

State of Minnesota
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 827

02/21/2013 Authored by Lenczewski

The bill was read for the first time and referred to the Committee on Civil Law

1.1 A bill for an act
1.2 relating to taxes; making technical and clarifying changes to data practices
1.3 provisions related to the administration of property taxes; amending Minnesota
1.4 Statutes 2012, sections 13.4965, subdivision 3; 273.124, subdivision 13;
1.5 273.1315, subdivisions 1, 2; 290A.25; proposing coding for new law in
1.6 Minnesota Statutes, chapter 273.

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

1.8 Section 1. Minnesota Statutes 2012, section 13.4965, subdivision 3, is amended to read:

1.9 Subd. 3. **Homestead and other applications.** The classification and disclosure of
1.10 certain information collected to determine eligibility of property for a homestead or other
1.11 classification or benefit under section 273.13 are governed by ~~section~~ sections 273.124,
1.12 ~~subdivision~~ subdivisions 13, 13a, 13b, 13c, and 13d; 273.1245; and 273.1315.

1.13 **EFFECTIVE DATE.** This section is effective the day following final enactment.

1.14 Sec. 2. Minnesota Statutes 2012, section 273.124, subdivision 13, is amended to read:

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

1.18 (b) The format and contents of a uniform homestead application shall be prescribed
1.19 by the commissioner of revenue. The application must clearly inform the taxpayer that
1.20 this application must be signed by all owners who occupy the property or by the qualifying
1.21 relative and returned to the county assessor in order for the property to receive homestead
1.22 treatment.

1.23 (c) Every property owner applying for homestead classification must furnish to the
1.24 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 each owner's spouse who occupies the property. 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.

~~The Social Security numbers, state or federal tax returns or tax return information, including the federal income tax schedule F required by this section, or affidavits or other proofs of the property owners and spouses submitted under this or another section to support a claim for a property tax homestead classification are private data on individuals as defined by section 13.02, subdivision 12, but, notwithstanding that section, the private data may be disclosed to the commissioner of revenue, or, for purposes of proceeding under the Revenue Recapture Act to recover personal property taxes owing, to the county treasurer.~~

(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 and 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 or relative's spouse 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 the application filed under this section will not be mailed annually and 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 the homestead application is not returned within 30 days, the county will send a second application to the present owners of record. The notice of proposed property taxes prepared under section 275.065, subdivision 3, shall reflect the property's classification. If a homestead application has not been filed with the county by December 15, 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.~~

Subd. 13a. **Occupant list.** ~~(g)~~ At the request of the commissioner, each county must give the commissioner a list that includes the name and Social Security number of each occupant of homestead property who is the property owner, property owner's spouse, qualifying relative of a property owner, or a spouse of a qualifying relative. The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

Subd. 13b. **Improper homestead.** ~~(h)~~ (a) If the commissioner finds that a property owner may be claiming a fraudulent homestead, the commissioner shall notify the appropriate counties. Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was properly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that had been improperly allowed. For the purpose of this section subdivision, "homestead benefits" means the tax reduction resulting from the classification as a homestead under section 273.13, the taconite homestead credit under section 273.135, the residential homestead and agricultural homestead credits under section 273.1384, and the supplemental homestead credit under section 273.1391.

4.1 The county auditor shall send a notice to the person who owned the affected property
4.2 at the time the homestead application related to the improper homestead was filed,
4.3 demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent
4.4 of the homestead benefits. The person notified may appeal the county's determination
4.5 by serving copies of a petition for review with county officials as provided in section
4.6 278.01 and filing proof of service as provided in section 278.01 with the Minnesota Tax
4.7 Court within 60 days of the date of the notice from the county. Procedurally, the appeal
4.8 is governed by the provisions in chapter 271 which apply to the appeal of a property tax
4.9 assessment or levy, but without requiring any prepayment of the amount in controversy. If
4.10 the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal
4.11 has been filed, the county auditor shall certify the amount of taxes and penalty to the county
4.12 treasurer. The county treasurer will add interest to the unpaid homestead benefits and
4.13 penalty amounts at the rate provided in section 279.03 for real property taxes becoming
4.14 delinquent in the calendar year during which the amount remains unpaid. Interest may be
4.15 assessed for the period beginning 60 days after demand for payment was made.

4.16 If the person notified is the current owner of the property, the treasurer may add the
4.17 total amount of homestead benefits, penalty, interest, and costs to the ad valorem taxes
4.18 otherwise payable on the property by including the amounts on the property tax statements
4.19 under section 276.04, subdivision 3. The amounts added under this paragraph to the ad
4.20 valorem taxes shall include interest accrued through December 31 of the year preceding
4.21 the taxes payable year for which the amounts are first added. These amounts, when added
4.22 to the property tax statement, become subject to all the laws for the enforcement of real or
4.23 personal property taxes for that year, and for any subsequent year.

