



February 15, 2023

**Re: Support for property tax relief for residential homeowners**

Dear Chair Lislegard and members of the House Property Tax Division:

On behalf of the 837 members of the League of Minnesota Cities, I would like to express our organization's support for numerous bills being heard in the division today. The League's legislative policies, which are annually developed by members from cities across the state, include general positions on many of the following bills that are geared toward addressing rising property taxes in Minnesota.

**HF 700 (Youakim)**

Under the current targeting refund, a homeowner who has lived in a home in the current year and the past year that experiences a tax increase in excess of 12 percent and the increase is greater than \$100, the homeowner is eligible to receive a state-paid refund equal to 60 percent of the increase over 12 percent up to a maximum refund of \$1,000.

Under this bill, the threshold for eligibility is expanded to homeowners who experience an increase of ten percent or more and the maximum refund is increased to \$2,000. This bill would be especially helpful for many homeowners across the state who, over the past several years, have experienced rapid increases in their property's valuation and their property tax burden as home values have been driven up by high demand. Additionally, homeowner property tax increases have been exacerbated by indirect tax shifts from other types of property that have experienced slower growth. It is also important to note that this bill would assist qualifying homeowners through a state paid refund and would not shift homeowner taxes to other types of property.

**HF 1506 (Lislegard), HF 1323 (Agbaje), & HF 1422 (Wolgamott)**

Under the homestead credit refund, a homeowner whose property tax burden exceeds certain income thresholds is eligible for a state-paid refund to offset some of the property tax burden. The refund maximum is phased-down for homeowners with higher incomes and requires a higher "copay" for claimants with higher incomes. A similar program is in place for renters, with the assumption that 17% of rent paid goes toward property taxes passed on to the renter.

HF 1506 would enhance the tax relief provided to eligible homeowners by reducing the co-pay percentage and increasing the maximum refund at all eligible household income levels (up to \$125,080) and would reduce the eligible household income threshold for household incomes between \$21,200 and \$32,800.

Under current law, property tax refund claimants who are ages 65 and older, or who have a disability are allowed to claim an exemption amount when calculating household income. HF 1422

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would increase property tax refunds for seniors by doubling that exemption, which equals \$4,800 in tax year 2023.

HF 1323 as amended would expand the Renters Credit by increasing the income of qualifying renters up to \$90,000 and put a slower phase out of the refund in place. Under current law only renters earning up to \$64,920 are eligible for the refund. The bill would also reduce co-pays for 54,000 renters that are eligible under current law, increasing their refunds as well.

The League of Minnesota Cities supports proposals like these that provide direct property tax relief through an expansion of the Homestead Credit Refund and the Renters Credit from the state to taxpayers.

**HF 1504 (Norris)**

In 2011 the legislature created the Homestead Market Value exclusion. Under the homestead market value exclusion, 40% of the home's market value to \$76,000 in market value is excluded from taxation. For homes in excess of \$76,000 of market value, the exclusion phases out as home values increase until it is totally phased out for homes over \$413,800. The general parameters of the program have not changed since 2011 and those values are not indexed for inflation.

HF 1504 would increase the exclusion for most homesteads. It would increase the 40% exclusion to apply to the first \$80,300 of value. The exclusion would be totally phased out for homes over \$437,100. Due to the recent rapid increase in home values, the League of Minnesota Cities supports modifications to the homestead market value exclusion to increase the benefit of the exclusion to qualifying homeowners.

Thank you for your consideration.

Sincerely,



Nathan Jesson  
League of Minnesota Cities