

CHAPTER 290A

PROPERTY TAX REFUND

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290A.03 DEFINITIONS.

[For text of subs 1 to 5, see M.S.1994]

Subd. 6. **Homestead.** "Homestead" means the dwelling occupied as the claimant's principal residence and so much of the land surrounding it, not exceeding ten acres, as is reasonably necessary for use of the dwelling as a home and any other property used for purposes of a homestead as defined in section 273.13, subdivision 22, except for agricultural land assessed as part of a homestead pursuant to section 273.13, subdivision 23, "homestead" is limited to 320 acres or, where the farm homestead is rented, one acre. The homestead may be owned or rented and may be a part of a multidwelling or multipurpose building and the land on which it is built. A manufactured home, as defined in section 273.125, subdivision 8, or a park trailer taxed as a manufactured home under section 168.012, subdivision 9, assessed as personal property may be a dwelling for purposes of this subdivision.

[For text of subs 7 to 12a, see M.S.1994]

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 before reductions made under section 273.13 but after deductions made under 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 273.125, subdivision 8, and for homesteads which are park trailers taxed as manufactured homes under section 168.012, subdivision 9, "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 December 15 of the assessment year to which the "property taxes payable" relate; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made on or before December 15 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

[For text of subd 14, see M.S.1994]

Subd. 15. Internal Revenue Code. "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through April 15, 1995.

History: 1995 c 186 s 119; 1995 c 264 art 1, s 4; art 3 s 22, 23

NOTE: The amendments to subdivisions 6 and 13 by Laws 1995, chapter 264, article 3, sections 22 and 23, are effective for refunds based on property taxes paid in 1997 and thereafter, and for rent paid in 1996 and thereafter. See Laws 1995, chapter 264, article 3, section 52.

NOTE: Subdivision 13 was amended by Laws 1995, chapter 264, article 4, section 10, effective for property tax refunds payable as deductions on property tax statements in 1998 and thereafter. See Laws 1995, chapter 264, article 4, section 20. When effective, the subdivision will read as follows:

"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 under sections 273.135, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year other than property tax refunds determined under this chapter. 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 assessed under section 273.125, subdivision 8, paragraph (c), and for homesteads which are park trailers taxed as manufactured homes under section 168.012, subdivision 9, "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 to which the "property taxes payable" used in computing the refund relate, and (i) the property must have been classified as homestead property pursuant to section 273.13, subdivision 22 or 23, on or before December 15 of the assessment year to which the "property taxes payable" relate; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made on or before August 15 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

No refunds under section 290A.04, subdivision 2 or 2h, may be deducted on the property tax statement unless the property is classified as homestead property for taxes payable in the year the property tax refund is paid."

290A.04 REFUND ALLOWABLE.

[For text of subs 1 to 2b, see M.S.1994]

Subd. 2h. (a) If the gross property taxes payable on a homestead increase more than 12 percent over the net property taxes payable in the prior year on the same property that is owned and occupied by the same owner on January 2 of both years, and the amount of that increase is \$100 or more for taxes payable in 1995 and 1996, a claimant who is a homeowner shall be allowed an additional refund equal to 60 percent of the amount of the increase over the greater of 12 percent of the prior year's net property taxes payable or \$100 for taxes payable in 1995 and 1996. This subdivision shall not apply to any increase in the gross property taxes payable attributable to improvements made to the homestead after the assessment date for the prior year's taxes. This subdivision shall not apply to any increase in the gross property taxes payable attributable to the termination of valuation exclusions under section 273.11, subdivision 16.

The maximum refund allowed under this subdivision is \$1,000.

(b) For purposes of this subdivision, the following terms have the meanings given:

(1) "Net property taxes payable" means property taxes payable minus refund amounts for which the claimant qualifies pursuant to subdivision 2 and this subdivision.

(2) "Gross property taxes" means net property taxes payable determined without regard to the refund allowed under this subdivision.

(c) In addition to the other proofs required by this chapter, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.

(d) On or before December 1, 1995, the commissioner shall estimate the cost of making the payments provided by this subdivision for taxes payable in 1996. Notwithstanding the open appropriation provision of section 290A.23, if the estimated total refund claims for taxes payable in 1996 exceed \$5,500,000, the commissioner shall first reduce the 60 percent refund rate enough, but to no lower a rate than 50 percent, so that the estimated total refund

claims do not exceed \$5,500,000. If the commissioner estimates that total claims will exceed \$5,500,000 at a 50 percent refund rate, the commissioner shall also reduce the \$1,000 maximum refund amount by enough so that total estimated refund claims do not exceed \$5,500,000.

