

## **S.F. No. 45 – Converting Renter’s Property Tax Refund to a Refundable Income Tax Credit (as proposed to be amended by A-1)**

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**Date:** March 7, 2023

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**SF 45** converts the renter’s property tax refund to a refundable income tax credit. Section 5 establishes the income tax credit with much of the language copied from the renter’s property tax refund chapter and adapted as necessary. The remaining sections of the bill update cross-references or eliminate obsolete references to the renter’s property tax refund in other statutes.

**Section 1. County assessors; homestead classification and renter’s credit.** Updates a cross-reference to the renter’s income tax credit proposed in Section 5 in statute relating to disclosure of names and Social Security numbers of renter refund applicants. Effective for credits based on rent paid after December 31, 2022.

**Section 2. Property tax refund.** Eliminates an obsolete reference to rent paid for purposes of the renter’s property tax refund. Effective for credits based on rent paid after December 31, 2022.

**Section 3. Property tax refunds under chapter 290A.** Eliminates an obsolete reference to the renter’s property tax refund in statute concerning calculation of interest on unpaid refunds. Effective for credits based on rent paid after December 31, 2022.

**Section 4. Penalties relating to property tax refunds.** Updates a cross-reference to the renter’s income tax credit proposed in Section 5 in statute relating to penalties for property owners who fail to provide renters with certificates of rent paid. Effective for credits based on rent paid after December 31, 2022.

**Section 5. Renter’s credit.** Establishes a refundable renter’s income tax credit to replace the existing renter’s property tax refund. The credit is calculated in the same manner as under current law but ‘household income’ is defined as a taxpayer’s federal adjusted gross income with exemptions provided for taxpayers with dependents, taxpayers with a disability, or taxpayers aged 65 or older. Under current law, household income for purposes of the renter’s property tax refund

includes federal adjusted gross income in addition to other types of non-taxable income, including social security, government assistance, and veterans' disability compensation.

The renter's credit would be claimed on the income tax return, and refunds would be received at the same time as refundable tax credits, if applicable. Under current law, a renter must file a separate renter refund claim and receive the refund in August or September. A taxpayer claiming the credit under this section must provide the commissioner of revenue with proof of eligibility, and only one taxpayer per household per year is entitled to claim a credit. In the case of a married taxpayer filing a separate return, only one spouse may claim the credit.

No credit is allowed if the taxpayer's household income equals \$73,381 or more for tax year 2023. The income thresholds are updated annually for inflation as provided under current law. An amount necessary to pay refunds under this section is annually appropriated from the general fund to the commissioner.

**Section 6. Purpose.** Eliminates an obsolete reference to renters in statute that provides the purpose of the property tax refund. Effective for claims based on rent paid in 2023 and following years.

**Section 7. Income.** Eliminates an obsolete reference to the amount of rent paid in section that determines the amount of the subtraction allowed for property tax refunds for claimants aged 65 or older. Effective for claims based on rent paid in 2023 and following years.

**Section 8. Homestead.** Eliminates an obsolete reference to renters within the definition of 'homestead' for purposes of the property tax refund. Effective for claims based on rent paid in 2023 and following years.

**Section 9. Claimant.** Eliminates all obsolete references to renters within the definition of 'claimant' for purposes of the property tax refund. Effective for claims based on rent paid in 2023 and following years.

**Section 10. Gross rent.** Updates the definition of 'gross rent' to include rent paid on manufactured homes, including manufactured home park cooperatives. Effective for claims based on rent paid in 2023 and following years.

**Section 11. Refund.** Eliminates an obsolete reference to the renter's refund in the section providing for property tax refunds. Effective for claims based on rent paid in 2023 and following years.

**Section 12. Combined household income; rental agreements and reduction of property taxes payable.** Eliminates an obsolete reference to rent constituting property taxes in statute relating to combined household income. Effective for claims based on rent paid in 2023 and following years.

**Section 13. Time of payment to renter or manufactured homeowner.** Eliminates an obsolete reference to the time of renter property tax refunds. Effective for claims based on rent paid in 2023 and following years.

**Section 14. One claimant per household.** Eliminates an obsolete reference to rent constituting property taxes in statute relating to the one claimant per household requirement for property tax refunds. Effective for claims based on rent paid in 2023 and following years.

**Section 15. Proof of claim.** Eliminates an obsolete reference to a rental managing agent and amount of rent paid in statute requiring proof of property tax refund claim. Effective for claims based on rent paid in 2023 and following years.

**Section 16. Claims of tenants in leasehold cooperatives.** Updates a cross-reference to the renter's income tax credit in section relating to claims of tenants in leasehold cooperatives. Effective for claims based on rent paid in 2023 and following years.

**Section 17. No relief in certain cities.** Eliminates an obsolete reference to tenancy in section relating to unlawful homestead. Effective for claims based on rent paid in 2023 and following years.

**Section 18. Owner or managing agent to furnish rent certificate.** Changes 'managing agent' to 'park owner' in section relating to manufactured home parks certificates of rent paid. Effective for claims based on rent paid in 2023 and following years.

**Section 19. Verification of social security numbers.** Updates a cross-reference to the renter's income credit in section relating to the furnishing of lists of property tax refund applicants. Effective for claims based on rent paid in 2023 and following years.

**Section 20. Housing for elderly, persons with physical or developmental disabilities and single parent families.** Provides a cross-reference to the renter's income tax credit in section authorizing the Minnesota Housing Finance Agency to provide notice of the existence of the proposed renter's income tax credit. Effective for claims based on rent paid in 2023 and following years.

**Section 21. Repealer.** Repeals provisions of the property tax refund statute that specifically related to the renter's property tax refund. These sections are now obsolete and have been replaced by the renter's income tax credit proposed in Section 5. Effective for claims based on rent paid in 2023 and following years.