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### Overview

Requires landlords to allocate property tax to rental units, and renters to use the allocated property tax amounts in claiming the renter property tax refund. Under current law property tax is deemed to equal 17 percent of rent paid.

Effective for refunds based on rent paid in 2017 and following years.

**Background.** When the renter property tax refund in its current form was enacted in 1975, property taxes were assumed to equal a percentage of rent paid. From 1983 to 1996, landlords were required to allocate property taxes to units as proposed in this bill. In 1997 the legislature returned to deeming property taxes to equal a percentage of rent paid.

### Section

**1 Rent constituting property tax.** Provides that rent constituting property tax, used in calculating the renter property tax refund, is the property tax on the rental property apportioned by the share of rent paid for each rental particular unit. If the renter receives an income-based rent subsidy, rent constituting property tax equals 20 percent of rent paid excluding the subsidy.

**Background.** Under current law, rent constituting property tax for all tenants of units on which property taxes are paid is deemed to equal 17 percent of rent paid. Renters who receive income-based rent subsidies are eligible for refunds on the rent they pay exclusive of

## Section

the subsidy, and renters who live in properties that are exempt from property tax are not eligible for the refund.

- 2** **Property taxes payable; manufactured homes.** Provides that property taxes payable for owner-occupants of manufactured homes includes the share of property taxes paid on the parcel where the home is located.

**Background.** Owner-occupants of manufactured homes are eligible for the homestead credit refund (property tax refund for homeowners or “circuit breaker”) based on the personal property taxes paid on their home plus the rent constituting property taxes paid for the site on which the home is located. Under current law, rent constituting property taxes equals 17 percent of rent paid.

- 3** **Total scheduled rent; definition.** Adds a definition of total scheduled rent, used in allocating property tax to rental units in section 1. Total scheduled rent equals the sum of monthly rents assigned to each unit in the rental property as of April 15, with no reductions allowed for vacant units or uncollected rent.

- 4** **Net tax; definition.** Adds a definition of net tax, used in allocating property tax to rental units in section 1. Provides that if a portion of the property is occupied as a homestead, net tax used for determining tax paid by rental units excludes the tax attributed to the homestead.

- 5** **Certificate of rent paid.** Provides that if a landlord fails to provide a renter with a certificate of rent paid, the commissioner may allocate tax to the unit based on square footage or any other method the commissioner considers appropriate, using property tax information on the parcel that the renter gets from the county treasurer and provides to the commissioner.