

**Subject** Renter's credit converted to a refundable income tax credit

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## Overview

H.F. 1653 converts the Minnesota renter's credit into a refundable income tax credit, and changes the income measure used to calculate the credit from "household income" to adjusted gross income.

Rather than filing for a renter's credit on a separate form and receiving a credit payment in August or September, a claimant would file for and receive the credit during the normal income tax filing period.

The bill is effective for taxable year 2023, or for refunds based on rent paid in 2023, meaning the first credits calculated as part of the income tax return would be claimed during the 2024 filing period.

## Summary

Section	Description
1	<b>County assessors; homestead classification and renter's credit.</b> Updates a cross-reference to reflect the renter's credit's new location in statute.
2	<b>Property tax refund.</b> Removes a reference to the renter's credit which is unnecessary now that the credit is a part of the income tax.
3	<b>Property tax refunds under chapter 290A.</b> Removes a reference to the renter's credit which is unnecessary now that the credit is a part of the income tax.
4	<b>Penalties relating to property tax refunds.</b> Updates a cross-reference to reflect the renter's credit's new location in statute.

Section	Description
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5	<b>Renter's credit.</b>
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Establishes the renter's credit as a refundable income tax credit.

**Subd. 1. Definitions.** Defines the following terms, for the purposes of the credit. These definitions are the same as those currently coded in chapter 290A—the list below shows the source of the new language in current law.

- Dependent (currently coded in § 290A.03, subd. 8)
- Disability (§ 290A.03, subd. 10)
- Exemption amount (§ 290A.03, subd. 3, paragraph (d), clause (1))
- Gross rent (§ 290A.03, subd. 12)
- Homestead (defined by cross-reference to § 290A.03, subd. 6)
- Household (defined by cross-reference to § 290A.03, subd. 4)
- Household income (§ 290A.03, subd. 5)
- Income: new language converting the income measure used for the credit to adjusted gross income
- Rent constituting property taxes (§ 290A.03, subd. 11)

**Subd. 2. Credit allowed.** Establishes the income tax credit used to calculate the credit. Specifies that the credit is refundable and appropriates the amount needed to pay refunds.

**Subd. 3. Renters.** Specifies the amount of the credit allowed, as a function of the taxpayer's income and property taxes paid. Inserts the 2023 table used to calculate the credit based on the November 2022 forecast. This language is similar to the language in section 290A.04, subd. 2a.

Requires that the credit be adjusted for inflation. Requires the commissioner to publish a table showing the refund amount at various levels of rent constituting property taxes and incomes. These sections are substantively identical to chapter 290A.04, subd. 3 and 4.

**Subd. 4. Owner or managing agent to furnish rent certificate.** Requires property owners to provide certificates of rent paid to renters. This is substantively identical to existing law in section 290A.19.

**Subd. 5. Eligibility; residency.** Provides rules specifying which taxpayers are eligible for a credit. This is substantively identical to existing law in chapter 290A.03, subd. 8, paragraphs (a), (b), and (e), but the language has been rewritten to follow income tax drafting practices.

**Subd. 6. Residents of nursing homes, intermediate care facilities, long-term care facilities, or facilities accepting housing support services.** Provides rules

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	<p>for calculating credits for residents in certain health facilities. This is substantively identical to existing law in section 290A.03, subd. 8, paragraphs (c) and (d), but the language has been rewritten to follow income tax drafting practices.</p> <p><b>Subd. 7. Credit for unmarried taxpayers residing in the same household.</b> Provides rules for unmarried taxpayers residing in the same household. This is substantively identical to existing law in section 290A.03, subd. 8, paragraph (f), but the language has been rewritten to follow income tax drafting practices.</p> <p><b>Subd. 8. One claimant per household.</b> Stipulates that only one taxpayer per household may claim a credit. This is substantively identical to existing law in section 290A.08, but the language has been rewritten to follow income tax drafting practices.</p> <p><b>Subd. 9. Proof of claim.</b> Provides rules by which taxpayers may prove a credit claim. This is substantively identical to existing law in section 290A.09, but the language has been rewritten to follow income tax drafting practices.</p> <p><b>Subd. 10. No relief in certain cases.</b> Disallows credits if a claimant received tenancy primarily for the purposes of claiming a renter’s credit. This is substantively identical to existing law in section 290A.13, but the language has been rewritten to follow income tax drafting practices.</p> <p><b>Subd. 11. Appropriation.</b> Appropriates the funds necessary to pay refunds.</p> <p><b>Subd. 12. Simplified filing for individuals without an income tax liability.</b> Requires DOR to establish a simplified process for taxpayers without tax liability to file and claim a renter’s credit.</p>
6-8	<p><b>Striking obsolete language in chapter 290A.</b> Removes references to the renter’s credit which are unnecessary now that the credit is a part of the income tax.</p>
9	<p><b>Claimant.</b> Strikes language in chapter 290A that is moved to the income tax chapter.</p>
10	<p><b>Gross rent.</b> Strikes language in the chapter 290A definition of “gross rent.” This language is moved to chapter 290 in the bill.</p>

<b>Section</b>	<b>Description</b>
11-17	<b>Striking obsolete language in chapter 290A.</b> Removes references to the renter's credit which are unnecessary now that the credit is a part of the income tax.
18	<b>Owner or managing agent to furnish rent certificate.</b> Removes references to the renter's credit which are unnecessary now that the credit is a part of the income tax.  Allows the commissioner of revenue to require manufactured park owners who generate certificates of rent paid to submit identifying information, including Social Security numbers, taxpayer identification numbers, federal employer identification numbers, or Minnesota employer identification numbers.
19-20	<b>Verification of Social Security numbers.</b> Updates a cross-reference to reflect the renter's credit new location in statute.
21	<b>Repealer.</b> Repeals language in chapter 290A that is moved to chapter 290 under the bill.



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