CHAPTER 290B

SENIOR CITIZENS' PROPERTY TAX DEFERRAL

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290B.01 PURPOSE.

Minnesota's system of ad valorem property taxation does not adequately recognize the unique financial circumstances of homestead property owned and occupied by low–income senior citizens. It is therefore declared to be in the public interest of this state to stabilize tax burdens on homestead property owned by qualifying low–income senior citizens through a deferral of certain property taxes.

History: *1997 c 231 art 14 s 4*

290B.02 CITATION.

This program shall be named the "senior citizens' property tax deferral program."

History: *1997 c 231 art 14 s 5*

290B.03 DEFERRAL OF PROPERTY TAXES.

Subdivision 1. **Program qualifications.** The qualifications for the senior citizens' property tax deferral program are as follows:

(1) the property must be owned and occupied as a homestead by a person 65 years of age or older. In the case of a married couple, both of the spouses must be at least 65 years old at the time the first property tax deferral is granted, regardless of whether the property is titled in the name of one spouse or both spouses, or titled in another way that permits the property to have homestead status;

(2) the total household income of the qualifying homeowners, as defined in section 290A.03, subdivision 5, for the calendar year preceding the year of the initial application may not exceed $30,000;

(3) the homestead must have been owned and occupied as the homestead of at least one of the qualifying homeowners for at least 15 years prior to the year the initial application is filed;

(4) there are no delinquent property taxes, penalties, or interest on the homesteaded property;

(5) there are no delinquent special assessments on the homesteaded property;

(6) there are no state or federal tax liens or judgment liens on the homesteaded property;

(7) there are no mortgages or other liens on the property that secure future advances, except for those subject to credit limits that result in compliance with clause (8); and

(8) the total unpaid balances of debts secured by mortgages and other liens on the property, including unpaid special assessments, but not including property taxes payable during the year, does not exceed 30 percent of the assessor's estimated market value for the year.

Subd. 2. **Qualifying homestead; defined.** Qualifying homestead property is defined as the dwelling occupied as the homeowner's principal residence and so much of the land surrounding it, not exceeding one acre, 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, subdivisions 22 and 23. The homestead may be part of a multidwelling building and the land on which it is built.

History: *1997 c 231 art 14 s 6*

290B.04 APPLICATION FOR DEFERRAL.

Subdivision 1. **Initial application.** A taxpayer meeting the program qualifications under section 290B.03 may apply to the commissioner of revenue for the deferral of taxes. Applications are due on or before July 1 for deferral of any of the following year's property taxes. A taxpayer may apply in the year in which the taxpayer becomes 65 years old, provided that no deferral of property taxes will be made until the calendar year after the taxpayer becomes 65 years old. The application, which shall be prescribed by the commissioner of revenue, shall include the following items and any other information which the commissioner deems necessary:

(1) the name, address, and social security number of the owner or owners;

(2) a copy of the property tax statement for the current payable year for the homesteaded property;

(3) the initial year of ownership and occupancy as a homestead;

(4) the owner's household income for the previous calendar year; and

(5) information on any mortgage loans or other amounts secured by mortgages or other liens against the property, for which purpose the commissioner may require the applicant to provide a copy of the mortgage note, the mortgage, or a statement of the balance owing on the mortgage loan provided by the mortgage holder. The commissioner may require the appropriate documents in connection with obtaining and confirming information on unpaid amounts secured by other liens.

The application must state that program participation is voluntary. The application must also state that the deferred amount depends directly on the applicant's household income, and that program participation includes authorization for the deferred amount for each year and the cumulative deferral and interest to appear on each year's property tax statement as public data.

Subd. 2. **Approval; recording.** The commissioner shall approve all initial applications that qualify under this chapter and shall notify qualifying homeowners on or before December 1. The commissioner may investigate the facts or require confirmation in regard to an application. The commissioner shall record or file a notice of qualification for deferral, including the names of the qualifying homeowners and a legal description of the property, in the office of the county recorder, or registrar of titles, whichever is applicable, in the county where the qualifying property is located. The notice must state that it serves as a notice of lien and that it includes deferrals under this section for future years. The homeowner shall pay the recording or filing fees.

