DEPARTMENT OF REVENUE

PROPERTY TAX REFUND
Homeowner PTR Based on Federal Adjusted Gross Income

March 9, 2026

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of H.F. 2303 (Norris) as proposed to be amended by H2303DE1

	Fund Impact			
	F.Y. 2026	**F.Y. 2027**	**F.Y. 2028**	**F.Y. 2029**
	(000's)			
General Fund	$0	$0	($171,600)	($180,500)

Effective for refunds based on property taxes payable in 2027 and thereafter.

EXPLANATION OF THE BILL

Under current law property tax refunds are based on "household income", which includes federal adjusted gross income (FAGI) plus other non-taxable income sources, such as social security benefits, retirement plan contributions, and government assistance payments.

The proposal would redefine income for property tax refund calculations to be simply FAGI. Current law income subtractions and exclusions would be removed, except the existing subtractions for dependents, disability, and age 65+ would be preserved.

REVENUE ANALYSIS DETAIL

- Changing the definition of household income to FAGI would narrow the income measure for property tax refund calculations. On average, FAGI is estimated to be approximately 14% lower than household income as currently defined.
- Under the proposal, roughly one-quarter of current property tax refund claimants would see no change in the net income amount used to calculate their refund and therefore no change in their refund amount.
- Most claimants would have a lower net income amount for refund calculations and would receive a higher refund compared to current law. About two-thirds of homeowners currently receiving a refund would be estimated to receive an average refund increase of $370.
- A smaller share of claimants would have a higher net income amount due to the elimination of certain subtractions and exclusions, including those for retirement contributions and paid alimony, and would receive a lower refund. Approximately 10% of homeowners currently receiving a refund would be estimated to receive an average refund decrease of $125.
- The change in the definition of income would increase the number of homeowners qualifying for a refund. It is assumed that approximately 58,000 new claimants would become eligible and file for a property tax refund under the proposal.
- Overall, the change in income definition would increase state-paid homeowner property tax refunds by an estimated $171.6 million beginning in FY 2028.

Number of Taxpayers: For homeowner PTR claimants, 372,000 would receive an increased refund, 144,000 would have no change in their refund, and 55,000 would receive a decreased refund. Approximately 58,000 newly eligible claimants would also claim a refund.

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

Transparency, Understandability, Simplicity & Accountability	Neutral
Efficiency & Compliance	Neutral
Equity (Vertical & Horizontal)	Neutral
Stability & Predictability	Neutral
Competitiveness for Businesses	Neutral
Responsiveness to Economic Conditions	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

hf2303 PTR Homeowner FAGI_pt_1/nrg