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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 2687

03/24/2025 Authored by Agbaje, Engen, Gomez, Bahner, Sencer-Mura and others
The bill was read for the first time and referred to the Committee on Housing Finance and Policy

1.1 A bill for an act
1.2 relating to housing; restricting ownership of single-family homes for corporate
1.3 entities; providing for increased deed tax rates on conveyances of single-family
1.4 homes to corporate owners; dedicating the state portion of revenues from the
1.5 increased deed tax rates for the workforce and affordable homeownership program;
1.6 creating a statewide landlord database; amending Minnesota Statutes 2024, sections
1.7 287.21, subdivision 1; 287.29, subdivision 1; proposing coding for new law in
1.8 Minnesota Statutes, chapter 462A; proposing coding for new law as Minnesota
1.9 Statutes, chapter 80H.

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

1.11 Section 1. [80H.01] SINGLE-FAMILY HOME OWNERSHIP; CORPORATE
1.12 RESTRICTIONS.

1.13 Subdivision 1. Definitions. (a) For purposes of this section, the following terms have
1.14 the meanings given.

1.15 (b) "Corporate owner" includes any partnership, corporation, or real estate investment
1.16 trust that manages funds pooled from investors and is a fiduciary with respect to those
1.17 investors.

1.18 (c) "Homestead" is a property classified as class 1a under section 273.13, subdivision
1.19 22.

1.20 (d) "Single-family home" means a residential property consisting of one to four dwelling
1.21 units.

1.22 Subd. 2. Single-family homes; corporate ownership restrictions. A corporate owner
1.23 is prohibited from having a direct or indirect ownership interest in 50 or more single-family
1.24 homes.

2.1 Subd. 3. **Exceptions.** A corporate owner does not include any of the following:

2.2 (1) a local, state, or federal unit of government, including a state or federal agency;

2.3 (2) a land trust as defined in section 462A.31;

2.4 (3) a nonprofit organized under chapter 317A that is creating, rehabilitating, or providing
2.5 affordable housing to low- and moderate-income renters or home buyers;

2.6 (4) an owner of a home that is classified as homestead property for tax purposes;

2.7 (5) a corporation primarily engaged in housing development through the construction
2.8 and rehabilitation of single-family homes; or

2.9 (6) a mortgage note holder that owns the single-family homes through foreclosure.

2.10 **Sec. 2. [80H.02] INVESTIGATION AND ENFORCEMENT.**

2.11 If the commissioner of commerce determines that a person has engaged, is engaged, or
2.12 is about to engage in an act, practice, sale, transfer, or purchase constituting a violation of
2.13 this chapter or a rule or order issued under this chapter the commissioner of commerce has
2.14 all the authority provided under section 45.027 to ensure compliance with this chapter. In
2.15 addition to the enforcement remedies in section 45.027, if the commissioner of commerce
2.16 determines there is a continuing violation 12 months after a cease and desist letter has been
2.17 provided to a corporate owner, the commissioner may impose a penalty of \$25,000 for each
2.18 single-family home owned in excess of 50 in violation of section 80H.01. The commissioner
2.19 may assess this fee annually until the corporate owner is in compliance with section 80H.01.

2.20 **Sec. 3. Minnesota Statutes 2024, section 287.21, subdivision 1, is amended to read:**

2.21 **Subdivision 1. **Determination of tax.**** (a) A tax is imposed on each deed or instrument
2.22 by which any real property in this state is granted, assigned, transferred, or otherwise
2.23 conveyed. The tax applies against the net consideration. For purposes of the tax, the
2.24 conversion of a corporation to a limited liability company, a limited liability company to a
2.25 corporation, a partnership to a limited partnership, a limited partnership to another limited
2.26 partnership or other entity, or a similar conversion of one entity to another does not grant,
2.27 assign, transfer, or convey real property.

