

March 18, 2021

Chair Hansen and Members of the House Environment and Natural Resources Finance and Policy Committee:

Thank you for the opportunity to submit written testimony regarding our opposition to HF 1733, which would authorize new \$25 surcharges on both the mortgage registry and deed taxes.

Minnesota Realtors® 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.

Minnesota Realtors® 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 HF 1733 does by adding these new surcharges 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, would be 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 surcharges in HF 1733 would add to this list of cost items.

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In addition to increasing costs for buyers and sellers, the proposed surcharges in HF 1733 would also further complicate the confusing tax and fee structure that currently exists and Minnesota Realtors® concurs with the concerns raised in testimony provided by representatives of the Minnesota Association of County Officers, Minnesota Land Title Association, and the Minnesota State Bar Association.

Again, thank you for the opportunity to submit this written testimony.

Sincerely,



Paul Eger
Vice President, Governmental Affairs
Minnesota Realtors®