN PRAIRIE CITY OF	45.71%	30.89%	27.13%	10.26%	113.99%	43.65%	27.80%	25.10%	9.76%	106.32%	-7.67%
Hennepin	EDINA CITY OF	45.71%	24.60%	21.74%	10.26%	102.30%	43.65%	22.84%	21.29%	9.76%	97.54%	-4.76%
Hennepin	EXCELSIOR CITY OF	45.71%	35.11%	20.46%	10.26%	111.54%	43.65%	31.85%	21.39%	9.76%	106.65%	-4.89%
Hennepin	GOLDEN VALLEY CITY OF	45.71%	53.03%	28.13%	10.26%	137.13%	43.65%	46.26%	29.54%	9.76%	129.21%	-7.92%
Hennepin	GREENFIELD CITY OF	45.71%	29.75%	35.64%	10.26%	121.36%	43.65%	29.21%	35.46%	9.76%	118.08%	-3.28%
Hennepin	GREENWOOD CITY OF	45.71%	19.11%	20.46%	10.26%	95.54%	43.65%	18.84%	21.39%	9.76%	93.64%	-1.90%
Hennepin	HASSAN TOWN OF	45.71%	27.70%	41.43%	10.26%	125.09%	43.65%	23.65%	40.33%	9.76%	117.38%	-7.71%
Hennepin	HOPKINS CITY OF	45.71%	55.67%	25.36%	10.26%	137.01%	43.65%	52.79%	23.16%	9.76%	129.36%	-7.65%
Hennepin	INDEPENDENCE CITY OF	45.71%	33.89%	21.31%	10.26%	111.17%	43.65%	34.35%	21.31%	9.76%	109.07%	-2.10%
Hennepin	LONG LAKE CITY OF	45.71%	37.10%	19.15%	10.26%	112.22%	43.65%	32.23%	19.01%	9.76%	104.65%	-7.57%