2.28 (b) The tax is determined in the following manner: (1) when transfers are made by
2.29 instruments pursuant to (i) consolidations or mergers, or (ii) designated transfers, the tax is
2.30 \$1.65; (2) when there is no consideration or when the consideration, exclusive of the value
2.31 of any lien or encumbrance remaining thereon at the time of sale, is \$3,000 or less, the tax

3.1 is \$1.65; ~~or (3) except as provided in clause (4),~~ when the consideration, exclusive of the
 3.2 value of any lien or encumbrance remaining at the time of sale, exceeds \$3,000, the tax is
 3.3 ~~.0033~~ 0.0033 of the net consideration; or (4) when the consideration, exclusive of the value
 3.4 of any lien or encumbrance remaining at the time of sale, exceeds \$3,000 and when the
 3.5 deed or instrument being taxed is for a single-family home being granted, assigned,
 3.6 transferred, or otherwise conveyed to a corporate owner, the tax is 0.5 of the net
 3.7 consideration. For the purposes of clause (4), "corporate owner" and "single-family home"
 3.8 have the meanings given in section 80H.01.

3.9 (c) If, within six months from the date of a designated transfer, an ownership interest in
 3.10 the grantee entity is transferred by an initial owner to any person or entity with the result
 3.11 that the designated transfer would not have been a designated transfer if made to the grantee
 3.12 entity with its subsequent ownership, then a tax is imposed at .0033 of the net consideration
 3.13 for the designated transfer. If the subsequent transfer of ownership interests was reasonably
 3.14 expected at the time of the designated transfer, the applicable penalty under section 287.31,
 3.15 subdivision 1, must be paid. The deed tax imposed under this paragraph is due within 30
 3.16 days of the subsequent transfer that caused the tax to be imposed under this paragraph.
 3.17 Involuntary transfers of ownership shall not be considered transfers of ownership under this
 3.18 paragraph. The commissioner may adopt rules defining the types of transfers to be considered
 3.19 involuntary.

3.20 (d) The tax is due at the time a taxable deed or instrument is presented for recording,
 3.21 except as provided in paragraph (c). The commissioner may require the tax to be documented
 3.22 in a manner prescribed by the commissioner, and may require that the documentation be
 3.23 attached to and recorded as part of the deed or instrument. The county recorder or registrar
 3.24 of titles shall accept the attachment for recording as part of the deed or instrument and may
 3.25 not require, as a condition of recording a deed or instrument, evidence that a transfer is a
 3.26 designated transfer in addition to that required by the commissioner. Such an attachment
 3.27 shall not, however, provide actual or constructive notice of the information contained therein
 3.28 for purposes of determining any interest in the real property. The commissioner shall
 3.29 prescribe the manner in which the tax due under paragraph (c) is to be paid and may require
 3.30 grantees of designated transfers to file with the commissioner subsequent statements verifying
 3.31 that the tax provided under paragraph (c) does not apply.

3.32 Sec. 4. Minnesota Statutes 2024, section 287.29, subdivision 1, is amended to read:

3.33 Subdivision 1. **Appointment and payment of tax proceeds.** (a) Except as provided in
 3.34 paragraph (d), the proceeds of the taxes levied and collected under sections 287.21 to 287.385

4.1 must be apportioned, 97 percent to the general fund of the state, and three percent to the
4.2 county revenue fund.

4.3 (b) On or before the 20th day of each month, the county treasurer shall determine and
4.4 pay to the commissioner of revenue for deposit in the state treasury and credit to the general
4.5 fund the state's portion of the receipts for deed tax from the preceding month subject to the
4.6 electronic transfer requirements of section 270C.42. The county treasurer shall provide any
4.7 related reports requested by the commissioner of revenue.

4.8 (c) Counties must remit the state's portion of the June receipts collected through June
4.9 25 and the estimated state's portion of the receipts to be collected during the remainder of
4.10 the month to the commissioner of revenue two business days before June 30 of each year.
4.11 The remaining amount of the June receipts is due on August 20.

