MINNESOTA · REVENUE

PROPERTY TAX
Senior Property Tax Deferral Program – Adjust Age Limits

March 15, 2006

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of H.F. 3118 (Samuelson) / S.F. 2968 (Chaudhary)

	Fund Impact			
	F.Y. 2006	**F.Y. 2007**	**F.Y. 2008**	**F.Y. 2009**
	(000's)			
General Fund	$0	$0	$0	($16)

Effective for new applications filed on or after July 1, 2006.

EXPLANATION OF THE BILL

Current Law: Participants in the senior citizen property tax deferral program must be 65 years of age or older. In the case of a married couple, both spouses must be at least 65 years of age when the first deferral is granted. The state reimburses counties for the amount of property tax deferred.

Proposed Law: The bill would reduce the age limit for married couples. If one spouse is at least 65 years old, the other spouse must be at least 62 years old.

REVENUE ANALYSIS DETAIL

- The senior property tax deferral program had 130 participants who deferred property taxes in 2005. The total amount deferred was approximately $295,000, or $2,270 per participant.
- Applications received after July 1, 2006, will first be eligible for deferred property taxes beginning in 2008, impacting state payments to counties beginning in FY 2009.
- It is assumed program participation would increase 5% under the proposal. Using the average amount deferred in the current program, the estimated total cost increase would be approximately $16,000 beginning in FY 2009.

Number of Taxpayers: An estimated seven participants.

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

hf3118(sf2968)_1/nrg