

MINNESOTA • REVENUE

PROPERTY TAX

Property Tax Late Payment Penalties Modification

March 18, 2013

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of H.F. 0451 (Kresha) / S.F. 0441 (Gazelka) as introduced

EXPLANATION OF THE BILL

The bill makes several changes to penalties for late payments of property taxes. The penalty for late payment of first half property taxes for non-homestead property taxes of four percent until May 31, and eight percent on June 1 is stricken. The penalty for late payment of first half property taxes of two percent until May 31 and four percent on June 1 for homestead property would apply to all property types. The late payment penalty for second half property taxes for all property would be two percent after Oct. 15, four percent on Nov. 1, and six percent on Dec. 1. A redundant section concerning noncommercial seasonal recreational property is repealed. Effective for taxes payable 2016 and thereafter.

REVENUE ANALYSIS DETAIL

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

The bill would reduce the amount of penalties distributed to schools and counties. Lower school penalties will reduce a offset to state education aids, increasing state costs.

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

<i>Transparency, Understandability, Simplicity & Accountability</i>	Increase	Uniform penalty clause for all property types.
<i>Efficiency & Compliance</i>	Neutral	
<i>Equity (Vertical & Horizontal)</i>	Neutral	
<i>Stability & Predictability</i>	Neutral	
<i>Competitiveness for Businesses</i>	Increase	Lower penalties for late business property.
<i>Responsiveness to Economic Conditions</i>	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
[www.revenue.state.mn.us/research_stats/
pages/revenue-analyses.aspx](http://www.revenue.state.mn.us/research_stats/pages/revenue-analyses.aspx)

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