The determinations of the revised thresholds by the commissioner are not rules subject to chapter 14.

(e) Upon request, the appropriate county official shall make available the names and addresses of the property taxpayers who may be eligible for the additional property tax refund under this section. The information shall be provided on a magnetic computer disk. The county may recover its costs by charging the person requesting the information the reasonable cost for preparing the data. The information may not be used for any purpose other than for notifying the homeowner of potential eligibility and assisting the homeowner, without charge, in preparing a refund claim.

Subd. 2i. [Repealed, 1995 c 264 art 15 s 6]

Subd. 3. The commissioner of revenue shall construct and make available to taxpayers a comprehensive table showing the property taxes to be paid and refund allowed at various levels of income and assessment. The table shall follow the schedule of income percentages, maximums and other provisions specified in subdivision 2, except that the commissioner may graduate the transition between income brackets. All refunds shall be computed in accordance with tables prepared and issued by the commissioner of revenue.

The commissioner shall include on the form an appropriate space or method for the claimant to identify if the property taxes paid are for a manufactured home, as defined in section 273.125, subdivision 8, paragraph (c), or a park trailer taxed as a manufactured home under section 168.012, subdivision 9.

[For text of subd 5, see M.S.1994]

Subd. 6. Inflation adjustment. Beginning for property tax refunds payable in calendar year 1996, the commissioner shall annually adjust the dollar amounts of the income thresholds and the maximum refunds under subdivisions 2 and 2a for inflation. The commissioner shall make the inflation adjustments in accordance with section 290.06, subdivision 2d, except that for purposes of this subdivision the percentage increase shall be determined from the year ending on August 31, 1994, to the year ending on August 31 of the year preceding that in which the refund is payable. The commissioner shall use the appropriate percentage increase to annually adjust the income thresholds and maximum refunds under subdivisions 2 and 2a for inflation without regard to whether or not the income tax brackets are adjusted for inflation in that year. The commissioner shall round the thresholds and the maximum amounts, as adjusted to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall round it up to the next \$10 amount.

The commissioner shall annually announce the adjusted refund schedule at the same time provided under section 290.06. The determination of the commissioner under this subdivision is not a rule under the administrative procedure act.

History: 1995 c 264 art 3 s 24; art 15 s 3,4

NOTE: The amendment to subdivision 3 by Laws 1995, chapter 264, article 3, section 24, is effective for refunds based on property taxes paid in 1997 and thereafter, and for rent paid in 1996 and thereafter. See Laws 1995, chapter 264, article 3, section 52.

NOTE: Subdivision 2h was amended by Laws 1995, chapter 264, article 4, section 11, effective for property tax refunds payable as deductions on property tax statements in 1998 and thereafter. See Laws 1995, chapter 264, article 4, section 20. When effective, the subdivision will read as follows:

"Subd. 2h. (a) If the gross property taxes payable on a homestead increase more than 12 percent over the net property taxes payable in the prior year on the same property that is owned and occupied by the same owner on January 2 of both years, and the amount of that increase is \$100 or more, a homeowner shall be allowed an additional refund equal to 60 percent of the amount of the increase over the greater of 12 percent of the prior year's net property taxes payable or \$100. This subdivision shall not apply to any increase in the gross property taxes payable attributable to improvements made to the homestead after the assessment date for the prior year's taxes. This subdivision shall not apply to any increase in the gross property taxes payable attributable to the termination of valuation exclusions under section 273.11, subdivision 16.

The maximum refund allowed under this subdivision is \$1,000.

(b) For purposes of this subdivision, the following terms have the meanings given:

(1) "Net property taxes payable" means property taxes payable minus refund amounts for which the claimant qualifies pursuant to subdivision 2 and this subdivision.

(2) "Gross property taxes" means net property taxes payable determined without regard to the refund allowed under this subdivision."

290A.055 PUBLIC DATA; NOTICE ON CLAIM FORM.

The property tax refund claim form must contain a statement notifying claimants that the property tax refund amount is public data, and that it will appear on the property tax statement and on other county records.

History: 1995 c 264 art 4 s 12

NOTE: This section, as added by Laws 1995, chapter 264, article 4, section 12, is effective for property tax refunds payable as deductions on property tax statements in 1998 and thereafter. See Laws 1995, chapter 264, article 4, section 20.

290A.07 TIME FOR PAYMENT.

