A bill for an act

relating to taxation; property; residential market homestead credit; amending Minnesota Statutes 2008, section 273.1384, subdivision 1.

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

Section 1. Minnesota Statutes 2008, section 273.1384, subdivision 1, is amended to read:

Subdivision 1. **Residential homestead market value credit.** Each county auditor shall determine a homestead credit for each class 1a, 1b, and 2a homestead property within the county equal to ~~0.4~~ .35 percent of the first ~~$76,000~~ $80,000 of market value of the property minus ~~.09~~ 0.1 percent of the market value in excess of ~~$76,000~~ $80,000. The credit amount may not be less than zero. In the case of an agricultural or resort homestead, only the market value of the house, garage, and immediately surrounding one acre of land is eligible in determining the property's homestead credit. In the case of a property that is classified as part homestead and part nonhomestead, (i) the credit shall apply only to the homestead portion of the property, but (ii) if a portion of a property is classified as nonhomestead solely because not all the owners occupy the property, not all the owners have qualifying relatives occupying the property, or solely because not all the spouses of owners occupy the property, the credit amount shall be initially computed as if that nonhomestead portion were also in the homestead class and then prorated to the owner-occupant's percentage of ownership. For the purpose of this section, when an owner-occupant's spouse does not occupy the property, the percentage of ownership for the owner-occupant spouse is one-half of the couple's ownership percentage.

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