

April 26, 2023

Members of the Minnesota Legislature:

The undersigned organizations support taking bold action to respond to the challenges that workers, families, seniors, and people with disabilities face by **simplifying and expanding the Renters' Credit**.

All Minnesotans want safe, affordable homes for themselves and their families. But some Minnesotans earning lower wages or on fixed incomes struggle to afford both the cost of housing and other basic necessities.

Property tax refunds like the Renters' Credit help bring down one of the costs of housing. The Renters' Credit is targeted based on income and prioritizes those for whom property taxes make up a larger share of their budget. It recognizes that renters pay property taxes through their rents. It benefits Minnesotans living in every part of the state, and in Greater Minnesota especially it is an important lifeline for seniors and people living with severe disabilities.

We support the transformational changes in the Renters' Credit contained in House File 1653 and Senate File 45, and that were included in the 2022 tax agreement. This proposal makes two changes:

- First, it changes the Renters' Credit into a refundable income tax credit. Currently, eligible renters apply for the Renters' Credit through the Property Tax Refund application, due August 15. With this proposal, qualifying renters would apply for the Renters' Credit as part of the income tax filing process.
- Second, it simplifies the definition of income for qualifying for and calculating the Renters' Credit. It would base the credit on Adjusted Gross Income (AGI), like many other tax credits and provisions of our tax law, rather than the broader and more complicated "household income" that is currently used.

This expansion would have several high-impact outcomes, including:

- Reducing barriers so that more currently eligible renters receive the property tax refund they qualify for – an estimated 119,000 renting households;
- Simplifying the process to apply for and calculate the credit;
- Providing larger property tax refunds for about half of currently eligible renters and making 36,000 more renters eligible;
- Getting refunds out to renters much sooner; and
- Maintaining the sliding-scale structure of the Renters' Credit that prioritizes those with the lowest incomes and folks whose property taxes are particularly high in relation to their incomes.

This Renters' Credit expansion would provide a needed economic boost to Minnesota renters struggling with the rising cost of housing.

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It would also benefit our economy when Minnesotans spend their tax refunds in their local communities on some of the most basic expenses, whether that be toothpaste, dental care or other health care expenses not covered by insurance, or essential purchases for their children.

Thank you for your consideration of the role an expanded Renters' Credit can play in building broader economic security and a fairer tax system.

Sincerely,

AARP Minnesota
Admin On The Go
Center for Economic Inclusion
Edina Neighbors for Affordable Housing
HOME Line
ISAIAH
Jewish Family and Children's Service of
 Minneapolis
Legal Services Advocacy Project
Mary's Pence
MICAH- Metropolitan Interfaith Council on
 Affordable Housing
MIM (MN Immigrant Movement)
Minnesota AFL-CIO

Minnesota Asset Building Coalition
Minnesota Budget Project
Minnesota Coalition for the Homeless
MN Nurses Association
Open Access Connections
Phyllis Wheatley Community Center
Pillsbury United Communities
Prepare + Prosper
TakeAction Minnesota
Telling Queer History
Three Rivers Community Action
Voices For Racial Justice
Will Work For Recovery