

A bill for an act

relating to taxation; providing for the continuation of the disabled veteran's market valuation exclusion under certain conditions; amending Minnesota Statutes 2008, section 273.13, subdivision 34.

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

Section 1. Minnesota Statutes 2008, section 273.13, subdivision 34, is amended to read:

Subd. 34. **Homestead of disabled veteran.** (a) All or a portion of the market value of property owned by a veteran or by the veteran and the veteran's spouse qualifying for homestead classification under subdivision 22 or 23 is excluded in determining the property's taxable market value if it serves as the homestead of a military veteran, as defined in section 197.447, who has a service-connected disability of 70 percent or more. To qualify for exclusion under this subdivision, the veteran must have been honorably discharged from the United States armed forces, as indicated by United States Government Form DD214 or other official military discharge papers, and must be certified by the United States Veterans Administration as having a service-connected disability.

(b)(1) For a disability rating of 70 percent or more, \$150,000 of market value is excluded, except as provided in clause (2); and

(2) for a total (100 percent) and permanent disability, \$300,000 of market value is excluded.

(c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the spouse holds the legal or beneficial title to the homestead and permanently resides there, the exclusion shall carry over to the benefit of the veteran's spouse for one additional

assessment year or until such time as the spouse sells, transfers, or otherwise disposes of the property, whichever comes first.

(d) In the case of an agricultural homestead, only the portion of the property consisting of the house and garage and immediately surrounding one acre of land qualifies for the valuation exclusion under this subdivision.

(e) A property qualifying for a valuation exclusion under this subdivision is not eligible for the credit under section 273.1384, subdivision 1, or classification under subdivision 22, paragraph (b).

(f) To qualify for a valuation exclusion under this subdivision a property owner must apply to the assessor by July 1 of each assessment year, except that an annual reapplication is not required once a property has been accepted for a valuation exclusion under paragraph (b), clause (2), and the property continues to qualify until there is a change in ownership.

(g) Property that was subject to market valuation exclusion under this section for taxes payable in 2009 shall continue to receive the market value exclusion for taxes payable in 2011 and subsequent years on the same land and buildings as it received in taxes payable in 2009, up to the maximum allowable exclusion, regardless of the property's classification, provided that the property: (1) was not reclassified due to a change in use or ownership of the property; and (2) continues to meet the other qualification criteria.

EFFECTIVE DATE. This section is effective for taxes payable in 2011 and subsequent years.