Overview

Under current law, the board of government innovation and cooperation can assist two or more local units of government in combining into a single unit of government or in apportioning an area between two or more other local governments. This process is an alternative to annexation or consolidation under the Minnesota Municipal Board.

This bill provides the same authority for a combination plan as is provided under annexation law to phase-in tax increases in the area with a lower tax rate prior to the combination until the combined area has a single tax rate.

1  **Differential taxation.** Allows the cooperation and combination plan to phase-in a higher tax rate for the local government unit that has a lower tax rate before combination. Provides for the phase-in to be in equal proportions over a period of up to six years. Provides for the phase-in to be based on the time it will take to provide equal municipal services to the residents of the area with the lower tax rate. This section is substantially the same as current law for annexation, see § 414.035.

2  **Effective date.** Effective the day after enactment for taxes levied in 1999 and thereafter.