4.24 If the person notified is not the current owner of the property, the treasurer may
4.25 collect the amounts due under the Revenue Recapture Act in chapter 270A, or use any of
4.26 the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment
4.27 of the homestead benefits, penalty, interest, and costs, as if those amounts were delinquent
4.28 tax obligations of the person who owned the property at the time the application related to
4.29 the improperly allowed homestead was filed. The treasurer may relieve a prior owner of
4.30 personal liability for the homestead benefits, penalty, interest, and costs, and instead extend
4.31 those amounts on the tax lists against the property as provided in this paragraph to the extent
4.32 that the current owner agrees in writing. On all demands, billings, property tax statements,
4.33 and related correspondence, the county must list and state separately the amounts of
4.34 homestead benefits, penalty, interest and costs being demanded, billed or assessed.

4.35 ~~(i)~~ (b) Any amount of homestead benefits recovered by the county from the property
4.36 owner shall be distributed to the county, city or town, and school district where the

property is located in the same proportion that each taxing district's levy was to the total of the three taxing districts' levy for the current year. Any amount recovered attributable to taconite homestead credit shall be transmitted to the St. Louis County auditor to be deposited in the taconite property tax relief account. Any amount recovered that is attributable to supplemental homestead credit is to be transmitted to the commissioner of revenue for deposit in the general fund of the state treasury. The total amount of penalty collected must be deposited in the county general fund.

(j) (c) If a property owner has applied for more than one homestead and the county assessors cannot determine which property should be classified as homestead, the county assessors will refer the information to the commissioner. The commissioner shall make the determination and notify the counties within 60 days.

Subd. 13c. **Property lists.** ~~(k)~~ In addition to lists of homestead properties, the commissioner may ask the counties to furnish lists of all properties and the record owners. The Social Security numbers and federal identification numbers that are maintained by a county or city assessor for property tax administration purposes, and that may appear on the lists retain their classification as private or nonpublic data; but may be viewed, accessed, and used by the county auditor or treasurer of the same county for the limited purpose of assisting the commissioner in the preparation of microdata samples under section 270C.12. The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

Subd. 13d. **Homestead data.** ~~(h)~~ On or before April 30 each year beginning in 2007, each county must provide the commissioner with the following data for each parcel of homestead property by electronic means as defined in section 289A.02, subdivision 8:

~~(i)~~ (1) the property identification number assigned to the parcel for purposes of taxes payable in the current year;

~~(ii)~~ (2) the name and Social Security number of each occupant of homestead property who is the property owner, property owner's spouse, qualifying relative of a property owner, or spouse of a qualifying relative;

~~(iii)~~ (3) the classification of the property under section 273.13 for taxes payable in the current year and in the prior year;

~~(iv)~~ (4) an indication of whether the property was classified as a homestead for taxes payable in the current year because of occupancy by a relative of the owner or by a spouse of a relative;

~~(v)~~ (5) the property taxes payable as defined in section 290A.03, subdivision 13, for the current year and the prior year;

~~(vi)~~ (6) the market value of improvements to the property first assessed for tax purposes for taxes payable in the current year;

~~(vii)~~ (7) the assessor's estimated market value assigned to the property for taxes payable in the current year and the prior year;

~~(viii)~~ (8) the taxable market value assigned to the property for taxes payable in the current year and the prior year;

~~(ix)~~ (9) whether there are delinquent property taxes owing on the homestead;

~~(x)~~ (10) the unique taxing district in which the property is located; and

~~(xi)~~ (11) such other information as the commissioner decides is necessary.

The commissioner shall use the information provided on the lists as appropriate under the law, including for the detection of improper claims by owners, or relatives of owners, under chapter 290A.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 3. **[273.1245] CLASSIFICATION OF DATA.**

Subdivision 1. Private or nonpublic data. The following data are private or nonpublic data as defined in section 13.02, subdivisions 9 and 12, when they are submitted to a county or local assessor under section 273.124, 273.13, or another section, to support a claim for the property tax homestead classification under section 273.13, or other property tax classification or benefit that is provided under section 273.13:

(1) Social Security numbers;

(2) copies of state or federal income tax returns; and

(3) state or federal income tax return information, including the federal income tax schedule F.

Subd. 2. Disclosure. The assessor shall disclose the data described in subdivision 1 to the commissioner of revenue as provided by law. The assessor shall also disclose all or portions of the data described in subdivision 1 to the county treasurer solely for the purpose of proceeding under the Revenue Recapture Act to recover personal property taxes owing.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 4. Minnesota Statutes 2012, section 273.1315, subdivision 1, is amended to read:

Subdivision 1. **Class 1b homestead declaration before 2009.** Any property owner seeking classification and assessment of the owner's homestead as class 1b property pursuant to section 273.13, subdivision 22, paragraph (b), on or before October 1, 2008,

shall file with the commissioner of revenue a 1b homestead declaration, on a form prescribed by the commissioner. The declaration shall contain the following information:

(a) (1) the information necessary to verify that on or before June 30 of the filing year, the property owner or the owner's spouse satisfies the requirements of section 273.13, subdivision 22, paragraph (b), for 1b classification; and

(b) (2) any additional information prescribed by the commissioner.

