

April 12, 2021

Chair Moran and Members of the House Ways and Means Committee:

Thank you for the opportunity to submit written testimony on HF 1076, the Environment and Natural Resources Omnibus Bill.

Minnesota Realtors® (MNR) was founded in 1919 and is a statewide business trade association with a membership of over 21,000 real estate professionals working with buyers and sellers of all types of property in every corner of the state.

New \$25 Fees on the Mortgage Registry and Deed Taxes

MNR opposes the new \$25 fees on both the mortgage registry and deed taxes in Article 6.

MNR does not believe the real estate transaction should be responsible for funding programs and activities that benefit all Minnesotans. In addition, we oppose proposals that would increase the cost of housing, which this provision does by adding these new fees to the existing and regressive mortgage registry and deed taxes.

In FY 2019, \$256 million in mortgage registry and deed taxes was collected. For each of those taxes, 97% goes to the state General Fund and 3% is retained by the counties. In addition, a "County Conservation Fee" of \$5 is added to the mortgage registry and deed taxes in the 10 counties that participate in the Minnesota Agricultural Land Preservation Program.

There are also recording fees associated with these taxes.

Under current law, a typical seller, who is also buying their next home, is responsible for:

- Paying the deed tax
- Paying the \$46 recording fee for paying off their mortgage on the house they are selling
- Paying the mortgage registry tax on the house they are buying
- Paying the \$46 recording fee for the mortgage registry
- Paying the \$46 recording fee to record the deed.

The new fees in HF 1076 would add to this list of cost items.

In addition to increasing costs for buyers and sellers, these fees would also further complicate the confusing tax and fee structure that currently exists.

Finally, comments were made in previous committee hearings that this revenue source is appropriate because, “it is tied to the land.” It is important to note that those who pay mortgage registry and deed taxes, and the other fees associated with these taxes, and who would pay these proposed fees, already pay another tax tied to their land—the property tax.

Application of Certain Pesticides Prohibited


In previous committee hearings on HF 718, which is included in HF 1076 (Article 5), the Minnesota Pest Management Association (MPMA) submitted a document highlighting what they view as the unintended consequences of this language.

According to the MPMA, one of the unintended consequences of this provision relates to housing, “...because termite treatments are required for FHA loans for new construction in most of Minnesota.” MPMA’s document goes on to state, “Most conventional lenders require termite inspections too. If termites are found upon inspection, then treatment is required for loan approval in many cases.”

MNR believes any impacts this provision may have on housing and the ability to secure financing must be thoroughly researched, including consulting with the Federal Housing Administration, and mitigated before this provision moves forward.

Thank you again for the opportunity to provide written testimony on HF 1076.

Sincerely,



Paul Eger
Vice President, Governmental Affairs
Minnesota Realtors®