

A bill for an act

relating to taxation; property tax refunds for renters; modifying the schedule, reducing the percentage of rent constituting property taxes, and ending the inflation adjustment of the brackets and maximum refund amounts; amending Minnesota Statutes 2008, sections 290A.03, subdivisions 11, 13; 290A.04, subdivisions 2a, 4.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. Minnesota Statutes 2008, section 290A.03, subdivision 11, is amended to read:

Subd. 11. **Rent constituting property taxes.** "Rent constituting property taxes" means ~~19~~ 14 percent of the gross rent actually paid in cash, or its equivalent, or the portion of rent paid in lieu of property taxes, in any calendar year by a claimant for the right of occupancy of the claimant's Minnesota homestead in the calendar year, and which rent constitutes the basis, in the succeeding calendar year of a claim for relief under this chapter by the claimant.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2010 and thereafter.

Sec. 2. Minnesota Statutes 2008, section 290A.03, subdivision 13, is amended to read:

Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year, and after any refund claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the year that the property tax is payable. In the case of a claimant who makes ground

lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are manufactured homes as defined in section 273.125, subdivision 8, and for homesteads which are park trailers taxed as manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall also include ~~19~~ 14 percent of the gross rent paid in the preceding year for the site on which the homestead is located. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.124, on or before December 15 of the assessment year to which the "property taxes payable" relate; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made on or before December 15 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

EFFECTIVE DATE. This section is effective for claims based on rent paid in 2010 and thereafter.

Sec. 3. Minnesota Statutes 2008, section 290A.04, subdivision 2a, is amended to read:

Subd. 2a. **Renters.** A claimant whose rent constituting property taxes exceeds the percentage of the household income stated below must pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of rent constituting property taxes. The state refund equals the amount of rent constituting property taxes that remain, up to the maximum state refund amount shown below.

		Percent Paid by	Maximum
		Claimant	State
Household Income	Percent of Income		Refund

H.F. No. 3671, as introduced - 86th Legislative Session (2009-2010) [10-5950]