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Hennepin	LORETTO CITY OF	45.71%	53.49%	24.97%	10.26%	134.43%	43.65%	51.62%	25.07%	9.76%	130.10%	-4.33%
Hennepin	MAPLE GROVE CITY OF	45.71%	37.19%	21.08%	10.26%	114.24%	43.65%	34.68%	23.43%	9.76%	111.52%	-2.72%
Hennepin	MAPLE PLAIN CITY OF	45.71%	57.64%	19.15%	10.26%	132.75%	43.65%	52.73%	19.01%	9.76%	125.15%	-7.60%
Hennepin	MEDICINE LAKE CITY OF	45.71%	38.68%	22.99%	10.26%	117.63%	43.65%	39.04%	21.61%	9.76%	114.07%	-3.57%
Hennepin	MEDINA CITY OF	45.71%	18.96%	21.62%	10.26%	96.55%	43.65%	17.79%	21.11%	9.76%	92.31%	-4.24%
Hennepin	MINNEAPOLIS CITY OF	45.07%	69.06%	20.20%	10.26%	144.59%	43.04%	67.37%	22.39%	9.76%	142.56%	-2.03%
Hennepin	MINNETONKA BEACH CITY OF	45.71%	23.24%	19.15%	10.26%	98.36%	43.65%	23.04%	19.01%	9.76%	95.46%	-2.90%
Hennepin	MINNETONKA CITY OF	45.71%	33.50%	23.74%	10.26%	113.21%	43.65%	30.20%	22.44%	9.76%	106.05%	-7.16%
Hennepin	MINNETRISTA CITY OF	45.71%	27.24%	16.28%	10.26%	99.49%	43.65%	27.69%	17.59%	9.76%	98.69%	-0.80%
Hennepin	MOUND CITY OF	45.71%	42.14%	10.46%	10.26%	108.56%	43.65%	44.17%	11.08%	9.76%	108.66%	0.10%
Hennepin	MSP INTERNATIONAL AIRPORT	45.71%	0.00%	0.00%	10.26%	55.97%	43.65%	0.00%	0.00%	9.76%	53.41%	-2.56%
Hennepin	NEW HOPE CITY OF	45.71%	49.16%	30.46%	10.26%	135.59%	43.65%	52.45%	36.14%	9.76%	142.01%	6.42%
Hennepin	ORONO CITY OF	45.71%	15.00%	16.56%	10.26%	87.52%	43.65%	14.87%	16.62%	9.76%	84.90%	-2.62%
Hennepin	OSSEO CITY OF	45.71%	60.60%	20.93%	10.26%	137.50%	43.65%	55.29%	23.54%	9.76%	132.24%	-5.26%
Hennepin	PLYMOUTH CITY OF	45.71%	26.79%	24.33%	10.26%	107.09%	43.65%	24.93%	24.79%	9.76%	103.13%	-3.95%
Hennepin	RICHFIELD CITY OF	45.71%	54.94%	23.91%	10.26%	134.82%	43.65%	56.14%	25.09%	9.76%	134.64%	-0.19%
Hennepin	ROBBINSDALE CITY OF	45.71%	44.61%	30.46%	10.26%	131.03%	43.65%	52.45%	36.14%	9.76%	142.00%	10.97%
Hennepin	ROGERS CITY OF	45.71%	40.81%	42.99%	10.26%	139.77%	43.65%	30.54%	41.40%	9.76%	125.36%	-14.41%
Hennepin	SHOREWOOD CITY OF	45.71%	28.45%	19.91%	10.26%	104.33%	43.65%	28.49%	20.83%	9.76%	102.73%	-1.60%
Hennepin	SPRING PARK CITY OF	45.71%	36.49%	10.46%	10.26%	102.92%	43.65%	35.18%	11.08%	9.76%	99.67%	-3.25%
Hennepin	ST ANTHONY CITY OF	48.07%	58.55%	32.48%	9.94%	149.04%	47.25%	61.24%	38.60%	9.63%	156.72%	7.68%
Hennepin	ST BONIFACIUS CITY OF	45.71%	28.64%	29.87%	10.26%	114.48%	43.65%	30.65%	31.06%	9.76%	115.12%	0.64%
Hennepin	ST LOUIS PARK CITY OF	45.71%	41.80%	20.64%	10.26%	118.40%	43.65%	39.40%	21.28%	9.76%	114.10%	-4.31%
Hennepin	TONKA BAY CITY OF	45.71%	16.53%	20.46%	10.26%	92.96%	43.65%	16.43%	21.39%	9.76%	91.22%	-1.73%
Hennepin	WAYZATA CITY OF	45.71%	22.98%	22.96%	10.26%	101.90%	43.65%	19.70%	21.59%	9.76%	94.70%	-7.21%
Hennepin	WOODLAND CITY OF	45.71%	8.75%	20.46%	10.26%	85.18%	43.65%	8.75%	21.39%	9.76%	83.55%	-1.63%
Ramsey	ARDEN HILLS CITY OF	54.59%	24.18%	22.09%	9.07%	109.93%	55.90%	21.33%	23.73%	9.32%	110.27%	0.34%
Ramsey	FALCON HEIGHTS CITY OF	54.59%	21.52%	11.81%	9.07%	96.99%	55.90%	26.38%	14.05%	9.32%	105.64%	8.65%
Ramsey	GEM LAKE CITY OF	54.59%	28.43%	20.02%	9.07%	112.11%	55.90%	25.85%	22.40%	9.32%	113.46%	1.35%
Ramsey	LAUDERDALE CITY OF	54.59%	26.87%	11.81%	9.07%	102.34%	55.90%	29.99%	14.05%	9.32%	109.25%	6.91%
Ramsey	LITTLE CANADA CITY OF	54.59%	26.50%	12.47%	9.07%	102.64%	55.90%	25.03%	14.87%	9.32%	105.11%	2.47%
Ramsey	MAPLEWOOD CITY OF	54.59%	38.87%	23.64%	9.07%	126.17%	55.90%	37.35%	25.32%	9.32%	127.87%	1.70%

