

CHAPTER 290A

PROPERTY TAX REFUND ACT

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290A.03 DEFINITIONS.

[For text of subds 1 and 2, see M.S.1986]

Subd. 3. **Income.** (1) "Income" means the sum of the following:

(a) the greater of federal adjusted gross income as defined in the Internal Revenue Code or zero; and

(b) the sum of the following amounts to the extent not included in clause (a):

(i) all nontaxable income;

(ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (1) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;

(iii) an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;

(iv) cash public assistance and relief;

(v) any pension or annuity (including railroad retirement benefits, all payments received under the federal Social Security Act, supplemental security income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vi) interest received from the federal or a state government or any instrumentality or political subdivision thereof;

(vii) workers' compensation;

(viii) nontaxable strike benefits;

(ix) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise;

(x) the ordinary income portion of a lump sum distribution under section 402(e) of the Internal Revenue Code; and

(xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code.

In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. Federal adjusted gross income shall not be reduced by the amount of a net operating loss carryback.

(2) "Income" does not include

(a) amounts excluded pursuant to the Internal Revenue Code, sections 101(a), 102, 117, and 121;

(b) amounts of any pension or annuity which was exclusively funded by the

claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

- (c) surplus food or other relief in kind supplied by a governmental agency;
- (d) relief granted under this chapter; or
- (e) child support payments received under a temporary or final decree of dissolution or legal separation.

[For text of subds 4 to 7, see M.S.1986]

Subd. 8. **Claimant.** (a) "Claimant" means a person, other than a dependent, who filed a claim authorized by this chapter and who was a resident of this state as provided in chapter 290 during the calendar year for which the claim for relief was filed.

(b) In the case of a claim relating to rent constituting property taxes, the claimant shall have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem taxes, are payable at some time during the calendar year covered by the claim.

(c) "Claimant" shall not include a resident of a nursing home, intermediate care facility, or long-term residential facility whose rent constituting property taxes is paid pursuant to the supplemental security income program under title XVI of the Social Security Act, the Minnesota supplemental aid program under sections 256D.35 to 256D.41, the medical assistance program pursuant to title XIX of the Social Security Act, or the general assistance medical care program pursuant to section 256D.03, subdivision 3. If only a portion of the rent constituting property taxes is paid by these programs, the resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as defined in subdivision 3 reduced by the total amount of income from the above sources other than vendor payments under the medical assistance program or the general assistance medical care program and the denominator of which is income as defined in subdivision 3 plus vendor payments under the medical assistance program or the general assistance medical care program, to determine the allowable refund pursuant to this chapter.

(d) Notwithstanding paragraph (c), if the claimant was a resident of the nursing home, intermediate care facility or long-term residential facility for only a portion of the calendar year covered by the claim, the claimant may compute rent constituting property taxes by disregarding the rent constituting property taxes from the nursing home, intermediate care facility, or long-term residential facility and use only that amount of rent constituting property taxes or property taxes payable relating to that portion of the year when the claimant was not in the facility. The claimant's household income is the income for the entire calendar year covered by the claim.

(e) In the case of a claim for rent constituting property taxes of a part-year Minnesota resident, the income and rental reflected in this computation shall be for the period of Minnesota residency only. Any rental expenses paid which may be reflected in arriving at federal adjusted gross income cannot be utilized for this computation. When two individuals of a household are able to meet the qualifications for a claimant, they may determine among them as to who the claimant shall be. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. If a homestead property owner was a part-year Minnesota resident, the income reflected in the computation made pursuant to section 290A.04 shall be for the entire calendar year, including income not assignable to Minnesota.

(f) If a homestead is occupied by two or more renters, who are not husband and wife, the rent shall be deemed to be paid equally by each, and separate claims shall be filed by each. The income of each shall be each renter's household income for purposes of computing the amount of credit to be allowed.

