Tax Expenditure Review Commission Member Evaluation Survey: TEB 9.1.02 Mortgage Registry Tax Government Housing Exemption

Tax Expenditure Facts

Year of Adoption: 2001
Statute: Minnesota Statutes, Section 287.04(6)
Tax Type: Mortgage Registry Tax
Provision Type: Exemption
Latest Fiscal Impact Estimate: $3,300,000 – Fiscal Year 2027
Latest Claims Estimate: Direct measure of this estimate is not currently available
Sunset Date: None

This expenditure is the result of state conformity to the Federal Code: No

Commission Approved Objective:

The objective of the Mortgage Registry Tax for Government Affordable Housing Programs is to incentivize and promote affordable housing in the state of Minnesota.

Member Responses

Business (check all that apply):

	Choice Count
Job Creation & Maintenance	0
Investment	2
Competitiveness/Strategic	3
Health/Environmental/Social Justice	2
Other	1

Individual (check all that apply):

	Choice Count
Relief of Poverty	2
Progressivity/Assistance to Low Earners	5
Access to Opportunity	1
Health/Environment/Social Justice	0
Other	1

This tax expenditure is flagged for legislative review:

	Continue	Repeal	Modify	Total
Choice Count	5	0	2	7

Measurement and Effectiveness Ratings Summary:

	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree	Total
We can measure the overall benefit towards achieving the objective(s).	2	1	1	1	2	7
The expenditure's benefit justifies its fiscal cost.	0	0	4	1	2	7
The expenditure is claimed by its intended beneficiaries.	0	0	3	1	3	7
The expenditure is claimed by a broad group of taxpayers.	0	3	3	0	1	7
The expenditure amount claimed per taxpayer is meaningful as an incentive/benefit.	0	2	3	0	2	7
The expenditure is relevant today.	0	0	3	2	2	7
The expenditure is primarily beneficial to smaller businesses.	2	0	5	0	0	7
The expenditure is primarily beneficial to lower income taxpayers.	0	0	4	1	2	7

Member Comments

The data limitations make it difficult to draw conclusions to the effectiveness and applicability of this tax exemption. I also question whether the intent of making housing more affordable, especially those with low-incomes, is actually reaching them (or if this is another example of large firms utilizing this exemption to continue to decrease the market supply). Perhaps starting with the form/process modification will help us better understand if this policy is meeting the needs of homeowners. Given that the data on MRT was the same as the agricultural exemption, we should consider the value of delineating MRT data by exemption type. Better data will also better inform if the $3.3 million could be more effectively utilized in other housing programs.

Again, question the lack of data.

The lack of data for this expenditure is concerning. One recommendation to begin collecting better data is that tax filers fill out an online form to make it simpler for the DOR to track the expenditures usage. I would propose that be the modification and then review this expenditure again when we have a better sense of what is happening.