Subd. 3. **Annual certification by taxpayer.** Annually on or before July 1, a taxpayer whose initial application has been approved under subdivision 2, shall complete the certification form and return it to the commissioner of revenue. The certification must state whether or not the taxpayer wishes to have property taxes deferred for the following year provided the taxes exceed the maximum property tax amount under section 290B.05. If the taxpayer does wish to have property taxes deferred, the certification must state the homeowner's total household income for the previous calendar year and any other information which the commissioner deems necessary.

History: *1997 c 231 art 14 s 7*

290B.05 MAXIMUM PROPERTY TAX AMOUNT AND DEFERRED PROPERTY TAX AMOUNT.

Subdivision 1. **Determination by commissioner.** The commissioner shall annually determine the qualifying homeowner's "maximum property tax amount" and "maximum allowable deferral." The maximum property tax amount calculated for taxes payable in the following year is equal to five percent of the homeowner's total household income for the previous calendar year. No tax may be deferred for any homeowner whose total household income for the previous year exceeds $30,000. No tax shall be deferred in any year in which the homeowner does not meet the program qualifications in section 290B.03. The maximum allowable total deferral is equal to 75 percent of the assessor's estimated market value for the year, less (1) the balance of any mortgage loans and other amounts secured by liens against the property at the time of application, including any unpaid special assessments but not including property taxes payable during the year; and (2) any outstanding deferral and interest.

Subd. 2. **Certification by commissioner.** On or before December 1, the commissioner shall certify to the county auditor of the county in which the qualifying homestead is located

(1) the maximum property tax amount; (2) the maximum allowable deferral for the year; and (3) the cumulative deferral and interest for all years preceding the next taxes payable year.

Subd. 3. **Calculation of deferred property tax amount.** When final property tax amounts for the following year have been determined, the county auditor shall calculate the "deferred property tax amount." The deferred property tax amount is equal to the lesser of (1) the maximum allowable deferral for the year; or (2) the difference between the total amount of property taxes levied upon the qualifying homestead by all taxing jurisdictions and the maximum property tax amount. Any special assessments levied by any local unit of government must not be included in the total tax used to calculate the deferred tax amount. No deferral of the current year's property taxes is allowed if there are any delinquent property taxes or delinquent special assessments for any previous year. Any tax attributable to new improvements made to the property after the initial application has been approved under section 290B.04, subdivision 2, must be excluded when determining any subsequent deferred property tax amount. The county auditor shall annually, on or before April 15, certify to the commissioner of revenue the property tax deferral amounts determined under this subdivision by property and by owner.

Subd. 4. **Limitation on total amount of deferred taxes.** On or before September 1 of each year, the commissioner shall request, and each county or city assessor shall provide, the current year's estimated market value of each property on the list supplied by the commissioner that may be eligible for deferral under this section for taxes payable in the following year. The total amount of deferred taxes and interest on a property, when added to (1) the balance owing on any mortgages on the property at the time of initial application; and (2) other amounts secured by liens on the property at the time of the initial application, may not exceed 75 percent of the assessor's current estimated market value of the property.

History: *1997 c 231 art 14 s 8*

290B.06 PROPERTY TAX REFUNDS.

For purposes of qualifying for the regular property tax refund or the special refund for homeowners under chapter 290A, the qualifying tax is the full amount of taxes, including the deferred portion of the tax. In any year in which a program participant chooses to have property taxes deferred under this section, any regular or special property tax refund awarded based upon those property taxes must be taken first as a deduction from the amount of the deferred tax for that year, and second as a deduction against any outstanding deferral from previous years, rather than as a cash payment to the homeowner. The commissioner shall cancel any current year's deferral or previous years' deferral and interest that is offset by the property tax refunds. If the total of the regular and the special property tax refund amounts exceeds the sum of the deferred tax for the current year and cumulative deferred tax and interest for previous years, the commissioner shall then remit the excess amount to the homeowner. On or before the date on which the commissioner issues property tax refunds, the commissioner shall notify program participants of any reduction in the deferred amount for the current and previous years resulting from property tax refunds.

History: *1997 c 231 art 14 s 9*

290B.07 LIEN; DEFERRED PORTION.

