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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FOURTH SESSION

H. F. No. 1756

03/03/2025 Authored by Norris, Rehrauer, Curran, Freiberg, Stephenson and others
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 taxes; property taxes; modifying the market value exclusion for veterans
1.3 with a disability; increasing the exclusion amounts annually with inflation;
1.4 modifying the benefit for surviving spouses; amending Minnesota Statutes 2024,
1.5 section 273.13, subdivision 34.

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

1.7 Section 1. Minnesota Statutes 2024, section 273.13, subdivision 34, is amended to read:

1.8 Subd. 34. Homestead of veteran with a disability or family caregiver. (a) All or a
1.9 portion of the market value of property owned by a veteran and serving as the veteran's
1.10 homestead under this section is excluded in determining the property's taxable market value
1.11 if the veteran has a service-connected disability of 70 percent or more as certified by the
1.12 United States Department of Veterans Affairs. ~~To qualify for exclusion under this subdivision,~~
1.13 ~~the veteran must have been honorably discharged from the United States armed forces, as~~
1.14 ~~indicated by United States Government Form DD214 or other official military discharge~~
1.15 ~~papers.~~

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

1.18 (2) for a total (100 percent) and permanent disability, ~~\$300,000~~ the amount of market
1.19 value ~~is excluded~~ is two times the exclusion base amount.

1.20 For the purposes of this paragraph, the exclusion base amount for assessment year 2026 is
1.21 \$200,000. For assessment year 2027 and thereafter, the exclusion base amount is adjusted
1.22 annually by multiplying the exclusion base amount for the prior assessment year by the sum
1.23 of one plus the percentage increase, if any, in the implicit price deflator for government

2.1 consumption expenditures and gross investment for state and local governments prepared
2.2 by the Bureau of Economic Analysis of the United States Department of Commerce for the
2.3 12-month period ending March 31 of the prior assessment year.

2.4 (c) If a veteran with a disability qualifying for a valuation exclusion under paragraph
2.5 (b), clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the
2.6 spouse holds the legal or beneficial title to the homestead and permanently resides there,
2.7 the exclusion shall carry over to the benefit of the veteran's spouse until such time as the
2.8 spouse ~~remarries, or~~ sells, transfers, or otherwise disposes of the property, except as otherwise
2.9 provided in paragraph (n). Qualification under this paragraph requires an application under
2.10 paragraph (h), and a spouse must notify the assessor if there is a change in the ~~spouse's~~
2.11 ~~marital status,~~ ownership of the property, or use of the property as a permanent residence.

2.12 (d) If the spouse of a member of any branch or unit of the United States armed forces
2.13 who dies due to a service-connected cause while serving honorably in active service, as
2.14 indicated on United States Government Form DD1300 or DD2064, holds the legal or
2.15 beneficial title to a homestead and permanently resides there, the spouse is entitled to the
2.16 benefit described in paragraph (b), clause (2), until such time as the spouse ~~remarries or~~
2.17 sells, transfers, or otherwise disposes of the property, except as otherwise provided in
2.18 paragraph (n). If the death of the service member occurred while the service member and
2.19 the spouse lived outside of Minnesota, the surviving spouse is eligible for the exclusion
2.20 pursuant to this paragraph. The exclusion may be applied to the surviving spouse's homestead
2.21 at the time of initial application, until such time as the spouse sells, transfers, or otherwise
2.22 disposes of the property, except as otherwise provided in paragraph (n).

2.23 (e) If a veteran meets the disability criteria of paragraph (a) but does not own property
2.24 classified as homestead in the state of Minnesota, then the homestead of the veteran's primary
2.25 family caregiver, if any, is eligible for the exclusion that the veteran would otherwise qualify
2.26 for under paragraph (b).

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

2.30 (g) A property qualifying for a valuation exclusion under this subdivision is not eligible
2.31 for the market value exclusion under subdivision 35, or classification under subdivision 22,
2.32 paragraph (b).

