



**CORPORATE FRANCHISE TAX
INDIVIDUAL INCOME TAX
INSURANCE PREMIUMS TAX
Housing Contribution Credit**

March 25, 2026

	Yes	No
DOR Administrative Costs/Savings		x

Department of Revenue
Analysis of H.F. 3902 (Igo), 1st Engrossment, as Proposed to be Amended (H3902A4)

	Fund Impact			
	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
		(000's)		
General Fund	\$0	\$0	\$0	\$0

Effective beginning tax year 2027.

EXPLANATION OF THE BILL

Current Law: A nonrefundable credit is allowed for contributions to a designated account in the Housing Development Fund administered by the Housing Finance Agency (HFA). The account is to be used for grants and loans for low- and moderate-income housing developments.

The credit is equal to 85% of contributions of at least \$1,000 but not more than \$2 million. Any unused credit may be carried over for up to 10 years. Total credits are limited to \$9.9 million in each year. The credit was enacted in 2021 and is effective for tax years 2023 through 2028.

Eligible recipients must use the funds to serve households that meet the income limits provided in the Economic Development and Housing Challenge Program.

Proposed Law: The bill requires the HFA to reserve a percentage of credits for contributions to qualified projects located in greater Minnesota. The reserved percentage must be equal to greater Minnesota's share of the state population, using the most recent population estimate of the state demographer. Any portion of the reserved credits that is not allocated within 60 days of the application opening is available for allocation to taxpayers for all contributions, whether designated for a specific project or not.

The bill also creates an income limit exemption for projects receiving funding under the Workforce Housing Development Program.

The bill also repeals the sunset on the credit.

REVENUE ANALYSIS DETAIL

- In tax year 2024, the credit's second year, the total credit limit of \$9.9 million was reached. It is assumed the total credit limit will also be reached in tax years 2025-2028.
- The reserved credit allocation is not expected to have a revenue impact, although it may change who receives the credit.

REVENUE ANALYSIS DETAIL (Cont.)

- Repealing the sunset will have a revenue impact outside the forecast window since credits would continue to be issued in tax year 2029 and later. The impact would be \$9.9 million a year beginning in fiscal year 2030.

Number of Taxpayers: About 500 taxpayers per year.

Minnesota Department of Revenue
Tax Research Division

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