Senior Citizens’ Property Tax Deferral

What is it?
Under the Senior Citizens’ Property Tax Deferral program, you can defer on a portion of the property taxes you owe if:

- You are 65 years old or older
- Your household income is $60,000 or less

Please note, the deferral covers your home, garage, and up to one acre.

The amount of property taxes that you will be responsible for paying will be 3% of your household income.

How does it work?
This is a low-interest loan from the state. This is not a tax forgiveness program. The state pays the county your property taxes directly and charges you interest. The interest on the loan changes yearly, but will never be more than 5%.

Please note, under this program, a lien will attach to your property. This means that the state can take possession of your home as payment for the loan if you leave the program or no longer qualify for the program and you do not pay the loan amount back.

How much will I pay in taxes?
The amount of tax you pay is determined the year you enter the program. Your annual income from the year before you apply for the program is used to figure out how much you will pay.

Example. If your household income was $15,000 the year before you applied for the program and you would be responsible for 3% of your household income, then:

- 3% of $15,000 is $450.
- The maximum amount of property tax you would be responsible for paying each year you participate would be $450.

If your property tax for the year was $1,450, you would pay $450, and the remaining $1,000 would be paid by the state.

The $1,000 would be the amount of the loan from the state and interest would be charged on it. If your total property tax ever fell below your maximum tax amount ($450 is this example), you would only pay the amount due.

As part of your initial application, you will need to provide a report detailing any mortgages, liens, judgments, or unpaid property taxes on your property. The report must be dated within 30 days of your application. Depending on the type of property you own, your report will be one of the following:

- **Abstract property**: a licensed abstracter must prepare a report showing the last deed recorded and any unsatisfied liens or judgments. This report is also called an “Owners and Encumbrances” report.
- **Torrens property**, you will need to obtain a copy of the “Original Certificate of Title,” sometimes called a “Condition of Register,” from the County Recorder.

If you are unsure what type of property you have, contact your county recorder.
What about my property tax refunds?
When you apply for property tax refunds, you will not receive the refunds as cash payments. They will be applied to your deferred property tax total, which is the loan amount from the state.

Your Minnesota income tax refunds, political contribution refunds, or lottery winnings of any type will also be applied to your deferred property tax.

What if my income changes?
If your income goes above $60,000 in a calendar year, you must notify the Department of Revenue in writing.

You will not be allowed to defer any further taxes until your income is $60,000 or less. If this happens, you are responsible for submitting a new application for the program.

If you fail to notify the state of an increase in income, penalties will apply.

Please note that stopping deferral because of excess income is not the same thing as being terminated from the program.

Who may be eligible?
In order to qualify for this program, all of the following conditions must be met:

1. The property must be owned and homesteaded by a person 65 years of age or older. (In the case of a married couple, one spouse must be at least 65, and the other spouse must be at least 62.)
2. Your total household income cannot be more than $60,000 for the calendar year before the year of your initial application.
3. One of the homeowners must have owned and lived in the home for at least 15 years before the year that you submit your first application.
4. There can be no state or federal tax liens or judgment liens on the property.
5. The total of unpaid debts secured by mortgages and other liens against the property cannot be more than 75% of the assessor’s estimated market value of the property.

How do I apply?
Applications are available at your County Auditor’s office.

Applications are due on or before November 1 to defer a portion of the taxes you owe for the next year. You can apply the year you turn 65 years old, but you will not receive a deferral until the following year. Once you are enrolled in the program and continue to meet requirements (annual income is $60,000 or less), you do not need to reapply.

What else should I know?
If you meet the requirements of this program, the state will file a notice of lien with your county. If there are fees associated with this filing, they will be added to your deferred tax.

When does my enrollment end?
Deferral of taxes will terminate when any one of the following occurs:

1. The property is sold or transferred.
2. All qualifying homeowners die.
3. The homeowner notifies the Commissioner of Revenue in writing that he/she wishes to discontinue the program.
4. The property no longer qualifies as a homestead.

When terminated, the deferred property taxes, any special assessments that may have been deferred, penalties, plus any recording or filing fees will become due and you will need to pay this to the state.

- If the property is sold or the homeowner dies, payment is due within 90 days of termination.
- If the homeowner voluntarily leaves the program or the property ceases to qualify as a homestead, the total deferred amount will become due within 1 year of termination.

No additional interest will be due if you pay the state on time. If the deferral is not paid on time, penalty, interest, lien, forfeiture, and other rules for the collection of property taxes will apply.

What if I have questions?
For more information, call the Property Tax Division of the Minnesota Department of Revenue at: 651-556-4803.