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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. **2983**

02/01/2022 Authored by Quam, Davids, Hertaus, Baker, Heinrich and others
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; providing for a temporary landlord rental income tax credit
1.3 for unpaid rent during an eviction moratorium due to COVID-19.

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

1.5 Section 1. **LANDLORD RENTAL CREDIT FOR UNPAID RENT DURING**
1.6 **EVICTON MORATORIUM.**

1.7 Subdivision 1. Purpose; landlord rental credit. The purpose of this section is to provide
1.8 income tax relief to landlords for months in which a landlord was not paid rent and could
1.9 not bring an eviction action against a tenant for nonpayment of rent during any local, state,
1.10 or federal eviction moratorium due to COVID-19.

1.11 Subd. 2. Definitions. (a) For the purposes of this section, the following terms have the
1.12 meanings given them.

1.13 (b) "Eligible landlord" means a landlord who leases property where, during an eviction
1.14 moratorium:

1.15 (1) a tenant has not paid the full amount of rent agreed upon in the lease or other written
1.16 agreement; or

1.17 (2) a tenant vacated the property during the eviction moratorium and has not paid the
1.18 full amount of rent that was past due to the landlord.

1.19 (c) "Eligible year" means any year in which a landlord could not bring an eviction action
1.20 against a tenant for nonpayment of rent due to an eviction moratorium.

2.1 (d) "Eviction moratorium" means any local, state, or federal eviction suspension based
2.2 on COVID-19 and that applied to Minnesota.

2.3 (e) "Landlord" has the meaning given in Minnesota Statutes, section 504B.001,
2.4 subdivision 7.

2.5 (f) "State fiscal recovery federal fund" means funds received by the state from the state
2.6 fiscal recovery fund in the American Rescue Plan Act, Public Law 117-2.

2.7 Subd. 3. **Credit amount; credit refundable; appropriation.** (a) An eligible landlord
2.8 may take a credit against the tax due under Minnesota Statutes, chapter 290. The credit
2.9 equals 65 percent of the total amount of rent not paid in an eligible year.

2.10 (b) If the amount of credit that the eligible landlord is entitled to receive under this
2.11 section exceeds the eligible landlord's tax liability under Minnesota Statutes, chapter 290,
2.12 the commissioner of revenue shall refund the excess to the eligible landlord.

2.13 (c) An amount necessary to pay the claims for the refunds provided in this section is
2.14 appropriated from the general fund to the commissioner of revenue.

2.15 (d) If the commissioner of management and budget determines that the refundable portion
2.16 of this credit is an eligible use of the state fiscal recovery federal fund, the amount necessary
2.17 to pay the claims for the refunds provided in this section is appropriated from the state fiscal
2.18 recovery federal fund to the commissioner of revenue and the appropriation in paragraph
2.19 (c) is canceled. The commissioner of management and budget must determine whether this
2.20 appropriation is eligible consistent with Public Law 117-2 and its corresponding guidance
2.21 for use of the state fiscal recovery federal fund.

2.22 Subd. 4. **Application.** (a) To receive the credit, an eligible landlord must apply to the
2.23 commissioner of revenue. The landlord must certify the amount of rent not paid in an eligible
2.24 year to the commissioner. The commissioner must prescribe the form and manner to certify
2.25 and apply for the credit.

2.26 (b) Minnesota Statutes, chapters 270C, 289A, and 290, apply to the credit under this
2.27 section.

2.28 Subd. 5. **Partnerships; multiple owners.** Credits granted to a partnership, a limited
2.29 liability company taxed as a partnership, an S corporation, or multiple owners of property
2.30 are passed through to the partners, members, shareholders, or owners, respectively, pro rata
2.31 to each partner, member, shareholder, or owner based on their share of the entity's assets
2.32 or as specially allocated in their organizational documents or any other executed agreement
2.33 as of the last day of the taxable year.

- 3.1 **EFFECTIVE DATE; APPLICATION.** This section is effective retroactively for
3.2 taxable years beginning after December 31, 2019, and before January 1, 2022, and applies
3.3 to months of unpaid rent owed during any local, state, or federal eviction moratorium in
3.4 2020 and 2021.