

**Tax Analytics and Compliance
Property Tax Refund Increase**

April 28, 2026

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue
Analysis of H.F. 4974 (Lee, K.) as proposed to be amended by H4974A1

	Fund Impact			
	F.Y. 2026	F.Y. 2027	F.Y. 2028	F.Y. 2029
	(000's)			
Tax Compliance Program Appropriation	(\$5,000)	(\$15,000)	(\$15,000)	(\$15,000)
Property Tax Refunds	\$0	\$0	(\$44,400)	(\$44,900)
General Fund Total	(\$5,000)	(\$15,000)	(\$59,400)	(\$59,900)

Tax analytics and compliance program is effective the day following final enactment.
Effective for property tax refunds based on property taxes payable in 2027 and thereafter.

EXPLANATION OF THE BILL

Tax Compliance Program

The proposal requires the Commissioner of Revenue to implement a tax compliance program using advanced tax analytics and business intelligence tools to identify potential audit leads and improve collection activities, prioritizing activities that would provide a higher rate of return.

The tax compliance program would prioritize compliance and enforcement for corporations and complex pass-through entities, individual income taxpayers with over \$500,000 in taxable income, and businesses subject to the sales and use tax.

The proposal appropriates \$5,000,000 in fiscal year 2026 and \$15,000,000 beginning in fiscal year 2027 to the Commissioner to implement the program. This is a supplemental appropriation in addition to other amounts available for these purposes.

Property Tax Refund

The proposal would increase property tax refunds to homeowners.

Under current law the copay percentage for homeowners claiming a property tax refund ranges from 12% to 47% depending on household income.

The proposal would lower the copay percentages by 5 percentage points for all income ranges.

REVENUE ANALYSIS DETAIL

Tax Compliance Program

- The proposal would have a general fund impact of \$5 million in the first year and \$15 million in each year after that.

Property Tax Refund

- By lowering the copay percentages for homeowners, state-paid property tax refunds to homeowners would increase by \$44.4 million beginning in FY 2028.
- Under the proposal, approximately 81% of homeowner PTR claimants would receive an increased refund, with the average refund increase being approximately \$93.

Number of Taxpayers: 476,000 homeowners would receive an increased refund.

Source: Minnesota Department of Revenue
Tax Research & Property Tax Division, Research Unit
<https://www.revenue.state.mn.us/revenue-analyses>

hf4974 Tax Compliance Program_1/cw, nrg