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State of Minnesota  
HOUSE OF REPRESENTATIVES

EIGHTY-EIGHTH SESSION

H. F. No. 24

01/10/2013 Authored by Mullery  
The bill was read for the first time and referred to the Committee on Taxes

1.1 A bill for an act  
1.2 relating to taxation; property tax refund; increasing the percentage of rent  
1.3 constituting property taxes; amending Minnesota Statutes 2012, section 290A.03,  
1.4 subdivisions 11, 13.

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

1.6 Section 1. Minnesota Statutes 2012, section 290A.03, subdivision 11, is amended to  
1.7 read:

1.8 Subd. 11. **Rent constituting property taxes.** "Rent constituting property taxes"  
1.9 means ~~17~~ 19 percent of the gross rent actually paid in cash, or its equivalent, or the portion  
1.10 of rent paid in lieu of property taxes, in any calendar year by a claimant for the right  
1.11 of occupancy of the claimant's Minnesota homestead in the calendar year, and which  
1.12 rent constitutes the basis, in the succeeding calendar year of a claim for relief under this  
1.13 chapter by the claimant.

1.14 EFFECTIVE DATE. This section is effective for claims based on rent paid in  
1.15 2013 and thereafter.

1.16 Sec. 2. Minnesota Statutes 2012, section 290A.03, subdivision 13, is amended to read:

1.17 Subd. 13. **Property taxes payable.** "Property taxes payable" means the property tax  
1.18 exclusive of special assessments, penalties, and interest payable on a claimant's homestead  
1.19 after deductions made under sections 273.135, 273.1384, 273.1391, 273.42, subdivision 2,  
1.20 and any other state paid property tax credits in any calendar year, and after any refund  
1.21 claimed and allowable under section 290A.04, subdivision 2h, that is first payable in  
1.22 the year that the property tax is payable. In the case of a claimant who makes ground  
1.23 lease payments, "property taxes payable" includes the amount of the payments directly

2.1 attributable to the property taxes assessed against the parcel on which the house is located.  
2.2 No apportionment or reduction of the "property taxes payable" shall be required for the  
2.3 use of a portion of the claimant's homestead for a business purpose if the claimant does not  
2.4 deduct any business depreciation expenses for the use of a portion of the homestead in the  
2.5 determination of federal adjusted gross income. For homesteads which are manufactured  
2.6 homes as defined in section 273.125, subdivision 8, and for homesteads which are park  
2.7 trailers taxed as manufactured homes under section 168.012, subdivision 9, "property  
2.8 taxes payable" shall also include ~~17~~ 19 percent of the gross rent paid in the preceding  
2.9 year for the site on which the homestead is located. When a homestead is owned by  
2.10 two or more persons as joint tenants or tenants in common, such tenants shall determine  
2.11 between them which tenant may claim the property taxes payable on the homestead. If  
2.12 they are unable to agree, the matter shall be referred to the commissioner of revenue  
2.13 whose decision shall be final. Property taxes are considered payable in the year prescribed  
2.14 by law for payment of the taxes.

2.15 In the case of a claim relating to "property taxes payable," the claimant must have  
2.16 owned and occupied the homestead on January 2 of the year in which the tax is payable  
2.17 and (i) the property must have been classified as homestead property pursuant to section  
2.18 273.124, on or before December 15 of the assessment year to which the "property taxes  
2.19 payable" relate; or (ii) the claimant must provide documentation from the local assessor  
2.20 that application for homestead classification has been made on or before December 15  
2.21 of the year in which the "property taxes payable" were payable and that the assessor has  
2.22 approved the application.

2.23 **EFFECTIVE DATE.** This section is effective for claims based on rent paid in  
2.24 2013 and thereafter.