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<i>County</i>	<i>Municipality</i>	<i>Current Law ave county rate</i>	<i>Current Law ave muni rate</i>	<i>Current Law ave school rate</i>	<i>Current Law ave specials rate</i>	<i>Current Law ave TOTAL RATE</i>	<i>No FD ave county rate</i>	<i>No FD ave muni rate</i>	<i>No FD ave school rate</i>	<i>No FD ave specials rate</i>	<i>No FD ave TOTAL RATE</i>	<i>Increase/ Decrease without Fiscal Disparities</i>
Ramsey	MOUNDS VIEW CITY OF	54.59%	41.09%	22.51%	9.07%	127.26%	55.90%	42.56%	24.04%	9.32%	131.82%	4.56%
Ramsey	NEW BRIGHTON CITY OF	54.59%	37.70%	23.28%	9.07%	124.64%	55.90%	39.02%	25.04%	9.32%	129.27%	4.63%
Ramsey	NORTH OAKS CITY OF	54.59%	9.15%	21.78%	9.07%	94.59%	55.90%	9.11%	23.57%	9.32%	97.89%	3.30%
Ramsey	NORTH ST PAUL CITY OF	54.59%	29.02%	25.42%	9.07%	118.10%	55.90%	33.74%	26.87%	9.32%	125.82%	7.73%
Ramsey	ROSEVILLE CITY OF	54.59%	29.31%	13.68%	9.07%	106.65%	55.90%	25.89%	16.06%	9.32%	107.16%	0.51%
Ramsey	SHOREVIEW CITY OF	54.59%	30.54%	21.72%	9.07%	115.92%	55.90%	30.12%	23.36%	9.32%	118.69%	2.78%
Ramsey	ST PAUL AIRPORT	50.61%	0.00%	0.00%	9.07%	59.68%	51.82%	0.00%	0.00%	9.32%	61.13%	1.46%
Ramsey	ST PAUL CITY OF	50.61%	38.16%	31.04%	9.07%	128.87%	51.82%	42.24%	37.64%	9.32%	141.01%	12.14%
Ramsey	STATE FAIR GROUNDS	54.60%	0.00%	17.27%	9.06%	80.94%	55.90%	0.00%	20.73%	9.32%	85.94%	5.01%
Ramsey	VADNAIS HEIGHTS CITY OF	54.59%	24.76%	20.32%	9.07%	108.74%	55.90%	22.91%	22.59%	9.32%	110.72%	1.97%
Ramsey	WHITE BEAR LK CITY OF	54.15%	17.70%	20.26%	9.01%	101.12%	55.44%	18.02%	22.63%	9.26%	105.34%	4.23%
Ramsey	WHITE BEAR TOWN OF	54.59%	20.76%	20.03%	9.07%	104.45%	55.90%	20.54%	22.40%	9.32%	108.15%	3.70%
Scott	BELLE PLAINE CITY OF	35.46%	67.34%	36.94%	5.39%	145.13%	36.16%	80.77%	43.44%	5.53%	165.89%	20.76%
Scott	BELLE PLAINE TOWN OF	35.46%	12.00%	34.76%	5.39%	87.60%	36.16%	12.42%	40.12%	5.53%	94.22%	6.62%
