

**PROPERTY TAX REFUND
PTR income definition modified**

March 25, 2024

Department of Revenue
Analysis of S.F. 5088 (Drazkowski) as introduced

	Yes	No
DOR Administrative Costs/Savings	X	

Fund Impact

	<u>F.Y. 2024</u>	<u>F.Y. 2025</u>	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>
	(000's)			
General Fund Total	\$0	(\$1,940)	(\$2,000)	(\$2,060)

Effective beginning for refunds based on property taxes payable in 2024.
The revenue estimate assumes the change would be administrable for the current year.

EXPLANATION OF THE BILL

Under current law nontaxable distributions from Roth style retirement accounts and plans are not included in federal adjusted gross income, but they are included in the definition of household income for the purpose of calculating the homeowner property tax refund.

The proposal would exclude nontaxable distributions from Roth style retirement accounts and plans from the definition of household income used to calculate homeowner property tax refunds.

REVENUE ANALYSIS DETAIL

- Under the proposal, the amount of household income used to determine the homeowner property tax refund would be reduced by excluding distributions from Roth style retirement accounts and plans, which would increase refunds to eligible homeowners.
- It is assumed that approximately 11,000 homeowners would receive an average property tax refund increase of \$175, resulting in an increase in state general fund costs beginning in FY 2025.
- If the proposed change was not administrable for the current year, the first year of impact to the state general fund would be FY 2026.

PROPERTY TAX BENCHMARKS (Minn. Stat. § 270C.991)

<i>Transparency, Understandability, Simplicity & Accountability</i>	Neutral
<i>Efficiency & Compliance</i>	Neutral
<i>Equity (Vertical & Horizontal)</i>	Neutral
<i>Stability & Predictability</i>	Neutral
<i>Competitiveness for Businesses</i>	Neutral
<i>Responsiveness to Economic Conditions</i>	Neutral

The bill is scored on a three-point scale (decrease, neutral, increase) for each principle in comparison to current law.

Source: Minnesota Department of Revenue
Property Tax Division – Research Unit
<https://www.revenue.state.mn.us/revenue-analyses>

sf5088 PTR Income Roth_pt_1/nrg