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State of Minnesota HOUSE OF REPRESENTATIVES NINETIETH SESSION

H. F. No. 2461

03/20/2017 Authored by Koznick; Anderson, S.; Scott; Pugh; McDonald and others 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 property tax refunds; modifying the schedule for the homestead credit
1.3 state refund; amending Minnesota Statutes 2016, section 290A.04, subdivisions
1.4 2, 4.

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

1.6 Section 1. Minnesota Statutes 2016, section 290A.04, subdivision 2, is amended to read:

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

Table with 4 columns: Household Income, Percent of Income, Percent Paid by Claimant, Maximum State Refund. Rows 1.13-1.25 show income brackets from \$0 to 17,879 and corresponding percentages.

2.1	<del>17,880 to 22,779</del>	<del>2.0 percent</del>	<del>25 percent</del>	<del>\$ 2,580</del>
2.2	<del>22,780 to 24,399</del>	<del>2.0 percent</del>	<del>30 percent</del>	<del>\$ 2,580</del>
2.3	<del>24,400 to 27,659</del>	<del>2.0 percent</del>	<del>30 percent</del>	<del>\$ 2,580</del>
2.4	<del>27,660 to 39,029</del>	<del>2.0 percent</del>	<del>35 percent</del>	<del>\$ 2,580</del>
2.5	<del>39,030 to 56,919</del>	<del>2.0 percent</del>	<del>35 percent</del>	<del>\$ 2,090</del>
2.6	<del>56,920 to 65,049</del>	<del>2.0 percent</del>	<del>40 percent</del>	<del>\$ 1,830</del>
2.7	<del>65,050 to 73,189</del>	<del>2.1 percent</del>	<del>40 percent</del>	<del>\$ 1,510</del>
2.8	<del>73,190 to 81,319</del>	<del>2.2 percent</del>	<del>40 percent</del>	<del>\$ 1,350</del>
2.9	<del>81,320 to 89,449</del>	<del>2.3 percent</del>	<del>40 percent</del>	<del>\$ 1,180</del>
2.10	<del>89,450 to 94,339</del>	<del>2.4 percent</del>	<del>45 percent</del>	<del>\$ 1,000</del>
2.11	<del>94,340 to 97,609</del>	<del>2.5 percent</del>	<del>45 percent</del>	<del>\$ 830</del>
2.12	<del>97,610 to 101,559</del>	<del>2.5 percent</del>	<del>50 percent</del>	<del>\$ 680</del>
2.13	<del>101,560 to 105,499</del>	<del>2.5 percent</del>	<del>50 percent</del>	<del>\$ 500</del>
2.14				<u>Maximum</u>
2.15			<u>Percent Paid by</u>	<u>State</u>
2.16	<u>Household Income</u>	<u>Percent of Income</u>	<u>Claimant</u>	<u>Refund</u>
2.17	<u>\$0 to 1,699</u>	<u>1.0 percent</u>	<u>15 percent</u>	<u>\$ 2,800</u>
2.18	<u>1,700 to 3,389</u>	<u>1.1 percent</u>	<u>15 percent</u>	<u>\$ 2,800</u>
2.19	<u>3,390 to 5,139</u>	<u>1.2 percent</u>	<u>15 percent</u>	<u>\$ 2,800</u>
2.20	<u>5,140 to 6,849</u>	<u>1.3 percent</u>	<u>20 percent</u>	<u>\$ 2,800</u>
2.21	<u>6,850 to 8,539</u>	<u>1.4 percent</u>	<u>20 percent</u>	<u>\$ 2,800</u>
2.22	<u>8,540 to 11,959</u>	<u>1.5 percent</u>	<u>20 percent</u>	<u>\$ 2,800</u>
2.23	<u>11,960 to 13,669</u>	<u>1.6 percent</u>	<u>20 percent</u>	<u>\$ 2,800</u>
2.24	<u>13,670 to 15,389</u>	<u>1.7 percent</u>	<u>20 percent</u>	<u>\$ 2,800</u>
2.25	<u>15,390 to 17,089</u>	<u>1.8 percent</u>	<u>20 percent</u>	<u>\$ 2,800</u>
2.26	<u>17,090 to 18,779</u>	<u>1.9 percent</u>	<u>25 percent</u>	<u>\$ 2,800</u>
2.27	<u>18,780 to 23,929</u>	<u>1.9 percent</u>	<u>25 percent</u>	<u>\$ 2,800</u>
2.28	<u>23,930 to 25,629</u>	<u>1.9 percent</u>	<u>30 percent</u>	<u>\$ 2,800</u>
2.29	<u>25,630 to 29,059</u>	<u>1.9 percent</u>	<u>30 percent</u>	<u>\$ 2,800</u>
2.30	<u>29,060 to 40,999</u>	<u>1.9 percent</u>	<u>35 percent</u>	<u>\$ 2,800</u>
2.31	<u>41,000 to 59,789</u>	<u>1.9 percent</u>	<u>35 percent</u>	<u>\$ 2,800</u>
2.32	<u>59,790 to 68,329</u>	<u>1.9 percent</u>	<u>40 percent</u>	<u>\$ 2,800</u>
2.33	<u>68,330 to 76,879</u>	<u>2.0 percent</u>	<u>40 percent</u>	<u>\$ 2,800</u>
2.34	<u>76,880 to 81,549</u>	<u>2.0 percent</u>	<u>40 percent</u>	<u>\$ 2,800</u>
2.35	<u>81,550 to 85,419</u>	<u>2.0 percent</u>	<u>40 percent</u>	<u>\$ 2,050</u>
2.36	<u>85,420 to 93,959</u>	<u>2.0 percent</u>	<u>40 percent</u>	<u>\$ 1,300</u>
2.37	<u>93,960 to 99,099</u>	<u>2.0 percent</u>	<u>45 percent</u>	<u>\$ 1,200</u>
2.38	<u>99,100 to 102,539</u>	<u>2.3 percent</u>	<u>45 percent</u>	<u>\$ 1,100</u>

