

What are the mortgage registry and deed taxes?

The mortgage registry tax (MRT) and deed taxes are two separate state taxes that apply to many real estate transactions. While these taxes are independent of each other, they are often thought of together, since many property transactions trigger both taxes. Both taxes can be found under [Minnesota Statutes, chapter 287](#).

How are the mortgage registry and deed taxes calculated?

The MRT is based on the amount of debt secured by a mortgage of real property and is imposed when the mortgage is recorded. The MRT rate is 0.23 percent of the total debt. The deed tax is a transfer tax. It is imposed on the value of real property transferred. The deed tax rate is 0.33 percent of net consideration (i.e., the price paid for the real property). However, for deeds recorded after December 31, 2019, the deed tax does not apply to deeds valued less than \$3,000.

These rates have been in effect since 1987. The following example illustrates how each tax applies to a typical home purchase.

Mortgage Registry Tax

The Andersons buy a home with a purchase price of \$300,000. The Andersons make a \$40,000 down payment and take out a home loan with a principal amount of \$260,000.

How much mortgage registry tax do the Andersons owe?

$$\begin{aligned}\text{Principal debt} \times 0.23\% &= \text{MRT liability} \\ \$260,000 \times 0.23\% &= \$598\end{aligned}$$

The Andersons owe \$598 in MRT.

Deed Tax

The Andersons record the deed for their new home. The deed is valued at \$300,000.

How much deed tax must be paid?

$$\begin{aligned}\text{Value of the deed recorded} \times 0.33\% &= \text{deed tax liability} \\ \$300,000 \times 0.33\% &= \$990\end{aligned}$$

\$990 must be paid when the deed is recorded.

Who is responsible for paying the mortgage registry and deed taxes?

The mortgagor (borrower) is liable for the MRT, while the seller is liable for the deed tax. As a practical matter, the lender usually collects both of the taxes at closing and remits them to the county when the mortgage and deed are recorded.

The seller is ultimately liable for the deed tax. However, the statute does not prohibit the seller from assigning the tax to the buyer in a private contract. Thus, a buyer may be assigned the deed tax via a purchase agreement or other contract.

Who collects the mortgage registry and deed taxes?

County treasurers collect these taxes. Each month, each county remits 97 percent of the revenues to the state for deposit in the state general fund. The county retains the other 3 percent for its administrative expenses.

How much revenue do the mortgage registry and deed taxes generate?

The table below shows the MRT and deed tax collected by the state since 2012. The amounts reflect only the state's 97 percent share. Collections are sensitive to the volume and value of real estate transactions and heavily depend on the state of the real estate market; MRT collections are also sensitive to refinancing activity.

State MRT and Deed Tax Revenue (in millions)

Fiscal Year	Mortgage	Deed	Total	Change (from previous year)	Percent Change (from previous year)
2012	\$103.0	\$57.1	\$160.1	\$6.6	4.3%
2013	139.9	73.6	215.5	55.4	34.6
2014	93.4	87.1	180.5	-35.0	-16.2
2015	107.4	99.8	207.2	26.7	14.8
2016	115.6	110.4	226.0	18.8	9.1
2017	125.2	118.4	243.6	17.6	7.8
2018	119.6	128.2	247.8	4.2	1.7
2019	117.1	131.7	248.8	1.0	0.4
2020	170.4	134.6	304.9	56.2	22.6
2021	246.0	164.1	410.1	105.1	34.5
2022	203.5	199.6	403.1	-7.0	-1.7

Source: Minnesota Department of Revenue, Special Taxes Division.

Are there exemptions from the taxes?

Both taxes have multiple exemptions. MRT exemptions include contracts for deed, certain agricultural mortgages, marriage dissolution decrees, and certain low- and moderate-income housing mortgages. Common deed tax exemptions are mortgages, plats, wills and testamentary distributions, leases, sheriff's foreclosure sale certificates, and marriage dissolution decrees.

Can local governments also impose mortgage and deed taxes?

State law authorizes Ramsey and Hennepin counties to impose local mortgage and deed taxes at a rate of 0.0001 (or 0.01 percent) for both taxes. The taxes expire on January 1, 2028, unless extended by the legislature.



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