

**SENATE
STATE OF MINNESOTA
NINETY-SECOND SESSION**

S.F. No. 4558

(SENATE AUTHORS: EICHORN, Bakk, Tomassoni, Chamberlain and Abeler)
DATE 04/29/2022 D-PG 7718 OFFICIAL STATUS Introduction and first reading Referred to Taxes

1.1 A bill for an act
1.2 relating to taxation; property; modifying the valuation limits for the homestead
1.3 market value exclusion; establishing levy limits; amending Minnesota Statutes
1.4 2020, section 273.13, subdivision 35.

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

1.6 Section 1. Minnesota Statutes 2020, section 273.13, subdivision 35, is amended to read:

1.7 Subd. 35. **Homestead market value exclusion.** (a) Prior to determining a property's
1.8 net tax capacity under this section, property classified as class 1a or 1b under subdivision
1.9 22, and the portion of property classified as class 2a under subdivision 23 consisting of the
1.10 house, garage, and surrounding one acre of land, shall be eligible for a market value exclusion
1.11 as determined under paragraph (b) or (c).

1.12 (b) For assessment year 2022 and assessment year 2025 and thereafter, the exclusion
1.13 under this subdivision shall be determined under this paragraph. For a homestead valued at
1.14 \$76,000 or less, the exclusion is 40 percent of market value. For a homestead valued between
1.15 \$76,000 and \$413,800, the exclusion is \$30,400 minus nine percent of the valuation over
1.16 \$76,000. For a homestead valued at \$413,800 or more, there is no valuation exclusion. The
1.17 valuation exclusion shall be rounded to the nearest whole dollar, and may not be less than
1.18 zero.

1.19 (c) For assessment years 2023 and 2024, the exclusion under this subdivision shall be
1.20 determined under this paragraph. For a homestead valued at \$107,450 or less, the exclusion
1.21 is 40 percent of market value. For a homestead valued between \$107,450 and \$585,000,
1.22 the exclusion is \$42,980 minus nine percent of the valuation over \$107,450. For a homestead

2.1 valued at \$585,000 or more, there is no valuation exclusion. The valuation exclusion shall
 2.2 be rounded to the nearest whole dollar and may not be less than zero.

2.3 (d) Any valuation exclusions or adjustments under section 273.11 shall be applied prior
 2.4 to determining the amount of the valuation exclusion under this subdivision.

2.5 ~~(d)~~ (e) In the case of a property that is classified as part homestead and part nonhomestead,
 2.6 (i) the exclusion shall apply only to the homestead portion of the property, but (ii) if a portion
 2.7 of a property is classified as nonhomestead solely because not all the owners occupy the
 2.8 property, not all the owners have qualifying relatives occupying the property, or solely
 2.9 because not all the spouses of owners occupy the property, the exclusion amount shall be
 2.10 initially computed as if that nonhomestead portion were also in the homestead class and
 2.11 then prorated to the owner-occupant's percentage of ownership. For the purpose of this
 2.12 section, when an owner-occupant's spouse does not occupy the property, the percentage of
 2.13 ownership for the owner-occupant spouse is one-half of the couple's ownership percentage.

2.14 **EFFECTIVE DATE.** This section is effective beginning with assessment year 2023
 2.15 and thereafter.

2.16 Sec. 2. **PROPERTY TAX REFUNDS; TEMPORARY INCREASE.**

2.17 Subdivision 1. **Temporary increase in refund amounts.** Notwithstanding any law to
 2.18 the contrary, for refunds based on property taxes payable in 2023 and 2024, the amount of
 2.19 a claimant's property tax refund under Minnesota Statutes, section 290A.04, subdivisions
 2.20 2 and 2h, is increased as provided in this section.

2.21 Subd. 2. **Homestead credit state refund.** (a) The amount of a taxpayer's homestead
 2.22 credit state refund under Minnesota Statutes, section 290A.04, subdivision 2, must be
 2.23 calculated with the following modifications to the credit formula:

2.24 (1) the maximum state refund amount, after the adjustment for inflation under Minnesota
 2.25 Statutes, section 290A.04, subdivision 4, is increased by \$500; and

2.26 (2) the percent paid by a claimant is reduced by five percentage points.

2.27 (b) A claimant with household income in excess of \$126,290, but not more than \$155,000,
 2.28 is eligible for a refund. The parameters used to calculate the refund are as follows:

2.29 (1) for a claimant with household income in excess of \$126,290, but not more than
 2.30 \$135,000, the following parameters apply:

2.31 (i) the percent of income is 2.6 percent;

2.32 (ii) the percent paid by a claimant is 50 percent; and

3.1 (iii) the maximum state refund is \$850;

3.2 (2) for a claimant with household income in excess of \$135,000, but not more than
3.3 \$145,000, the following parameters apply:

3.4 (i) the percent of income is 2.7 percent;

3.5 (ii) the percent paid by a claimant is 50 percent; and

3.6 (iii) the maximum state refund is \$600; and

3.7 (3) for a claimant with household income in excess of \$145,000 but not more than
3.8 \$155,000, the following parameters apply:

3.9 (i) the percent of income is 2.8 percent;

3.10 (ii) the percent paid by a claimant is 50 percent; and

3.11 (iii) the maximum state refund is \$350.

3.12 Subd. 3. **Additional refund.** The amount of a taxpayer's additional refund under
3.13 Minnesota Statutes, section 290A.04, subdivision 2h, must be calculated by:

3.14 (1) substituting "ten percent" for "12 percent" in the credit formula; and

3.15 (2) substituting "\$2,000" for "\$1,000" for the maximum refund allowed.

3.16 Subd. 4. **Sunset.** This section expires for refunds based on property taxes payable in
3.17 2025 and later.

3.18 **EFFECTIVE DATE.** This section is effective for refunds based on property taxes
3.19 payable in 2023 and 2024.