Scott	BLAKELEY TOWN OF	35.46%	13.12%	35.40%	5.39%	89.37%	36.16%	13.45%	41.23%	5.53%	96.37%	7.00%
Scott	CEDAR LAKE TOWN OF	35.78%	9.56%	28.33%	5.39%	79.06%	36.48%	9.99%	30.05%	5.53%	82.05%	2.99%
Scott	CREDIT RIVER TOWN OF	35.46%	16.60%	30.58%	5.39%	88.03%	36.16%	16.95%	33.73%	5.53%	92.36%	4.34%
Scott	ELKO NEW MARKET CITY OF	35.46%	43.85%	29.60%	5.39%	114.30%	36.16%	49.05%	31.75%	5.53%	122.48%	8.19%
Scott	HELENA TOWN OF	35.76%	12.34%	27.91%	5.39%	81.40%	36.47%	12.88%	29.72%	5.53%	84.59%	3.19%
Scott	JACKSON TOWN OF	35.46%	10.20%	29.58%	5.39%	80.63%	36.16%	11.18%	30.44%	5.53%	83.30%	2.67%
Scott	JORDAN CITY OF	35.46%	60.63%	19.65%	5.39%	121.12%	36.16%	69.65%	23.43%	5.53%	134.76%	13.64%
Scott	LOUISVILLE TOWN OF	35.46%	4.73%	28.74%	5.39%	74.31%	36.16%	4.50%	29.81%	5.53%	75.99%	1.68%
Scott	NEW MARKET TOWN OF	35.46%	12.20%	29.72%	5.39%	82.77%	36.16%	12.39%	32.18%	5.53%	86.27%	3.50%
Scott	NEW PRAGUE CITY OF	37.42%	64.01%	29.35%	3.14%	133.91%	37.81%	64.01%	30.81%	3.22%	135.84%	1.93%
Scott	PRIOR LAKE CITY OF	35.46%	30.69%	31.94%	5.39%	103.48%	36.16%	32.25%	35.76%	5.53%	109.69%	6.21%
Scott	SAND CREEK TOWN OF	35.46%	17.34%	20.84%	5.39%	79.03%	36.16%	17.16%	24.28%	5.53%	83.13%	4.10%
Scott	SAVAGE CITY OF	35.46%	48.27%	24.90%	5.39%	114.01%	36.16%	49.50%	27.86%	5.53%	119.05%	5.04%
Scott	SHAKOPEE CITY OF	35.46%	34.56%	29.13%	5.39%	104.54%	36.16%	33.09%	29.96%	5.53%	104.74%	0.20%
Scott	SPRING LAKE TOWN OF	35.46%	16.25%	27.60%	5.39%	84.70%	36.16%	16.79%	31.43%	5.53%	89.91%	5.21%
Scott	ST LAWRENCE TOWN OF	35.46%	23.30%	21.75%	5.39%	85.89%	36.16%	23.65%	25.89%	5.53%	91.23%	5.33%
Washington	AFTON CITY OF	29.81%	27.04%	20.00%	5.82%	82.67%	30.19%	26.97%	21.03%	5.91%	84.10%	1.43%
Washington	BAYPORT CITY OF	27.42%	35.64%	19.31%	5.82%	88.20%	27.78%	39.97%	20.14%	5.91%	93.80%	5.59%

