

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 1488

02/24/2025 Authored by Howard
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; modifying requirements for class 4d(1) low-income
1.3 rental housing; amending Minnesota Statutes 2024, section 273.128, subdivision
1.4 1.

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

1.6 Section 1. Minnesota Statutes 2024, section 273.128, subdivision 1, is amended to read:

1.7 Subdivision 1. Requirement. (a) Low-income rental property classified as class 4d(1)
1.8 under section 273.13, subdivision 25, is entitled to valuation under this section if at least
1.9 20 percent of the units in the rental housing property meet any of the following qualifications:

1.10 (1) the units are subject to a housing assistance payments contract under Section 8 of
1.11 the United States Housing Act of 1937, as amended;

1.12 (2) the units are rent-restricted and income-restricted units of a qualified low-income
1.13 housing project receiving tax credits under section 42(g) of the Internal Revenue Code;

1.14 (3) the units are financed by the Rural Housing Service of the United States Department
1.15 of Agriculture and receive payments under the rental assistance program pursuant to section
1.16 521(a) of the Housing Act of 1949, as amended; or

1.17 (4) the units are subject to rent and income restrictions under the terms of financial
1.18 assistance provided to the rental housing property by the federal government or the state of
1.19 Minnesota, or a local unit of government, as evidenced by a document recorded against the
1.20 property. The restrictions under this clause must require assisted units to be occupied by
1.21 residents whose household income at the time of initial occupancy does not exceed 60
1.22 percent of the greater of area or state median income, adjusted for family size, as determined

2.1 by the United States Department of Housing and Urban Development. The restriction must  
2.2 also require the rents for assisted units to not exceed 30 percent of 60 percent of the greater  
2.3 of area or state median income, adjusted for family size, as determined by the United States  
2.4 Department of Housing and Urban Development.

2.5 ~~The restrictions must require assisted units to be occupied by residents whose household~~  
2.6 ~~income at the time of initial occupancy does not exceed 60 percent of the greater of area or~~  
2.7 ~~state median income, adjusted for family size, as determined by the United States Department~~  
2.8 ~~of Housing and Urban Development. The restriction must also require the rents for assisted~~  
2.9 ~~units to not exceed 30 percent of 60 percent of the greater of area or state median income,~~  
2.10 ~~adjusted for family size, as determined by the United States Department of Housing and~~  
2.11 ~~Urban Development.~~

2.12 (b) The owner of a property certified as class 4d(1) under this section must use the  
2.13 property tax savings received from the 4d(1) classification for one or more of the following  
2.14 eligible uses: property maintenance, property security, improvements to the property, rent  
2.15 stabilization, or increases to the property's replacement reserve account. To maintain the  
2.16 class 4d(1) classification, the property owner must annually reapply and certify to the  
2.17 Housing Finance Agency that the property tax savings were used for one or more eligible  
2.18 uses.

2.19 (c) In order to meet the requirements of this section, property which received the 4d(1)  
2.20 classification in the prior year must demonstrate compliance with paragraph (b).

2.21 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2026.