MINNESOTA · REVENUE

February 25, 2013

PROPERTY TAX REFUND
Property Tax Percentage of Rent Increased

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue
Analysis of H.F. 0173 (Morgan) as introduced

	Fund Impact			
	FY2014	FY2015	FY2016	FY2017
	(000's)			
General Fund	$0	($28,300)	($29,000)	($29,600)

Effective beginning with 2013 returns filed in 2014.

EXPLANATION OF THE BILL

For purposes of the property tax refund (PTR) program, current Minnesota statutes allow a renter to claim 17% of the rent paid for the year as the amount of property tax paid by the renter. This figure is used, along with the renter's income, to determine eligibility for and the amount of the property tax refund. The proposal would change the percentage from 17% to 19% starting with tax year 2013 (fiscal year 2015).

REVENUE ANALYSIS DETAIL

- The estimates are based on the November 2012 forecast.
- Increasing the percentage of rent constituting property taxes would increase refunds to almost every claimant. Approximately 6,000 additional renters, or about 2%, would become eligible for a refund beginning in FY 2015.
- Under the proposal, the average renter property tax refund increase would be $88.

Source: Minnesota Department of Revenue
Property Tax Division - Research Unit
www.revenue.state.mn.us/research_stats/pages/revenue-analyses.aspx

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

Transparency, Understandability, Simplicity & Accountability	Neutral	
Efficiency & Compliance	Neutral	
Equity (Vertical & Horizontal)	Increase	Increases progressivity by increasing refunds to renters with household income under $57,060.
Stability & Predictability	Neutral	Short term instability in the first year with adjusted refunds.
Competitiveness for Businesses	Neutral	
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.