

**PROPERTY TAX REFUND
Renter Property Tax Refund
Modifications**

March 15, 2019

	Yes	No
DOR Administrative Cost/Savings		X

Department of Revenue

Analysis of H.F. 2349 (Loeffler) as proposed to be amended by H2349DE1

Fund Impact

	FY2020	FY2021	FY2022	FY2023
	(000's)			
General Fund	\$0	(\$34,500)	(\$36,100)	(\$37,200)

Effective beginning for claims based on rent paid in 2019.

EXPLANATION OF THE BILL

Under current law, renters with a household income of less than \$62,560 are eligible for a property tax refund.

The bill would modify the renter property tax refund table to expand the eligible household income range up to \$90,000 beginning with tax year 2019 (fiscal year 2021). The bill would also reduce taxpayer copay percentages for all renter income ranges.

REVENUE ANALYSIS DETAIL

- The estimates are based on the February 2019 forecast.
- Reducing copay percentages and expanding the renter refund table would increase refunds to renters, increasing the cost of state-paid property tax refunds beginning in FY 2021.
- For renter claimants, about 320,000 current filers would receive an increase totaling approximately \$13.2 million in the first year, with an average refund increase of about \$40.
- Increasing the household income range to \$90,000 would result in an estimated 49,000 additional renters becoming eligible and filing for a refund beginning in FY 2021. The refund amounts for newly eligible renters would total approximately \$21.3 million in the first year, with an average refund of about \$430.

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

<i>Transparency, Understandability, Simplicity & Accountability</i>	Neutral
<i>Efficiency & Compliance</i>	Neutral
<i>Equity (Vertical & Horizontal)</i>	Neutral
<i>Stability & 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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