

April 5, 2022

Chair Marquart and Members of the House Taxes Committee:

Thank you for the opportunity to submit written testimony on HF 3669 (A22-0407 DE amendment), the omnibus tax bill.

Minnesota Realtors® (MNR) was founded in 1919 and is a business trade association with a membership of over 21,000 real estate professionals working with buyers and sellers of all types of property in every corner of the state.

Exclusion of Discharge of Indebtedness on Qualified Principal Residence

MNR supports the federal conformity provision for the exclusion of discharge of indebtedness on qualified principal residence (mortgage debt cancellation tax relief), included in Article 1 (Federal Update) of the A22-0407 DE amendment to HF 3669.

Mortgage debt cancellation tax relief provides homeowners, who have had some portion of their mortgage debt forgiven by a lender through a short-sale, foreclosure, or a principal reduction, relief from having that forgiven debt treated as “income” and taxed.

MNR does not believe taxing the discharged debt of a homeowner is an appropriate public policy, and we would support adopting a permanent Minnesota exclusion instead of treating this as a conformity item.

Historic Structure Rehabilitation Credit Sunset Extension

MNR supports the sunset extension for the historic structure rehabilitation credit in Article 2.

MNR supports policies that recognize the importance of both market-rate housing and housing affordability, and the historic rehabilitation tax credit has supported and encouraged private investment in housing over the past decade.

Homestead Credit State Refund/Targeting Refund

MNR supports Article 10, Sec. 7 of the DE amendment, which increases the maximum homestead credit refund by \$200 for all income ranges and modifies the threshold and co-pay percentages for certain claimants.

The Homestead Credit Refund Program makes housing more affordable. Saving money for a down-payment and purchasing a home is just the first step in becoming a

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homeowner and the Homestead Credit Refund Program assists homeowners whose property taxes are high relative to their income.

In addition, MNR appreciates the changes proposed to the targeting property tax refund in Article 10, Sec. 8.

Finally, MNR encourages the Legislature, when attempting to provide property tax relief for certain classes of property, to minimize the shifting of the property tax burden onto other classes of property, particularly residential homesteads.

Thank you again for the opportunity to provide written testimony on HF 3669 (A22-0407 DE amendment), the omnibus tax bill.

Sincerely,



Paul Eger
Senior Vice President, Governmental Affairs
Minnesota Realtors®