

PREPARE + PROSPER

WORKING TOWARD A BRIGHTER FINANCIAL FUTURE

Minnesota House of Representatives
Property Tax Division of the Tax Committee
State Office Building, Room 5

March 22, 2023

Greetings Chair Lislegard and members of the Property Tax Committee;

On behalf of Prepare + Prosper, thank you for your support of the Renter's Credit expansion as outlined House File 1377. Prepare + Prosper is Minnesota's largest volunteer income tax assistance program, working with thousands of low-to-moderate income taxpayers and hundreds of volunteers each year. It is core to our mission to assist Minnesota taxpayers with filing accurate returns and claiming all the tax benefits and credits they are eligible for.

We greatly appreciate the simplification of and expansion to the renter's credit proposed in the bill.

We specifically highlight our support of the simplification in the calculation for the renter's credit. The change in definition of income to Adjusted Gross Income (AGI) would expand the credit for many low-income filers, especially elders and people with disabilities who count on these refunds to meet basic needs. Additionally, the consistency of using AGI will decrease confusion about how the credit is calculated; increase the accuracy of return preparation; and minimize tax return follow-up required by the Department of Revenue.

The current system for calculating the credit requires taxpayers to determine Household Income and includes many types of nontaxable income and other compensation that taxpayers do not include on their income tax return. The instruction book for the renter's credit has two and a half pages that are dedicated to helping define the types of compensation that should be or not be included in the calculation of Household Income. From the standpoint of preparing an accurate renter's credit return, many of these amounts do not have a tax form or letter to verify the annual amount, and taxpayers need to compile their own records to report the correct amount. In addition to that, we are counting needs-based programs against each other by lowering the benefit of one support based on the amount received by another.

Prepare + Prosper's intention is for the renter's credit program to maintain its strong, targeted approach to supporting Minnesotans who need this credit to keep paying their rent. We are hopeful that this legislation will expand the use of this credit to those that really do need it.

Thank you for your consideration,

Suyapa Miranda
Executive Director