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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 805

02/17/2025 Authored by Youakim, Pinto, Kotyza-Witthuhn, Kresha, Clardy and others
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; property tax refunds; establishing a property tax refund program
1.3 for child care providers that rent a child care facility; requiring a report;
1.4 appropriating money; amending Minnesota Statutes 2024, sections 290A.03,
1.5 subdivision 12, by adding subdivisions; 290A.04, by adding a subdivision; 290A.19;
1.6 290A.23, by adding a subdivision.

1.7 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

1.8 Section 1. Minnesota Statutes 2024, section 290A.03, subdivision 12, is amended to read:

1.9 Subd. 12. Gross rent. (a) "Gross rent" means rent paid for the right of occupancy, at
1.10 arm's length, of:

- 1.11 (1) a site on which a homestead which is a manufactured home is located; or
1.12 (2) eligible child care property.

1.13 (b) If the landlord and tenant have not dealt with each other at arm's length and the
1.14 commissioner determines that the gross rent charged was excessive, the commissioner may
1.15 adjust the gross rent to a reasonable amount for purposes of this chapter.

1.16 (c) Any amount paid by a claimant residing in property assessed pursuant to section
1.17 273.124, subdivision 3, 4, 5, or 6 for occupancy in that property shall be included within
1.18 the term "property taxes payable" as defined in subdivision 13, to the extent allowed,
1.19 notwithstanding the fact that ownership is not in the name of the claimant.

1.20 EFFECTIVE DATE. This section is effective for refunds based on rent paid in 2024
1.21 and thereafter.

2.1 Sec. 2. Minnesota Statutes 2024, section 290A.03, is amended by adding a subdivision to  
2.2 read:

2.3 Subd. 17. **Eligible child care facility.** "Eligible child care facility" means a licensed  
2.4 child care facility that accepts families participating in the child care assistance program  
2.5 under chapter 142E, and that is operated by a nonprofit charitable organization that qualifies  
2.6 for tax exemption under section 501(c)(3) of the Internal Revenue Code. For the purposes  
2.7 of this subdivision, "licensed child care facility" means a child care center licensed under  
2.8 Minnesota Rules, chapter 9503, or a facility used to provide licensed family day care or  
2.9 group family day care as defined under Minnesota Rules, chapter 9502.

2.10 **EFFECTIVE DATE.** This section is effective for refunds based on rent paid in 2024  
2.11 and thereafter.

2.12 Sec. 3. Minnesota Statutes 2024, section 290A.03, is amended by adding a subdivision to  
2.13 read:

2.14 Subd. 18. **Eligible child care property.** "Eligible child care property" means the portion  
2.15 of a property used to operate an eligible child care facility for which the facility paid gross  
2.16 rent.

2.17 **EFFECTIVE DATE.** This section is effective for refunds based on rent paid in 2024  
2.18 and thereafter.

2.19 Sec. 4. Minnesota Statutes 2024, section 290A.04, is amended by adding a subdivision to  
2.20 read:

2.21 Subd. 7. **Refund for child care facilities.** (a) An eligible child care facility is allowed  
2.22 a refund equal to ten percent of gross rent paid in a calendar year for the use of eligible child  
2.23 care property. The refund is limited to payments of gross rent in cash or cash equivalent.

2.24 (b) To claim the refund under this subdivision, an eligible child care facility must apply  
2.25 to the commissioner in the calendar year following the year in which the facility paid rent.  
2.26 The application must be in the form and manner specified by the commissioner.

2.27 (c) The commissioner must pay refunds under this section in accordance with the schedule  
2.28 in section 290A.07, subdivision 3.

2.29 **EFFECTIVE DATE.** This section is effective for refunds based on rent paid in 2024  
2.30 and thereafter.

3.1 Sec. 5. Minnesota Statutes 2024, section 290A.19, is amended to read:

3.2 **290A.19 ~~PARK~~ OWNER TO FURNISH RENT CERTIFICATE.**

3.3 (a) The park owner of a property for which rent is paid for occupancy as a homestead  
3.4 must furnish a certificate of rent paid to a person who is a renter on December 31, in the  
3.5 form prescribed by the commissioner. If the renter moves before December 31, the park  
3.6 owner may give the certificate to the renter at the time of moving, or mail the certificate to  
3.7 the forwarding address if an address has been provided by the renter. The certificate must  
3.8 be made available to the renter before February 1 of the year following the year in which  
3.9 the rent was paid. The park owner must retain a duplicate of each certificate or an equivalent  
3.10 record showing the same information for a period of three years. The duplicate or other  
3.11 record must be made available to the commissioner upon request.

