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S.F. No. 4261 – Converting Additional or ‘Targeting’ Property Tax Refund to a Refundable Income Tax Credit

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Section 1. Additional Property Tax Refund. Converts the additional or ‘targeting’ property tax refund into a refundable income tax credit. Under current law, a homeowner qualifies for the targeting refund if the property tax on the home increased by more than 12% from the previous year and the increase is greater than \$100. Increased taxes attributable to improvements are excluded from the calculation. The amount of the refund equals 60% of the increase over the greater of: (1) 12% of the previous year’s tax; or (2) \$100. The maximum refund allowed is \$1,000.

Under the proposal, the income tax credit is calculated in the same manner and is subject to the same \$1,000 limit. The calculation excludes any amount of increase attributable to home improvements made after the assessment date for the applicable year. Taxpayers must include a property tax statement with their return when claiming the refund. County officials are required to provide the names and addresses of taxpayers eligible for the credit upon request, but the information may not be used for purposes other than notifying taxpayers of potential eligibility. Effective for taxable years beginning after December 31, 2023.

Section 2. Property taxes payable. Updates the definition of ‘property taxes payable’ within the property tax refund program to reference the new targeted refundable income tax credit. Effective for refunds based on property taxes payable after December 31, 2024.

Section 3. Annual appropriation. Eliminates a reference to the targeted property tax refund program from the statute appropriating funds for the property tax refund program. Effective for refunds based on property taxes payable after December 31, 2024.

Section 4. Repealer. Repeals the targeted property tax refund program from the property tax refund chapter. Effective for refunds based on property taxes payable after December 31, 2024.