

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 569

DATE: February 27, 2007

Version: As introduced

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Subject: Hennepin and Ramsey Counties mortgage registry and deed tax

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Overview

Removes the expiration on the authority for Ramsey and Hennepin Counties to impose the additional mortgage registry and deed tax for deposit in their environmental response funds.

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- 1** **Repealer.** Repeals the sunset which authorizes Ramsey County (section 383A.80, subdivision 4) and Hennepin County (383B.80, subdivision 4) to impose a mortgage registry tax (MRT) and deed tax for deposit in their environmental response fund. The MRT rate is .0001 (i.e., 0.01 percent) of the total debt secured on mortgages and the deed tax is also .0001 (i.e., 0.01 percent) of net consideration, which is the price paid for the real property. These taxes are in addition to the regular MRT and deed taxes imposed by the state and are collected at the same time and on the same basis as the state taxes.

Background:

The authorization to impose the taxes for both Ramsey and Hennepin Counties was enacted in 1997. Hennepin County imposed the tax and started collecting the revenue right away. Grant programs to use these funds was established in 2001. Ramsey County did not authorize the taxes until February 1, 2003.

When the law was enacted, the legislature granted the counties a five-year authorization

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period that would have expired January 1, 2003. However, in the 2002 session, the legislature extended the authorization for an additional 5 years, which is due to expire January 1, 2008. This bill removes the sunset and makes the authority permanent.

Hennepin County has raised about \$2-3 million per year from these taxes (in the past year or two, the amount has been about \$3 million per year). Between 2001-2006, 132 grants have been awarded by Hennepin County totaling over \$16 million. Ramsey County's revenue from the taxes has been about \$1 million per year, and its funding was made available beginning in 2005.