

SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION

S.F. No. 1278

(SENATE AUTHORS: COLEMAN and Eichorn)

DATE
02/06/2023

D-PG
672 Introduction and first reading
Referred to Taxes
See HF1938

OFFICIAL STATUS

- 1.1 A bill for an act
- 1.2 relating to taxation; property; modifying the homestead market value exclusion;
- 1.3 amending Minnesota Statutes 2022, section 273.13, subdivision 35.
- 1.4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:
- 1.5 Section 1. Minnesota Statutes 2022, section 273.13, subdivision 35, is amended to read:
- 1.6 Subd. 35. **Homestead market value exclusion.** (a) Prior to determining a property's
- 1.7 net tax capacity under this section, property classified as class 1a or 1b under subdivision
- 1.8 22, and the portion of property classified as class 2a under subdivision 23 consisting of the
- 1.9 house, garage, and surrounding one acre of land, shall be eligible for a market value exclusion
- 1.10 as determined under paragraph (b).
- 1.11 (b) For a homestead valued at ~~\$76,000~~ \$95,000 or less, the exclusion is 40 percent of
- 1.12 market value. For a homestead valued between ~~\$76,000~~ \$95,000 and ~~\$413,800~~ \$517,200,
- 1.13 the exclusion is ~~\$30,400~~ \$38,000 minus nine percent of the valuation over ~~\$76,000~~ \$95,000.
- 1.14 For a homestead valued at ~~\$413,800~~ \$517,200 or more, there is no valuation exclusion. The
- 1.15 valuation exclusion shall be rounded to the nearest whole dollar, and may not be less than
- 1.16 zero.
- 1.17 (c) Any valuation exclusions or adjustments under section 273.11 shall be applied prior
- 1.18 to determining the amount of the valuation exclusion under this subdivision.
- 1.19 (d) In the case of a property that is classified as part homestead and part nonhomestead,
- 1.20 (i) the exclusion shall apply only to the homestead portion of the property, but (ii) if a portion
- 1.21 of a property is classified as nonhomestead solely because not all the owners occupy the
- 1.22 property, not all the owners have qualifying relatives occupying the property, or solely

2.1 because not all the spouses of owners occupy the property, the exclusion amount shall be
2.2 initially computed as if that nonhomestead portion were also in the homestead class and
2.3 then prorated to the owner-occupant's percentage of ownership. For the purpose of this
2.4 section, when an owner-occupant's spouse does not occupy the property, the percentage of
2.5 ownership for the owner-occupant spouse is one-half of the couple's ownership percentage.

2.6 **EFFECTIVE DATE.** This section is effective for assessment year 2024 and thereafter.