



Chair Gomez, Chair Davids, and members of the House Committee on Taxes

Thank you for the opportunity to provide comments on HF2315 (Norris), HF2475 (Tabke) and HF2086 (Wolgamott), three bills intended to address taxpayers facing higher property tax bills.

HF2315 (Norris): Under current law, a homeowner qualifies if the property tax on their home increased by more than 12% over the previous year's tax and if the increase is over \$100. The refund amount is 60% of the increase above 12%, up to a maximum of \$1,000. This is a potentially effective tool but the thresholds are so high that functionally the state spends very little on this program, it's forecasted to cost the state just \$5.1 million total in FY2027. This bill would reduce the increase threshold from 12% to 6% and increase the maximum refund from \$1,000 to \$2,500, making it more responsive to taxpayer needs.

A few years ago valuations for residential homestead property increased an average 17.5% statewide, with significantly higher increases in some counties. That coupled with inflation led to higher than anticipated property tax bills. A bill like this would make sure the state is prepared for those situations without having to scramble to pass one time adjustments like it did in 2023. This bill would put the state and taxpayers in a better position to absorb these occasional shocks that occur in the property tax system. And when there aren't as many taxpayers facing these unanticipated increases, the cost of this refund program will naturally decrease, making it a cost effective tool.

HF2475 (Tabke): The homestead credit refund is a state-paid refund that provides tax relief to homeowners whose property taxes are high relative to their incomes. If their property tax exceeds a threshold percentage of income, the refund equals a percentage of the property tax over the threshold, up to a maximum amount. MICA is supportive of increasing the homestead credit refund which helps make property taxes more affordable across the state. This bill would increase the percentage the state refunds to the taxpayer, for those earning under \$53,000.

HF2086 (Wolgamott): Under current law, senior citizens can enroll in this program to postpone portion of their homestead property taxes and special assessments. To qualify, a senior has to have owned and lived in their home for at least five years and have household income less than \$96,000. Living patterns have changed and fewer seniors live in their current home for five years compared to 25 years ago when this program went into place. Lowering the threshold to two years is a common sense proposal that would put Minnesota's program in line with other states.

Sincerely,

A handwritten signature in black ink that reads "Nathan Jesson". The signature is fluid and cursive, with the first name "Nathan" being more prominent than the last name "Jesson".

Nathan Jesson, Minnesota Inter-County Association

March 19, 2025

Chair Gomez, Chair Davids, and Members of the House Taxes Committee:

Thank you for the opportunity to submit written testimony in support of Rep. Tabke's HF 2475, reducing homestead credit refund co-pays.

Minnesota Realtors® was founded in 1919 and is a business trade association with a membership of over 21,000 real estate professionals statewide.

MNR supports efforts to improve, enhance, and update Minnesota's homeowner property tax relief programs.

The homestead credit refund program makes housing more affordable. Saving money for a down-payment and purchasing a home are just the first steps in becoming a homeowner. Paying property taxes can also be a challenge and the homestead credit refund program assists homeowners whose property taxes are high relative to their income.

According to the Minnesota Department of Revenue's 2024 Minnesota Tax Incidence Study, *"The property tax refunds (\$802 million in 2021) offset 12.3 percent of the residential property tax burden, and the refunds offset a much higher portion in the lowest five deciles."*

A strength of the homestead credit refund program is it provides options for increasing support for homeowners, such as:

- Increasing the maximum refund
- Decreasing the co-payment percentage
- Lowering the threshold percentage for determining eligibility
- Increasing the household income for eligibility

Another strength of the homestead credit refund program is that it is direct property tax relief to homeowners that does not shift property tax burden onto other property taxpayers.

Again, thank you for the opportunity to submit written testimony in support of HF 2475.

Sincerely,



Paul Eger
Senior Vice President, Governmental Affairs
Minnesota Realtors®