

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. **3851**

04/07/2016 Authored by Applebaum

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; changing the renters' property tax refund into a refundable
1.3 credit on the individual income tax form; making conforming changes; amending
1.4 Minnesota Statutes 2014, sections 290A.04, subdivisions 2a, 5; 290A.07,
1.5 subdivision 2a; 290A.25; proposing coding for new law in Minnesota Statutes,
1.6 chapter 290; repealing Minnesota Statutes 2014, section 290A.23, subdivision 1.

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

1.8 Section 1. **[290.0693] RENTERS' PROPERTY TAX CREDIT.**

1.9 Subdivision 1. **Credit allowed.** An individual or married couple filing jointly is
1.10 allowed a credit against the tax imposed under this chapter in the amount authorized under
1.11 section 290A.04, subdivision 2a.

1.12 Subd. 2. **Credit refundable.** If the amount of credit that the taxpayer is eligible
1.13 to receive under subdivision 1 exceeds the taxpayer's tax liability under this chapter, the
1.14 commissioner shall refund the excess to the applicant.

1.15 Subd. 3. **Appropriation.** The amount necessary to pay the refunds required under
1.16 this section is appropriated to the commissioner from the general fund.

1.17 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
1.18 December 31, 2015, and for claims for refunds based on rent paid in calendar year 2016
1.19 and thereafter.

1.20 Sec. 2. Minnesota Statutes 2014, section 290A.04, subdivision 2a, is amended to read:

1.21 Subd. 2a. **Renters.** A claimant whose rent constituting property taxes exceeds the
1.22 percentage of the household income stated below must pay an amount equal to the percent
1.23 of income shown for the appropriate household income level along with the percent to
1.24 be paid by the claimant of the remaining amount of rent constituting property taxes. The

~~state refund~~ renters property tax credit under section 290.0693 equals the amount of rent constituting property taxes that remain, up to the maximum ~~state refund~~ credit amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund Credit
\$0 to 4,909	1.0 percent	5 percent	\$ 2,000
4,910 to 6,529	1.0 percent	10 percent	\$ 2,000
6,530 to 8,159	1.1 percent	10 percent	\$ 1,950
8,160 to 11,439	1.2 percent	10 percent	\$ 1,900
11,440 to 14,709	1.3 percent	15 percent	\$ 1,850
14,710 to 16,339	1.4 percent	15 percent	\$ 1,800
16,340 to 17,959	1.4 percent	20 percent	\$ 1,750
17,960 to 21,239	1.5 percent	20 percent	\$ 1,700
21,240 to 22,869	1.6 percent	20 percent	\$ 1,650
22,870 to 24,499	1.7 percent	25 percent	\$ 1,650
24,500 to 27,779	1.8 percent	25 percent	\$ 1,650
27,780 to 29,399	1.9 percent	30 percent	\$ 1,650
29,400 to 34,299	2.0 percent	30 percent	\$ 1,650
34,300 to 39,199	2.0 percent	35 percent	\$ 1,650
39,200 to 45,739	2.0 percent	40 percent	\$ 1,650
45,740 to 47,369	2.0 percent	45 percent	\$ 1,500
47,370 to 49,009	2.0 percent	45 percent	\$ 1,350
49,010 to 50,649	2.0 percent	45 percent	\$ 1,150
50,650 to 52,269	2.0 percent	50 percent	\$ 1,000
52,270 to 53,909	2.0 percent	50 percent	\$ 900
53,910 to 55,539	2.0 percent	50 percent	\$ 500
55,540 to 57,169	2.0 percent	50 percent	\$ 200

~~The payment made to a claimant is the amount of the state refund total credit allowed under section 290.0693 is the amount~~ calculated under this subdivision. No ~~payment credit~~ is allowed if the claimant's household income is \$57,170 or more.

EFFECTIVE DATE. This section is effective for claims for refunds based on rent paid in calendar year 2016 and thereafter.