[For text of subds 9 to 12, see M.S.1986]

Subd. 13. Property taxes payable. "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead after deductions made pursuant to sections 273.135, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the payments directly attributable to the property taxes assessed against the parcel on which the house is located. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are manufactured homes as defined in section 274.19, subdivision 8, "property taxes payable" shall also include the amount of the gross rent paid in the preceding year for the site on which the homestead is located, which is attributable to the net tax paid on the site. The amount attributable to property taxes shall be determined by multiplying the net tax on the parcel by a fraction, the numerator of which is the gross rent paid for the calendar year for the site and the denominator of which is the gross rent paid for the calendar year for the parcel. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue whose decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable," the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.13, subdivision 22 or 23 on or before June 1 of the year in which the "property taxes payable" were levied; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made prior to October 1 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

Subd. 14. Net tax. "Net tax" means

- (a) the property tax, exclusive of special assessments, interest, and penalties, and after reduction for any state paid property tax credits as required in subdivision 13 or
- (b) the payments made in lieu of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem taxes,

for the calendar year in which the rent was paid. If a portion of the property is occupied as a homestead or is used for other than rental purposes, the net tax shall be the amount of tax reduced by the percentage that the nonrental use comprises of the total square footage of the building. If a portion of the property is used for purposes other than for residential rental and none of the property is occupied as a homestead, the net tax shall be the amount of the tax of the parcel multiplied by a fraction, the numerator of which is the assessed value of the residential rental portion and the denominator of which is the total assessed value of the parcel. If a portion of the property is used for other than rental residential purposes, the county treasurer shall list on the property tax statement the amount of net tax pertaining to the rental residential portion of the property.

The amount of the net tax shall not be reduced by an abatement or a court ordered reduction in the property tax on the property made after the certificate of rent constituting property tax has been provided to the renter.

Subd. 15. Internal Revenue Code. "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 1986.

History: 1987 c 268 art 3 s 1-3; art 6 s 46,47

NOTE: The amendments to subdivisions 13 and 14 by Laws 1987, chapter 268, article 6, sections 46 and 47 are effective for taxes levied in 1988, payable in 1989 and thereafter except where provided otherwise. See Laws 1987, chapter 268, article 6, section 54.

290A.04 REFUND ALLOWABLE.*[For text of subd 1, see M.S.1986]*

Subd. 2. A claimant who is disabled or has attained the age of 65 by June 1 of the year in which a refund is payable or who, on the federal tax return filed for the prior year, claimed a personal exemption for a dependent pursuant to section 151 of the Internal Revenue Code, and whose property taxes payable or rent constituting property taxes are in excess of the percentage of the household income stated below shall pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of property taxes payable or rent constituting property taxes. The state refund will be equal to the amount of property taxes payable or rent constituting property taxes that remain, up to the state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
\$0 to 999	1.0 percent	10 percent	\$1,100
1,000 to 1,999	1.0 percent	10 percent	\$1,100
2,000 to 2,999	1.0 percent	10 percent	1,100
3,000 to 3,499	1.0 percent	11 percent	\$1,100
3,500 to 3,999	1.0 percent	11 percent	\$1,100
4,000 to 4,499	1.0 percent	11 percent	\$1,100
4,500 to 4,999	1.0 percent	12 percent	\$1,100
5,000 to 5,999	1.0 percent	12 percent	\$1,100
6,000 to 6,999	1.1 percent	12 percent	\$1,100
7,000 to 7,999	1.1 percent	13 percent	\$1,100
8,000 to 8,999	1.2 percent	13 percent	\$1,100
9,000 to 9,999	1.2 percent	13 percent	\$1,100
10,000 to 10,999	1.3 percent	14 percent	\$1,075
11,000 to 11,999	1.4 percent	14 percent	\$1,075
12,000 to 12,999	1.5 percent	14 percent	\$1,075
13,000 to 13,999	1.5 percent	15 percent	\$1,075
14,000 to 14,999	1.5 percent	16 percent	\$1,075
15,000 to 15,999	1.6 percent	17 percent	\$1,075
16,000 to 16,999	1.7 percent	18 percent	\$1,075
17,000 to 17,999	1.8 percent	19 percent	\$1,050
18,000 to 18,999	1.9 percent	20 percent	\$1,050
19,000 to 19,999	2.0 percent	22 percent	\$1,050
20,000 to 20,999	2.1 percent	24 percent	\$1,050
21,000 to 21,999	2.2 percent	26 percent	\$1,050
22,000 to 22,999	2.2 percent	28 percent	\$1,050
23,000 to 23,999	2.2 percent	30 percent	\$1,025
24,000 to 24,999	2.3 percent	32 percent	\$1,025
25,000 to 25,999	2.3 percent	34 percent	\$1,025
26,000 to 26,999	2.3 percent	36 percent	\$1,025
27,000 to 27,999	2.4 percent	38 percent	\$1,000
28,000 to 28,999	2.4 percent	40 percent	\$ 900
29,000 to 29,999	2.4 percent	42 percent	\$ 800
30,000 to 30,999	2.4 percent	44 percent	\$ 700
31,000 to 31,999	2.5 percent	46 percent	\$ 600
32,000 to 32,999	2.5 percent	48 percent	\$ 500
33,000 to 33,999	2.5 percent	50 percent	\$ 300
34,000 to 34,999	2.5 percent	50 percent	\$ 100

