

What is the renter's credit?

The renter's credit is a refundable income tax credit that provides tax relief to renters whose rent and "implicit property taxes" are high relative to their incomes. For tax year 2025 credit claims paid in 2026 (based on rent paid in 2025), the maximum refund is \$2,720. Renters whose income exceeds \$77,570 are not eligible for refunds.

How are renter's property taxes calculated?

"Rent constituting property taxes" is assumed to equal 17 percent of rent paid. If rent constituting property taxes exceeds a threshold percentage of income, the credit equals a percentage of the tax over the threshold, up to a maximum amount. As income increases:

- the threshold percentage increases,
- the share of tax over the threshold that the taxpayer must pay increases, and
- the maximum refund decreases.

Property owners or managing agents are required to provide renters with a Certificate of Rent Paid (CRP) by February 1 of each year. The CRP provides a record of the rent paid in the previous year.

What measure of income is used to calculate refund amounts?

The renter's credit calculation is based on adjusted gross income, with deductions allowed for dependents and for claimants who are 65 or older or who are disabled.

How are claims filed?

Taxpayers file and claim the credit as part of their income tax returns. The Minnesota Department of Revenue (DOR) will pay taxpayers refunds at the same time as any income tax refunds owed to a taxpayer.

How many renters receive refunds, and what is the total amount paid?

The most recent year for which data is available is for tax year 2023. Tax year 2023 refunds were calculated based on 2023 incomes and rents, but paid to taxpayers during the 2024 tax filing season. That was the last year the renter's credit was administered as a stand-alone refund and was not part of the income tax. In 2024, 311,607 renters received an average refund of \$855. The total dollar amount of refunds paid statewide was \$266.4 million. Preliminary data from tax year 2024 indicates that the credit expanded significantly due to higher participation and changes in the income measure used to calculate the credit.

How was the program recently restructured?

The 2023 tax policy and finance law converted the credit from a stand-alone refund program to a refundable income tax credit and also changed the income measure used to calculate the credit.

How do refunds vary depending on income and property taxes?

The following table shows the credit amount for four example families living in different parts of Minnesota—two with income of \$50,000 and no dependents, and two with a household income of \$90,000 and two dependents. The threshold percentage, copayment rates, and maximum credit amounts are the same statewide, but the estimated median rent was \$1,284 in the metro area and \$873 in greater Minnesota (House Research analysis of 2024 ACS 1-Year Estimates, IPUMS-USA).

Example credit for claims filed in 2026, based on rent paid in 2025 and 2025 household income

		Metro Area		Greater Minnesota	
		Taxpayer #1 Married, Under Age 65, No Dependents	Taxpayer #2 Married, Under Age 65, 2 Dependents	Taxpayer #3 Married, Under Age 65, No Dependents	Taxpayer #4 Married, Under Age 65, 2 Dependents
1	Monthly rent, one bedroom apartment	\$1,284	\$1,284	\$873	\$873
2	Annual rent (1 x 12 = 2)	\$15,408	\$15,408	\$10,476	\$10,476
3	Rent constituting property tax (2 x 17% = 3)	\$2,619	\$2,619	\$1,781	\$1,781
4	Gross income	\$50,000	\$90,000	\$50,000	\$90,000
5	Deduction for dependents	0	\$14,040	0	\$14,040
6	Household income (4 – 5 = 6)	\$50,000	\$75,960	\$50,000	\$75,960
7	Statutory threshold percentage	2.0%	2.0%	2.0%	2.0%
8	Threshold % x income (7 x 6 = 8)	\$1,000	\$1,519	\$1,000	\$1,519
9	Property tax over threshold (3 – 8 = 9)	\$1,619	\$1,100	\$781	\$262
10	Copay percentage	32%	32%	32%	32%
11	Taxpayer copay amount (9 x 10 = 11)	\$518	\$352	\$250	\$84
12	Remaining tax over threshold (9 – 11 = 12)	\$1,101	\$748	\$531	\$178
13	Maximum refund allowed	\$3,480	\$2,820	\$3,480	\$2,820
14	Net property tax refund	\$1,101	\$748	\$531	\$178

Claimants can check the status of their refund [online](https://www.revenue.state.mn.us/wheres-my-refund) (<https://www.revenue.state.mn.us/wheres-my-refund>) or by calling DOR at 651-296-4444.



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