

**Subject** Property tax refund; exemption amount for individuals 65 and older or with a disability

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## Summary

Minnesota's property tax refund programs—the Homestead Credit Refund and Renter's Credit—are calculated based on household income. Household income is an income measure based on federal adjusted gross income, but including many kinds of income that are nontaxable federally.

Under current law, property tax refund claimants with a dependent, who are ages 65 and older, or who have a disability are allowed to claim an exemption amount when calculating household income. The amount of the exemption depends on the number of the claimant's dependents, but is calculated based on the dependent exemption in the state income tax. Under current law, the dependent exemption amount equals \$4,450 for tax year 2022.

If a property tax refund claimant (or the claimant's spouse) was age 65 or older or had a disability, the claimant was able to subtract one exemption amount when calculating household income. A claimant is allowed only one exemption amount, even if one or more spouse qualified for a senior/disability exemption.

H.F. 3432 increases the exemption for seniors and individuals with a disability to 2.0 times the dependent exemption amount. For 2022 refunds (filed in 2023), the exemption amount would be \$8,900.