

This Document can be made available  
in alternative formats upon request

State of Minnesota  
**HOUSE OF REPRESENTATIVES**

EIGHTY-SIXTH  
SESSION

**HOUSE FILE No. 1548**

March 12, 2009

Authored by Gardner and by request

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; property; establishing a limit on homeowner property taxes as  
1.3 a percentage of household income; reducing the market value homestead credit;  
1.4 amending Minnesota Statutes 2008, sections 273.1384, subdivision 1; 290A.03,  
1.5 subdivision 13; 290A.04, by adding a subdivision; 290A.23, subdivision 3;  
1.6 repealing Minnesota Statutes 2008, section 290A.04, subdivision 2h.

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

1.8 Section 1. Minnesota Statutes 2008, section 273.1384, subdivision 1, is amended to  
1.9 read:

1.10 Subdivision 1. **Residential homestead market value credit.** Each county auditor  
1.11 shall determine a homestead credit for each class 1a, 1b, and 2a homestead property within  
1.12 the county equal to ~~0.4~~ 0.37 percent of the first \$76,000 of market value of the property  
1.13 minus .09 percent of the market value in excess of \$76,000. The credit amount may not  
1.14 be less than zero. In the case of an agricultural or resort homestead, only the market  
1.15 value of the house, garage, and immediately surrounding one acre of land is eligible in  
1.16 determining the property's homestead credit. In the case of a property that is classified as  
1.17 part homestead and part nonhomestead, (i) the credit shall apply only to the homestead  
1.18 portion of the property, but (ii) if a portion of a property is classified as nonhomestead  
1.19 solely because not all the owners occupy the property, not all the owners have qualifying  
1.20 relatives occupying the property, or solely because not all the spouses of owners occupy  
1.21 the property, the credit amount shall be initially computed as if that nonhomestead portion  
1.22 were also in the homestead class and then prorated to the owner-occupant's percentage  
1.23 of ownership. For the purpose of this section, when an owner-occupant's spouse does  
1.24 not occupy the property, the percentage of ownership for the owner-occupant spouse is  
1.25 one-half of the couple's ownership percentage.

2.1 **EFFECTIVE DATE.** This section is effective for taxes payable in 2010 and  
2.2 thereafter.

2.3 Sec. 2. Minnesota Statutes 2008, section 290A.03, subdivision 13, is amended to read:

2.4 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property  
2.5 tax exclusive of special assessments, penalties, and interest payable on a claimant's  
2.6 homestead after deductions made under sections 273.135, 273.1384, 273.1391, 273.42,  
2.7 subdivision 2, and any other state paid property tax credits in any calendar year, ~~and~~  
2.8 ~~after any refund claimed and allowable under section 290A.04, subdivision 2h, that is~~  
2.9 ~~first payable in the year that the property tax is payable.~~ In the case of a claimant who  
2.10 makes ground lease payments, "property taxes payable" includes the amount of the  
2.11 payments directly attributable to the property taxes assessed against the parcel on which  
2.12 the house is located. No apportionment or reduction of the "property taxes payable" shall  
2.13 be required for the use of a portion of the claimant's homestead for a business purpose if  
2.14 the claimant does not deduct any business depreciation expenses for the use of a portion  
2.15 of the homestead in the determination of federal adjusted gross income. For homesteads  
2.16 which are manufactured homes as defined in section 273.125, subdivision 8, and for  
2.17 homesteads which are park trailers taxed as manufactured homes under section 168.012,  
2.18 subdivision 9, "property taxes payable" shall also include 19 percent of the gross rent paid  
2.19 in the preceding year for the site on which the homestead is located. When a homestead  
2.20 is owned by two or more persons as joint tenants or tenants in common, such tenants  
2.21 shall determine between them which tenant may claim the property taxes payable on the  
2.22 homestead. If they are unable to agree, the matter shall be referred to the commissioner of  
2.23 revenue whose decision shall be final. Property taxes are considered payable in the year  
2.24 prescribed by law for payment of the taxes.

2.25 In the case of a claim relating to "property taxes payable," the claimant must have  
2.26 owned and occupied the homestead on January 2 of the year in which the tax is payable  
2.27 and (i) the property must have been classified as homestead property pursuant to section  
2.28 273.124, on or before December 15 of the assessment year to which the "property taxes  
2.29 payable" relate; or (ii) the claimant must provide documentation from the local assessor  
2.30 that application for homestead classification has been made on or before December 15  
2.31 of the year in which the "property taxes payable" were payable and that the assessor has  
2.32 approved the application.

2.33 **EFFECTIVE DATE.** This section is effective for claims filed in 2010 and thereafter  
2.34 based on property taxes payable in 2010 and thereafter.

3.1 Sec. 3. Minnesota Statutes 2008, section 290A.04, is amended by adding a subdivision  
3.2 to read:

3.3 Subd. 2k. **Limit refund.** A claimant who is a homeowner and who has household  
3.4 income less than the maximum income that can qualify for a refund under subdivision 2, is  
3.5 eligible for a refund equal to the amount that the claimant's property taxes payable, net of  
3.6 any refund determined under subdivision 2, exceeds six percent of the claimant's household  
3.7 income. This refund is in addition to any refund determined under subdivision 2.

3.8 **EFFECTIVE DATE.** This section is effective for claims filed in 2010 and thereafter  
3.9 based on property taxes payable in 2010 and thereafter.

3.10 Sec. 4. Minnesota Statutes 2008, section 290A.23, subdivision 3, is amended to read:

3.11 Subd. 3. **Annual appropriation.** For payments made after July 1, 1996, there is  
3.12 annually appropriated from the general fund to the commissioner of revenue the amount  
3.13 necessary to make the payments required under section 290A.04, subdivisions 2 and ~~2h~~ 2k.

3.14 **EFFECTIVE DATE.** This section is effective for claims filed in 2010 and thereafter  
3.15 based on property taxes payable in 2010 and thereafter.

3.16 Sec. 5. **REPEALER.**

3.17 Minnesota Statutes 2008, section 290A.04, subdivision 2h, is repealed.

3.18 **EFFECTIVE DATE.** This section is effective for claims filed in 2010 and thereafter  
3.19 based on property taxes payable in 2010 and thereafter.

**290A.04 REFUND ALLOWABLE.**

Subd. 2h. **Additional refund.** (a) If the gross property taxes payable on a homestead increase more than 12 percent over the property taxes payable in the prior year on the same property that is owned and occupied by the same owner on January 2 of both years, and the amount of that increase is \$100 or more, a claimant who is a homeowner shall be allowed an additional refund equal to 60 percent of the amount of the increase over the greater of 12 percent of the prior year's property taxes payable or \$100. This subdivision shall not apply to any increase in the gross property taxes payable attributable to improvements made to the homestead after the assessment date for the prior year's taxes. This subdivision shall not apply to any increase in the gross property taxes payable attributable to the termination of valuation exclusions under section 273.11, subdivision 16.

The maximum refund allowed under this subdivision is \$1,000.

(b) For purposes of this subdivision "gross property taxes payable" means property taxes payable determined without regard to the refund allowed under this subdivision.

(c) In addition to the other proofs required by this chapter, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.

(d) Upon request, the appropriate county official shall make available the names and addresses of the property taxpayers who may be eligible for the additional property tax refund under this section. The information shall be provided on a magnetic computer disk. The county may recover its costs by charging the person requesting the information the reasonable cost for preparing the data. The information may not be used for any purpose other than for notifying the homeowner of potential eligibility and assisting the homeowner, without charge, in preparing a refund claim.