

## Renter's Property Tax Refund Program

***What is the renter's property tax refund program?***

The renter's property tax refund program (sometimes called the "renters' credit") is a state-paid refund that provides tax relief to renters whose rent and "implicit property taxes" are high relative to their incomes. "Rent constituting property taxes" is assumed to equal 19 percent of rent paid, but has been reduced through unallotment to 15 percent for refunds based on rent paid in 2009 only. (A legal challenge to the unallotment is pending in Ramsey County District Court (*Brayton et al. v. Pawlenty et al.*)) If rent constituting property tax exceeds a threshold percentage of income, the refund equals a percentage of the 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 increases, and
- the maximum refund decreases.

The program uses household income, a broad measure that includes most types of income. Deductions are allowed for dependents and for claimants who are over age 65 or disabled.

***What are the maximums?***

For refund claims filed in 2010, based on rent paid in 2009 and 2009 household income, the maximum refund is \$1,510. Renters whose income exceeds \$53,029 are not eligible for refunds.

***How are claims filed?***

Refund claims are filed using Minnesota Department of Revenue (DOR) Schedule M1PR. Claims filed before August 15, 2010, will be paid beginning in August 2010. The deadline for filing claims based on rent paid in 2009 is August 15, 2011; taxpayers filing claims after that date will not receive a refund. Forms are available online at DOR's web site, under "Forms and Instructions" ([www.taxes.state.mn.us](http://www.taxes.state.mn.us)).

***What is the average refund and total amount paid?***

**Statewide Renter Property Tax Refunds, Filed in 2008**  
(based on 2007 incomes and rent paid in 2007, most recent data available)

	Number of returns	Total amount	Average per return
Under 65 years old	210,702	\$114.1 million	\$542
Senior/disabled	82,637	\$50.3 million	\$609
Total: all renters	293,339	\$164.5 million	\$561

***How do refunds vary depending on income and property taxes?***

The following table shows the refund amount for two example families (married couples without dependents) both before and after unallotment reduced the percentage of rent considered property tax from 19 percent to 15 percent (a single person living alone would qualify for the same refund amounts). Although the

property tax refund threshold, copayment rates, and maximum refund amounts are the same statewide, the average rent is higher in the metro area than in greater Minnesota. The metro area family paid monthly rent in 2009 of \$719, the fair market rent for a one-bedroom apartment in the metro area. The family in greater Minnesota paid monthly rent in 2009 of \$462, the fair market rent for a one-bedroom apartment in many greater Minnesota counties. Taxpayers who are over age 65, disabled, or have dependents are allowed a subtraction from income in determining the refund.

**Married couple, both under age 65, no dependents  
Example refunds for claims to be filed in 2010,  
based on rent paid in 2009 and 2009 income**

		Metro area		Greater Minnesota	
		Before unallotment	After unallotment	Before unallotment	After unallotment
1	Gross income	\$30,000	\$30,000	\$30,000	\$30,000
2	Deduction for dependents	0	0	0	0
3	Household income (1 – 2 = 3)	\$30,000	\$30,000	\$30,000	\$30,000
4	Rent constituting property tax	\$1,639	\$1,294	\$1,053	\$832
5	Statutory threshold percentage	2.2%	2.2%	2.2%	2.2%
6	Threshold % x income (3 x 5 = 6)	\$660	\$660	\$660	\$660
7	Property tax over threshold (4 – 6 = 7)	\$979	\$634	\$393	\$172
8	Copay percentage	30%	30%	30%	30%
9	Taxpayer copay amount (7 x 8 = 9)	\$294	\$190	\$118	\$51
10	Remaining tax over threshold (7 – 9 = 10)	\$686	\$444	\$275	\$120
11	Maximum refund allowed	\$1,510	\$1,510	\$1,510	\$1,510
12	Net property tax refund	\$686	\$444	\$275	\$120

**For more information:** Claimants can check the status of their refund by calling DOR at (651) 296-4444 or online at [www.taxes.state.mn.us](http://www.taxes.state.mn.us).

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