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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 1298

02/18/2021 Authored by Her 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 and local; requiring the commissioner of revenue to
1.3 conduct a study on class 4d properties.

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

1.5 Section 1. 4D AFFORDABLE HOUSING PROGRAMS REPORT.

1.6 No later than January 15, 2022, the commissioner of revenue, in consultation with the
1.7 Minnesota Housing Finance Agency, must produce a report on class 4d property, as defined
1.8 in Minnesota Statutes, section 273.13, subdivision 25, and on local 4d affordable housing
1.9 programs. The commissioner must provide a copy of the report to the chairs and ranking
1.10 minority members of the legislative committees with jurisdiction over property taxation.
1.11 The report must comply with the requirements of Minnesota Statutes, sections 3.195 and
1.12 3.197. The report must include the following:

1.13 (1) for properties classified in part or in whole as 4d qualifying under Minnesota Statutes,
1.14 section 273.128, subdivision 1, clauses (1) to (4), with separate amounts given for properties
1.15 under each clause:

1.16 (i) the number of units classified as 4d in each property in the previous assessment year;

1.17 (ii) the number of units not classified as 4d in each property in the previous assessment
1.18 year;

1.19 (iii) the property tax paid in 2021;

1.20 (iv) the property tax reduction in 2021 resulting from 4d classification; and

1.21 (v) the total number of 4d units in each of the last ten years; and

2.1 (2) for properties classified in part or in whole as 4d qualifying under Minnesota Statutes,
2.2 section 273.128, subdivision 1, clauses (1) to (4):

2.3 (i) the percent change in each political subdivision's net tax capacity if the first-tier class
2.4 rate of the 4d classification was reduced from 0.75 percent to 0.25 percent;

2.5 (ii) the number of 4d properties located within tax increment financing districts, and the
2.6 impact on increment generation in those districts;

2.7 (iii) the impact that a 4d class rate reduction from 0.75 percent to 0.25 percent for the
2.8 entire valuation would have on the property tax burden for single family, class 1a
2.9 homeowners at 30 percent to 120 percent area median income;

2.10 (iv) the total number of 4d units whose value qualifies for the second tier in each year
2.11 since 2019;

2.12 (v) the impact that a reduction of the 4d class rate from 0.75 percent to 0.25 percent for
2.13 the entire valuation would have on property tax refunds received by renters in 4d units and
2.14 on property tax refunds received by homeowners in jurisdictions that contain 4d property;
2.15 and

2.16 (vi) a profile of income limits and area median incomes used in Minnesota by the United
2.17 States Department of Housing and Urban Development to determine the eligibility for
2.18 assisted housing programs.

2.19 **EFFECTIVE DATE.** This section is effective the day following final enactment.