

# MINNESOTA • REVENUE

## PROPERTY TAX

**Homestead classification application use of federal taxpayer identification numbers in lieu of Social Security numbers allowed**

April 26, 2016

	Yes	No
DOR Administrative Cost/Savings	X	

Department of Revenue

Analysis of H.F. 3561 (Mariani) / S.F. 3349 (Champion) as introduced

### Fund Impact

	<u>FY2016</u>	<u>FY2017</u>	<u>FY2018</u>	<u>FY2019</u>
			(000's)	
General Fund	\$0	\$0	(\$4,350)	(\$4,460)

Effective for assessment year 2016 and thereafter.

## EXPLANATION OF THE BILL

Under current law, only property owners with a valid Social Security number are allowed to apply for homestead classification. Under the proposal, property owners with a valid individual taxpayer identification number issued by the Internal Revenue Service would also be allowed to apply for homestead classification.

## REVENUE ANALYSIS DETAIL

- By expanding the identification documents allowed to apply for homestead classification, it is assumed that the number of homesteads in the state will increase.
- The proposal would cause a shift in property taxes away from properties newly qualifying for homestead and onto all other properties, including other homesteads.
- An increase in the number of properties eligible for homestead status would cause an increase in property tax refunds paid by the state. It is assumed that the amount of property tax refunds paid will increase by one percent each year, resulting in a cost of \$4.35 million to the state general fund in FY 2018 and \$4.46 million in FY 2019.

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

<i>Transparency, Understandability, Simplicity &amp; Accountability</i>	Neutral
<i>Efficiency &amp; Compliance</i>	Neutral
<i>Equity (Vertical &amp; Horizontal)</i>	Neutral
<i>Stability &amp; Predictability</i>	Neutral
<i>Competitiveness for Businesses</i>	Neutral
<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.*