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State of Minnesota

HOUSE OF REPRESENTATIVES

EIGHTY-NINTH SESSION

H. F. No. **3118**

03/14/2016 Authored by Freiberg, Carlson, Newton, Dettmer and Howe
The bill was read for the first time and referred to the Veterans Affairs Division
03/24/2016 Adoption of Report: Amended and re-referred to the Committee on Taxes

1.1 A bill for an act
1.2 relating to taxation; property; providing property tax abatements to disabled
1.3 veterans in certain circumstances; amending Minnesota Statutes 2014, section
1.4 273.13, subdivision 34.

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

1.6 Section 1. Minnesota Statutes 2014, section 273.13, subdivision 34, is amended to read:

1.7 Subd. 34. **Homestead of disabled veteran or family caregiver.** (a) All or a
1.8 portion of the market value of property owned by a veteran and serving as the veteran's
1.9 homestead under this section is excluded in determining the property's taxable market
1.10 value if the veteran has a service-connected disability of 70 percent or more as certified
1.11 by the United States Department of Veterans Affairs. To qualify for exclusion under this
1.12 subdivision, the veteran must have been honorably discharged from the United States
1.13 armed forces, as indicated by United States Government Form DD214 or other official
1.14 military discharge papers.

1.15 (b)(1) For a disability rating of 70 percent or more, \$150,000 of market value is
1.16 excluded, except as provided in clause (2); and

1.17 (2) for a total (100 percent) and permanent disability, \$300,000 of market value is
1.18 excluded.

1.19 (c) If a disabled veteran qualifying for a valuation exclusion under paragraph (b),
1.20 clause (2), predeceases the veteran's spouse, and if upon the death of the veteran the
1.21 spouse holds the legal or beneficial title to the homestead and permanently resides there,
1.22 the exclusion shall carry over to the benefit of the veteran's spouse for the current taxes
1.23 payable year and for eight additional taxes payable years or until such time as the spouse

2.1 remarries, or sells, transfers, or otherwise disposes of the property, whichever comes first.
2.2 Qualification under this paragraph requires an annual application under paragraph (h).

2.3 (d) If the spouse of a member of any branch or unit of the United States armed
2.4 forces who dies due to a service-connected cause while serving honorably in active
2.5 service, as indicated on United States Government Form DD1300 or DD2064, holds
2.6 the legal or beneficial title to a homestead and permanently resides there, the spouse is
2.7 entitled to the benefit described in paragraph (b), clause (2), for eight tax payable years,
2.8 or until such time as the spouse remarries or sells, transfers, or otherwise disposes of the
2.9 property, whichever comes first.

2.10 (e) If a veteran meets the disability criteria of paragraph (a) but does not own
2.11 property classified as homestead in the state of Minnesota, then the homestead of the
2.12 veteran's primary family caregiver, if any, is eligible for the exclusion that the veteran
2.13 would otherwise qualify for under paragraph (b).

2.14 (f) In the case of an agricultural homestead, only the portion of the property
2.15 consisting of the house and garage and immediately surrounding one acre of land qualifies
2.16 for the valuation exclusion under this subdivision.

2.17 (g) A property qualifying for a valuation exclusion under this subdivision is not
2.18 eligible for the market value exclusion under subdivision 35, or classification under
2.19 subdivision 22, paragraph (b).

2.20 (h) To qualify for a valuation exclusion under this subdivision, the property owner
2.21 must file an application with the assessor. Upon verifying that the applicant qualifies for
2.22 the exclusion, the county assessor must notify the auditor, and the auditor must recalculate
2.23 the taxes on the property for the current taxes payable year based on the exclusion. The
2.24 county must then issue an abatement of taxes due in the current taxes payable year based
2.25 on the difference between the taxes as initially calculated and the taxes based on the value
2.26 remaining after the exclusion, prorated for the remainder of the year based on the later
2.27 of the date the application was received or the date the property first qualified for the
2.28 exclusion. If the abatement is made after payment of all or a portion of the taxes being
2.29 abated have been paid, the portion already paid must be refunded to the taxpayer by the
2.30 county treasurer as soon as practical. Abatements granted under this paragraph are not
2.31 subject to approval by the county board.

2.32 (i) The county auditor shall certify the abatements granted under this section to the
2.33 commissioner of revenue for reimbursement to each taxing jurisdiction in which the
2.34 property is located. The commissioner shall make the payments to the taxing jurisdictions
2.35 containing the property, other than school districts and the state, at the time distributions
2.36 are made under section 473H.10, subdivision 3. Reimbursements to school districts shall

3.1 be made as provided in section 273.1392. No reimbursement is to be paid to the state
 3.2 treasury. There is annually appropriated from the general fund to the commissioner of
 3.3 revenue an amount necessary to make the payments required by this section.

3.4 ~~(j) To qualify for a valuation exclusion under this subdivision~~ After initial
 3.5 qualification, a property owner must apply reapply to the assessor by July 1 of each
 3.6 assessment year, except that an annual reapplication is not required once for a property
 3.7 has been accepted for a valuation exclusion under paragraph (a) and that qualifies for
 3.8 the benefit described in paragraph (b), clause (2), and the property continues to qualify
 3.9 until there is a change in ownership. For an application received after July 1 of any
 3.10 calendar year, the exclusion shall become effective for the following assessment year.
 3.11 When a property qualifying for a market value exclusion under this subdivision is sold
 3.12 or transferred prior to July 1, the exclusion must be removed for taxes payable in the
 3.13 following year, provided that the new owner may file a claim for an exclusion if eligible.

3.14 ~~(j) (k)~~ (k) A first-time application by a qualifying spouse for the market value exclusion
 3.15 under paragraph (d) must be made any time within two years of the death of the service
 3.16 member.

3.17 ~~(j) (l)~~ (l) For purposes of this subdivision:

3.18 (1) "active service" has the meaning given in section 190.05;

3.19 (2) "own" means that the person's name is present as an owner on the property deed;

3.20 (3) "primary family caregiver" means a person who is approved by the secretary of
 3.21 the United States Department of Veterans Affairs for assistance as the primary provider
 3.22 of personal care services for an eligible veteran under the Program of Comprehensive
 3.23 Assistance for Family Caregivers, codified as United States Code, title 38, section 1720G;
 3.24 and

3.25 (4) "veteran" has the meaning given the term in section 197.447.

3.26 ~~(k) (m)~~ (m) The purpose of this provision of law providing a level of homestead property
 3.27 tax relief for gravely disabled veterans, their primary family caregivers, and their surviving
 3.28 spouses is to help ease the burdens of war for those among our state's citizens who bear
 3.29 those burdens most heavily.