

This Document can be made available in alternative formats upon request

State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 3605

02/13/2024 Authored by Youakim, Clardy, Kotyza-Witthuhn and Pinto
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 tax refunds; establishing a property tax refund program
1.3 for child care providers that rent a child care facility; requiring a report;
1.4 appropriating money; amending Minnesota Statutes 2022, sections 290A.03, by
1.5 adding a subdivision; 290A.04, by adding a subdivision; 290A.23, by adding a
1.6 subdivision.

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

1.8 Section 1. Minnesota Statutes 2022, section 290A.03, is amended by adding a subdivision
1.9 to read:

1.10 Subd. 17. Eligible child care facility. "Eligible child care facility" means the portion
1.11 of a property used as a licensed child care facility that accepts families participating in the
1.12 child care assistance program under chapter 119B, and that is operated by a nonprofit
1.13 charitable organization that qualifies for tax exemption under section 501(c)(3) of the Internal
1.14 Revenue Code. For the purposes of this subdivision, "licensed child care facility" means a
1.15 child care center licensed under Minnesota Rules, chapter 9503, or a facility used to provide
1.16 licensed family day care or group family day care as defined under Minnesota Rules, chapter
1.17 9502.

1.18 EFFECTIVE DATE. This section is effective for refunds based on rent paid in 2023
1.19 and thereafter.

2.1 Sec. 2. Minnesota Statutes 2022, section 290A.04, is amended by adding a subdivision to  
2.2 read:

2.3 Subd. 7. Refund for child care facilities. (a) An eligible child care facility is allowed  
2.4 a refund equal to ten percent of gross rent actually paid in cash, or cash equivalent, in any  
2.5 calendar year.

2.6 (b) To claim the refund under this subdivision, an eligible child care facility must apply  
2.7 to the commissioner in the calendar year following the year in which the facility paid rent.  
2.8 The application must be in the form and manner specified by the commissioner.

2.9 (c) The commissioner must pay refunds under this section in accordance with section  
2.10 290A.07, subdivision 3.

2.11 (d) The owner of a property for which an eligible child care facility pays rent for the  
2.12 right of occupancy must furnish a certificate of rent paid to the eligible child care facility,  
2.13 as provided in section 290A.19. The rules in that section apply to certificates of rent paid  
2.14 required under this paragraph.

2.15 **EFFECTIVE DATE.** This section is effective for refunds based on rent paid in 2023  
2.16 and thereafter.

2.17 Sec. 3. Minnesota Statutes 2022, section 290A.23, is amended by adding a subdivision to  
2.18 read:

2.19 Subd. 4. Refund for child care facilities; appropriation. The amount necessary to pay  
2.20 refunds under section 290A.04, subdivision 7, is appropriated to the commissioner from  
2.21 the general fund.

2.22 **EFFECTIVE DATE.** This section is effective for refunds based on rent paid in 2023  
2.23 and thereafter.

2.24 Sec. 4. **REPORT; RENT CONSTITUTING PROPERTY TAXES FOR CHILD**  
2.25 **CARE FACILITIES.**

2.26 No later than March 1, 2025, the commissioner of revenue must submit a report to the  
2.27 chairs and ranking members of the legislative committees and divisions with jurisdiction  
2.28 over taxes and property taxes. The report must estimate the share of rent constituting property  
2.29 taxes for child care facilities eligible for a refund under Minnesota Statutes, section 290A.04,  
2.30 subdivision 7. To the extent feasible, the report must provide separate estimates for the  
2.31 share of rent constituting property taxes for child care facilities in Minneapolis, St. Paul,  
2.32 the seven-county metropolitan area, and counties outside of the metropolitan area. The

- 3.1 report may include any other information the commissioner deems relevant to determining
- 3.2 the appropriate percentage under Minnesota Statutes, section 290.04, subdivision 7, paragraph
- 3.3 (a), and recommendations for modifications to the property tax refund for child care facilities.
- 3.4 The report must comply with Minnesota Statutes, sections 3.195 and 3.197.
- 3.5 **EFFECTIVE DATE.** This section is effective the day following final enactment.