

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. 1566

02/22/2017 Authored by Pryor; Halverson; Maye Quade; Carlson, A.; Rosenthal 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 schedules for the homestead credit
1.3 state refund and the property tax refund for renters; amending Minnesota Statutes
1.4 2016, section 290A.04, subdivisions 2, 2a, 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 various income brackets and corresponding percentages.

2.1	17,880 to 22,779	2.0 percent	25 percent	\$ 2,580
2.2	22,780 to 24,399	2.0 percent	30 percent	\$ 2,580
2.3	24,400 to 27,659	2.0 percent	30 percent	\$ 2,580
2.4	27,660 to 39,029	2.0 percent	35 percent	\$ 2,580
2.5	39,030 to 56,919	2.0 percent	35 percent	\$ 2,090
2.6	56,920 to 65,049	2.0 percent	40 percent	\$ 1,830
2.7	65,050 to 73,189	2.1 percent	40 percent	\$ 1,510
2.8	73,190 to 81,319	2.2 percent	40 percent	\$ 1,350
2.9	81,320 to 89,449	2.3 percent	40 percent	\$ 1,180
2.10	89,450 to 94,339	2.4 percent	45 percent	\$ 1,000
2.11	94,340 to 97,609	2.5 percent	45 percent	\$ 830
2.12	97,610 to 101,559	2.5 percent	50 percent	\$ 680
2.13	101,560 to 105,499	2.5 percent	50 percent	\$ 500
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>\$ 3,000</u>
2.18	<u>1,700 to 3,389</u>	<u>1.1 percent</u>	<u>15 percent</u>	<u>\$ 3,000</u>
2.19	<u>3,390 to 5,129</u>	<u>1.2 percent</u>	<u>15 percent</u>	<u>\$ 3,000</u>
2.20	<u>5,130 to 6,839</u>	<u>1.3 percent</u>	<u>20 percent</u>	<u>\$ 3,000</u>
2.21	<u>6,840 to 8,529</u>	<u>1.4 percent</u>	<u>20 percent</u>	<u>\$ 3,000</u>
2.22	<u>8,530 to 11,959</u>	<u>1.5 percent</u>	<u>20 percent</u>	<u>\$ 3,000</u>
2.23	<u>11,960 to 13,659</u>	<u>1.6 percent</u>	<u>20 percent</u>	<u>\$ 3,000</u>
2.24	<u>13,660 to 15,379</u>	<u>1.7 percent</u>	<u>20 percent</u>	<u>\$ 3,000</u>
2.25	<u>15,380 to 17,079</u>	<u>1.8 percent</u>	<u>20 percent</u>	<u>\$ 3,000</u>
2.26	<u>17,080 to 18,769</u>	<u>1.9 percent</u>	<u>25 percent</u>	<u>\$ 3,000</u>
2.27	<u>18,770 to 23,909</u>	<u>2.0 percent</u>	<u>25 percent</u>	<u>\$ 3,000</u>
2.28	<u>23,910 to 25,609</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$ 3,000</u>
2.29	<u>25,610 to 29,029</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$ 3,000</u>
2.30	<u>29,030 to 40,969</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 3,000</u>
2.31	<u>40,970 to 49,999</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 3,000</u>
2.32	<u>50,000 to 54,869</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 2,800</u>
2.33	<u>54,870 to 59,749</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 2,600</u>
2.34	<u>59,750 to 64,009</u>	<u>2.0 percent</u>	<u>40 percent</u>	<u>\$ 2,400</u>
2.35	<u>64,010 to 68,279</u>	<u>2.0 percent</u>	<u>40 percent</u>	<u>\$ 2,400</u>
2.36	<u>68,280 to 76,819</u>	<u>2.0 percent</u>	<u>40 percent</u>	<u>\$ 2,000</u>
2.37	<u>76,820 to 80,819</u>	<u>2.0 percent</u>	<u>40 percent</u>	<u>\$ 1,800</u>
2.38	<u>80,820 to 85,359</u>	<u>2.0 percent</u>	<u>40 percent</u>	<u>\$ 1,600</u>