The declaration must be filed on or before October 1 to be effective for property taxes payable during the succeeding calendar year. The declaration and any supplementary information received from the property owner pursuant to this subdivision shall be subject to chapter 270B. If approved by the commissioner, the declaration remains in effect until the property no longer qualifies under section 273.13, subdivision 22, paragraph (b). Failure to notify the commissioner within 30 days that the property no longer qualifies under that paragraph because of a sale, change in occupancy, or change in the status or condition of an occupant shall result in the penalty provided in section 273.124, subdivision ~~43~~ 13b, computed on the basis of the class 1b benefits for the property, and the property shall lose its current class 1b classification.

The commissioner shall provide to the assessor on or before November 1 a listing of the parcels of property qualifying for 1b classification.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 5. Minnesota Statutes 2012, section 273.1315, subdivision 2, is amended to read:

Subd. 2. **Class 1b homestead declaration 2009 and thereafter.** (a) Any property owner seeking classification and assessment of the owner's homestead as class 1b property pursuant to section 273.13, subdivision 22, paragraph (b), after October 1, 2008, shall file with the county assessor a class 1b homestead declaration, on a form prescribed by the commissioner of revenue. The declaration must contain the following information:

(1) the information necessary to verify that, on or before June 30 of the filing year, the property owner or the owner's spouse satisfies the requirements of section 273.13, subdivision 22, paragraph (b), for class 1b classification; and

(2) any additional information prescribed by the commissioner.

(b) The declaration must be filed on or before October 1 to be effective for property taxes payable during the succeeding calendar year. The Social Security numbers and income and medical information received from the property owner pursuant to this subdivision are private data on individuals as defined in section 13.02. If approved by the assessor, the declaration remains in effect until the property no longer qualifies under section 273.13, subdivision 22, paragraph (b). Failure to notify the assessor within 30

days that the property no longer qualifies under that paragraph because of a sale, change in occupancy, or change in the status or condition of an occupant shall result in the penalty provided in section 273.124, subdivision ~~13~~ 13b, computed on the basis of the class 1b benefits for the property, and the property shall lose its current class 1b classification.

EFFECTIVE DATE. This section is effective the day following final enactment.

Sec. 6. Minnesota Statutes 2012, section 290A.25, is amended to read:

290A.25 VERIFICATION OF SOCIAL SECURITY NUMBERS.

Annually, the commissioner of revenue shall furnish a list to the county assessor containing the names and Social Security numbers of persons who have applied for both homestead classification under section 273.13 and a property tax refund as a renter under this chapter.

Within 90 days of the notification, the county assessor shall investigate to determine if the homestead classification was improperly claimed. If the property owner does not qualify, the county assessor shall notify the county auditor who will determine the amount of homestead benefits that has been improperly allowed. For the purpose of this section, "homestead benefits" has the meaning given in section 273.124, subdivision ~~13~~, paragraph ~~(h)~~ 13b. The county auditor shall send a notice to persons who owned the affected property at the time the homestead application related to the improper homestead was filed, demanding reimbursement of the homestead benefits plus a penalty equal to 100 percent of the homestead benefits. The person notified may appeal the county's determination with the Minnesota Tax Court within 60 days of the date of the notice from the county as provided in section 273.124, subdivision ~~13~~, paragraph ~~(h)~~ 13b.

If the amount of homestead benefits and penalty is not paid within 60 days, and if no appeal has been filed, the county auditor shall certify the amount of taxes and penalty to the county treasurer. The county treasurer will add interest to the unpaid homestead benefits and penalty amounts at the rate provided for delinquent personal property taxes for the period beginning 60 days after demand for payment was made until payment. If the person notified is the current owner of the property, the treasurer may add the total amount of benefits, penalty, interest, and costs to the real estate taxes otherwise payable on the property in the following year. If the person notified is not the current owner of the property, the treasurer may collect the amounts due under the Revenue Recapture Act in chapter 270A, or use any of the powers granted in sections 277.20 and 277.21 without exclusion, to enforce payment of the benefits, penalty, interest, and costs, as if those amounts were delinquent tax obligations of the person who owned the property at the time

9.1 the application related to the improperly allowed homestead was filed. The treasurer may
9.2 relieve a prior owner of personal liability for the benefits, penalty, interest, and costs, and
9.3 instead extend those amounts on the tax lists against the property for taxes payable in the
9.4 following year to the extent that the current owner agrees in writing.

9.5 Any amount of homestead benefits recovered by the county from the property owner
9.6 shall be distributed to the county, city or town, and school district where the property is
9.7 located in the same proportion that each taxing district's levy was to the total of the three
9.8 taxing districts' levy for the current year. Any amount recovered attributable to taconite
9.9 homestead credit shall be transmitted to the St. Louis County auditor to be deposited in
9.10 the taconite property tax relief account. Any amount recovered that is attributable to
9.11 supplemental homestead credit is to be transmitted to the commissioner of revenue for
9.12 deposit in the general fund of the state treasury. The total amount of penalty collected
9.13 must be deposited in the county general fund.

9.14 **EFFECTIVE DATE.** This section is effective the day following final enactment.