Sec. 3. Minnesota Statutes 2014, section 290A.04, subdivision 5, is amended to read:

Subd. 5. **Combined renter and homeowner refund.** In the case of a claimant who is entitled to a refund in a calendar year for claims based both on rent constituting property taxes and property taxes payable, the ~~refund allowable equals the sum of the refunds allowable~~ claimant must claim the homeowner refund under this chapter and the renters' property tax credit under section 290.0693 separately.

EFFECTIVE DATE. This section is effective for claims for refunds based on property taxes payable in 2016 and thereafter, and for rent paid in calendar year 2016 and thereafter.

Sec. 4. Minnesota Statutes 2014, section 290A.07, subdivision 2a, is amended to read:

Subd. 2a. **Time or method of payment to renter or manufactured home homeowner.** (a) A claimant who is ~~a renter or~~ a homeowner who occupies a manufactured home, as defined in section 273.125, subdivision 8, paragraph (c), or a park trailer taxed as a manufactured home under section 168.012, subdivision 9, shall receive full payment after August 1 and before August 15 or 60 days after receipt of the application, whichever is later.

(b) A renter eligible for a refund under section 290A.04, subdivision 2a, must claim the refund amount as a credit under section 290.0693.

EFFECTIVE DATE. This section is effective for claims for refunds based on rent paid in calendar year 2016 and thereafter.

Sec. 5. Minnesota Statutes 2014, section 290A.25, is amended to read:

290A.25 VERIFICATION OF SOCIAL SECURITY NUMBERS.

Annually, the commissioner of revenue shall furnish a list to the county assessor containing the names and Social Security numbers of persons who have applied for both homestead classification under section 273.13 and a ~~property tax refund as a renter under this chapter~~ renters' property tax credit under section 290.0693.

Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was improperly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that has been improperly allowed. For the purpose of this section, "homestead benefits" has the meaning given in section 273.124, subdivision 13b. The county auditor shall send a notice to persons who owned the affected property at the time the homestead application related to the improper homestead was filed, demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead benefits. The person notified may appeal the county's determination with the Minnesota Tax Court within 60 days of the date of the notice from the county as provided in section 273.124, subdivision 13b.

If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of taxes and penalty to the county treasurer. The county treasurer will add interest to the unpaid homestead

benefits and penalty amounts at the rate provided for delinquent personal property taxes for the period beginning 60 days after demand for payment was made until payment. If the person notified is the current owner of the property, the treasurer may add the total amount of benefits, penalty, interest, and costs to the real estate taxes otherwise payable on the property in the following year. If the person notified is not the current owner of the property, the treasurer may collect the amounts due under the Revenue Recapture Act in chapter 270A, or use any of the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment of the benefits, penalty, interest, and costs, as if those amounts were delinquent tax obligations of the person who owned the property at the time the application related to the improperly allowed homestead was filed. The treasurer may relieve a prior owner of personal liability for the benefits, penalty, interest, and costs, and instead extend those amounts on the tax lists against the property for taxes payable in the following year to the extent that the current owner agrees in writing.

Any amount of homestead benefits recovered by the county from the property owner shall be distributed to the county, city or town, and school district where the property is located in the same proportion that each taxing district's levy was to the total of the three taxing districts' levy for the current year. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis County auditor to be deposited in the taconite property tax relief account. Any amount recovered that is attributable to supplemental homestead credit is to be transmitted to the commissioner of revenue for deposit in the general fund of the state treasury. The total amount of penalty collected must be deposited in the county general fund.

EFFECTIVE DATE. This section is effective for claims for refunds based on property taxes payable in 2016 and thereafter, and for rent paid in calendar year 2016 and thereafter.

Sec. 6. **REPEALER.**

Minnesota Statutes 2014, section 290A.23, subdivision 1, is repealed.

EFFECTIVE DATE. This section is effective for claims for refunds based on rent paid in calendar year 2016 and thereafter.

APPENDIX
Repealed Minnesota Statutes: 16-7231

290A.23 APPROPRIATION.

Subdivision 1. **Renters credit.** There is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make the payments required under section 290A.04, subdivision 2a.