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State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-FIFTH
SESSION

HOUSE FILE No. **2150**

March 15, 2007

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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; requiring certain low-income rental housing to participate
1.3 in the crime free multihousing program to receive a reduced property tax class
1.4 rate; amending Minnesota Statutes 2006, section 273.128, subdivision 1, by
1.5 adding a subdivision.

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

1.7 Section 1. Minnesota Statutes 2006, section 273.128, subdivision 1, is amended to read:

1.8 Subdivision 1. ~~Requirement~~ **Requirements.** ~~Low-income rental property~~ In order
1.9 to be classified as class 4d low-income rental housing under section 273.13, subdivision
1.10 25, is entitled to valuation under this section if the property must meet the requirements
1.11 of subdivision 4, if applicable, and at least 75 percent of the units in the rental housing
1.12 property must meet any of the following qualifications:

1.13 (1) the units are subject to a housing assistance payments contract under Section 8
1.14 of the United States Housing Act of 1937, as amended;

1.15 (2) the units are rent-restricted and income-restricted units of a qualified low-income
1.16 housing project receiving tax credits under section 42(g) of the Internal Revenue Code of
1.17 1986, as amended;

1.18 (3) the units are financed by the Rural Housing Service of the United States
1.19 Department of Agriculture and receive payments under the rental assistance program
1.20 pursuant to section 521(a) of the Housing Act of 1949, as amended; or

1.21 (4) the units are subject to rent and income restrictions under the terms of financial
1.22 assistance provided to the rental housing property by the federal government or the state
1.23 of Minnesota as evidenced by a document recorded against the property.

1.24 The restrictions must require assisted units to be occupied by residents whose
1.25 household income at the time of initial occupancy does not exceed 60 percent of the

2.1 greater of area or state median income, adjusted for family size, as determined by the
2.2 United States Department of Housing and Urban Development. The restriction must also
2.3 require the rents for assisted units to not exceed 30 percent of 60 percent of the greater of
2.4 area or state median income, adjusted for family size, as determined by the United States
2.5 Department of Housing and Urban Development.

2.6 Sec. 2. Minnesota Statutes 2006, section 273.128, is amended by adding a subdivision
2.7 to read:

2.8 Subd. 4. **Participation in crime-free multihousing program.** In addition to the
2.9 requirement in subdivision 1, if the property is located in a city or county that offers a
2.10 crime-free multihousing program through its city police or county sheriff, the owners or
2.11 managers of the property must complete the three phases of the program and the property
2.12 must be annually certified by the police or sheriff as participating in the program. If the
2.13 property is not certified within one year after it is first classified as class 4d property
2.14 under section 273.13, subdivision 25, or does not annually maintain its certification in
2.15 the program, the city or county shall notify the property owner that the property must be
2.16 in compliance with the requirements of this subdivision to maintain its classification as
2.17 class 4d property. If the property is not in compliance within one year after receiving the
2.18 notice from the city or county, the city or county shall issue a second notice and require
2.19 the property owners to enter into a plan to achieve compliance within one year. If, upon
2.20 expiration of the one-year time period, the property has not been certified by the police or
2.21 sheriff as completing the program, the city or county shall notify the Housing Finance
2.22 Agency, which shall remove the property from the list of class 4d qualified properties
2.23 certified to the county or city assessor under subdivision 3. Once removed from the list,
2.24 the property is not eligible for class 4d classification until it complies with this subdivision
2.25 and its compliance has been certified to the Housing Finance Agency by the city or county.
2.26 Certification to the Housing Finance Agency must be made by May 15 to be effective for
2.27 taxes payable in the following year.

2.28 Sec. 3. **EFFECTIVE DATE; TRANSITION.**

2.29 Sections 1 and 2 are effective for property taxes levied in 2007, payable in 2008, and
2.30 thereafter. Low-income rental housing property classified as class 4d property for taxes
2.31 payable in 2007 must meet the requirements of this section by May 15, 2010.