The payment made to a claimant shall be the amount of the state refund calculated pursuant to this subdivision. No payment is allowed if the claimant's household income is \$35,000 or more.

Subd. 2a. A claimant who is ineligible for a refund pursuant to subdivision 2 and whose property taxes payable or rent constituting property taxes are in excess of the percentage of the household income stated below shall pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of property taxes payable or rent constituting property taxes. The state refund equals the amount of property taxes payable or rent constituting property taxes that remain, up to the state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
\$0 to 999	2.5 percent	10 percent	\$1,100
1,000 to 1,999	2.5 percent	10 percent	\$1,100
2,000 to 2,999	2.5 percent	10 percent	\$1,100
3,000 to 3,499	2.5 percent	11 percent	\$1,100
3,500 to 3,999	2.5 percent	11 percent	\$1,100
4,000 to 4,499	2.5 percent	11 percent	\$1,100
4,500 to 4,999	2.5 percent	12 percent	\$1,100
5,000 to 5,999	2.5 percent	12 percent	\$1,100
6,000 to 6,999	2.6 percent	12 percent	\$1,100
7,000 to 7,999	2.6 percent	13 percent	\$1,100
8,000 to 8,999	2.7 percent	13 percent	\$1,100
9,000 to 9,999	2.7 percent	13 percent	\$1,100
10,000 to 10,999	2.8 percent	14 percent	\$1,075
11,000 to 11,999	2.9 percent	14 percent	\$1,075
12,000 to 12,999	3.0 percent	14 percent	\$1,075
13,000 to 13,999	3.0 percent	15 percent	\$1,075
14,000 to 14,999	3.0 percent	16 percent	\$1,075
15,000 to 15,999	3.1 percent	17 percent	\$1,075
16,000 to 16,999	3.2 percent	18 percent	\$1,075
17,000 to 17,999	3.3 percent	19 percent	\$1,050
18,000 to 18,999	3.4 percent	20 percent	\$1,050
19,000 to 19,999	3.5 percent	22 percent	\$1,050
20,000 to 20,999	3.6 percent	24 percent	\$1,050
21,000 to 21,999	3.7 percent	26 percent	\$1,050
22,000 to 22,999	3.7 percent	28 percent	\$1,050
23,000 to 23,999	3.7 percent	30 percent	\$1,025
24,000 to 24,999	3.8 percent	32 percent	\$1,025
25,000 to 25,999	3.8 percent	34 percent	\$1,025
26,000 to 26,999	3.8 percent	36 percent	\$1,025
27,000 to 27,999	3.9 percent	38 percent	\$1,000
28,000 to 28,999	3.9 percent	40 percent	\$ 900
29,000 to 29,999	3.9 percent	42 percent	\$ 800
30,000 to 30,999	3.9 percent	44 percent	\$ 700
31,000 to 31,999	4.0 percent	46 percent	\$ 600
32,000 to 32,999	4.0 percent	48 percent	\$ 500
33,000 to 33,999	4.0 percent	50 percent	\$ 300
34,000 to 34,999	4.0 percent	50 percent	\$ 100

The payment made to a claimant must be the amount of the state refund calculated pursuant to this subdivision, less the homestead credit given pursuant to section 273.13, subdivisions 22 and 23. No payment is allowed if the claimant's household income is \$35,000 or more.

