

MINNESOTA • REVENUE

PROPERTY TAX Property Tax Refund – Payment to Estate

April 28, 2006

Department of Revenue
Analysis of H.F. 3962 (Mullery)

	Yes	No
DOR Administrative Costs/Savings	X	

	Fund Impact			
	<u>F.Y. 2006</u>	<u>F.Y. 2007</u>	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>
		(000's)		
General Fund	\$0	\$0	(\$1,000)	(\$1,000)

Effective beginning for claims based on rent paid in 2006 and property taxes payable in 2007.

EXPLANATION OF THE BILL

Current Law: If a person entitled to receive a property tax refund dies prior to receiving the refund, the surviving spouse or dependent of the claimant is entitled to file for and receive the refund. If there is no surviving spouse or dependent, the right to the credit shall lapse.

Proposed Law: The bill would require that the property tax refund for a deceased claimant with no surviving spouse or dependents be paid to the estate of the claimant.

REVENUE ANALYSIS DETAIL

- Based on 2004 property tax refunds, there were 1,550 returns where the refund was not paid due to the death of the claimant with no surviving spouse or dependents.
- The property tax refund on these returns averaged \$650 per return, totaling approximately \$1 million. Under the proposal, these refunds would be paid to the estate of the claimant.
- It is assumed that 2004 was a typical year and that the number of returns and average refunds will remain stable.

Number of Taxpayers: 1,550 claimants annually.

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

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