

Fiscal Analysis Department

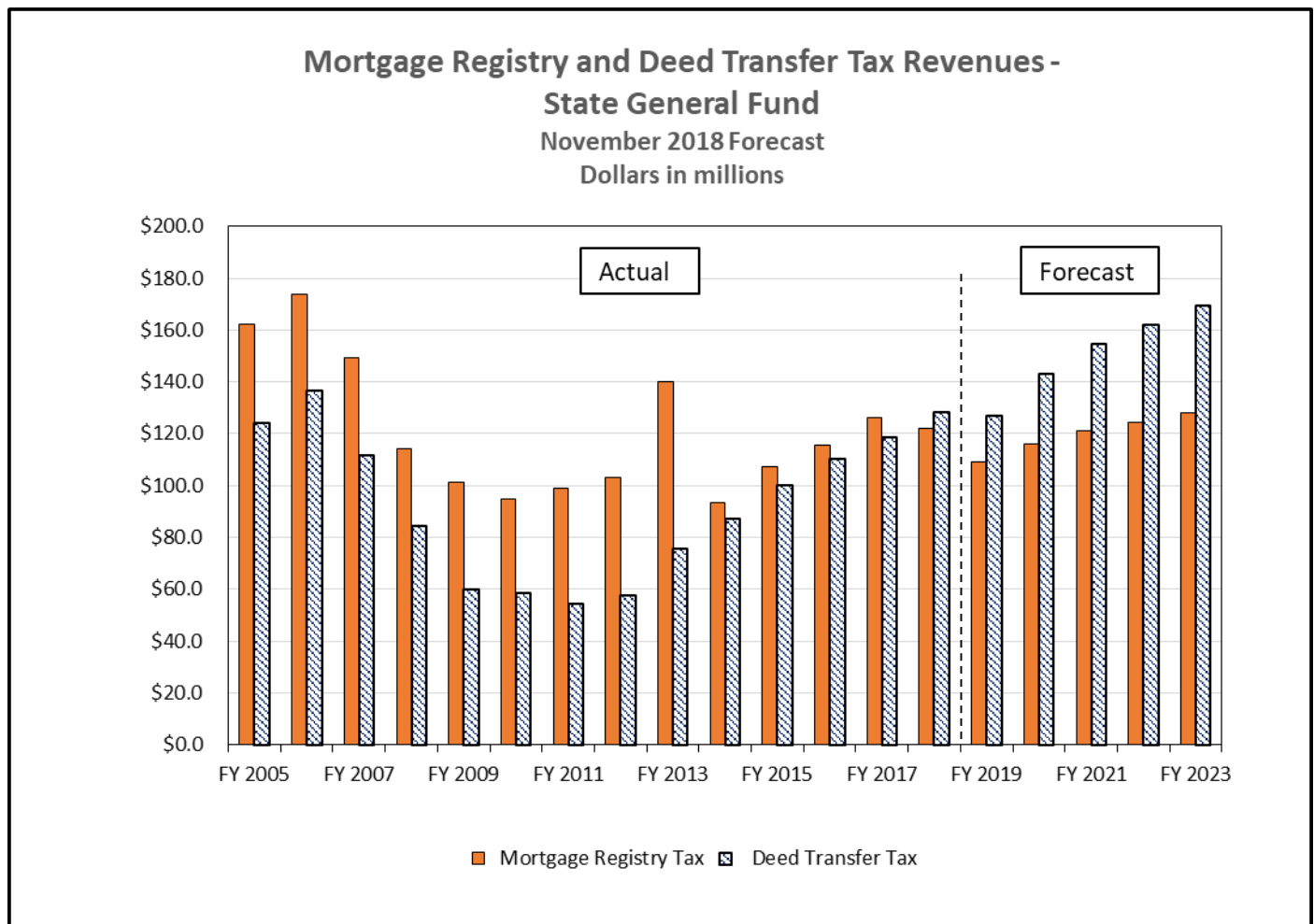
Minnesota House of Representatives



ISSUE BRIEF

As Interest Rates Rise, Mortgage Registry Revenues Fall

January 2019



FY 2018 is the tipping year where deed transfer tax receipts of \$128 million over take revenues of \$122 million collected through the mortgage registry tax. The rise in interest rates is expected to continue to dampen demand for mortgages and mortgage refinancings, and thus reduce their related tax receipts. For FYs 2020-2023, revenue growth of the deed transfer tax out-paces revenue growth of the mortgage registry tax at a percent change rate of approximately two to one.

Ninety-seven percent of revenues generated by the mortgage registry tax (equal to 0.23 percent of the principal debt secured by a mortgage on real property in Minnesota) and by the deed transfer tax (usually equal to .033 percent of net consideration) are deposited into the State General Fund. The remaining three percent of revenues are retained by counties for local administration.

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