

February 20, 2019

**PROPERTY TAX REFUND  
PTR Income Definition Modified**

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue  
Analysis of S.F. 1117 (Limmer) as introduced

	<b>Fund Impact</b>			
	<u>FY2020</u>	<u>FY2021</u>	<u>FY2022</u>	<u>FY2023</u>
	(000's)			
General Fund	\$0	(\$1,450)	(\$1,500)	(\$1,550)

Effective beginning for refunds based on rent paid in 2019 and property taxes payable in 2020.

**EXPLANATION OF THE BILL**

Under current law nontaxable scholarships, fellowship grants, and qualified tuition discounts are not included in federal adjusted gross income, but they are included in the definition of household income for the purpose of calculating property tax refunds.

The proposal would exclude nontaxable scholarships and grants from the definition of household income used to calculate property tax refunds. The exclusion would also include the cash value of any tuition discount provided by a postsecondary education institution.

**REVENUE ANALYSIS DETAIL**

- The estimates are based on the November 2018 forecast.
- It was assumed that additional nontaxable income reported on line 5 of Form M1PR for claimants age 26 or younger was nontaxable scholarships and grants.
- Nontaxable scholarship and grant income was excluded from the total income to recalculate property tax refunds, increasing the cost of state-paid property tax refunds.

Number of Taxpayers: An estimated 18,000 property tax refund claimants.

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

<i>Transparency, Understandability, Simplicity &amp; Accountability</i>	Neutral	Determining total household income for taxpayers would require accounting for fewer sources of income not already included on a tax form.
<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.*

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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