

Subject Property tax refund co-pay percentages reduced

Authors Rehrauer

Analyst Sean Williams

Date March 10, 2026

Summary

The homestead credit refund is a state-paid refund that provides tax relief to homeowners whose property taxes are high relative to their incomes. The renter’s credit is a corresponding refundable income tax credit that provides relief for property taxes that landlords implicitly pass on to renters through higher rents.

Both programs have common features and parameters: if the property tax (or rent assumed to constitute property tax) exceeds a threshold percentage of income, the refund or credit equals a percentage of the property tax over the threshold, up to a maximum amount. As income increases:

- the threshold percentage increases;
- the share of tax over the threshold that the taxpayer must pay (the “copay percentage”) increases; and
- the maximum refund decreases.

H.F. 4119 expands the homestead credit refund and renter’s credit programs by reducing the co-pay percentages for all ranges currently eligible for the credit by 5 percentage points (except for the lowest percentage for renters, which is reduced from 5% to 2.5%).

Table 1 shows the co-pays for the renter’s credit for tax year 2026 under current law and as proposed in the bill. Table 2 shows the homestead credit refund co-pays for refunds payable in 2027 under current law and as proposed in the bill.

Table 1: Co-Pay Percentages, Renter’s Credit, Current Law and H.F. 4119
Tax Year 2026

Income Range	Co-Pay Percentage, Current Law	Co-Pay Percentage, H.F. 4119
\$0 to \$6,819	5%	2.5%
\$6,820 to \$9,059	10%	5%
\$9,060 to \$11,319	10%	5%
\$11,320 to \$15,879	10%	5%

Income Range	Co-Pay Percentage, Current Law	Co-Pay Percentage, H.F. 4119
\$15,880 to \$20,409	15%	10%
\$20,410 to \$22,669	15%	10%
\$22,670 to \$24,919	20%	15%
\$24,920 to \$29,469	20%	15%
\$29,470 to \$31,739	20%	15%
\$31,740 to \$33,999	25%	20%
\$34,000 to \$38,539	25%	20%
\$38,540 to \$40,799	30%	25%
\$40,800 to \$47,589	30%	25%
\$47,590 to \$54,389	35%	30%
\$54,390 to \$63,469	40%	35%
\$63,470 to \$65,719	45%	40%
\$65,720 to \$67,999	45%	40%
\$68,000 to \$70,279	45%	40%
\$70,280 to \$72,529	50%	45%
\$72,530 to \$74,809	50%	45%
\$74,810 to \$77,069	50%	45%
\$77,070 to \$79,329	50%	45%

Table 2: Co-Pay Percentages, Homestead Credit Refund, Current Law and H.F. 4119
Refunds payable in 2027

Income Range	Co-Pay Percentage, Current Law	Co-Pay Percentage, H.F. 4119
\$0 to \$2,239	12%	7%
\$2,240 to \$4,459	12%	7%
\$4,460 to \$6,749	12%	7%
\$6,750 to \$9,009	17%	12%
\$9,010 to \$11,239	17%	12%
\$11,240 to \$15,739	17%	12%
\$15,740 to \$17,959	17%	12%

Income Range	Co-Pay Percentage, Current Law	Co-Pay Percentage, H.F. 4119
\$17,960 to \$20,229	17%	12%
\$20,230 to \$22,469	17%	12%
\$22,470 to \$24,699	22%	17%
\$24,700 to \$31,469	22%	17%
\$31,470 to \$33,709	27%	22%
\$33,710 to \$38,219	27%	22%
\$38,220 to \$53,919	32%	27%
\$53,920 to \$78,629	32%	27%
\$78,630 to \$89,869	37%	32%
\$89,870 to \$101,109	37%	32%
\$101,110 to \$112,339	37%	32%
\$112,340 to \$123,579	37%	32%
\$123,580 to \$130,329	42%	37%
\$130,330 to \$134,849	42%	37%
\$134,850 to \$140,289	47%	42%
\$140,290 to \$145,739	47%	42%



**MN HOUSE
RESEARCH**

Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.

www.house.mn.gov/hrd | 651-296-6753 | Third Floor, Centennial Office Building | St. Paul, MN 55155