

SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION

S.F. No. 27

(SENATE AUTHORS: HOWE, Lang, Duckworth, Draheim and Hoffman)

DATE
01/11/2021

D-PG
77

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; modifying certain homestead-related deadlines;
- 1.3 amending Minnesota Statutes 2020, sections 273.124, subdivisions 9, 13; 273.13,
- 1.4 subdivision 34.
- 1.5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.6 Section 1. Minnesota Statutes 2020, section 273.124, subdivision 9, is amended to read:
- 1.7 Subd. 9. **Homestead established after assessment date.** Any property that was not
- 1.8 used for the purpose of a homestead on the assessment date, but which was used for the
- 1.9 purpose of a homestead on December ~~1~~ 31 of a year, constitutes class 1 or class 2a.
- 1.10 Any taxpayer meeting the requirements of this subdivision must notify the county
- 1.11 assessor, or the assessor who has the powers of the county assessor under section 273.063,
- 1.12 in writing, by December ~~15~~ 31 of the year of occupancy in order to qualify under this
- 1.13 subdivision. The assessor must not deny full homestead treatment to a property that is
- 1.14 partially homesteaded on January 2 but occupied for the purpose of a full homestead on
- 1.15 December ~~1~~ 31 of a year.
- 1.16 The county assessor and the county auditor may make the necessary changes on their
- 1.17 assessment and tax records to provide for proper homestead classification as provided in
- 1.18 this subdivision.
- 1.19 If homestead classification has not been requested as of December ~~15~~ 31, the assessor
- 1.20 will classify the property as nonhomestead for the current assessment year for taxes payable
- 1.21 in the following year, provided that the owner of any property qualifying under this
- 1.22 subdivision, which has not been accorded the benefits of this subdivision, may be entitled
- 1.23 to receive homestead classification by proper application as provided in section 375.192.

The county assessor may publish in a newspaper of general circulation within the county a notice requesting the public to file an application for homestead as soon as practicable after acquisition of a homestead, but no later than December ~~15~~ 31.

The county assessor shall publish in a newspaper of general circulation within the county no later than December 1 of each year a notice informing the public of the requirement to file an application for homestead by December ~~15~~ 31.

In the case of manufactured homes assessed as personal property, the homestead must be established, and a homestead classification requested, by May 29 of the assessment year. The assessor may include information on these deadlines for manufactured homes assessed as personal property in the published notice or notices.

EFFECTIVE DATE. This section is effective beginning with assessments in 2021.

Sec. 2. Minnesota Statutes 2020, section 273.124, subdivision 13, is amended to read:

Subd. 13. **Homestead application.** (a) A person who meets the homestead requirements under subdivision 1 must file a homestead application with the county assessor to initially obtain homestead classification.

(b) The commissioner shall prescribe the content, format, and manner of the homestead application required to be filed under this chapter pursuant to section 270C.30. The application must clearly inform the taxpayer that this application must be signed by all owners who occupy the property or by the qualifying relative and returned to the county assessor in order for the property to receive homestead treatment.

(c) Every property owner applying for homestead classification must furnish to the county assessor the Social Security number of each occupant who is listed as an owner of the property on the deed of record, the name and address of each owner who does not occupy the property, and the name and Social Security number of the spouse of each occupying owner. The application must be signed by each owner who occupies the property and by each owner's spouse who occupies the property, or, in the case of property that qualifies as a homestead under subdivision 1, paragraph (c), by the qualifying relative.

If a property owner occupies a homestead, the property owner's spouse may not claim another property as a homestead unless the property owner and the property owner's spouse file with the assessor an affidavit or other proof required by the assessor stating that the property qualifies as a homestead under subdivision 1, paragraph (e).

Owners or spouses occupying residences owned by their spouses and previously occupied with the other spouse, either of whom fail to include the other spouse's name and Social

Security number on the homestead application or provide the affidavits or other proof requested, will be deemed to have elected to receive only partial homestead treatment of their residence. The remainder of the residence will be classified as nonhomestead residential. When an owner or spouse's name and Social Security number appear on homestead applications for two separate residences and only one application is signed, the owner or spouse will be deemed to have elected to homestead the residence for which the application was signed.

(d) If residential real estate is occupied and used for purposes of a homestead by a relative of the owner and qualifies for a homestead under subdivision 1, paragraph (c), in order for the property to receive homestead status, a homestead application must be filed with the assessor. The Social Security number of each relative occupying the property and the name and Social Security number of the spouse of a relative occupying the property shall be required on the homestead application filed under this subdivision. If a different relative of the owner subsequently occupies the property, the owner of the property must notify the assessor within 30 days of the change in occupancy. The Social Security number of a relative occupying the property or the spouse of a relative occupying the property is private data on individuals as defined by section 13.02, subdivision 12, but may be disclosed to the commissioner of revenue, or, for the purposes of proceeding under the Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.

(e) The homestead application shall also notify the property owners that if the property is granted homestead status for any assessment year, that same property shall remain classified as homestead until the property is sold or transferred to another person, or the owners, the spouse of the owner, or the relatives no longer use the property as their homestead. Upon the sale or transfer of the homestead property, a certificate of value must be timely filed with the county auditor as provided under section 272.115. Failure to notify the assessor within 30 days that the property has been sold, transferred, or that the owner, the spouse of the owner, or the relative is no longer occupying the property as a homestead, shall result in the penalty provided under this subdivision and the property will lose its current homestead status.

(f) If a homestead application has not been filed with the county by December ~~15~~ 31, the assessor shall classify the property as nonhomestead for the current assessment year for taxes payable in the following year, provided that the owner may be entitled to receive the homestead classification by proper application under section 375.192.

EFFECTIVE DATE. This section is effective beginning with assessments in 2021.

4.1 Sec. 3. Minnesota Statutes 2020, section 273.13, subdivision 34, is amended to read:

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

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

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

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

4.22 (d) If the spouse of a member of any branch or unit of the United States armed forces
4.23 who dies due to a service-connected cause while serving honorably in active service, as
4.24 indicated on United States Government Form DD1300 or DD2064, holds the legal or
4.25 beneficial title to a homestead and permanently resides there, the spouse is entitled to the
4.26 benefit described in paragraph (b), clause (2), until such time as the spouse remarries or
4.27 sells, transfers, or otherwise disposes of the property, except as otherwise provided in
4.28 paragraph (n).

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

(f) 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.

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

(h) To qualify for a valuation exclusion under this subdivision a property owner must apply to the assessor by December ~~15~~ 31 of the first assessment year for which the exclusion is sought. For an application received after December ~~15~~ 31, the exclusion shall become effective for the following assessment year. Except as provided in paragraph (c), the owner of a property that has been accepted for a valuation exclusion must notify the assessor if there is a change in ownership of the property or in the use of the property as a homestead.

(i) A first-time application by a qualifying spouse for the market value exclusion under paragraph (d) must be made any time within two years of the death of the service member.

(j) For purposes of this subdivision:

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

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

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

(4) "veteran" has the meaning given the term in section 197.447.

(k) If a veteran dying after December 31, 2011, did not apply for or receive the exclusion under paragraph (b), clause (2), before dying, the veteran's spouse is entitled to the benefit under paragraph (b), clause (2), until the spouse remarries or sells, transfers, or otherwise disposes of the property, except as otherwise provided in paragraph (n), if:

(1) the spouse files a first-time application within two years of the death of the service member or by June 1, 2019, whichever is later;

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

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

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

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

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

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

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

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

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

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

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

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

EFFECTIVE DATE. This section is effective beginning with assessments in 2021.