3.1	<u>85,360 to 89,999</u>	<u>2.1 percent</u>	<u>40 percent</u>	<u>\$ 1,400</u>
3.2	<u>90,000 to 92,499</u>	<u>2.2 percent</u>	<u>40 percent</u>	<u>\$ 1,240</u>
3.3	<u>92,500 to 93,889</u>	<u>2.3 percent</u>	<u>40 percent</u>	<u>\$ 1,240</u>
3.4	<u>93,890 to 94,999</u>	<u>2.3 percent</u>	<u>45 percent</u>	<u>\$ 1,050</u>
3.5	<u>95,000 to 97,499</u>	<u>2.4 percent</u>	<u>45 percent</u>	<u>\$ 1,050</u>
3.6	<u>97,500 to 99,999</u>	<u>2.4 percent</u>	<u>45 percent</u>	<u>\$ 1,050</u>
3.7	<u>100,000 to 102,459</u>	<u>2.5 percent</u>	<u>45 percent</u>	<u>\$ 870</u>
3.8	<u>102,460 to 106,599</u>	<u>2.5 percent</u>	<u>50 percent</u>	<u>\$ 710</u>
3.9	<u>106,600 to 110,739</u>	<u>2.5 percent</u>	<u>50 percent</u>	<u>\$ 520</u>

3.10 The payment made to a claimant shall be the amount of the state refund calculated under
 3.11 this subdivision. No payment is allowed if the claimant's household income is ~~\$105,500~~
 3.12 \$110,740 or more.

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

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

3.16 Subd. 2a. **Renters.** A claimant whose rent constituting property taxes exceeds the
 3.17 percentage of the household income stated below must pay an amount equal to the percent
 3.18 of income shown for the appropriate household income level along with the percent to be
 3.19 paid by the claimant of the remaining amount of rent constituting property taxes. The state
 3.20 refund equals the amount of rent constituting property taxes that remain, up to the maximum
 3.21 state refund amount shown below.

3.22				Maximum
3.23			Percent Paid by	State
3.24	Household Income	Percent of Income	Claimant	Refund
3.25	\$0 to 4,909	1.0 percent	5 percent	\$ 2,000
3.26	4,910 to 6,529	1.0 percent	10 percent	\$ 2,000
3.27	6,530 to 8,159	1.1 percent	10 percent	\$ 1,950
3.28	8,160 to 11,439	1.2 percent	10 percent	\$ 1,900
3.29	11,440 to 14,709	1.3 percent	15 percent	\$ 1,850
3.30	14,710 to 16,339	1.4 percent	15 percent	\$ 1,800
3.31	16,340 to 17,959	1.4 percent	20 percent	\$ 1,750
3.32	17,960 to 21,239	1.5 percent	20 percent	\$ 1,700
3.33	21,240 to 22,869	1.6 percent	20 percent	\$ 1,650
3.34	22,870 to 24,499	1.7 percent	25 percent	\$ 1,650
3.35	24,500 to 27,779	1.8 percent	25 percent	\$ 1,650
3.36	27,780 to 29,399	1.9 percent	30 percent	\$ 1,650