3.1	<u>102,540 to 106,679</u>	<u>2.3 percent</u>	<u>50 percent</u>	<u>\$ 1,000</u>
3.2	<u>106,680 to 110,819</u>	<u>2.3 percent</u>	<u>50 percent</u>	<u>\$ 800</u>

3.3 The payment made to a claimant shall be the amount of the state refund calculated under  
 3.4 this subdivision. No payment is allowed if the claimant's household income is ~~\$105,500~~  
 3.5 \$110,820 or more.

3.6 **EFFECTIVE DATE.** This section is effective for refunds based on property taxes  
 3.7 payable in 2018 and thereafter.

3.8 Sec. 2. Minnesota Statutes 2016, section 290A.04, subdivision 4, is amended to read:

3.9 Subd. 4. **Inflation adjustment.** (a) Beginning for property tax refunds payable in calendar  
 3.10 year 2002, the commissioner shall annually adjust the dollar amounts of the income thresholds  
 3.11 and the maximum refunds under subdivisions 2 and 2a for inflation. The commissioner  
 3.12 shall make the inflation adjustments in accordance with section 1(f) of the Internal Revenue  
 3.13 Code, except that for purposes of this subdivision the percentage increase shall be determined  
 3.14 as provided in this subdivision.

3.15 (b) In adjusting the dollar amounts of the income thresholds and the maximum refunds  
 3.16 under subdivision 2 for inflation, the percentage increase shall be determined from the year  
 3.17 ending on June 30, ~~2013~~ 2017, to the year ending on June 30 of the year preceding that in  
 3.18 which the refund is payable.

3.19 (c) In adjusting the dollar amounts of the income thresholds and the maximum refunds  
 3.20 under subdivision 2a for inflation, the percentage increase shall be determined from the  
 3.21 year ending on June 30, 2013, to the year ending on June 30 of the year preceding that in  
 3.22 which the refund is payable.

3.23 (d) The commissioner shall use the appropriate percentage increase to annually adjust  
 3.24 the income thresholds and maximum refunds under subdivisions 2 and 2a for inflation  
 3.25 without regard to whether or not the income tax brackets are adjusted for inflation in that  
 3.26 year. The commissioner shall round the thresholds and the maximum amounts, as adjusted  
 3.27 to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall round it up to  
 3.28 the next \$10 amount.

3.29 (e) The commissioner shall annually announce the adjusted refund schedule at the same  
 3.30 time provided under section 290.06. The determination of the commissioner under this  
 3.31 subdivision is not a rule under the Administrative Procedure Act.

3.32 **EFFECTIVE DATE.** This section is effective for claims based on property taxes payable  
 3.33 in 2018 and thereafter.