Payment by the state to the county treasurer of taxes deferred under this section is deemed a loan from the state to the program participant. The commissioner must compute the interest as provided in section 270.75, subdivision 5, but not to exceed five percent, and maintain records of the total deferred amount and interest for each participant. Interest shall accrue beginning September 1 of the payable year for which the taxes are deferred. The lien created under section 272.31 continues to secure payment by the taxpayer, or by the taxpayer's successors or assigns, of the amount deferred, including interest, with respect to all years for which amounts are deferred. The lien for deferred taxes and interest has the same priority as any other lien under section 272.31, except that liens, including mortgages, recorded or filed prior to the recording or filing of the notice under section 290B.04, subdivision 2, have priority over the lien for deferred taxes and interest. A seller's interest in a contract for deed, in which a qualifying homeowner is the purchaser or an assignee of the purchaser, has priority over deferred taxes and interest on deferred taxes, regardless of whether the contract for deed is recorded or filed. The lien for deferred taxes and interest for future years has the same priority as the lien for deferred taxes and interest for the first year, which is always higher in priority than any mortgages or other liens filed, recorded, or created after the notice recorded or filed under section 290B.04, subdivision 2. The county treasurer or auditor shall maintain records of the deferred portion and shall list the amount of deferred taxes for the year and the cumulative deferral and interest for all previous years as a lien against the property on the property tax statement. In any certification of unpaid taxes for a tax parcel, the county auditor shall clearly distinguish between taxes payable in the current year, deferred taxes and interest, and delinquent taxes. Payment of the deferred portion becomes due and owing at the time specified in section 290B.08. Upon receipt of the payment, the commissioner shall issue a receipt for it to the person making the payment upon request and shall notify the auditor of the county in which the parcel is located, within ten days, identifying the parcel to which the payment applies. Upon receipt by the commissioner of revenue of collected funds in the amount of the deferral, the state's loan to the program participant is deemed paid in full.

History: *1997 c 231 art 14 s 10*

290B.08 TERMINATION OF DEFERRAL; PAYMENT OF DEFERRED TAXES.

Subdivision 1. **Termination.** (a) The deferral of taxes granted under this chapter terminates when one of the following occurs:

(1) the property is sold or transferred;

(2) the death of the qualifying homeowner(s);

(3) the homeowner notifies the commissioner in writing that the homeowner desires to discontinue the deferral; or

(4) the property no longer qualifies as a homestead.

(b) A property is not terminated from the program because no deferred property tax amount is determined on the homestead for any given year after the homestead's initial enrollment into the program.

Subd. 2. **Payment upon termination.** Upon the termination of the deferral under subdivision 1, the amount of deferred taxes and interest plus the recording or filing fees under both section 290B.04, subdivision 2, and this subdivision becomes due and payable to the commissioner within 90 days of termination of the deferral. No additional interest is due on the deferral if timely paid. On receipt of payment, the commissioner shall within ten days notify the auditor of the county in which the parcel is located, identifying the parcel to which the payment applies and shall remit the recording or filing fees under section 290B.04, subdivision 2, and this subdivision to the auditor. A notice of termination of deferral, containing the legal description and the recording or filing data for the notice of qualification for deferral under section 290B.04, subdivision 2, shall be prepared and recorded or filed by the county auditor in the same office in which the notice of qualification for deferral under section 290B.04, subdivision 2, was recorded or filed, and the county auditor shall mail a copy of the notice of termination to the property owner. The property owner shall pay the recording or filing fees. Upon recording or filing of the notice of termination of deferral, the notice of qualification for deferral under section 290B.04, subdivision 2, and the lien created by it are discharged. If the deferral is not timely paid, the penalty, interest, lien, forfeiture, and other rules for the collection of ad valorem property taxes apply.

History: *1997 c 231 art 14 s 11*

290B.09 STATE REIMBURSEMENT.

Subdivision 1. **Determination; payment.** The commissioner of revenue shall determine the deferred amount of property tax in each county, basing determinations on a review of abstracts of tax lists submitted by the county auditors under section 275.29. The commissioner may make changes in the abstracts of tax lists as deemed necessary. The commissioner of revenue, after such review, shall pay the deferred amount of property tax to each county treasurer on or before August 31.

At least once each year, the commissioner shall report to the county auditor the total cumulative amount of deferred taxes and interest that constitute a lien against the property.

The county treasurer shall distribute as part of the October settlement the funds received as if they had been collected as a part of the property tax.

Subd. 2. **Appropriation.** An amount sufficient to pay the total amount of property tax determined under subdivision 1 is annually appropriated from the general fund to the commissioner of revenue.

History: *1997 c 231 art 14 s 12*