



## **Your Rights Regarding Your State Tax Refunds**

*Q.) Can the State keep my Minnesota tax refunds to collect money from me?*

A.) Yes, there are some times when the state can keep your Minnesota income or property tax refund to collect a debt. The law that allows this is called the Revenue Recapture Act. If you owe money to a state or county agency, the Department of Revenue sends your refund to that agency.

*Q.) What kinds of debts can the State collect?*

A.) Revenue Recapture can be used to collect various debts, including:

- overpayments from welfare programs;
- unpaid MinnesotaCare premiums;
- unpaid Minnesota taxes, interest and penalties;
- unpaid child support;
- school loans;
- fines or restitution in criminal cases; and
- medical bills from county or state hospitals like Regions Hospital or Hennipen County Medical Center.

*Q.) Are there any types of debts the State cannot collect from my refund?*

A.) Yes, they cannot take:

- debts that are less than \$25;
- overpayments of welfare benefits if you are still getting welfare payments (unless you owe the money because you lied or broke the rules of the welfare program on purpose);
- most debts that are more than 6 years old (they can take school loans that are more than 6 years old);
- debts where you have a payment plan with the agency, you are making your payments, and the plan says the agency won't use Revenue Recapture; and
- medical debts if your income was below certain limits at the time you got the care. The limits change every year. In 2018, the limit for an individual was \$13,180. The 2018 limit for a couple was \$16,878.

*Q.) What kinds of tax or refunds or other payments can they keep?*

A.) The most common sources the State can keep include money from:

- individual tax refunds;
- property tax refunds; or
- lottery winnings of \$600 or more;

*Q.) Will I get a notice telling me they are going to keep my refund?*

A.) Yes, 5 days after a State or county agency asks the Department of Revenue to keep your refund, they must send you a notice. The notice must tell you that the agency thinks you owe them money and tells you what your rights are. The notice must tell you:

- what the debt is for, the amount you owe and when it happened;
- that they want to take your refund;
- that you can dispute the debt and/or whether they can use revenue recapture in your case;
- how to disagree with the revenue recapture; and
- that you can appeal.

*Q.) How do I appeal?*

A.) You can write to the agency that says you owe them money. You must send your letter to the agency within 45 days of getting the notice from them. Do not write to the Department of Revenue to dispute the debt or the use of revenue recapture. In your letter, say it is a “Revenue Recapture Appeal.” Tell them why you think they should not take your refund. Good reasons they should not take your money include:

- you do not owe the debt; or
- they should not use revenue recapture because your payments protected (see paragraph on debts they cannot take.)

Keep a copy of your letter for your records.

*Q.) Can I get a hearing in every situation?*

A.) No, you do not get a hearing if the debt comes from a court order or judgment.

*Q.) What happens next?*

A.) The agency should set a hearing for your appeal within 30 days of getting your letter. You do not have to have a lawyer at the appeal but you might want to ask a lawyer for advice or help.

*Q.) What can I do if they take my tax refund and I did not get a notice?*

A.) You can still write to the agency and ask for an appeal. Again, contact the agency that says you owe the debt, not the Department of Revenue. The 45 day time deadline does not start until you get a written notice from the agency that wants to use revenue recapture. If the agency says they did send you a notice you still get a hearing on two issues:

- did you actually get a notice; and
- can they take your refund?

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