NCF
Northcountry Cooperative Foundation

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5% income tax credit incentive for park sales to residents

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Project Name	City	Seller Sale Price	Tax Credit %	Tax Credit to Seller	Cost Per Unit	Units Preserved
Zumbro Ridge Estates	Rochester	$2,200,000	5.00%	$110,000	$948	116
Sungold Heights	Worthington	$1,800,000	5.00%	$90,000	$849	106
Woodlawn Terrace	Richfield	$2,425,000	5.00%	$121,250	$2,288	53

- **How does Minnesota tax capital gains income?** Minnesota includes all net capital gains income in taxable income and subjects it to the same tax rates as apply to other income: 5.35, 7.05, 7.85, and 9.85 percent. Minnesota recognizes the federal exclusions on the sale of the taxpayer's home and the sale of qualified small business stock.
- **How does capital gains apply to manufactured home park sales?** With the top Minnesota capital gains tax at 9.85%, and that not including additional federal capital gains tax, legacy sellers who have owned their communities for a generation face sizable tax liabilities when selling their parks. This credit would serve as a huge incentive for them to sell to the residents of their communities, essentially reducing their Minnesota capital gains liability by half.
- **Why the need for his incentive?** These tax liabilities are miniscule when they are seen as investments to preserve affordable homeownership, where a single unit of NOAH preservation at the 30% AMI level can often cost $300,000 of public money.
- **Who benefits?** Minnesota residents. The beneficiaries of the credit and the preserved units would keep all of this money in Minnesota as opposed to out-of-state investors who drain the state of its wealth.
- **How many parks would this make resident-owned?** We predict that this tax credit could help us convert 2-6 parks to resident ownership each year thereby preserving hundreds units of homeownership and keeping millions of dollars in the state.
- **What does this credit cost?** The Minnesota Department of Revenue estimates the cost to the state will be $780K in FY 24-25 and $830K in FY26-27.