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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 4974

04/16/2026 Authored by Lee, K.; Coulter and Gottfried
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; income and property tax refunds; reducing homestead credit
1.3 refund co-pays; authorizing the commissioner of revenue to implement a tax
1.4 compliance program; appropriating money; amending Minnesota Statutes 2024,
1.5 section 290A.04, subdivisions 2, 4.

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

1.7 Section 1. Minnesota Statutes 2024, section 290A.04, subdivision 2, is amended to read:

1.8 Subd. 2. Homeowners; homestead credit refund. A claimant whose property taxes
1.9 payable are in excess of the percentage of the household income stated below shall pay an
1.10 amount equal to the percent of income shown for the appropriate household income level
1.11 along with the percent to be paid by the claimant of the remaining amount of property taxes
1.12 payable. The state refund equals the amount of property taxes payable that remain, up to
1.13 the state refund amount shown below.

Table with 5 columns: Household Income, Percent of Income, Percent Paid by Claimant, and Maximum State Refund. Rows 1.14-1.26 show income brackets and corresponding percentages and refund amounts.

2.1	10,440 to 14,619		17	3,310
2.2	<u>11,280 to 15,799</u>	1.5 percent	<u>12</u> percent	\$ <u>3,580</u>
2.3	14,620 to 16,689		17	3,310
2.4	<u>15,800 to 18,039</u>	1.6 percent	<u>12</u> percent	\$ <u>3,580</u>
2.5	16,690 to 18,799		17	3,310
2.6	<u>18,040 to 20,319</u>	1.7 percent	<u>12</u> percent	\$ <u>3,580</u>
2.7	18,800 to 20,879		17	3,310
2.8	<u>20,320 to 22,559</u>	1.8 percent	<u>12</u> percent	\$ <u>3,580</u>
2.9	20,880 to 22,949		22	3,310
2.10	<u>22,560 to 24,799</u>	1.9 percent	<u>17</u> percent	\$ <u>3,580</u>
2.11	22,950 to 29,239		22	3,310
2.12	<u>24,800 to 31,599</u>	2.0 percent	<u>17</u> percent	\$ <u>3,580</u>
2.13	29,240 to 31,319		27	3,310
2.14	<u>31,600 to 33,849</u>	2.0 percent	<u>22</u> percent	\$ <u>3,580</u>
2.15	31,320 to 35,509		27	3,310
2.16	<u>33,850 to 38,379</u>	2.0 percent	<u>22</u> percent	\$ <u>3,580</u>
2.17	35,510 to 50,099		32	3,310
2.18	<u>38,380 to 54,139</u>	2.0 percent	<u>27</u> percent	\$ <u>3,580</u>
2.19	50,100 to 73,059		32	2,680
2.20	<u>54,140 to 78,959</u>	2.0 percent	<u>27</u> percent	\$ <u>2,900</u>
2.21	73,060 to 83,499		37	2,350
2.22	<u>78,960 to 90,239</u>	2.0 percent	<u>32</u> percent	\$ <u>2,540</u>
2.23	83,500 to 93,939		37	1,940
2.24	<u>90,240 to 101,519</u>	2.1 percent	<u>32</u> percent	\$ <u>2,100</u>
2.25	93,940 to 104,379		37	1,740
2.26	<u>101,520 to 112,799</u>	2.2 percent	<u>32</u> percent	\$ <u>1,880</u>
2.27	104,380 to 114,819		37	1,520
2.28	<u>112,800 to 124,089</u>	2.3 percent	<u>32</u> percent	\$ <u>1,640</u>
2.29	114,820 to 121,089		42	1,280
2.30	<u>124,090 to 130,859</u>	2.4 percent	<u>37</u> percent	\$ <u>1,380</u>
2.31	121,090 to 125,289		42	1,070
2.32	<u>130,860 to 135,399</u>	2.5 percent	<u>37</u> percent	\$ <u>1,160</u>
2.33	125,290 to 130,349		47	870
2.34	<u>135,400 to 140,869</u>	2.5 percent	<u>42</u> percent	\$ <u>940</u>
2.35	130,350 to 135,409		47	650
2.36	<u>140,870 to 146,339</u>	2.5 percent	<u>42</u> percent	\$ <u>700</u>

2.37 The payment made to a claimant shall be the amount of the state refund calculated under
2.38 this subdivision. No payment is allowed if the claimant's household income is ~~\$135,410~~
2.39 \$146,340 or more.

2.40 **EFFECTIVE DATE.** This section is effective beginning with refunds based on property
2.41 taxes payable in 2027.

3.1 Sec. 2. Minnesota Statutes 2024, section 290A.04, subdivision 4, is amended to read:

3.2 Subd. 4. **Inflation adjustment.** The commissioner shall annually adjust the dollar
3.3 amounts of the income thresholds and the maximum refunds under subdivision 2 as provided
3.4 in section 270C.22. The statutory year is ~~2023~~ 2026.

3.5 **EFFECTIVE DATE.** This section is effective beginning with refunds based on property
3.6 taxes payable in 2027.

3.7 Sec. 3. **TAX COMPLIANCE; TAX ANALYTICS AND BUSINESS INTELLIGENCE**
3.8 **TOOLS.**

3.9 **Subdivision 1. Program activities.** The commissioner of revenue may implement a
3.10 program of tax compliance, including the use of advanced tax analytics and business
3.11 intelligence tools to enhance tax assessment and collection by improving the means to
3.12 identify taxpayers that should be subject to audit and collection activities and by prioritizing
3.13 those activities to provide a higher rate of return on the activities of Department of Revenue
3.14 employees.

3.15 **Subd. 2. Priority.** The tax compliance program under this section must prioritize
3.16 compliance and enforcement activities for corporations and complex pass-through entities
3.17 under the corporate franchise and individual income taxes, individual income taxpayers
3.18 reporting over \$500,000 in taxable income, and businesses subject to the state's sales and
3.19 use tax laws.

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

3.21 Sec. 4. **APPROPRIATION; TAX COMPLIANCE; TAX ANALYTICS AND**
3.22 **BUSINESS INTELLIGENCE TOOLS; RETURN ON INVESTMENT.**

3.23 **(a) \$5,000,000 in fiscal year 2026 and \$15,000,000 in fiscal year 2027 are appropriated**
3.24 **from the general fund to the commissioner of revenue for purposes of the tax compliance,**
3.25 **tax analytics, and business intelligence tools program authorized under section 3. The amount**
3.26 **appropriated under this section must supplement and not supplant other amounts available**
3.27 **for the purposes described in this section.**

3.28 **(b) The appropriation in paragraph (a) is for additional activities to identify and collect**
3.29 **tax liabilities from individuals and businesses that currently do not pay all taxes owed. This**
3.30 **initiative is expected to result in new general fund revenues of \$20,000,000 for the biennium**
3.31 **ending June 30, 2027, and \$120,000,000 for the biennium ending June 30, 2029.**

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