

**Subject** Targeting property tax refund program expanded

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## Summary

Minnesota currently allows taxpayer to claim an “additional” or “special” property tax refund, generally referred to as “targeting,” which directs property tax relief to homeowners who have large property tax increases from one year to the next. The targeting property tax refund program is not income-tested, and is available to any taxpayer with a property tax increase of 12 percent or more year over year.

A homeowner qualifies if the property tax on the home has increased by more than 12 percent over the previous year’s tax and if the increase is over \$100. The refund equals 60 percent of the increase over the greater of (1) 12 percent of the previous year’s tax after deduction of targeting, or (2) \$100. The refund is not allowed if the increase was attributable to improvements made to the home. The maximum refund is \$1,000.

H.F. 3959 expands the targeting property tax refund by reducing the 12 percent threshold under current law to six percent. The bill additionally increases the maximum refund from \$1,000 to \$2,500. The bill would result in larger refunds for individuals who would claim the targeting refund under current law. Taxpayers with year-over-year property tax increases of six to 12 percent would be newly eligible under the bill. This change makes permanent a temporary change that was enacted in 2023 for refunds payable in 2023 only.

The bill is effective for refunds in 2026 based on property taxes payable in 2026.