MN HOUSE RESEARCH

Targeting Property Tax Refund

September 2026

What is targeting?

The "additional" or "special" property tax refund, generally referred to as "targeting," directs property tax relief to homeowners who have large property tax increases from one year to the next.

Who qualifies?

A homeowner qualifies if the property tax on the home has increased by more than 12 percent over the previous year's tax and if the increase is over $100. In determining eligibility, the previous year's tax amount is the net amount paid by the homeowner after deduction of any targeting refund received in that year.

The homeowner must have owned and lived in the same home for both years. If any improvements were made to the home, that portion of the tax increase resulting from the improvements must be subtracted when determining the refund.

How does targeting work?

Generally, the refund equals 60 percent of the increase over the greater of (1) 12 percent of the previous year's tax after deduction of targeting, or (2) $100. The refund is not allowed if the increase was attributable to improvements made to the home. The maximum refund is $1,000. The targeting refund is calculated prior to calculation of the homestead credit refund. The following example shows how the refund is calculated.

Last year's property tax (payable 2025 property tax minus 2025 targeting refund)	$1,600
This year's property tax (payable 2026 property tax)	$2,000
2026 tax increase (over 2025). Refund only available if this amount exceeds $100.	$400
Taxpayer pays the first 12% of the increase compared to previous year's tax (12% x $1,600).	$192
Increase amount eligible for targeting refund ($400 - $192 = $208)	$208
Targeting refund amount (60% of increase in excess of 12%, up to a $1,000 maximum) or (60% x $208 = $125)	**$125**

The taxpayer's $400 increase (i.e., 25 percent) is reduced to an out-of-pocket property tax increase of $275 (i.e., 17.2 percent) as a result of the $125 refund.

The taxpayer pays the full $2,000 amount of the 2026 property tax to the county, the first half in May and the second half in October. The taxpayer applies to the state for a targeting refund on form M1PR. The targeting refund is paid at the same time the regular homestead credit refund ("circuit breaker") is paid in late September.

By **Sean Williams,** sean.williams@house.mn.gov
Jared Swanson, jared.swanson@house.mn.gov

Does targeting have any other restrictions?

No, unlike the homestead credit refund, the targeting refund is not tied to the taxpayer's household income. Under the homestead credit refund, the taxpayer's household income may not exceed a specified maximum and the amount of household income affects the amount of the refund.

However, the targeting refund does not use income as a factor, nor is there any limitation on the taxpayer's household income. Therefore, higher income taxpayers who do not qualify for the homestead credit refund due to income restrictions are eligible for the targeting refund.

What are the dollar amounts of refunds paid for the state, metro, and nonmetro areas?

The table below shows the statewide amount, with a breakdown for the metro and the 80 nonmetro counties, for the past four years. Homeowners claimed $12.6 million in targeting refund claims filed in 2024. Changes in targeting refunds from one year to the next are volatile but generally track changes in property taxes on homesteads.

Targeting Refunds, Filed 2021 – 2024 (dollars in thousands)

	Filed 2021	Filed 2022	Filed 2023*	Filed 2024
Total Metro	$5,319	$3,426	$23,829	$5,370
Total Nonmetro	$4,523	$2,934	$19,108	$7,263
State	$9,896**	$6,367**	$42,937**	$12,633**

* Data for refunds filed in 2023 includes a temporary onetime increase in the credit that was enacted in the 2023 tax bill.
** Includes a small number of refunds in which counties cannot be assigned

Some taxpayers (e.g., those who typically don't qualify for the homestead credit refund) may not be aware of the targeting program, resulting in lower total refunds statewide than if all eligible taxpayers had filed.

How many homeowners claim the refund?

In 2024, 92,924 homeowners claimed refunds based on their property tax increase from payable 2023 to 2024. The average refund amount was $136.

How are claims filed?

Refund claims are filed using the Minnesota Department of Revenue (DOR) Schedule M1PR, the homestead credit refund form. There is a separate schedule on the back of the M1PR ("Schedule 1 – Special Refund") for the targeting program. The taxpayer files for this refund after receiving a property tax statement in February or March. Claims filed before August 15, 2026, will be paid beginning in late September 2026. The deadline for filing claims based on taxes payable in 2026 is August 15, 2027; taxpayers filing claims after that date will not receive a refund. Forms are available online at DOR's website.

Claimants can check the status of their refund online or by calling DOR at 651-296-4444.

MN HOUSE RESEARCH

Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.

www.house.mn.gov/hrd | 651-296-6753 | Third Floor, Centennial Office Building | St. Paul, MN 55155