4.1	29,400 to 34,299	2.0 percent	30 percent	\$ 1,650
4.2	34,300 to 39,199	2.0 percent	35 percent	\$ 1,650
4.3	39,200 to 45,739	2.0 percent	40 percent	\$ 1,650
4.4	45,740 to 47,369	2.0 percent	45 percent	\$ 1,500
4.5	47,370 to 49,009	2.0 percent	45 percent	\$ 1,350
4.6	49,010 to 50,649	2.0 percent	45 percent	\$ 1,150
4.7	50,650 to 52,269	2.0 percent	50 percent	\$ 1,000
4.8	52,270 to 53,909	2.0 percent	50 percent	\$ 900
4.9	53,910 to 55,539	2.0 percent	50 percent	\$ 500
4.10	55,540 to 57,169	2.0 percent	50 percent	\$ 200
4.11				<u>Maximum</u>
4.12			<u>Percent Paid by</u>	<u>State</u>
4.13	<u>Household Income</u>	<u>Percent of Income</u>	<u>Claimant</u>	<u>Refund</u>
4.14	<u>\$0 to 5,149</u>	<u>1.0 percent</u>	<u>5 percent</u>	<u>\$ 3,000</u>
4.15	<u>5,150 to 6,849</u>	<u>1.0 percent</u>	<u>10 percent</u>	<u>\$ 3,000</u>
4.16	<u>6,850 to 8,569</u>	<u>1.1 percent</u>	<u>10 percent</u>	<u>\$ 3,000</u>
4.17	<u>8,570 to 12,009</u>	<u>1.2 percent</u>	<u>10 percent</u>	<u>\$ 3,000</u>
4.18	<u>12,010 to 15,439</u>	<u>1.3 percent</u>	<u>15 percent</u>	<u>\$ 3,000</u>
4.19	<u>15,440 to 17,149</u>	<u>1.4 percent</u>	<u>15 percent</u>	<u>\$ 3,000</u>
4.20	<u>17,150 to 18,849</u>	<u>1.4 percent</u>	<u>20 percent</u>	<u>\$ 3,000</u>
4.21	<u>18,850 to 22,289</u>	<u>1.5 percent</u>	<u>20 percent</u>	<u>\$ 2,800</u>
4.22	<u>22,290 to 24,009</u>	<u>1.6 percent</u>	<u>20 percent</u>	<u>\$ 2,600</u>
4.23	<u>24,010 to 25,719</u>	<u>1.7 percent</u>	<u>25 percent</u>	<u>\$ 2,400</u>
4.24	<u>25,720 to 29,159</u>	<u>1.8 percent</u>	<u>25 percent</u>	<u>\$ 2,200</u>
4.25	<u>29,160 to 30,859</u>	<u>1.9 percent</u>	<u>30 percent</u>	<u>\$ 2,000</u>
4.26	<u>30,860 to 32,999</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$ 2,000</u>
4.27	<u>33,000 to 35,999</u>	<u>2.0 percent</u>	<u>30 percent</u>	<u>\$ 1,800</u>
4.28	<u>36,000 to 41,149</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 1,800</u>
4.29	<u>41,150 to 48,009</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 1,800</u>
4.30	<u>48,010 to 49,719</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 1,600</u>
4.31	<u>49,720 to 51,439</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 1,600</u>
4.32	<u>51,440 to 53,159</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 1,400</u>
4.33	<u>53,160 to 54,859</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 1,200</u>
4.34	<u>54,860 to 56,589</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 1,000</u>
4.35	<u>56,590 to 58,299</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 520</u>
4.36	<u>58,300 to 60,009</u>	<u>2.0 percent</u>	<u>35 percent</u>	<u>\$ 210</u>

5.1 The payment made to a claimant is the amount of the state refund calculated under this
5.2 subdivision. No payment is allowed if the claimant's household income is ~~\$57,170~~ \$60,010
5.3 or more.

5.4 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in 2017
5.5 and thereafter.

5.6 Sec. 3. Minnesota Statutes 2016, section 290A.04, subdivision 4, is amended to read:

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

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

5.17 (c) In adjusting the dollar amounts of the income thresholds and the maximum refunds
5.18 under subdivision 2a for inflation, the percentage increase shall be determined from the
5.19 year ending on June 30, ~~2013~~ 2017, to the year ending on June 30 of the year preceding that
5.20 in which the refund is payable.

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

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

5.30 **EFFECTIVE DATE.** This section is effective for claims based on property taxes payable
5.31 in 2018 and rent paid in 2017 and thereafter.