

This Document can be made available in alternative formats upon request

State of Minnesota HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH SESSION

HOUSE FILE No. 2122

March 14, 2007

Authored by Brod

The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; property tax refunds; removing the maximum from the
1.3 homeowner refund; implementing an income phaseout for the special refund;
1.4 amending Minnesota Statutes 2006, section 290A.04, subdivisions 2, 2h, 4.

1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.6 Section 1. Minnesota Statutes 2006, section 290A.04, subdivision 2, is amended to
1.7 read:

1.8 Subd. 2. Homeowners. A claimant whose property taxes payable are in excess
1.9 of the percentage of the household income stated below shall pay an amount equal to
1.10 the percent of income shown for the appropriate household income level along with the
1.11 percent to be paid by the claimant of the remaining amount of property taxes payable.
1.12 The state refund equals the amount of property taxes payable that remain, up to the state
1.13 refund amount shown below.

Table with 5 columns: Household Income, Percent of Income, Percent Paid by Claimant, Maximum State Refund. Rows 1.14-1.26.

2.1	14,350 to 16,739	2.1 percent	30 percent	<del>\$1,210</del>
2.2	16,740 to 17,929	2.2 percent	35 percent	<del>\$1,160</del>
2.3	17,930 to 19,119	2.3 percent	35 percent	<del>\$1,160</del>
2.4	19,120 to 20,319	2.4 percent	35 percent	<del>\$1,110</del>
2.5	20,320 to 25,099	2.5 percent	40 percent	<del>\$1,110</del>
2.6	25,100 to 28,679	2.6 percent	40 percent	<del>\$1,070</del>
2.7	28,680 to 35,849	2.7 percent	40 percent	<del>\$1,070</del>
2.8	35,850 to 41,819	2.8 percent	45 percent	<del>\$ 970</del>
2.9	41,820 to 47,799	3.0 percent	45 percent	<del>\$ 970</del>
2.10	47,800 to 53,779	3.2 percent	45 percent	<del>\$ 870</del>
2.11	53,780 to 59,749	3.5 percent	50 percent	<del>\$ 780</del>
2.12	59,750 to 65,729	4.0 percent	50 percent	<del>\$ 680</del>
2.13	65,730 to 69,319	4.0 percent	50 percent	<del>\$ 580</del>
2.14	69,320 to 71,719	4.0 percent	50 percent	<del>\$ 480</del>
2.15	71,720 to 74,619	4.0 percent	50 percent	<del>\$ 390</del>
2.16	74,620 to 77,519	4.0 percent	50 percent	<del>\$ 290</del>

2.17 The payment made to a claimant shall be the amount of the state refund calculated  
 2.18 under this subdivision. No payment is allowed if the claimant's household income is  
 2.19 \$77,520 or more.

2.20 **EFFECTIVE DATE.** This section is effective for refunds based on taxes payable in  
 2.21 2008 and thereafter.

2.22 Sec. 2. Minnesota Statutes 2006, section 290A.04, subdivision 2h, is amended to read:

2.23 Subd. 2h. **Additional refund.** (a) If the gross property taxes payable on a homestead  
 2.24 increase more than 12 percent over the property taxes payable in the prior year on the same  
 2.25 property that is owned and occupied by the same owner on January 2 of both years, and the  
 2.26 amount of that increase is \$100 or more, a claimant who is a homeowner shall be allowed  
 2.27 an additional refund equal to 60 percent of the amount of the increase over the greater of  
 2.28 12 percent of the prior year's property taxes payable or \$100. This subdivision shall not  
 2.29 apply to any increase in the gross property taxes payable attributable to improvements  
 2.30 made to the homestead after the assessment date for the prior year's taxes. This subdivision  
 2.31 shall not apply to any increase in the gross property taxes payable attributable to the  
 2.32 termination of valuation exclusions under section 273.11, subdivision 16.

2.33 The maximum refund allowed under this subdivision is \$1,000. The maximum  
 2.34 refund allowed under this subdivision is reduced by ten percent of household income in  
 2.35 excess of \$200,000.

2.36 (b) For purposes of this subdivision "gross property taxes payable" means property  
 2.37 taxes payable determined without regard to the refund allowed under this subdivision.

3.1 (c) In addition to the other proofs required by this chapter, each claimant under  
3.2 this subdivision shall file with the property tax refund return a copy of the property tax  
3.3 statement for taxes payable in the preceding year or other documents required by the  
3.4 commissioner.

3.5 (d) Upon request, the appropriate county official shall make available the names and  
3.6 addresses of the property taxpayers who may be eligible for the additional property tax  
3.7 refund under this section. The information shall be provided on a magnetic computer  
3.8 disk. The county may recover its costs by charging the person requesting the information  
3.9 the reasonable cost for preparing the data. The information may not be used for any  
3.10 purpose other than for notifying the homeowner of potential eligibility and assisting the  
3.11 homeowner, without charge, in preparing a refund claim.

3.12 **EFFECTIVE DATE.** This section is effective for refunds based on taxes payable in  
3.13 2008 and thereafter.

3.14 Sec. 3. Minnesota Statutes 2006, section 290A.04, subdivision 4, is amended to read:

3.15 Subd. 4. **Inflation adjustment.** (a) Beginning for property tax refunds payable  
3.16 in calendar year 2002, the commissioner shall annually adjust the dollar amounts of  
3.17 the income thresholds under subdivisions 2 and 2a and the maximum refunds under  
3.18 ~~subdivisions 2 and~~ subdivision 2a for inflation. The commissioner shall make the inflation  
3.19 adjustments in accordance with section 1(f) of the Internal Revenue Code, except that  
3.20 for purposes of this subdivision the percentage increase shall be determined from the  
3.21 year ending on June 30, 2000, to the year ending on June 30 of the year preceding that  
3.22 in which the refund is payable.

3.23 (b) Beginning for property tax refunds payable in calendar year 2009, the  
3.24 commissioner shall annually adjust the dollar amounts of the income threshold and the  
3.25 maximum refund under subdivision 2h for inflation. The commissioner shall make the  
3.26 inflation adjustments in accordance with section 1(f) of the Internal Revenue Code, except  
3.27 that for purposes of this subdivision the percentage increase shall be determined from the  
3.28 year ending on June 30, 2007, to the year ending on June 30 of the year preceding that  
3.29 in which the refund is payable.

3.30 (c) The commissioner shall use the appropriate percentage increase to annually  
3.31 adjust the income thresholds and maximum refunds under subdivisions 2, ~~and 2a,~~  
3.32 and 2h for inflation without regard to whether or not the income tax brackets are  
3.33 adjusted for inflation in that year. The commissioner shall round the thresholds and the  
3.34 maximum amounts, as adjusted to the nearest \$10 amount. If the amount ends in \$5, the  
3.35 commissioner shall round it up to the next \$10 amount.

4.1 The commissioner shall annually announce the adjusted refund schedule at the same  
4.2 time provided under section 290.06. The determination of the commissioner under this  
4.3 subdivision is not a rule under the Administrative Procedure Act.

4.4 **EFFECTIVE DATE.** This section is effective the day following final enactment.