

February 21, 2023

Chair Rest and Members of the Senate Taxes Committee:

Thank you for the opportunity to submit written testimony in support of Sen. Klein's SF 271, increasing maximum homestead credit refunds and expanding eligibility for refunds.

Minnesota Realtors® was founded in 1919 and is a statewide business trade association with a membership of over 22,000 real estate professionals working with property owners and aspiring property owners in every corner of the state.

The homestead credit refund program makes housing more affordable. Saving money for a down-payment and purchasing a home are just the first steps in becoming a homeowner. Paying property taxes can also be a challenge and the homestead credit refund program assists homeowners whose property taxes are high relative to their income.

According to the Minnesota Department of Revenue's 2021 Minnesota Tax Incidence Study, *"The property tax refunds (\$723 million in 2018) offset 12.8 percent of the residential property tax burden, and the refunds offset a much higher portion in the lowest five deciles."*

A strength of the homestead credit refund program is it provides options for increasing support for homeowners, such as:

- Increasing the maximum refund
- Decreasing the co-payment percentage
- Lowering the threshold percentage for determining eligibility
- Increasing the household income for eligibility

Another strength of the homestead credit refund program is that it is direct property tax relief to homeowners that does not shift property tax burden onto other property taxpayers.

Again, thank you for the opportunity to submit written testimony in support of increasing homestead credit refunds.

Sincerely,



Paul Eger  
Senior Vice President, Governmental Affairs  
Minnesota Realtors®