A bill for an act
relating to property taxation; providing a valuation exclusion for homesteads of certain disabled military veterans; amending Minnesota Statutes 2006, section 273.13, by adding a subdivision.

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

Section 1. Minnesota Statutes 2006, section 273.13, is amended by adding a subdivision to read:

Subd. 34. **Homestead of disabled veteran.** (a) All or a portion of the market value of property 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 50 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 at least 50 percent but less than 70 percent, $100,000 of market value is excluded;

(2) for a disability rating of 70 percent or more, $140,000 of market value is excluded, except as provided in clause (3); and

(3) for a total (100 percent) and permanent disability, $200,000 of market value is excluded.

(c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b), clause (3), 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 until such time as the spouse sells or otherwise disposes of the property.

(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) 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 (3), and the property continues to qualify until there is a change in ownership.

EFFECTIVE DATE. This section is effective for assessment year 2007 and thereafter, for taxes payable in 2008 and thereafter.