

MINNESOTA • REVENUE

PROPERTY TAX REFUND Refund Allowed for Delinquent Taxes

March 27, 2008

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of S.F. 3762 (Skoe) / H.F. 4097 (Davnice)

	<u>Fund Impact</u>			
	<u>F.Y. 2008</u>	<u>F.Y. 2009</u>	<u>F.Y. 2010</u>	<u>F.Y. 2011</u>
			(000's)	
General Fund	\$0	\$0	(\$6,400)	(\$6,800)

Effective for refund claims based on property taxes payable in 2009 and thereafter.

EXPLANATION OF THE BILL

Current Law: A homestead with delinquent property taxes is ineligible for a state-paid property tax refund. Every homeowner claiming a property tax refund must provide proof there are no delinquent property taxes on their homestead, usually in the form of the property tax statement.

Proposed Law: The bill would provide counties the option to allow a homestead with delinquent property taxes to claim a property tax refund to be applied to the claimant's delinquent taxes, excluding penalties and interest. The refund would be required to be sent by electronic payment to the county.

REVENUE ANALYSIS DETAIL

- It is assumed that approximately 1.4% of homesteads statewide, or 21,000, have delinquent property taxes.
- It is assumed that 50% of homestead with delinquent property taxes would be eligible for a property tax refund, and 90% would petition the county to set up electronic payment to apply the refund to their delinquent property taxes.
- The average homeowner property tax refund in FY 2008 was approximately \$650.
- A 5% annual growth rate is assumed.

Number of Taxpayers: 9,450 homeowners with delinquent homestead property taxes claiming a property tax refund.

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