

INDIVIDUAL INCOME TAX Renters Credit Expansion

March 25, 2025

	Yes	No
DOR Administrative Costs/Savings	X	

Department of Revenue

Analysis of H.F. 2499 (Lee, K.) / S.F. 2808 (Mohamed) as introduced

Fund Impact

	<u>F.Y. 2026</u>	<u>F.Y. 2027</u>	<u>F.Y. 2028</u>	<u>F.Y. 2029</u>
	(000's)			
General Fund	(\$68,000)	(\$70,200)	(\$72,600)	(\$75,000)

Effective for taxable years beginning after December 31, 2024.

EXPLANATION OF THE BILL

Under current law renters with federal adjusted gross income less than \$77,570 are eligible for a refundable income tax credit. Maximum credit amounts vary by income level and are adjusted annually for inflation.

The proposal would expand the eligible income range from \$77,570 up to \$143,140 to be eligible for a renters credit beginning with tax year 2025. The proposal would also increase maximum credits for all currently eligible filers.

REVENUE ANALYSIS DETAIL

- The estimate is based on the February 2025 forecast.
- Expanding the renters credit table and increasing maximum credits would increase the cost of state-paid credits beginning in FY 2026.
- For current renters credit claimants, approximately 37,000 filers at the maximum credit would receive an average increase of \$535, totaling \$20.0 million in the first year.
- Increasing the household income range to \$143,140 would result in an estimated 80,000 additional renters becoming eligible and receiving an income tax credit beginning in fiscal year 2026. The credit amounts for newly eligible renters would total approximately \$48.0 million in the first year.

Source: Minnesota Department of Revenue
Property Tax Division – Research Unit
<https://www.revenue.state.mn.us/revenue-analyses>

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