MINNESOTA·REVENUE

Summary of Disparity Reduction Aid (DRA) Certified for 2018

Disparity reduction aid is paid to counties, towns, and school districts that have qualifying unique taxing areas (UTAs). It is to be used in the calculation of local tax rates.

$$\text{initial tax rate} - \frac{\text{DRA amount}}{\text{taxable net tax capacity for the UTA}} = \textbf{local tax rate}$$

The disparity reduction aid rate cannot decrease the total local tax rate below 90%.

Disparity reduction aid reduces the net tax capacity based tax rates only. Under no circumstance can disparity reduction aid be used to reduce a referendum market value based tax rate.

We have adjusted the certified disparity reduction aid amounts based on information reported by counties on Form PT01 for annexations occurring within your county if:

1) the original UTA of the annexed property is certified to receive disparity reduction aid,

2) the effective date of the annexation is between July 1, 2016, and June 30, 2017, and

3) the total net tax capacity of the annexed area is more than 5% of the total net tax capacity for the UTA from which it came.

Revised disparity reduction aid amounts are to be calculated and certified to the Department of Revenue on PRISM submission 3.

Revisions to disparity reduction aid are to be made for:

1) the 90% provision as described earlier,

2) districts that are no longer levying, and

3) school district initial tax rates that have been reduced to zero.

Disparity reduction aid payments are made in August and December and are based on the PRISM submission.

Visit the Department of Revenue website at www.revenue.state.mn.us for individual county certification amounts.

Questions?

Email PropTax.Admin@state.mn.us.