

**PROPERTY TAX REFUND
PTR Income Definition Modified**

February 27, 2023

	Yes	No
DOR Administrative Costs/Savings		X

Department of Revenue
Analysis of S.F. 1631 (Dibble) as proposed to be amended by SCS1631A-1

	Fund Impact			
	F.Y. 2024	F.Y. 2025	F.Y. 2026	F.Y. 2027
	(000's)			
Homestead Credit Refund	\$0	(\$460)	(\$480)	(\$500)
Renter Property Tax Refund	\$0	(\$110)	(\$120)	(\$130)
General Fund Total	\$0	(\$570)	(\$600)	(\$630)

Effective beginning with refunds based on rent paid in 2023 and property taxes payable in 2024.

EXPLANATION OF THE BILL

Under current law some qualified charitable distributions from a traditional or Roth style retirement account 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 bill would exclude nontaxable qualified charitable distributions from the definition of household income used to calculate property tax refunds.

REVENUE ANALYSIS DETAIL

- The estimates are based on the February 2023 forecast.
- Under the proposal, the amount of household income used to determine property tax refunds would be reduced by excluding qualified charitable distributions, which would increase refunds to eligible homeowners and renters.
- It is assumed that approximately 4,500 homeowners and renters would receive an increased property tax refund, resulting in an increase in state general fund costs beginning in FY 2025. The average refund increase is estimated to be approximately \$125.

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

<i>Transparency, Understandability, Simplicity & 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 & 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
<https://www.revenue.state.mn.us/revenue-analyses>

sf1631 PTR Income Exclusion_pt_1/ng