

MINNESOTA • REVENUE

PROPERTY TAX

Property Tax Late Payment Penalties Modified

April 19, 2011

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of H.F. 0551 (LeMieur) / S.F. 0829 (Gazelka) as introduced.

Effective for taxes payable 2012 and thereafter.

EXPLANATION OF THE BILL

The bill makes several changes to penalties for late payments of property taxes. The penalty for late payment of first half property taxes for non-homestead property taxes of 4% until May 31, and 8% on June 1 is stricken. The penalty for late payment of first half property taxes of 2% until May 31 and 4% on June 1 for homestead property would apply to all property types. The late payment penalty for second half property taxes for all property would be 2% after October 15, 4% on November 1, and 6% on December 1. A redundant section concerning noncommercial seasonal recreational property is repealed. Effective for taxes payable 2012 and thereafter.

REVENUE ANALYSIS DETAIL

The bill would have no state general fund impacts from Department of Revenue administered aids and credits.

There may be additional school district county apportionment impacts. Apportionment dollars lost are required to be made up dollar for dollar by the state.

PROPERTY TAX BENCHMARKS (Minn. Stat. § 270C.991)

Transparency, Understandability, Simplicity & Accountability Increase Uniform penalty clause for all property types.

Efficiency & Compliance Neutral

Equity (Vertical & Horizontal) Neutral

Stability & Predictability Neutral

Competitiveness for Businesses Increase Lower penalties for late business property.

Responsiveness to Economic Conditions Neutral

The bill is scored on a three point scale (decrease, neutral, increase) for each principle in comparison to current law.

Source: Minnesota Department of Revenue
Property Tax Division - Research Unit
http://www.taxes.state.mn.us/taxes/legal_policy

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