

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H.F. 422  
**Version:** As introduced

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**Subject:** Workforce housing grant program and tax credits

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### Overview

This bill creates a workforce housing grant program in the Department of Employment and Economic Development (DEED) and appropriates \$5,000,000 for that program. It also creates a land trust tax credit that allows employers with at least 25 employees who are within 25 miles of a city that has a low vacancy rate to get a tax credit up to the full amount of the contribution over twenty years. This bill also directs the housing finance agency to develop and implement a plan to promote creation of land trusts in areas of the state that have a demonstrated workforce housing need.

#### Section

##### **1 Workforce housing grant program.**

**Subd. 1. Establishment.** Creates the workforce housing grant program through the Department of Employment and Economic Development.

**Subd. 2. Definitions.** Provides definitions for the workforce housing grant program including “market rate residential properties” which excludes any type of housing income limit required by state or federal law and properties built with flood recovery assistance.

**Subd. 3. Application.** Requires applications for the grants program.

**Subd. 4. Program requirements.** Provides the qualifications for a grant award.

**Subd. 5. Allocation.** Provides a cap on the amount for the grant for each project.

## Section

**Subd. 6. Report.** Requires a report of grantees back to the senate and house of representatives providing information on how the grant funds were used.

**Effective date.** This section is effective July 1, 2015.

- 2 **Additions to federal taxable income.** Adds the land trust tax credit provided in section 4 to the individual income calculation when it has been deducted from federal taxable income.

**Effective date.** This section is effective for taxable years beginning after December 31, 2014.

- 3 **Corporations; additions to federal taxable income.** Adds the land trust tax credit provided in section 4 to the corporate income calculation when it has been deducted from federal taxable income.

**Effective date.** This section is effective for taxable years beginning after December 31, 2014.

- 4 **Credit for contributions to land trusts.**

**Subd. 1. Definitions.** Provides definitions for the land trust tax credits including “qualified taxpayer” which means a taxpayer with at least 25 employees.

**Subd. 2. Credit allowed.** Allows for a credit against the tax imposed in Chapter 290 for contributions to land trusts for up to 5% of the amount of the contribution each year for 20 years. This section requires the taxpayer to maintain the number of employees that they had the year of the contribution in order to continue claiming the credit.

**Subd. 3. Proportional credit.** Requires a taxpayer that is a pass-through entity to provide each investor a statement indicating their portion of the credit based on its share of the pass-through entity’s capital assets at the time of the contribution.

**Subd. 4. Credit refundable.** Allows the taxpayer to get a refund for the amount of the credit that exceeds their tax liability and appropriates funds to the commissioner from the general fund to make those refunds.

**Effective date.** This section is effective for taxable years beginning after December 31, 2014.

- 5 **Promotion of creation of land trust.** Requires the commissioner of the housing finance agency to develop and implement a plan to promote land trusts in areas in the state where there are workforce housing shortages.

**Effective date.** This section is effective the day following final enactment.

- 6 **Appropriation.** Appropriates \$5,000,000 in 2016 to DEED for the workforce housing grants program in Section 1 and allows the amount to carryover to fiscal year 2018. This section allows DEED to use up to five percent for the cost of administering the program.