

MINNESOTA • REVENUE

PROPERTY TAX REFUND Military Disability Pay Excluded from Household Income

March 9, 2009

Revised estimate

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue

Analysis of H.F. 837 (Juhnke), as proposed to be amended (H0837A1)

	Fund Impact			
	<u>F.Y. 2010</u>	<u>F.Y. 2011</u>	<u>F.Y. 2012</u>	<u>F.Y. 2013</u>
			(000's)	
General Fund	\$0	(\$9,700)	(\$10,000)	(\$10,300)

As proposed to be amended, effective beginning for claims based on rent paid in 2009 and property taxes payable in 2010.

EXPLANATION OF THE BILL

For the definition of household income used to calculate the property tax refund, the bill would allow the subtraction of disability income for a military veteran with a service-connected disability.

REVENUE ANALYSIS DETAIL

- According to the Minnesota Department of Veterans Affairs, there are approximately 55,000 veterans in Minnesota with a service-connected disability.
- The average annual amount paid by the U.S. Veterans Administration to veterans with a service-connected disability is \$9,400 in fiscal year 2006.
- **As revised**, it is assumed that about 35,000 disabled veterans would be eligible for the property tax refund.
- It was assumed the average property tax refund increase would be \$250 as the result of subtracting military disability pay from household income.
- A 3.3% annual growth rate is assumed.

Number of Taxpayers: An estimated 35,000 disabled veterans in Minnesota.

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

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