

# MINNESOTA • REVENUE

## PROPERTY TAX

### Delinquent Property Tax Interest Rate Modification

March 12, 2012

|                                 | Yes | No |
|---------------------------------|-----|----|
| DOR Administrative Cost/Savings |     | X  |

Department of Revenue

Analysis of H.F. 2313 (Rukavina) / S.F. 1914 (Bakk) as introduced.

Effective for taxes payable 2012 and thereafter.

### EXPLANATION OF THE BILL

The bill makes several changes to interest rates applied to delinquent property taxes and penalties. On or after January 1, 2013, the interest rate charged would be between four and seven percent, depending on the official rate. (The official rate for the year is the prime rate charged by banks during the six-month period ending on September 30 of that year, rounded to the nearest full percent.) For delinquent payments due between January 1, 1991 and before January 1, 2013, the interest rate would be between 10 and 14 percent, depending on the official rate. Effective day following final enactment.

### REVENUE ANALYSIS DETAIL

The bill would have no state general fund impacts from Department of Revenue administered aids and credits.

There may be additional school district county apportionment impacts. Apportionment dollars lost are required to be made up dollar for dollar by the state.

### PROPERTY TAX BENCHMARKS (Minn. Stat. § 270C.991)

*Transparency, Understandability, Simplicity & Accountability*      Neutral

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*Efficiency & Compliance*      Neutral

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*Equity (Vertical & Horizontal)*      Neutral

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*Stability & Predictability*      Neutral

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*Competitiveness for Businesses*      Neutral

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*Responsiveness to Economic Conditions*      Neutral

*The bill is scored on a three point scale (decrease, neutral, increase) for each principle in comparison to current law.*

Source: Minnesota Department of Revenue  
Property Tax Division - Research Unit  
[http://www.taxes.state.mn.us/legal\\_policy](http://www.taxes.state.mn.us/legal_policy)

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