

SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION

S.F. No. 834

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Introduction and first reading
 Referred to Taxes
 See First Special Session 2021, HF9

OFFICIAL STATUS

- 1.1 A bill for an act
- 1.2 relating to taxation; property and local; homestead determination; amending
- 1.3 Minnesota Statutes 2020, section 273.124, subdivision 1.
- 1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.5 Section 1. Minnesota Statutes 2020, section 273.124, subdivision 1, is amended to read:
- 1.6 Subdivision 1. **General rule.** (a) Residential real estate that is occupied and used for
- 1.7 the purposes of a homestead by its owner, who must be a Minnesota resident, is a residential
- 1.8 homestead.
- 1.9 Agricultural land, as defined in section 273.13, subdivision 23, that is occupied and used
- 1.10 as a homestead by its owner, who must be a Minnesota resident, is an agricultural homestead.
- 1.11 Dates for establishment of a homestead and homestead treatment provided to particular
- 1.12 types of property are as provided in this section.
- 1.13 Property held by a trustee under a trust is eligible for homestead classification if the
- 1.14 requirements under this chapter are satisfied.
- 1.15 The assessor shall require proof, as provided in subdivision 13, of the facts upon which
- 1.16 classification as a homestead may be determined. Notwithstanding any other law, the assessor
- 1.17 may at any time require a homestead application to be filed in order to verify that any
- 1.18 property classified as a homestead continues to be eligible for homestead status.
- 1.19 Notwithstanding any other law to the contrary, the Department of Revenue may, upon
- 1.20 request from an assessor, verify whether an individual who is requesting or receiving
- 1.21 homestead classification has filed a Minnesota income tax return as a resident for the most
- 1.22 recent taxable year for which the information is available.

2.1 When there is a name change or a transfer of homestead property, the assessor may
2.2 reclassify the property in the next assessment unless a homestead application is filed to
2.3 verify that the property continues to qualify for homestead classification.

2.4 (b) For purposes of this section, homestead property shall include property which is used
2.5 for purposes of the homestead but is separated from the homestead by a road, street, lot,
2.6 waterway, or other similar intervening property. The term "used for purposes of the
2.7 homestead" shall include but not be limited to uses for gardens, garages, or other outbuildings
2.8 commonly associated with a homestead, but shall not include vacant land held primarily
2.9 for future development. In order to receive homestead treatment for the noncontiguous
2.10 property, the owner must use the property for the purposes of the homestead, and must apply
2.11 to the assessor, both by the deadlines given in subdivision 9. After initial qualification for
2.12 the homestead treatment, additional applications for subsequent years are not required.

2.13 (c) Residential real estate that is occupied and used for purposes of a homestead by a
2.14 relative of the owner is a homestead but only to the extent of the homestead treatment that
2.15 would be provided if the related owner occupied the property. For purposes of this paragraph
2.16 and paragraph (g), "relative" means a parent, stepparent, child, stepchild, grandparent,
2.17 grandchild, brother, sister, uncle, aunt, nephew, or niece. This relationship may be by blood
2.18 or marriage. Property that has been classified as seasonal residential recreational property
2.19 at any time during which it has been owned by the current owner or spouse of the current
2.20 owner will not be reclassified as a homestead unless it is occupied as a homestead by the
2.21 owner; this prohibition also applies to property that, in the absence of this paragraph, would
2.22 have been classified as seasonal residential recreational property at the time when the
2.23 residence was constructed. Neither the related occupant nor the owner of the property may
2.24 claim a property tax refund under chapter 290A for a homestead occupied by a relative. In
2.25 the case of a residence located on agricultural land, only the house, garage, and immediately
2.26 surrounding one acre of land shall be classified as a homestead under this paragraph, except
2.27 as provided in paragraph (d).

2.28 (d) Agricultural property that is occupied and used for purposes of a homestead by a
2.29 relative of the owner, is a homestead, only to the extent of the homestead treatment that
2.30 would be provided if the related owner occupied the property, and only if all of the following
2.31 criteria are met:

2.32 (1) the relative who is occupying the agricultural property is a grandchild, child, sibling,
2.33 ~~or parent, grandparent, stepparent, stepchild, uncle, aunt, nephew, or niece~~ of the owner of
2.34 the agricultural property or of the spouse of the owner;

3.1 (2) the owner of the agricultural property must be a Minnesota resident;

3.2 (3) the owner of the agricultural property must not receive homestead treatment on any
3.3 other agricultural property in Minnesota; and

3.4 (4) the owner of the agricultural property is limited to only one agricultural homestead
3.5 per family under this paragraph.

3.6 Neither the related occupant nor the owner of the property may claim a property tax
3.7 refund under chapter 290A for a homestead occupied by a relative qualifying under this
3.8 paragraph. For purposes of this paragraph, "agricultural property" means the house, garage,
3.9 other farm buildings and structures, and agricultural land.

3.10 Application must be made to the assessor by the owner of the agricultural property to
3.11 receive homestead benefits under this paragraph. The assessor may require the necessary
3.12 proof that the requirements under this paragraph have been met.

3.13 (e) In the case of property owned by a property owner who is married, the assessor must
3.14 not deny homestead treatment in whole or in part if only one of the spouses occupies the
3.15 property and the other spouse is absent due to: (1) marriage dissolution proceedings, (2)
3.16 legal separation, (3) employment or self-employment in another location, or (4) other
3.17 personal circumstances causing the spouses to live separately, not including an intent to
3.18 obtain two homestead classifications for property tax purposes. To qualify under clause (3),
3.19 the spouse's place of employment or self-employment must be at least 50 miles distant from
3.20 the other spouse's place of employment, and the homesteads must be at least 50 miles distant
3.21 from each other.

3.22 (f) The assessor must not deny homestead treatment in whole or in part if:

3.23 (1) in the case of a property owner who is not married, the owner is absent due to
3.24 residence in a nursing home, boarding care facility, or an elderly assisted living facility
3.25 property as defined in section 273.13, subdivision 25a, and the property is not otherwise
3.26 occupied; or

3.27 (2) in the case of a property owner who is married, the owner or the owner's spouse or
3.28 both are absent due to residence in a nursing home, boarding care facility, or an elderly
3.29 assisted living facility property as defined in section 273.13, subdivision 25a, and the property
3.30 is not occupied or is occupied only by the owner's spouse.

3.31 (g) If an individual is purchasing property with the intent of claiming it as a homestead
3.32 and is required by the terms of the financing agreement to have a relative shown on the deed
3.33 as a co-owner, the assessor shall allow a full homestead classification. This provision only

4.1 applies to first-time purchasers, whether married or single, or to a person who had previously
4.2 been married and is purchasing as a single individual for the first time. The application for
4.3 homestead benefits must be on a form prescribed by the commissioner and must contain
4.4 the data necessary for the assessor to determine if full homestead benefits are warranted.

4.5 (h) If residential or agricultural real estate is occupied and used for purposes of a
4.6 homestead by a child of a deceased owner and the property is subject to jurisdiction of
4.7 probate court, the child shall receive relative homestead classification under paragraph (c)
4.8 or (d) to the same extent they would be entitled to it if the owner was still living, until the
4.9 probate is completed. For purposes of this paragraph, "child" includes a relationship by
4.10 blood or by marriage.

4.11 (i) If a single-family home, duplex, or triplex classified as either residential homestead
4.12 or agricultural homestead is also used to provide licensed child care, the portion of the
4.13 property used for licensed child care must be classified as a part of the homestead property.

4.14 **EFFECTIVE DATE.** This section is effective beginning with property taxes payable
4.15 in 2022.