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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 97

01/17/2019 Authored by Hertaus, Drazkowski, Anderson and Bennett
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; requiring a fractional homestead to be determined
1.3 based on the percentage of ownership specified in the county land records;
1.4 amending Minnesota Statutes 2018, sections 273.124, by adding a subdivision;
1.5 273.13, subdivision 35; 273.1384, subdivision 2.

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

1.7 Section 1. Minnesota Statutes 2018, section 273.124, is amended by adding a subdivision
1.8 to read:

1.9 Subd. 23. Fractional homesteads. In the case of property that is classified as part
1.10 homestead and part nonhomestead solely because not all the owners occupy or farm the
1.11 property, not all the owners have qualifying relatives occupying or farming the property,
1.12 or not all the spouses of owners occupy the property, the portions of property classified as
1.13 part homestead and part nonhomestead must correspond to the ownership percentages that
1.14 each owner has in the property, as determined by the land records in the county recorder's
1.15 office or registrar of titles. If the ownership percentages of each owner cannot be determined
1.16 by reference to the land records, the portions of property classified as part homestead and
1.17 part nonhomestead must correspond to the ownership percentages each owner would have
1.18 if they each owned an equal share of the property.

1.19 EFFECTIVE DATE. This section is effective for assessments beginning in 2019.

1.20 Sec. 2. Minnesota Statutes 2018, section 273.13, subdivision 35, is amended to read:

1.21 Subd. 35. Homestead market value exclusion. (a) Prior to determining a property's
1.22 net tax capacity under this section, property classified as class 1a or 1b under subdivision
1.23 22, and the portion of property classified as class 2a under subdivision 23 consisting of the

2.1 house, garage, and surrounding one acre of land, shall be eligible for a market value exclusion  
 2.2 as determined under paragraph (b).

2.3 (b) For a homestead valued at \$76,000 or less, the exclusion is 40 percent of market  
 2.4 value. For a homestead valued between \$76,000 and \$413,800, the exclusion is \$30,400  
 2.5 minus nine percent of the valuation over \$76,000. For a homestead valued at \$413,800 or  
 2.6 more, there is no valuation exclusion. The valuation exclusion shall be rounded to the nearest  
 2.7 whole dollar, and may not be less than zero.

2.8 (c) Any valuation exclusions or adjustments under section 273.11 shall be applied prior  
 2.9 to determining the amount of the valuation exclusion under this subdivision.

2.10 (d) In the case of a property that is classified as part homestead and part nonhomestead,  
 2.11 (i) the exclusion shall apply only to the homestead portion of the property, but (ii) if a portion  
 2.12 of a property is classified as nonhomestead solely because not all the owners occupy the  
 2.13 property, not all the owners have qualifying relatives occupying the property, or solely  
 2.14 because not all the spouses of owners occupy the property, the exclusion amount shall be  
 2.15 initially computed as if that nonhomestead portion were also in the homestead class and  
 2.16 then prorated to the owner-occupant's percentage of ownership, as determined by the land  
 2.17 records in the county recorder's office or registrar of titles. For the purpose of this section,  
 2.18 when an owner-occupant's spouse does not occupy the property, the percentage of ownership  
 2.19 for the owner-occupant spouse is one-half of the couple's ownership percentage.

2.20 **EFFECTIVE DATE.** This section is effective for taxes payable in 2020 and thereafter.

2.21 Sec. 3. Minnesota Statutes 2018, section 273.1384, subdivision 2, is amended to read:

2.22 Subd. 2. **Agricultural homestead market value credit.** Property classified as agricultural  
 2.23 homestead under section 273.13, subdivision 23, paragraph (a), is eligible for an agricultural  
 2.24 credit. The credit is computed using the property's agricultural credit market value, defined  
 2.25 for this purpose as the property's market value excluding the market value of the house,  
 2.26 garage, and immediately surrounding one acre of land. The credit is equal to 0.3 percent of  
 2.27 the first \$115,000 of the property's agricultural credit market value plus 0.1 percent of the  
 2.28 property's agricultural credit market value in excess of \$115,000, subject to a maximum  
 2.29 credit of \$490. In the case of property that is classified as part homestead and part  
 2.30 nonhomestead solely because not all the owners occupy or farm the property, not all the  
 2.31 owners have qualifying relatives occupying or farming the property, or solely because not  
 2.32 all the spouses of owners occupy the property, the credit is computed on the amount of  
 2.33 agricultural credit market value corresponding to the owner-occupant's percentage of  
 2.34 ~~homestead. the percentage of homestead is equal to 100 divided by the number of owners~~

3.1 ~~of the property, or, in the case of a trust, the number of grantors of the trust that owns the~~  
3.2 ~~property~~ ownership, as determined by the land records in the county recorder's office or  
3.3 registrar of titles.

3.4 **EFFECTIVE DATE.** This section is effective for taxes payable in 2020 and thereafter.