

**PROPERTY TAX
Senior Citizens' Property Tax
Deferral Requirements Modified**

March 19, 2025

Department of Revenue

Analysis of H.F. 2086 (Wolgamott) / S.F. 2504 (Putnam) as introduced

	Yes	No
DOR Administrative Costs/Savings	X	

Fund Impact

	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
	(000's)			
General Fund	\$0	(\$40)	(\$110)	(\$120)

Effective for applications received for deferral of taxes payable 2026 and thereafter.

EXPLANATION OF THE BILL

This proposal would make two changes to the senior deferral program:

1) Under current law, the eligibility requirements for participation in the senior citizen property tax deferral program include owning and living in their homestead for at least 5 years.

The proposal would modify the number of years a senior citizen would be required to live in their home from 5 to 2 years to be eligible for a property tax deferral.

2) Under current law, the eligibility requirements for participation in the senior citizen property tax deferral program include having a household income of \$96,000 or less.

The proposal would increase the household income maximum from \$96,000 to \$110,000 to be eligible for a property tax deferral.

REVENUE ANALYSIS DETAIL

- The estimate is based on the February 2025 forecast.
- In 2024 there were 457 senior homesteads receiving a property tax deferral.
- According to U.S. Census data, approximately 90% of senior citizen homeowners have lived in their homes for at least 5 years.
- Under the proposal, reducing the requirement from 5 years to 2 years would increase eligibility for the senior citizen property tax deferral program.
- According to the U.S. Social Security Administration, approximately 87% of senior citizen homeowners have incomes under \$96,000.
- Under the proposal, increasing the requirement from \$96,000 to \$110,000 years would increase eligibility for the senior citizen property tax deferral program.
- It is assumed that participation would increase approximately 4% under the proposal, increasing state general fund costs during the forecast period.

- The first partial year of impact is assumed to be fiscal year 2027. Applications received between June 2025 and October 2025 would be eligible for deferral under the new requirement beginning with taxes payable in 2026. The first full year of impact would be fiscal year 2028.

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
<https://www.revenue.state.mn.us/revenue-analyses>

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