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Washington	BAYTOWN TOWN OF	29.81%	10.61%	19.31%	5.82%	65.55%	30.19%	10.95%	20.14%	5.91%	67.19%	1.63%
Washington	BIRCHWOOD CITY OF	29.81%	21.82%	20.00%	5.82%	77.46%	30.19%	21.82%	22.38%	5.91%	80.31%	2.85%
Washington	COTTAGE GROVE CITY OF	29.81%	38.42%	32.00%	5.82%	106.05%	30.19%	42.74%	37.06%	5.91%	115.90%	9.85%
Washington	DELLWOOD CITY OF	29.81%	9.33%	33.13%	5.82%	78.09%	30.19%	9.15%	35.09%	5.91%	80.35%	2.25%
Washington	DENMARK TOWN OF	29.81%	13.09%	18.52%	5.82%	67.24%	30.19%	12.86%	24.41%	5.91%	73.37%	6.14%
Washington	FOREST LAKE CITY OF	29.81%	33.52%	14.22%	5.82%	83.37%	30.19%	33.47%	15.61%	5.91%	85.18%	1.81%
Washington	GRANT CITY OF	29.81%	11.09%	27.52%	5.82%	74.24%	30.19%	11.26%	28.91%	5.91%	76.27%	2.03%
Washington	GREY CLOUD ISLAND TOWN OF	29.81%	23.77%	32.25%	5.82%	91.65%	30.19%	25.01%	37.30%	5.91%	98.41%	6.76%
Washington	HUGO CITY OF	29.81%	33.55%	20.19%	5.82%	89.37%	30.19%	35.58%	22.30%	5.91%	93.98%	4.61%
Washington	LAKE ELMO CITY OF	29.81%	21.82%	21.47%	5.82%	78.92%	30.19%	21.61%	22.59%	5.91%	80.31%	1.39%
Washington	LAKE ST CROIX BEACH CITY	29.81%	40.96%	19.31%	5.82%	95.91%	30.19%	47.68%	20.14%	5.91%	103.92%	8.01%
Washington	LAKELAND CITY OF	29.81%	40.37%	19.31%	5.82%	95.31%	30.19%	42.22%	20.14%	5.91%	98.46%	3.15%
Washington	LAKELAND SHORE CITY OF	29.81%	17.20%	19.31%	5.82%	72.15%	30.19%	17.46%	20.14%	5.91%	73.70%	1.55%
Washington	LANDFALL CITY OF	29.81%	40.39%	25.34%	5.82%	101.37%	30.19%	336.98%	26.79%	5.91%	399.87%	298.50%
Washington	MAHTOMEDI CITY OF	29.81%	31.39%	33.13%	5.82%	100.15%	30.19%	32.65%	35.09%	5.91%	103.84%	3.69%
Washington	MARINE-ON-STCROIX CITY OF	29.81%	38.74%	19.31%	5.82%	93.69%	30.19%	38.79%	20.14%	5.91%	95.03%	1.34%
Washington	MAY TOWN OF	29.81%	9.40%	18.59%	5.82%	63.62%	30.19%	9.63%	19.47%	5.91%	65.20%	1.57%
Washington	NEWPORT CITY OF	29.81%	67.13%	32.25%	5.82%	135.01%	30.19%	64.86%	37.30%	5.91%	138.26%	3.25%
Washington	OAK PARK HEIGHTS CITY OF	29.81%	45.02%	19.31%	5.82%	99.96%	30.19%	38.01%	20.14%	5.91%	94.25%	-5.71%
Washington	OAKDALE CITY OF	29.81%	35.79%	25.41%	5.82%	96.83%	30.19%	36.06%	26.86%	5.91%	99.02%	2.20%
Washington	PINE SPRINGS CITY OF	29.81%	6.53%	32.91%	5.82%	75.07%	30.19%	6.89%	34.86%	5.91%	77.85%	2.78%
Washington	SCANDIA CITY OF	29.81%	33.55%	15.43%	5.82%	84.62%	30.19%	34.86%	16.64%	5.91%	87.60%	2.99%
Washington	ST MARYS POINT CITY OF	29.81%	22.27%	19.31%	5.82%	77.22%	30.19%	22.27%	20.14%	5.91%	78.52%	1.29%
Washington	ST PAUL PARK CITY OF	29.81%	43.22%	32.25%	5.82%	111.10%	30.19%	51.00%	37.30%	5.91%	124.41%	13.31%
Washington	STILLWATER CITY OF	27.42%	52.47%	19.31%	5.82%	105.03%	27.78%	52.33%	20.14%	5.91%	106.15%	1.13%
Washington	STILLWATER TOWN OF	29.81%	18.09%	19.31%	5.82%	73.03%	30.19%	18.97%	20.14%	5.91%	75.21%	2.17%
Washington	WEST LAKELAND TOWN OF	29.81%	5.29%	19.31%	5.82%	60.23%	30.19%	5.44%	20.14%	5.91%	61.68%	1.45%
Washington	WILLERNIE CITY OF	29.81%	37.53%	33.13%	5.82%	106.30%	30.19%	42.53%	35.09%	5.91%	113.73%	7.43%
Washington	WOODBURY CITY OF	29.81%	34.92%	29.62%	5.82%	100.17%	30.19%	33.90%	33.30%	5.91%	103.30%	3.14%

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Kari Collins

From: Tam McGehee <tam@mcgehee.info>
Sent: Thursday, March 15, 2012 9:28 AM
To: Kari Collins
Subject: RE: Links and Documents

Hi Kari,

Here are the links:

<http://taxes.state.mn.us/property/documents/fiscal-disparities-study-executive-summary.pdf>

<http://taxes.state.mn.us/property/documents/fiscal-disparities-handout-taxratesbymunicipality.pdf>

<http://taxes.state.mn.us/property/documents/fiscal-disparities-study-full-report.pdf>

The first, executive summary can be included in full as can the handout by municipalities. The last link should just be noted as a link. It is the full study--and is way too long to include.

The charts that are in color are in the executive summary. The one on page 30 is the one for "developed cities" which is us, but each of the four areas have a similar chart. I don't think they need to be copied in color, but that would be up to you. If you include the links, one can look them up if they so choose.

Thanks so much and sorry to put this in so late.

Tammy
651-645-2993

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