

**PROPERTY TAX  
Property Tax Credit  
Established for Licensed In-  
Home Child Care Providers**

January 22, 2025

Department of Revenue  
Analysis of S.F. 339 (Weber) as introduced

	Yes	No
DOR Administrative Costs/Savings	X	

**Fund Impact**

	<b>F.Y. 2026</b>	<b>F.Y. 2027</b>	<b>F.Y. 2028</b>	<b>F.Y. 2029</b>
	(000's)			
In-Home Child Care Provider Credit	\$0	(\$10,500)	(\$11,100)	(\$11,700)
Property Tax Refund Interaction	\$0	\$3,650	\$3,830	\$4,030
Income Tax Interaction	\$0	\$50	\$60	\$60
General Fund Total	\$0	(\$6,800)	(\$7,210)	(\$7,610)

Effective beginning with taxes payable in 2026.

**EXPLANATION OF THE BILL**

The proposal would create a property tax credit for property classified as 1a residential homestead and 2a agricultural homestead (house, garage, and surrounding one acre of property only) used to operate a licensed family day care or group family day care program. The credit would be equal to 50 percent of the net tax owed on the property after subtracting all other applicable credits.

**REVENUE ANALYSIS DETAIL**

- The estimate is based on the November 2024 forecast.
- Based on data from the Department of Human Services, it is estimated that there are approximately 5,400 licensed family day care or group family day care programs in the state where the license holder lives onsite.
- It is assumed that all 5,400 child-care programs would be located on qualifying homestead property.
- The credit is estimated to be \$10.6 million in taxes payable 2026. The credit amount is estimated to grow annually based on forecasted homestead net tax growth. Credit amounts have been converted to fiscal years for the purpose of this estimate.
- Lower property taxes for homesteads receiving the credit would reduce property tax refunds paid by the state by \$3.65 million in fiscal year 2027, \$3.83 million in fiscal year 2028, and \$4.03 million in fiscal year 2029.
- Lower property taxes for property owners receiving the credit would reduce deductions on income tax returns, increasing state tax collections by \$50,000 in fiscal year 2027, \$60,000 in fiscal year 2028, and \$60,000 in fiscal year 2029.

Number of Taxpayers: Approximately 5,400 properties would qualify for the credit.

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

<i>Transparency, Understandability, Simplicity &amp; Accountability</i>	Decrease	Decrease in simplicity due to the creation of a new property tax credit.
<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	

*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  
<https://www.revenue.state.mn.us/revenue-analyses>

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