Tax Expenditure Review Commission Member Evaluation Summary: TEB 12.4.03 Housing Contribution Credit (State Housing Tax Credit)

Tax Expenditure Facts

Year of Adoption: 2021
Statute: Minnesota Statutes 2026, sections 297I.20, subdivision 5; 290.0683 and 462A.40
Tax Type: Insurance Premiums Taxes
Provision Type: Credit
Latest Fiscal Impact Estimate: $9,000,000 – FY2027
Latest Claims Estimate: 505 individual income tax claims; less than 10 claims for insurance premium tax and corporate franchise tax
Sunset Date: December 31, 2028

This expenditure is the result of state conformity to the Federal Code: No

Commission Approved Objective:

The objective of the State Housing Tax Credit (SHTC) is to increase the development and availability of affordable housing to persons and families of low and moderate incomes in Minnesota.

Member Responses

Business (check all that apply):

Choice	Choice Count
Job Creation & Maintenance	2
Investment	5
Competitiveness/Strategic	0
Health/Environmental/Social Justice	0
Other	1

Individual (check all that apply):

Choice	Choice Count
Relief of Poverty	3
Progressivity/Assistance to Low Earners	1
Access to Opportunity	4
Health/Environment/Social Justice	0
Other	0

Recommendation to the Legislature

	Continue	Repeal	Modify	Total
Choice Count	3	0	4	7

Measurement and Effectiveness Ratings Summary

Statement	Strongly disagree	Somewhat disagree	Neither agree nor disagree	Somewhat agree	Strongly agree	Total
We can measure the overall benefit towards achieving the objective(s).	0	2	2	2	0	6
The expenditure's benefit justifies its fiscal cost.	0	2	1	3	0	6
The expenditure is claimed by its intended beneficiaries.	0	1	2	3	0	6
The expenditure is claimed by a broad group of taxpayers.	2	1	3	0	0	6
The expenditure amount claimed per taxpayer is meaningful as an incentive/benefit.	0	1	2	3	0	6
The expenditure is relevant today.	0	1	1	4	0	6
The expenditure is primarily beneficial to smaller businesses.	0	1	4	1	0	6
The expenditure is primarily beneficial to lower income taxpayers.	0	0	5	1	0	6

Member Comments

It could be both a good and bad outcome that 10 or less entities used this tax credit as an insurance premium. This bodes well that the credit is not overrun by business interests, but it's unclear if additional business support could be useful to building more housing. This credit needs some additional time to better understand how businesses view this tax credit and if it's a meaningful way for them to contribute to the development of affordable housing.

With the low usage this should be reviewed to see if it should be continued.