

**PROPERTY TAX
Additional Property Tax
Refund Modified**

March 11, 2026

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of H.F. 3959 (Huot) / S.F. 4286 (Seeberger) as introduced

Fund Impact

	F.Y. 2026	F.Y. 2027	F.Y. 2028	F.Y. 2029
	(000's)			
Targeting Refund	\$0	(\$23,400)	(\$16,400)	(\$14,600)
Property Tax Refund Interaction	\$0	\$9,830	\$6,890	\$6,130
Income Tax Interaction	\$0	\$70	\$50	\$40
General Fund Total	\$0	(\$13,500)	(\$9,460)	(\$8,430)

Effective beginning with refunds based on property taxes payable in 2026.

EXPLANATION OF THE BILL

Under current law, property owners qualify for the additional property tax refund if property taxes on their homestead increase more than 12 percent over the prior year and the increase exceeds \$100. The refund is equal to 60 percent of the increase above the greater of 12 percent of the prior year's property taxes or \$100, with a maximum refund of \$1,000.

The proposal would reduce the threshold for qualifying from a 12 percent increase to six percent. The refund would also change to equal 60 percent of the increase above the greater of six percent of the prior year's property taxes or \$100. The maximum refund would increase to \$2,500.

REVENUE ANALYSIS DETAIL

- The estimate is based on the February 2026 forecast.
- Under current law, it is estimated that 100,000 taxpayers will claim additional property tax refunds for payable year 2026 totaling \$12.4 million. Under the proposal, these taxpayers would receive an average refund increase of \$130.
- By reducing the minimum year-to-year change for the refund, the number of taxpayers claiming the additional property tax refund is estimated to increase by 140,000 in the first year.
- Total additional property tax refunds paid by the state are estimated to increase by \$23.4 million in fiscal year 2027. The estimated refunds for future years are based on forecasted net taxes for homesteads.
- Higher additional property tax refunds would lower property taxes for the calculation of regular homeowner property tax refunds. This would reduce regular property tax refunds by \$9.83 million in fiscal year 2027, \$6.89 million in fiscal year 2028, and \$6.13 million in fiscal year 2029.
- The overall decrease in property taxes for homeowners would reduce deductions on income tax returns, increasing state tax collections beginning in fiscal year 2027.

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>	Increase	The refund is more responsive to economic conditions by decreasing the minimum annual percent change.

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>

hf3959(sf4286) Targeting Refund 6% Increase, \$2,500 Max_pt_1/wms