

**SENATE
STATE OF MINNESOTA
NINETY-FIRST SESSION**

S.F. No. 498

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DATE
01/28/2019

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173 Introduction and first reading
Referred to Taxes

OFFICIAL STATUS

1.1 A bill for an act
1.2 relating to taxation; property; expanding the senior citizens' property tax deferral
1.3 program to terminally ill homeowners; amending Minnesota Statutes 2018, sections
1.4 290B.01; 290B.02; 290B.03, subdivision 1; 290B.04, subdivisions 1, 6, 7, by
1.5 adding a subdivision; 290B.08; 290B.10.

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

1.7 Section 1. Minnesota Statutes 2018, section 290B.01, is amended to read:

1.8 **290B.01 PURPOSE.**

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

1.14 **EFFECTIVE DATE.** This section is effective for applications for deferral of taxes
1.15 payable in 2020 and thereafter.

1.16 Sec. 2. Minnesota Statutes 2018, section 290B.02, is amended to read:

1.17 **290B.02 CITATION.**

1.18 This program shall be named the "property tax deferral program for senior citizens'
1.19 property tax deferral program citizens and the terminally ill."

1.20 **EFFECTIVE DATE.** This section is effective for applications for deferral of taxes
1.21 payable in 2020 and thereafter.

2.1 Sec. 3. Minnesota Statutes 2018, section 290B.03, subdivision 1, is amended to read:

2.2 Subdivision 1. **Program qualifications.** The qualifications for the property tax deferral
2.3 program for senior citizens' property tax deferral program citizens and the terminally ill are
2.4 as follows:

2.5 (1) the property must be owned and occupied as a homestead by either:

2.6 (i) a person 65 years of age or older; or

2.7 (ii) a person diagnosed as terminally ill.

2.8 In the case of a married couple, at least one of the spouses must be at least 65 years old
2.9 at the time the first property tax deferral is granted, regardless of whether the property is
2.10 titled in the name of one spouse or both spouses, or titled in another way that permits the
2.11 property to have homestead status, and the other spouse must be at least 62 years of age.
2.12 For purposes of this section, a "person diagnosed as terminally ill" means a person receiving
2.13 a diagnosis certified by the person's treating health care provider that the person has a
2.14 probable life expectancy of under one year;

2.15 (2) the total household income of the qualifying homeowners, as defined in section
2.16 290A.03, subdivision 5, for the calendar year preceding the year of the initial application
2.17 may not exceed \$60,000;

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

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

2.22 (5) there are no mortgages or other liens on the property that secure future advances,
2.23 except for those subject to credit limits that result in compliance with clause (6); and

2.24 (6) the total unpaid balances of debts secured by mortgages and other liens on the
2.25 property, including unpaid and delinquent special assessments and interest and any delinquent
2.26 property taxes, penalties, and interest, but not including property taxes payable during the
2.27 year or debts secured by a residential PACE lien, as defined in section 216C.435, subdivision
2.28 10d, does not exceed 75 percent of the assessor's estimated market value for the year.

2.29 **EFFECTIVE DATE.** This section is effective for applications for deferral of taxes
2.30 payable in 2020 and thereafter.

3.1 Sec. 4. Minnesota Statutes 2018, section 290B.04, subdivision 1, is amended to read:

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

3.10 (1) the name, address, and Social Security number of the owner or owners;

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

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

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

3.15 (5) if applicable under section 290B.03, subdivision 1, clause (1), item (ii), a certification
3.16 by the person's treating health care provider that the taxpayer has a probable life expectancy
3.17 of under one year. The certification must be as of a date not more than 30 days prior to
3.18 submission of the application; and

3.19 ~~(5)~~ (6) information on any mortgage loans or other amounts secured by mortgages or
3.20 other liens against the property, for which purpose the commissioner may require the
3.21 applicant to provide a copy of the mortgage note, the mortgage, or a statement of the balance
3.22 owing on the mortgage loan provided by the mortgage holder. The commissioner may
3.23 require the appropriate documents in connection with obtaining and confirming information
3.24 on unpaid amounts secured by other liens.

3.25 The application must state that program participation is voluntary. The application must
3.26 also state that the deferred amount depends directly on the applicant's household income,
3.27 and that program participation includes authorization for the annual deferred amount, the
3.28 cumulative deferral and interest that appear on each year's notice prepared by the county
3.29 under subdivision 6, is public data.

3.30 The application must state that program participants may claim the property tax refund
3.31 based on the full amount of property taxes eligible for the refund, including any deferred
3.32 amounts. The application must also state that property tax refunds will be used to offset any
3.33 deferral and interest under this program, and that any other amounts subject to revenue

4.1 recapture under section 270A.03, subdivision 7, will also be used to offset any deferral and
4.2 interest under this program.

4.3 (b) As part of the initial application process, the commissioner may require the applicant
4.4 to obtain at the applicant's own cost and submit:

4.5 (1) if the property is registered property under chapter 508 or 508A, a copy of the original
4.6 certificate of title in the possession of the county registrar of titles (sometimes referred to
4.7 as "condition of register"); or

4.8 (2) if the property is abstract property, a report prepared by a licensed abstracter showing
4.9 the last deed and any unsatisfied mortgages, liens, judgments, and state and federal tax lien
4.10 notices which were recorded on or after the date of that last deed with respect to the property
4.11 or to the applicant.