Subd. 2b. The commissioner may reconstruct the tables in subdivisions 2 and 2a to reflect the elimination of the homestead credit beginning for claims based on taxes payable in 1989.

Subd. 2e. [Repealed, 1987 c 268 art 3 s 13]

Subd. 2g. [Repealed, 1987 c 268 art 3 s 13]

[For text of subd 3, see M.S.1986]

History: 1987 c 268 art 3 s 4-6; art 6 s 48

NOTE: The amendments to subdivision 2 by Laws 1987, chapter 268, article 6, section 48 are effective for taxes levied in 1988, payable in 1989 and thereafter except where provided otherwise. See Laws 1987, chapter 268, article 6, section 54.

290A.06 FILING TIME LIMIT, LATE FILING; INCOME TAX RETURN.

Any claim for a refund based on property taxes payable shall be filed with the department of revenue on or before August 15 of the year in which the property taxes are due and payable. A copy of the claimant's federal income tax return for the taxable year preceding the year in which the property taxes are payable must be filed with the claim if the claimant filed a federal income tax return for that year.

Any claim for rent constituting property taxes shall be filed with the department of revenue on or before August 15 of the year following the year in which the rent was paid. A copy of the claimant's federal income tax return for the taxable year in which the rent was paid must be filed with the claim if the claimant filed a federal income tax return for that year.

The commissioner may extend the time for filing these claims for a period not to exceed six months in the case of sickness, absence, or other disability, or when in the commissioner's judgment other good cause exists.

A claim filed after the original or extended due date shall be allowed, but the amount of credit shall be reduced by five percent of the amount otherwise allowable, plus an additional five percent for each month of delinquency, not exceeding a total reduction of 25 percent which may be canceled or reduced by the commissioner in the case of sickness, absence, or other disability, or when in the commissioner's judgment other good cause exists. In any event no claim shall be allowed if the initial claim is filed one year after the original due date for filing the claim.

The time limit on redetermination of claims for refund and examination of records shall be governed by sections 290.49, 290.50, and 290.56 and for purposes of computing the time limit as provided in these sections the due date of the property tax refund return shall be the same as the due date contained in section 290.42 for an income tax return covering the year in which the rent was paid or the year preceding the year in which the property taxes are payable.

History: 1987 c 268 art 3 s 7

290A.091 CLAIMS OF TENANTS IN LEASEHOLD COOPERATIVES.

The cooperative manager of a leasehold cooperative shall furnish a statement to each tenant by March 31 of the year in which the property tax is payable showing each unit's share of the gross property tax and each unit's share of any property tax credits. Each tenant may apply for a property tax refund under this chapter as a homeowner based on each tenant's share of property taxes. The tenant may not include any rent constituting property taxes paid on that unit.

History: 1987 c 268 art 3 s 8

290A.11 OBJECTIONS TO CLAIMS.

[For text of subds 1 and 1a, see M.S.1986]

Subd. 2. Fraudulent claim; penalty. In any case in which it is determined that the claim is or was excessive and was filed with fraudulent intent, the claim shall be disallowed in full. If the claim has been paid, the amount disallowed shall be recovered by assessment and collection in the manner provided in chapter 290 for collection of income tax. The assessment shall bear interest from the date the claim is paid by the state until the date of repayment by the claimant, at the rate specified in section 270.75.