2.33 (h) To qualify for a valuation exclusion under this subdivision a property owner must
2.34 apply to the assessor by December 31 of the first assessment year for which the exclusion

3.1 is sought. Except as provided in paragraph (c), the owner of a property that has been accepted
 3.2 for a valuation exclusion must notify the assessor if there is a change in ownership of the
 3.3 property or in the use of the property as a homestead.

3.4 (i) A first-time application by a qualifying spouse for the market value exclusion under
 3.5 paragraph (d) ~~must be made any time within two years of~~ may be filed any time after the
 3.6 death of the service member. A qualifying spouse whose application was previously denied
 3.7 may reapply pursuant to this paragraph for the exclusion to begin in the current assessment
 3.8 year.

3.9 (j) For purposes of this subdivision:

3.10 (1) "active service" has the meaning given in section 190.05;

3.11 (2) "own" means that the person's name is present as an owner on the property deed;

3.12 (3) "primary family caregiver" means a person who is approved by the secretary of the
 3.13 United States Department of Veterans Affairs for assistance as the primary provider of
 3.14 personal care services for an eligible veteran under the Program of Comprehensive Assistance
 3.15 for Family Caregivers, codified as United States Code, title 38, section 1720G; and

3.16 (4) "veteran" ~~has the meaning given the term in~~ means a person defined under section
 3.17 197.447 or a service member who has not been discharged.

3.18 (k) If a veteran did not apply for or receive the exclusion under paragraph (b), clause
 3.19 (2), before dying, or the exclusion under paragraph (b), clause (2), did not exist at the time
 3.20 of the veterans death, the veteran's spouse is entitled to the benefit under paragraph (b),
 3.21 clause (2), until the spouse ~~remarries or~~ sells, transfers, or otherwise disposes of the property,
 3.22 except as otherwise provided in paragraph (n), if:

3.23 (1) the spouse files a first-time application;

3.24 (2) upon the death of the veteran, the spouse holds the legal or beneficial title to the
 3.25 homestead and permanently resides there; and

3.26 ~~(3) the veteran met the honorable discharge requirements of paragraph (a); and~~

3.27 ~~(4)~~ (3) the United States Department of Veterans Affairs certifies that:

3.28 (i) the veteran met the total (100 percent) and permanent disability requirement under
 3.29 paragraph (b), clause (2); or

3.30 (ii) the spouse has been awarded dependency and indemnity compensation.

4.1 (l) The purpose of this provision of law providing a level of homestead property tax
 4.2 relief for veterans with a disability, their primary family caregivers, and their surviving
 4.3 spouses is to help ease the burdens of war for those among our state's citizens who bear
 4.4 those burdens most heavily.

4.5 (m) By July 1, the county veterans service officer must certify the disability rating and
 4.6 permanent address of each veteran receiving the benefit under paragraph (b) to the assessor.

4.7 (n) A spouse who received the benefit in paragraph (c), (d), or (k) but no longer holds
 4.8 the legal or beneficial title to the property may continue to receive the exclusion for a
 4.9 property other than the property for which the exclusion was initially granted until the spouse
 4.10 ~~remarries or~~ sells, transfers, or otherwise disposes of the property, provided that:

4.11 (1) the spouse applies under paragraph (h) for the continuation of the exclusion allowed
 4.12 under this paragraph;

4.13 (2) the spouse holds the legal or beneficial title to the property for which the continuation
 4.14 of the exclusion is sought under this paragraph, and permanently resides there; and

4.15 ~~(3) the estimated market value of the property for which the exclusion is sought under~~
 4.16 ~~this paragraph is less than or equal to the estimated market value of the property that first~~
 4.17 ~~received the exclusion, based on the value of each property on the date of the sale of the~~
 4.18 ~~property that first received the exclusion; and~~

4.19 ~~(4)~~ (3) the spouse has not previously received the benefit under this paragraph for a
 4.20 property other than the property for which the exclusion is sought.

4.21 (o) If a spouse had previously received the exclusion under paragraph (c) or (d) and the
 4.22 exclusion expired prior to taxes payable in 2020, the spouse may reapply under this section
 4.23 for the exclusion under paragraph (c) or (d).

4.24 **EFFECTIVE DATE.** This section is effective for assessment year 2026 and thereafter.