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Senate

State of Minnesota

S.F. No. 138 – Modifying the calculation of the special property tax refund

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The “additional” property tax refund, also known as the “special property tax refund” or “targeting refund,” is available to homestead property taxpayers when property taxes increase sharply from one year to the next (not including tax increases attributable to improvements to the property or to the termination of valuation exclusions for certain pre-2003 improvements).

Under current law, the refund is available to homesteaders when property taxes increase (1) by at least 12% from the previous year, and (2) by at least \$100. The amount of a taxpayer’s refund is calculated on the amount of the increase that exceeds the greater of (1) 12% of the prior year’s property taxes payable, or (2) \$100.

This bill proposes to reduce the threshold for eligibility and for calculation of the refund amount from 12% to 10%, effective for refund claims based on taxes payable in 2021 and later. Relative to current law, the proposed change would increase the number of filers potentially eligible for an additional refund and increase the refund amount for eligible filers.