



	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>
(‘000s)			
\$2,100	\$2,100	\$2,100	\$2,200
<u>\$0</u>	<u>\$0</u>	<u>\$30</u>	<u>\$30</u>
\$2,100	\$2,100	\$2,130	\$2,230

- There are approximately 400 residential homesteads in the state that made applications using an ITIN.
- The immigration status of ITIN users is unknown. There are a number of reasons that a person who is lawfully present in the U.S. would have an ITIN. It is assumed that 10% of those homesteads are owned by noncitizen ITIN holders that are either undocumented or otherwise not lawfully present in the country. These homeowners would no longer qualify for homestead classification under the proposal.

REVENUE ANALYSIS DETAIL (Cont.)

- Homeowners that no longer qualify for homestead classification under the proposal would be ineligible for the homeowner property tax refund. This would decrease state-paid property tax refunds beginning in fiscal year 2028.
- Properties that no longer qualify for residential homestead classification would likely be classified as residential non-homestead under the proposal. Their classification rate would either remain the same or increase, depending on their new classification. Additionally, these properties would no longer qualify for the homestead market value exclusion. Due to these changes, the proposal would increase affected properties' taxable market value and net tax capacity.
- The proposal would shift taxes onto properties no longer qualify for homestead under the proposal and away from all other properties, including other homesteads. The shift away from other homesteads would decrease state-paid property tax refunds beginning in fiscal year 2028.
- The total savings in property tax refunds paid by the state is estimated to be \$30,000 beginning in fiscal year 2028.

Child and Working Family Credits

- The Pew Research Center estimates that there are about 95,000 undocumented immigrants in Minnesota as of 2022. The American Immigration Council estimates that there are about 80,000 undocumented immigrants in Minnesota. Of those, 97% are 65 years old or younger.
- The average annual income for the immigrants is \$35,400.
- Based on individual income tax returns for tax year 2023, about 10,600 returns with at least one adult or child using an ITIN claimed the CWFC. The total credit claimed on those returns was \$20.3 million.
- The average credit for ITIN users was about \$1,900.
- The immigration status of ITIN users is unknown. There are a number of reasons that a person who is lawfully present in the U.S. would have an ITIN. It is assumed that 10% of ITIN users would be ineligible for the CWFC under the bill.

Number of Taxpayers: About 40 residential homesteads are assumed to be affected. About 1,000 returns are assumed to be no longer be eligible for the child and working family credits.

Minnesota Department of Revenue
Tax Research Division
[https://www.revenue.state.mn.us/
revenue-analyses](https://www.revenue.state.mn.us/revenue-analyses)