3.12 (b) The commissioner may require the park owner, through a simple process, to furnish  
3.13 to the commissioner on or before March 1 a copy of each certificate of rent paid furnished  
3.14 to a renter for rent paid in the prior year. The commissioner shall prescribe the content,  
3.15 format, and manner of the form pursuant to section 270C.30. The commissioner may require  
3.16 the Social Security number, individual taxpayer identification number, federal employer  
3.17 identification number, or Minnesota taxpayer identification number of the park owner who  
3.18 is required to furnish a certificate of rent paid under this paragraph. Prior to implementation,  
3.19 the commissioner, after consulting with representatives of park owners, shall develop an  
3.20 implementation and administration plan for the requirements of this paragraph that attempts  
3.21 to minimize financial burdens, administration and compliance costs, and takes into  
3.22 consideration existing systems of park owners.

3.23 (c) For the purposes of this section, "park owner" means a park owner as defined under  
3.24 section 327C.015, subdivision 9, and "property" includes a lot as defined under section  
3.25 327C.015, subdivision 6.

3.26 (d) No later than December 31, the owner of eligible child care property for which an  
3.27 eligible child care facility paid gross rent must furnish a certificate of rent paid to the eligible  
3.28 child care facility, in the form prescribed by the commissioner. If the facility vacates the  
3.29 property before December 31, the owner may give the certificate to the facility at the time  
3.30 of moving, or mail the certificate to the forwarding address if an address has been provided  
3.31 by the facility. The certificate must be made available to the facility before February 1 of  
3.32 the year following the year in which the rent was paid. The property owner must retain a  
3.33 duplicate of each certificate or an equivalent record showing the same information for a

4.1 period of three years. The duplicate or other record must be made available to the  
4.2 commissioner upon request.

4.3 **EFFECTIVE DATE.** This section is effective for refunds based on rent paid in 2024  
4.4 and thereafter.

4.5 Sec. 6. Minnesota Statutes 2024, section 290A.23, is amended by adding a subdivision to  
4.6 read:

4.7 Subd. 4. **Refund for child care facilities; appropriation.** The amount necessary to pay  
4.8 refunds under section 290A.04, subdivision 7, is appropriated to the commissioner from  
4.9 the general fund.

4.10 **EFFECTIVE DATE.** This section is effective for refunds based on rent paid in 2024  
4.11 and thereafter.

4.12 Sec. 7. **SPECIAL RULE FOR CERTIFICATES OF RENT PAID FOR ELIGIBLE**  
4.13 **CHILD CARE FACILITIES BASED ON RENT PAID IN 2024.**

4.14 For property tax refunds to an eligible child care facility under Minnesota Statutes,  
4.15 chapter 290A, based on rent paid in 2024, the property owner of an eligible child care facility  
4.16 must furnish a certificate of rent paid as provided in Minnesota Statutes, section 290A.19,  
4.17 paragraph (d), except the owner must furnish the certificate no later than July 31, 2025.

4.18 **EFFECTIVE DATE.** This section is effective the day following final enactment.

4.19 Sec. 8. **REPORT; RENT CONSTITUTING PROPERTY TAXES FOR CHILD**  
4.20 **CARE FACILITIES.**

4.21 No later than March 1, 2026, the commissioner of revenue must submit a report to the  
4.22 chairs and ranking minority members of the legislative committees and divisions with  
4.23 jurisdiction over taxes and property taxes. The report must estimate the share of rent  
4.24 constituting property taxes for child care facilities eligible for a refund under Minnesota  
4.25 Statutes, section 290A.04, subdivision 7. To the extent feasible, the report must provide  
4.26 separate estimates for the share of rent constituting property taxes for child care facilities  
4.27 in Minneapolis, St. Paul, the seven-county metropolitan area, and counties outside of the  
4.28 metropolitan area. The report may include any other information the commissioner deems  
4.29 relevant to determining the appropriate percentage under Minnesota Statutes, section  
4.30 290A.04, subdivision 7, paragraph (a), and recommendations for modifications to the  
4.31 property tax refund for child care facilities. The report must comply with Minnesota Statutes,  
4.32 sections 3.195 and 3.197.

5.1 **EFFECTIVE DATE.** This section is effective the day following final enactment.