Any person who knowingly prepares, assists in preparing, or files a false or excessive claim or claims with the intent of defrauding the state of Minnesota, is guilty of an offense and may be sentenced as follows:

(1) to imprisonment for not more than ten years or to payment of a fine of not more than \$20,000; or both, if the amount of the claim or claims, aggregated within any 12-month period, exceeds \$2,500; or

(2) to imprisonment for not more than five years or to payment of a fine of not more than \$10,000; or both, if the amount of the claim or claims, aggregated within any 12-month period, is more than \$300, but not more than \$2,500; or

(3) to imprisonment for not more than one year or to payment of a fine of not more than \$3,000; or both, if the amount of the claim or claims does not exceed \$300.

Notwithstanding the provisions of section 628.26, or any other provisions of the criminal laws of this state, an indictment may be found and filed, or a complaint filed, upon any criminal offense specified in this subdivision, in the proper court within six years after the commission of the offense.

[For text of subs 3 to 5, see M.S. 1986]

History: 1987 c 268 art 17 s 19

290A.18 RIGHT TO FILE CLAIM; RIGHT TO RECEIVE CREDIT.

Subdivision 1. **Claim by surviving spouse or dependent.** If a person entitled to relief under this chapter dies prior to receiving relief, the surviving spouse or dependent of the person shall be entitled to file the claim and receive relief. If there is no surviving spouse or dependent, the right to the credit shall lapse.

Subd. 2. **Claimant cannot be located.** If the commissioner cannot locate the claimant within two years from the date that the original warrant was issued, the right to the credit shall lapse, and the warrant shall be deposited in the general fund.

History: 1987 c 268 art 3 s 9

290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE; PENALTY.

(a) The owner or managing agent of any property for which rent is paid for occupancy as a homestead shall furnish a certificate of rent constituting property tax to each person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves prior to December 31, the owner or managing agent has the option to either provide the certificate to the renter at the time of moving, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate shall be made available to the renter not later than January 31 of the year following the year in which the rent was paid.

(b) Any owner or managing agent who willfully fails to furnish a certificate to the renter and the commissioner as required by this section is liable to the commissioner for a penalty of \$100 for each act or failure to act. The penalty shall be assessed and collected in the manner provided in chapter 290 for the assessment and collection of income tax. If the owner or managing agent willfully furnishes certificates that report total rent constituting property taxes in excess of the amount of actual property taxes paid on the rented part of a property, as determined under this section, the owner or managing agent is liable for a penalty equal to the greater of (1) \$100 or (2) 50 percent of the excess that is reported. If the owner or managing agent reports a total amount of rent constituting property taxes that exceeds by ten percent or more the actual property taxes, the report is deemed to be willful.

(c) If the owner or managing agent elects to provide the renter with the certificate at the time of moving, rather than after December 31, the amount of rent constituting property taxes shall be computed as follows:

(i) The net tax shall be reduced by 1/12 for each month remaining in the calendar year.

(ii) In calculating the denominator of the fraction pursuant to section 290A.03, subdivision 11, the gross rent paid through the last month of claimant's occupancy shall be substituted for "the gross rent paid for the calendar year for the property in which the unit is located."

(d) The certificate of rent constituting property taxes shall include the address of the property, including the county, and the property tax parcel identification number and any additional information which the commissioner determines is appropriate.

(e) If the owner or managing agent fails to provide the renter with a certificate of rent constituting property taxes, the commissioner shall allocate the net tax on the building to the unit on a square footage basis or other appropriate basis as the commissioner determines. The renter shall supply the commissioner with a statement from the county treasurer which gives the amount of property tax on the parcel, the address and property tax parcel identification number of the property, and the number of units in the building.

(f) The owner or managing agent must file a copy of the certificate of rent paid with the commissioner before April 15 of the year following the year in which the rent was paid. The commissioner may require that each owner or managing agent report on a single form the total property taxes for a property and the allocation of the property taxes as rent constituting property taxes among the renters of the property.

History: 1987 c 268 art 3 s 10

NOTE: This section, as amended by Laws 1987, chapter 268, article 3, section 10, is effective for claims based on property taxes payable in 1988 and rent paid during calendar year 1987 and thereafter, except the requirement that copies of the certificate of rent paid be filed with the commissioner of revenue is effective for rent paid during calendar year 1988. See Laws 1987, chapter 268, article 3, section 14.