

Subject Renter's credit for nonprofit child care facilities

Authors Youakim and others

Analyst Sean Williams

Date April 8, 2024

Overview

H.F. 3605 establishes a renter's property tax refund program for nonprofit child care facilities. The refund would equal ten percent of rent paid in the calendar year. Both center and family-based day cares would be eligible for the refund. Property owners that lease property to child care facilities would be annually required to provide the facility with a certificate of rent paid.

The bill is effective for refunds paid in 2024, based on rent paid in 2023.

Summary

Section	Description
1	<p>Gross rent.</p> <p>Adds child care property to the definition of "gross rent."</p> <p>Effective beginning with refunds based on rent paid in 2023.</p>
2	<p>Eligible child care facility.</p> <p>Defines "eligible child care facility" as a licensed child care facility that accepts families participating in the child care assistance program, and that qualifies for an exemption under section 501(c)(3) of the Internal Revenue Code. Defines "licensed child care facility" as a child care center, licensed family day care, or group family day care.</p> <p>Effective beginning with refunds based on rent paid in 2023.</p>
3	<p>Eligible child care property.</p> <p>Defines "eligible child care property" as the portion of a property used to operate a licensed child care property.</p> <p>Effective beginning with refunds based on rent paid in 2023.</p>

Section	Description
4	<p>Refund for child care facilities.</p> <p>Establishes a property tax refund program for eligible child care facilities. The refund equals ten percent of gross rent paid in the calendar year. To receive a refund, facilities would have to apply to the commissioner in the form and manner specified by the commissioner. Refunds would be paid out in early fall, consistent with other property tax refund programs.</p> <p>Effective beginning with refunds based on rent paid in 2023.</p>
5	<p>Refund for child care facilities; appropriation.</p> <p>Appropriates the amount necessary to pay the refund for child care facilities.</p> <p>Effective beginning with refunds based on rent paid in 2023.</p>
6	<p>Owner or managing agent to furnish rent certificate.</p> <p>Requires the owner of eligible child care property for which an eligible child care facility paid rent to furnish the facility with a certificate of rent paid. The process for distributing certificates would mirror the process in current law for the renter's credit. For certificates of rent paid in 2023, property owners would need to furnish the certificate of rent paid by July 31, 2024.</p> <p>Effective beginning with refunds based on rent paid in 2023.</p>
7	<p>Report; rent constituting property taxes for child care facilities.</p> <p>Requires the Department of Revenue to submit a report to the legislative tax committees estimating the share of rent constituting property taxes for eligible child care facilities. To the extent feasible, the report must contain an estimate for Minneapolis, St. Paul, the seven-county metro, and greater Minnesota.</p> <p>Effective the day following final enactment.</p>



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