MORTGAGE REGISTRY TAX
AND DEED TRANSFER TAX
Growth in Collections Appropriated for Housing

May 3, 2010

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 3304 (Cohen) / H.F. 3725 (Marquart)

	Fund Impact			
	F.Y. 2010	**F.Y. 2011**	**F.Y. 2012**	**F.Y. 2013**
	(000's)			
Appropriation to Minnesota Housing Finance Agency	$0	$0	($12,300)	($33,700)
General Fund Total	$0	$0	($12,300)	($33,700)

Effective July 1, 2010.

EXPLANATION OF THE BILL

Current Law: The state proceeds from the mortgage registry tax and the deed transfer tax are deposited into the state general fund but are not appropriated to any specific purpose.

Proposed Law: For fiscal years 2012 through 2021, the proposal would appropriate money from the general fund to the Minnesota Housing Finance Agency for the creation of additional affordable housing units. The funding would be for the Economic Development and Housing Challenge Program authorized by M.S. 462A.33. The appropriation could not be used as a substitute for traditional sources of funding. The amount of this extra appropriation, determined by the Commissioner of Revenue, would be equal to the excess of the sum of the mortgage registry tax and the deed transfer tax for each of the fiscal years 2012 through 2021 over the sum of the mortgage registry tax and the deed transfer tax for fiscal year 2011.

In addition, the Minnesota Housing Finance Agency would be required to issue an annual report by December 15 of each year regarding the progress related to the creation of 1,000 additional affordable housing units annually. The report is to be submitted to the chairs of the respective House of Representatives and Senate committees having jurisdiction over the Minnesota Housing Finance Agency.

Note: The proposal requires that the amount of the appropriation for each recently-ended fiscal year, starting with fiscal year 2012, be determined early in the next fiscal year, before September 1 and before the closing of the books for the just-ended fiscal year. Therefore, this analysis assumes that the appropriations will be made as closing entries for each of the recently-ended fiscal years. This assumption is made in spite of the fact that appropriated money would not be available until the beginning of the subsequent fiscal year.

REVENUE ANALYSIS DETAIL

- The February 2010 forecast for the sum of the mortgage registry tax and the deed transfer tax is $127,500,000, $139,800,000, and $161,200,000 for fiscal years 2011, 2012, and 2013 respectively.

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

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