

May 16, 2022

To: Senators Nelson, Weber, Gazelka, Bakk, and Rest
Representatives Marquart, Youakim, Lislegard, Her, and Davids

Re: Support for the House's Proposed Expansion of the Renters' Credit

Homes for All is a statewide coalition that advances shared policy initiatives that lead to housing stability for all Minnesotans. We submit this letter to express our support for the Minnesota House of Representative's proposed expansion of the Renters' Credit. The proposed expansion will make Minnesota's tax system fairer while also increasing resources for the households struggling to keep up with rising rents. In all, it would increase the Renters' Credit by about \$150 million per year starting next year.

While the current tax credit is highly beneficial for the households who receive it, there is a simpler and fairer way to calculate the credit. *Simplification would provide clarification to renter households who currently do not apply for the credit even though they are eligible to receive it.* First, the proposal would end the process by which folks apply for the Renters' Credit by filling out a separate document – Certificate of Rent Paid – to instead use their Income Tax Form, which would use their Adjusted Gross Income to calculate eligibility. An additional 120,000 households who currently qualify for the Renters' Credit but don't apply would start receiving it, adding on average around \$700 to their income to use as they see fit. However, with increasing rents, you can see how the new income could keep housing expenses from competing with other household needs.

The expanded Renters' Credit would also increase eligibility to another 36,000 households, getting an average of around \$400. For many of the same reasons listed above, Homes for All supports this measure.

It is essential to note that the Renters' Credit helps households in every part of the state. The expansion is also vital to Minnesota seniors. In fact, 30% of the households receiving the credit include seniors and/or people with severe disabilities, and the share is higher in many parts of Greater Minnesota. Seniors will likely receive larger refunds and find it easier to apply for the Renters' Credit through the House proposal – they will no longer need to count their non-taxable Social Security as income for purposes of the Renters' Credit.

Homes for All supports the Renters' Credit expansion because it simplifies getting the refund by turning it into a tax calculation rather than a separate application. It expands both who knows they are eligible for the program and increases the number of low-income households who qualify. The proposal's significant expansion helps a great number of households now choosing between paying rent or meeting some other vital household expense.

If you have any questions, please do not hesitate to contact us.

Respectfully,

Dave Anderson
All Parks Alliance for Change
Homes for All Co-Chair

Rhonda Otteson
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