3.1	\$0 to 3,589			1,190
3.2	<u>4,599</u>	1.0 percent	5 percent	\$ <u>1,520</u>
3.3	3,590 to 4,779			1,190
3.4	<u>4,600 to 6,119</u>	1.0 percent	10 percent	\$ <u>1,520</u>
3.5	4,780 to 5,969			1,190
3.6	<u>6,120 to 7,649</u>	1.1 percent	10 percent	\$ <u>1,520</u>
3.7	5,970 to 8,369			1,190
3.8	<u>7,650 to 10,719</u>	1.2 percent	10 percent	\$ <u>1,520</u>
3.9	8,370 to 10,759			1,190
3.10	<u>10,720 to 13,779</u>	1.3 percent	15 percent	\$ <u>1,520</u>
3.11	10,760 to 11,949			1,190
3.12	<u>13,780 to 15,299</u>	1.4 percent	15 percent	\$ <u>1,520</u>
3.13	11,950 to 13,139			1,190
3.14	<u>15,300 to 16,829</u>	1.4 percent	20 percent	\$ <u>1,520</u>
3.15	13,140 to 15,539			1,190
3.16	<u>16,830 to 19,899</u>	1.5 percent	20 percent	\$ <u>1,520</u>
3.17	15,540 to 16,729			1,190
3.18	<u>19,900 to 21,419</u>	1.6 percent	20 percent	\$ <u>1,520</u>
3.19	16,730 to 17,919			1,190
3.20	<u>21,420 to 22,949</u>	1.7 percent	25 percent	\$ <u>1,520</u>
3.21	17,920 to 20,319			1,190
3.22	<u>22,950 to 26,019</u>	1.8 percent	25 percent	\$ <u>1,520</u>
3.23	20,320 to 21,509			1,190
3.24	<u>26,020 to 27,549</u>	1.9 percent	30 percent	\$ <u>1,520</u>
3.25	21,510 to 22,699			1,190
3.26	<u>27,550 to 29,069</u>	2.0 percent	30 percent	\$ <u>1,520</u>
3.27	22,700 to 23,899			1,190
3.28	<u>29,070 to 30,609</u>	2.2 percent	30 percent	\$ <u>1,520</u>
3.29	23,900 to 25,089			1,190
3.30	<u>30,610 to 32,129</u>	2.4 percent	30 percent	\$ <u>1,520</u>
3.31	25,090 to 26,289			1,190
3.32	<u>32,130 to 33,669</u>	2.6 percent	35 percent	\$ <u>1,520</u>
3.33	26,290 to 27,489			1,190
3.34	<u>33,670 to 35,199</u>	2.7 percent	35 percent	\$ <u>1,380</u>
3.35	27,490 to 28,679		35	1,190
3.36	<u>35,200 to 36,729</u>	2.8 percent	<u>40</u> percent	\$ <u>1,230</u>
3.37	28,680 to 29,869			1,190
3.38	<u>36,730 to 38,249</u>	2.9 percent	40 percent	\$ <u>1,060</u>
3.39	29,870 to 31,079	3.0	40	1,190
3.40	<u>38,250 to 39,799</u>	<u>3.1</u> percent	<u>45</u> percent	\$ <u>920</u>
3.41	31,080 to 32,269	3.1	40	1,190
3.42	<u>39,800 to 41,319</u>	<u>3.3</u> percent	<u>45</u> percent	\$ <u>770</u>
3.43	32,270 to 33,459	3.2	40	1,190
3.44	<u>41,320 to 42,849</u>	<u>3.5</u> percent	<u>50</u> percent	\$ <u>460</u>
3.45	33,460 to 34,649	3.3	45	1,080
3.46	<u>43,850 to 44,099</u>	<u>3.5</u> percent	<u>50</u> percent	\$ <u>150</u>
3.47	34,650 to 35,849	3.4 percent	45 percent	\$ <u>960</u>
3.48	35,850 to 37,049	3.5 percent	45 percent	\$ <u>830</u>
3.49	37,050 to 38,239	3.5 percent	50 percent	\$ <u>720</u>

4.1	38,240 to 39,439	3.5 percent	50 percent	\$ 600
4.2	38,440 to 40,629	3.5 percent	50 percent	\$ 360
4.3	40,630 to 41,819	3.5 percent	50 percent	\$ 120

4.4 The payment made to a claimant is the amount of the state refund calculated under
4.5 this subdivision. No payment is allowed if the claimant's household income is ~~\$41,820~~
4.6 \$44,100 or more.

4.7 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in
4.8 2010 and thereafter.

4.9 Sec. 4. Minnesota Statutes 2008, section 290A.04, subdivision 4, is amended to read:

4.10 Subd. 4. **Inflation adjustment.** Beginning for property tax refunds payable in
4.11 calendar year 2002, the commissioner shall annually adjust the dollar amounts of the
4.12 income thresholds and the maximum refunds under ~~subdivisions~~ subdivision 2 and 2a for
4.13 inflation. The commissioner shall make the inflation adjustments in accordance with
4.14 section 1(f) of the Internal Revenue Code, except that for purposes of this subdivision the
4.15 percentage increase shall be determined from the year ending on June 30, 2000, to the
4.16 year ending on June 30 of the year preceding that in which the refund is payable. The
4.17 commissioner shall use the appropriate percentage increase to annually adjust the income
4.18 thresholds and maximum refunds under ~~subdivisions~~ subdivision 2 and 2a for inflation
4.19 without regard to whether or not the income tax brackets are adjusted for inflation in that
4.20 year. The commissioner shall round the thresholds and the maximum amounts, as adjusted
4.21 to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall round it up
4.22 to the next \$10 amount.

4.23 The commissioner shall annually announce the adjusted refund schedule at the same
4.24 time provided under section 290.06. The determination of the commissioner under this
4.25 subdivision is not a rule under the Administrative Procedure Act.

4.26 **EFFECTIVE DATE.** This section is effective the day following final enactment.