

**PROPERTY TAX REFUND**  
**Property Tax Refund for Manufactured Home Cooperatives**

February 01, 2019

	<b>Yes</b>	<b>No</b>
<b>DOR Administrative Cost/Savings</b>		X

Department of Revenue  
 Analysis of H.F. 0458 (Bernardy) as introduced

	<b>Fund Impact</b>			
	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
	(000's)			
General Fund	\$0	(\$220)	(\$220)	(\$220)

Effective beginning for claims based on property taxes payable in 2020.

**EXPLANATION OF THE BILL**

Under current law, residents living in a manufactured home park cooperative are provided homestead treatment if the cooperative is wholly owned by residents of the park and paying property taxes. The residents may claim a property tax refund for the property taxes paid on their manufactured home structure, but any property taxes attributable to the rent paid to lease their land in the park may not be included.

The proposal would allow manufactured home park cooperative residents to include 17% of the rent paid for their site rental in the determination of property taxes payable for claiming a property tax refund.

**REVENUE ANALYSIS DETAIL**

- According to the Northcountry Cooperative Foundation there are eight resident-owned manufactured home park cooperatives in Minnesota. These cooperative parks include over 600 units located in the cities of Cannon Falls, Clarks Grove, Fairmont, Fridley, Lindstrom, Madelia, Moorhead, and Rochester.
- For many manufactured homes, the property taxes attributable to rent paid for land is many times greater than the property taxes due on the structure itself.
- Under the proposal, allowing 17% of rent paid for the land site to be included as property taxes payable would increase the amount of property tax eligible for the state-paid refund and the number of taxpayers eligible for a refund.
- It is assumed that 150 residents would receive an average property tax refund increase of \$600 beginning in fiscal year 2021. An additional 325 residents are projected to become eligible and receive an average refund of \$400.

**PROPERTY TAX BENCHMARKS (Minn. Stat. § 270C.991)**

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<i>Transparency, Understandability, Simplicity &amp; Accountability</i>	Neutral
<i>Efficiency &amp; Compliance</i>	Neutral
<i>Equity (Vertical &amp; Horizontal)</i>	Neutral
<i>Stability &amp; Predictability</i>	Neutral
<i>Competitiveness for Businesses</i>	Neutral
<i>Responsiveness to Economic Conditions</i>	Neutral

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*The bill is scored on a three point scale (decrease, neutral, increase) for each principle in comparison to current law.*

Source: Minnesota Department of Revenue  
Property Tax Division - Research Unit  
[www.revenue.state.mn.us/research\\_stats/  
pages/revenue-analyses.aspx](http://www.revenue.state.mn.us/research_stats/pages/revenue-analyses.aspx)

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