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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 2763

03/09/2023 Authored by Howard and Agbaje 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; establishing the community and household stability fund;
1.3 establishing the homeownership opportunity fund; establishing the rental
1.4 opportunity fund; apportioning the state general levy for the community and
1.5 household stability fund, homeownership opportunity fund, and rental opportunity
1.6 fund; requiring reports; amending Minnesota Statutes 2022, section 275.025,
1.7 subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 256K;
1.8 462A.

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

1.10 Section 1. 256K.50 COMMUNITY AND HOUSEHOLD STABILITY FUND.

1.11 Subdivision 1. Fund. The community and household stability fund is established. All
1.12 money earned by the fund must be credited to the fund.

1.13 Subd. 2. Expenditures. The commissioner may issue grants, loans, or other forms of
1.14 financial assistance from the fund for expenditure on:

1.15 (1) emergency general assistance for households or individuals that are homeless or at
1.16 risk of homelessness or displacement;

1.17 (2) legal services for households or individuals that are homeless or at risk of
1.18 homelessness or displacement;

1.19 (3) outreach services for households or individuals that are homeless or at risk of
1.20 homelessness or displacement;

1.21 (4) funds to prevent or mitigate the harmful effects of community displacement; and

2.1 (5) financing the acquisition, rehabilitation, adaptive reuse, or new construction of
 2.2 property to serve as emergency shelter, transitional housing, or permanent supportive
 2.3 housing.

2.4 Subd. 3. **Audit.** The legislative auditor shall audit fund expenditures to ensure that the
 2.5 money is spent for the purposes for which the money is appropriated.

2.6 Subd. 4. **Reporting requirements.** By January 15 each year, the commissioner shall
 2.7 report on expenditures from the fund over the past year and planned expenditures of the
 2.8 fund in the coming year to the chairs and ranking minority members of the legislative
 2.9 committees with jurisdiction over human services.

2.10 Sec. 2. Minnesota Statutes 2022, section 275.025, subdivision 1, is amended to read:

2.11 Subdivision 1. **Levy amount.** (a) The state general levy is levied against
 2.12 commercial-industrial property and seasonal residential recreational property, as defined
 2.13 in this section. The state general levy for commercial-industrial property is \$716,990,000
 2.14 for taxes payable in 2023 and thereafter, \$791,795,557 for taxes payable in 2024,
 2.15 \$866,601,114 for taxes payable in 2025, \$941,406,671 for taxes payable in 2026,
 2.16 \$1,016,212,228 for taxes payable in 2027, and \$1,091,017,785 for taxes payable in 2028.
 2.17 For taxes payable in subsequent years, the state general levy for commercial-industrial
 2.18 property increases each year by multiplying the amount of the state general levy for
 2.19 commercial-industrial property for the prior year by the sum of one plus the rate of increase,
 2.20 if any, in the implicit price deflator for government consumption expenditures and gross
 2.21 investment for state and local governments prepared by the Bureau of Economic Analysis
 2.22 of the United States Department of Commerce for the 12-month period ending March 31
 2.23 of the year prior to the year taxes are payable. The state general levy for seasonal-recreational
 2.24 property is \$41,690,000 for taxes payable in 2020 and thereafter. The tax under this section
 2.25 is not treated as a local tax rate under section 469.177 and is not the levy of a governmental
 2.26 unit under chapters 276A and 473F.

2.27 (b) The commissioner shall increase or decrease the preliminary or final rate for a year
 2.28 as necessary to account for errors and tax base changes that affected a preliminary or final
 2.29 rate for either of the two preceding years. Adjustments are allowed to the extent that the
 2.30 necessary information is available to the commissioner at the time the rates for a year must
 2.31 be certified, and for the following reasons:

2.32 (1) an erroneous report of taxable value by a local official;

2.33 (2) an erroneous calculation by the commissioner; and

3.1 (3) an increase or decrease in taxable value for commercial-industrial or seasonal
 3.2 residential recreational property reported to the commissioner under section 270C.85,
 3.3 subdivision 2, clause (4), for the same year.

3.4 The commissioner may, but need not, make adjustments if the total difference in the tax
 3.5 levied for the year would be less than \$100,000.

3.6 (c) In each year, the amount of the state general levy for commercial-industrial property
 3.7 that exceeds \$716,990,000 must be apportioned as follows:

3.8 (1) 33-1/3 percent to the community and household stability fund under section 256K.50;

3.9 (2) 33-1/3 percent to the homeownership opportunity fund under section 462A.51; and

3.10 (3) 33-1/3 percent to the rental opportunity fund under section 462A.52.

3.11 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
 3.12 in 2024.

3.13 Sec. 3. **[462A.51] HOMEOWNERSHIP OPPORTUNITY FUND.**

3.14 Subdivision 1. **Fund.** The homeownership opportunity fund is established. All money
 3.15 earned by the fund must be credited to the fund.

3.16 Subd. 2. **Expenditures.** The commissioner may issue grants, loans, or other forms of
 3.17 financial assistance from the fund for expenditure on:

3.18 (1) financing the acquisition, rehabilitation, adaptive reuse, or new construction of
 3.19 property to serve as owner-occupied housing, including single-family housing, multifamily
 3.20 housing containing up to four units, housing on ground leased by a community land trust;
 3.21 condominiums; and cooperatively owned housing, including cooperatively owned
 3.22 manufactured home parks;

3.23 (2) financing the conversion of rental property into owner-occupied property, including
 3.24 cooperatively owned housing and cooperatively owned manufactured home parks;

3.25 (3) down payment assistance;

3.26 (4) accessibility grants and loans for owner-occupied housing;

3.27 (5) financial assistance to borrowers who are delinquent on mortgage or contract for
 3.28 deed payments; and

3.29 (6) homeownership education, counseling, and training under section 462A.209.

4.1 Subd. 3. **Audit.** The legislative auditor shall audit fund expenditures to ensure that the
4.2 money is spent for the purposes for which the money is appropriated.

4.3 Subd. 4. **Reporting requirements.** By January 15 each year, the commissioner shall
4.4 report on expenditures from the fund over the past year and planned expenditures of the
4.5 fund in the coming year to the chairs and ranking minority members of the legislative
4.6 committees with jurisdiction over human services.

4.7 Sec. 4. **[462A.52] RENTAL OPPORTUNITY FUND.**

4.8 Subdivision 1. **Fund.** The rental opportunity fund is established. All money earned by
4.9 the fund must be credited to the fund.

4.10 Subd. 2. **Expenditures.** The commissioner may issue grants, loans, or other forms of
4.11 financial assistance from the fund for expenditure on:

4.12 (1) financing the acquisition, rehabilitation, adaptive reuse, or new construction of
4.13 property to serve as rental housing affordable to households at or below 115 percent of area
4.14 median income;

4.15 (2) rental assistance; and

4.16 (3) supportive services to renters and owners of rental property.

4.17 Subd. 3. **Audit.** The legislative auditor shall audit fund expenditures to ensure that the
4.18 money is spent for the purposes for which the money is appropriated.

4.19 Subd. 4. **Reporting requirements.** By January 15 each year, the commissioner shall
4.20 report on expenditures from the fund over the past year and planned expenditures of the
4.21 fund in the coming year to the chairs and ranking minority members of the legislative
4.22 committees with jurisdiction over human services.