



**INDIVIDUAL INCOME TAX  
CORPORATE FRANCHISE TAX  
Manufactured Home Park Credit**

March 16, 2023

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue

Analysis of H.F. 2022 (Norris), As Proposed to be Amended (H2022DE1)

	<b>Fund Impact</b>			
	<b><u>F.Y. 2024</u></b>	<b><u>F.Y. 2025</u></b>	<b><u>F.Y. 2026</u></b>	<b><u>F.Y. 2027</u></b>
		(000's)		
General Fund	(\$350)	(\$380)	(\$400)	(\$430)

Effective beginning tax year 2023, provided that the amendments to M.S. Chapter 327C in H.F. 817 take effect.

**EXPLANATION OF THE BILL**

**Proposed Law:** The bill creates a credit against the individual income tax and corporate franchise tax for sales of manufactured home parks to cooperatives. The credit is equal to 5% of the amount of the sale. The credit is nonrefundable but can be carried forward for up to five years.

To qualify, a taxpayer must sell qualified property to a manufactured home cooperative, a nonprofit organization intending to convert the park to a cooperative, or a representative of residents who intend to convert the park to a cooperative.

Qualified property includes a manufactured home park classified as 4c(5)(i) or 4c(5)(iii) property.

For nonresidents and part-year residents, the credit is apportioned based on the percentage of income that is attributable to Minnesota.

**REVENUE ANALYSIS DETAIL**

- The estimated market value of manufactured home parks in 2023 is about \$931.9 million, based on Department of Revenue data.
- It is assumed that 1% of non-cooperative manufactured home parks, valued at about \$9.2 million, would be converted to co-ops each year.
- The seller would be eligible for a 5% credit. The estimate was reduced by 5% to account for nonresidents and part-year residents.
- The estimate was reduced by 20% since the credit is nonrefundable.
- Credits exceeding tax liability could be carried over for up to five years. It is assumed that 5% of carryovers will be claimed each year.

**REVENUE ANALYSIS DETAIL (Cont.)**

- Growth is based on projected growth in property values in the February 2023 forecast.
- Tax year impacts are allocated to the following fiscal year.

Minnesota Department of Revenue  
Tax Research Division  
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