

HOUSE RESEARCH

Bill Summary

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Overview

Makes the property tax rebate permanent. The rebate is equal to 20 percent of the property taxes payable and there is no income limitation. The maximum rebate is \$1,000. Effective for taxable years beginning after December 31, 1998.

- 1 Annual property tax rebate.** (a) Makes the property tax rebate permanent. Provides a permanent refundable income tax credit based upon property taxes to individuals, other than a dependent. The rebate is equal to 20 percent of the qualified property tax paid during the taxable year, or in the case of renters, the rent constituting property taxes is used. The maximum amount of qualifying property tax to which the credit applies is \$5,000, resulting in a maximum rebate of \$1,000.
(b) Defines "qualified property tax" as "property taxes payable" as defined for the regular property tax refund program, except that the requirement that the taxpayer own and occupy the property on January 2 of the payable year does not apply.
In the case of agricultural land assessed as part of a homestead under section 273.13, subdivision 23 (the agricultural property tax classification), the owner may calculate the credit on all property taxes on the homestead, except to the extent that the owner rents out the agricultural land to a tenant.
(c) Provides that for a renter, "qualified property tax" means the amount of rent constituting property taxes based on rent paid in the taxable year, as defined for the property tax refund program. If two or more renters could be claimants, the same rules apply as those for the property tax refund program.
(d) Provides that for an individual who both rented and owned a principal residence during the taxable year, qualified taxes are the sum of both amounts under paragraphs (b) and (c).
(e) Provides that if the amount of the credit under this section exceeds the taxpayer's income tax liability, the commissioner shall refund the excess.

(f) Requires the taxpayer to attach a copy of the property tax statement and/or certificate of rent paid and any additional information the commissioner of revenue requires when applying for the credit.

(g) Requires the refunds in excess of tax liability be paid by the commissioner of revenue within 60 days from the date of the claim.

(h) Appropriates an amount sufficient to pay refunds under this section to the commissioner of revenue from the general fund beginning in fiscal year 2000.

2 Appropriation. Appropriates \$3,000,000 from the general fund to the commissioner of revenue for the cost of administering section 1 for fiscal years 2000 and 2001.

3 Effective date. Provides that section 1 is effective for taxable years beginning after December 31, 1998.