4.12 (d) The proceeds of taxes levied and collected as determined in the manner provided in
4.13 section 287.21, subdivision 1, paragraph (b), clause (4), must be apportioned, 97 percent to
4.14 the housing development fund of the state, and three percent to the county revenue fund.
4.15 Paragraphs (b) and (c) apply to the state portion under this paragraph, except that payments
4.16 to the commissioner of revenue under this paragraph must be credited to the housing
4.17 development fund. Money deposited in the housing development fund under this paragraph
4.18 is appropriated to the commissioner of the Minnesota Housing Finance Agency for the
4.19 workforce and affordable homeownership development program in section 462A.38.

4.20 Sec. 5. [462A.45] STATEWIDE LANDLORD DATABASE.

4.21 Subdivision 1. Definitions. (a) For the purposes of this section, the terms defined in this
4.22 subdivision have the meanings given.

4.23 (b) "Landlord" has the meaning given in section 504B.001, subdivision 7.

4.24 (c) "Residential building" has the meaning given in 504B.001, subdivision 11.

4.25 (d) "Tenant" means a residential tenant as defined in section 504B.001, subdivision 12.

4.26 Subd. 2. Database established. The commissioner of commerce shall establish and
4.27 maintain a statewide landlord database that collects and retains the information required in
4.28 this section. The commissioner must make the database available to the public at no cost.
4.29 The commissioner must not charge a fee to a landlord for submitting information to the
4.30 database. The database must be searchable and allow tenants and prospective tenants to
4.31 report rental units or landlords who cannot be found in the database.

5.1 Subd. 3. Annual submission required. (a) Before renting a residential building in the
5.2 state or within 60 days of renting a rental unit in the state, a landlord must provide the
5.3 following information to the statewide landlord database:

5.4 (1) the complete legal names of the owners of the residential building and, if the property
5.5 is owned by a company or group of investors, the complete legal names of each natural
5.6 person who has a direct or indirect ownership interest in the residential building;

5.7 (2) the business address of each natural person who has an ownership interest in the
5.8 residential building;

5.9 (3) the name, address, and contact information for the landlord or manager of the
5.10 residential building; and

5.11 (4) if the residential building has a rental license, the date of issue, expiration date, and
5.12 jurisdiction issuing the license.

5.13 (b) A landlord must annually update a submission for each rental unit or residential
5.14 building that the landlord is renting by February 1 or, if a unit is vacant, before or during
5.15 the first 60 days that the rental unit is occupied.

5.16 (c) A landlord who fails to comply with this subdivision is subject to penalties under
5.17 subdivisions 4 and 5.

5.18 Subd. 4. Tenant remedies; civil action; retaliation. (a) A tenant or prospective tenant
5.19 who is unable to locate a landlord in the statewide landlord database may notify the agency
5.20 that the landlord, residential building, or rental unit could not be found and the tenant or
5.21 prospective tenant must provide their contact information, the residential building or unit
5.22 address, and the contact information for the landlord. The agency must send a letter to the
5.23 landlord with information on the database and a notice that the landlord must provide the
5.24 landlord's annual submission to the database within 60 days of the date the landlord received
5.25 notice of the letter. The agency must send the tenant a copy of the letter. An enforcement
5.26 action under subdivision 5 may not be brought until 61 days after the date the letter was
5.27 sent under this paragraph if the commissioner believes the landlord is in violation of this
5.28 section.

5.29 (b) A landlord must not increase rent, decrease services, alter an existing lease with the
5.30 tenant, file a complaint against the tenant, seek to recover possession of the premises, or
5.31 commit any other act or failure to act, in whole or in part, in retaliation after a tenant exercises
5.32 a right under this section.

- 6.1 Subd. 5. **Enforcement.** The commissioner may enforce this section consistent with
- 6.2 section 45.027.
- 6.3 **EFFECTIVE DATE.** This section is effective January 1, 2026.