[For text of subdivision 1, see M.S.1994]

Subd. 2a. A claimant who is a renter or a homeowner who occupies a manufactured home, as defined in section 273.125, subdivision 8, paragraph (c), or a park trailer taxed as a manufactured home under section 168.012, subdivision 9, shall receive full payment after August 1 and before August 15 or 60 days after receipt of the application, whichever is later.

[For text of subd 3, see M.S.1994]

History: 1995 c 264 art 3 s 25

NOTE: The amendment to subdivision 2a by Laws 1995, chapter 264, article 3, section 25, is effective for refunds based on property taxes paid in 1997 and thereafter, and for rent paid in 1996 and thereafter. See Laws 1995, chapter 264, article 3, section 52.

NOTE: This section was amended by Laws 1995, chapter 264, article 4, section 13, effective for property tax refunds payable as deductions on property tax statements in 1998 and thereafter. See Laws 1995, chapter 264, article 4, section 20. When effective, the section will read as follows:

"290A.07 Time and manner of payment.

Subdivision 1. **General fund.** Allowable claims filed pursuant to the provisions of this chapter and the refund under section 290A.04, subdivision 2h, shall be paid by the commissioner from the general fund as provided in this section.

Subd. 2a. **Payment to claimant.** A claimant who is a renter or a homeowner who occupies a manufactured home, as defined in section 273.125, subdivision 8, paragraph (c), or a park trailer taxed as a manufactured home under section 168.012, subdivision 9, shall receive full payment after August 1 and before August 15 or 60 days after receipt of the application, whichever is later.

Subd. 3. **Payment as deduction on property tax statement.** In the case of property not included in subdivision 2a, payment of a refund under section 290A.04, subdivision 2, is made as a deduction on the property tax statement for the homestead for taxes payable the following year, and payment of a refund under section 290A.04, subdivision 2h, is made as a deduction on the property tax statement for the homestead for taxes payable in the current year.

Subd. 4. **Payment to county treasurer.** Annually on or before July 20, the commissioner shall pay the amount of the property tax refunds under section 290A.04, subdivisions 2 and 2h, certified by the county auditor under section 276.012, paragraph (e), to the county treasurer for settlement and distribution under sections 276.09 to 276.111."

290A.15 CLAIM APPLIED AGAINST OUTSTANDING LIABILITY.

[For text of this section, see M.S.1994]

NOTE: This section was amended by Laws 1995, chapter 264, article 4, section 14, effective for property tax refunds payable as deductions on property tax statements in 1998 and thereafter. See Laws 1995, chapter 264, article 4, section 20. When effective, the section will read as follows:

"290A.15 Claim applied against outstanding liability.

The amount of any claim otherwise payable under this chapter may be applied by the commissioner against any delinquent tax liability of the claimant or spouse of the claimant payable to the department of revenue. This section does not apply to (1) refunds under section 290A.04, subdivision 2, that have been certified by the commissioner of revenue to the county auditor under section 276.012, or (2) refunds under section 290A.04, subdivision 2h, determined by the county auditor under section 276.012."

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

[For text of subds 1 and 2, see M.S.1994]

NOTE: This section was amended by Laws 1995, chapter 264, article 4, section 15, effective for property tax refunds payable as deductions on property tax statements in 1998 and thereafter. See Laws 1995, chapter 264, article 4, section 20. When effective, the section will read as follows:

"290A.18 Right to file claim; right to receive credit.

Subdivision 1. **Claim by surviving spouse or dependent.** Except as provided in subdivision 3, 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.** Except as provided in subdivision 3, if the commissioner cannot locate the claimant within two years from the date that the original warrant was issued, or if a claimant to whom a warrant has been issued does not cash

that warrant within two years from the date the warrant was issued, the right to the credit shall lapse, and the warrant shall be deposited in the general fund.

Subd. 3. **Right to receive refund not personal to claimant.** Property tax refunds under section 290A.04, subdivisions 2 and 2h, are paid as a deduction on the property tax statement of the property as provided in section 290A.07, subdivision 3. The right to receive the deduction is not personal to the claimant or to a surviving spouse or dependent of the claimant."

290A.26 APPROPRIATION; COUNTY COSTS.

\$2,650,000 is appropriated for fiscal year 1998, and \$2,370,000 is appropriated for fiscal year 1999, and each year thereafter, to the commissioner of revenue to pay counties for the costs of implementing and administering the property tax refunds for homeowners. The commissioner shall make the payments annually on July 20. The commissioner, after consultation with the Minnesota Association of County Officers, shall apportion the available appropriation among the counties.

History: 1995 c 264 art 4 s 16