

HOUSE RESEARCH

Bill Summary

FILE NUMBER: H.F. 491
Version: As introduced

DATE: February 23, 2015

Authors: Heintzeman and others

Subject: Late payments for property taxes

Analyst: Chris Kleman (651) 296-8959 Steve Hinze (651) 296-8956

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: www.house.mn/hrd/.

Overview

Under current law, the penalties for late payments of property taxes due in the second-half of the year are higher than they are for late first-half payments. This bill equalizes the penalties for first and second-half late payments of property taxes. In addition, the bill restructures the existing law for clarity.

Section

1 Due dates and penalties.

- Reduces the penalty rate for late payments of second-half property taxes due on homestead and nonhomestead properties to correspond to the penalties for late payments on first-half property taxes. Clarifies the formula for determining the penalty rates.
- Adds new paragraphs clarifying and restating current statutory provisions regarding how due dates and/or penalties apply when: a property tax statement has been mailed out late property taxes are under \$100, and a commercial seasonal recreational property earns 60% of its gross income during the summer months.

2 Agricultural property.

- Reduces the penalty rate for late payments of second-half property taxes due on agricultural homestead and agricultural nonhomestead properties to correspond to the penalties for late payments on first-half property taxes.
- Deletes a provision applicable to taxable payable in 2010 and 2011.

Section

Homesteads and non-commercial seasonal recreational property

| Date | Current Law | | New Proposal | |
|-------------|----------------------|----------------------|----------------------|----------------------|
| | 1 st half | 2 nd half | 1 st half | 2 nd half |
| May 16 | 2% | | 2% | |
| June 1 | 4% | | 4% | |
| July 1 | 5% | | 5% | |
| August 1 | 6% | | 6% | |
| September 1 | 7% | | 7% | |
| October 1 | 8% | | 8% | |
| October 16 | 8% | 2% | 8% | 2% |
| November 1 | 8% | 6% | 8% | 4% |
| December 1 | 8% | 8% | 8% | 5% |

Nonhomestead properties

| Date | Current Law | | New Proposal | |
|-------------|----------------------|----------------------|----------------------|----------------------|
| | 1 st half | 2 nd half | 1 st half | 2 nd half |
| May 16 | 4% | | 4% | |
| June 1 | 8% | | 8% | |
| July 1 | 9% | | 9% | |
| August 1 | 10% | | 10% | |
| September 1 | 11% | | 11% | |
| October 1 | 12% | | 12% | |
| October 16 | 12% | 4% | 12% | 4% |
| November 1 | 12% | 8% | 12% | 8% |
| December 1 | 12% | 12% | 12% | 9% |