4.12 The certificate or report under clauses (1) and (2) need not include references to any
4.13 documents filed or recorded more than 40 years prior to the date of the certification or report.
4.14 The certification or report must be as of a date not more than 30 days prior to submission
4.15 of the application.

4.16 The commissioner may also require the county recorder or county registrar of the county
4.17 where the property is located to provide copies of recorded documents related to the applicant
4.18 or the property, for which the recorder or registrar shall not charge a fee. The commissioner
4.19 may use any information available to determine or verify eligibility under this section. The
4.20 household income from the application is private data on individuals as defined in section
4.21 13.02, subdivision 12.

4.22 **EFFECTIVE DATE.** This section is effective for applications for deferral of taxes
4.23 payable in 2020 and thereafter.

4.24 Sec. 5. Minnesota Statutes 2018, section 290B.04, is amended by adding a subdivision to
4.25 read:

4.26 **Subd. 5a. Certification; person terminally ill.** (a) A person whose initial application
4.27 was submitted and approved as qualifying under section 290B.03, subdivision 1, clause (1),
4.28 item (ii), must provide to the commissioner of revenue by July 1 annually a certification by
4.29 the person's treating health care provider that the taxpayer remains a person diagnosed as
4.30 terminally ill, as defined in section 290B.03, subdivision 1. The certification must be as of
4.31 a date not more than 30 days prior to submission of the certification.

5.1 (b) Upon the death of the qualifying terminally ill person, the person's spouse, or the
 5.2 administrator of the person's estate, must notify the commissioner of revenue in writing
 5.3 within 30 days of the qualifying terminally ill person's death.

5.4 **EFFECTIVE DATE.** This section is effective for applications for deferral of taxes
 5.5 payable in 2020 and thereafter.

5.6 Sec. 6. Minnesota Statutes 2018, section 290B.04, subdivision 6, is amended to read:

5.7 Subd. 6. **Annual notice to participant.** Annually, on or before July 1, the county auditor
 5.8 shall notify, in writing, each participant in the county who is in the ~~senior citizen's~~ deferral
 5.9 program of the current year's deferred taxes and the total cumulative deferred taxes and
 5.10 accrued interest on the participant's property as of that date.

5.11 **EFFECTIVE DATE.** This section is effective for applications for deferral of taxes
 5.12 payable in 2020 and thereafter.

5.13 Sec. 7. Minnesota Statutes 2018, section 290B.04, subdivision 7, is amended to read:

5.14 Subd. 7. **Payment of delinquent taxes and special assessments.** Upon approval of a
 5.15 senior citizen's or terminally ill person's initial application, the commissioner of revenue
 5.16 shall pay to the treasurer of the county where the property is located the amount of any
 5.17 delinquent property taxes, penalties, interest, and delinquent special assessments and interest
 5.18 on the property which is the subject of the application.

5.19 **EFFECTIVE DATE.** This section is effective for applications for deferral of taxes
 5.20 payable in 2020 and thereafter.

5.21 Sec. 8. Minnesota Statutes 2018, section 290B.08, is amended to read:

5.22 **290B.08 TERMINATION OF DEFERRAL; PAYMENT OF DEFERRED TAXES.**

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

5.25 (1) the property is sold or transferred;

5.26 (2) the death of all qualifying homeowners with respect to applications approved under
 5.27 section 290B.03, subdivision 1, clause (1), item (i), or the death of the qualifying homeowner
 5.28 with respect to applications approved under section 290B.03, subdivision 1, clause (1), item
 5.29 (ii);

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

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

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

6.7 Subd. 2. **Payment upon termination.** Upon the termination of the deferral under
6.8 subdivision 1, the amount of deferred taxes, penalties, interest, and special assessments and
6.9 interest, plus the recording or filing fees under both section 290B.04, subdivision 2, and
6.10 this subdivision becomes due and payable to the commissioner within 90 days of termination
6.11 of the deferral for terminations under subdivision 1, paragraph (a), clauses (1) and (2),
6.12 except that termination under subdivision 1, paragraph (a), clause (2), relating to the death
6.13 of a qualifying homeowner under section 290B.03, subdivision 1, clause (1), item (ii),
6.14 becomes due and payable within one year of termination, and within one year of termination
6.15 of the deferral for terminations under subdivision 1, paragraph (a), clauses (3) and (4). No
6.16 additional interest is due on the deferral if timely paid. On receipt of payment, the
6.17 commissioner shall within ten days notify the auditor of the county in which the parcel is
6.18 located, identifying the parcel to which the payment applies and shall remit the recording
6.19 or filing fees under section 290B.04, subdivision 2, and this subdivision to the auditor. A
6.20 notice of termination of deferral, containing the legal description and the recording or filing
6.21 data for the notice of qualification for deferral under section 290B.04, subdivision 2, shall
6.22 be prepared and recorded or filed by the county auditor in the same office in which the
6.23 notice of qualification for deferral under section 290B.04, subdivision 2, was recorded or
6.24 filed, and the county auditor shall mail a copy of the notice of termination to the property
6.25 owner. The property owner shall pay the recording or filing fees. Upon recording or filing
6.26 of the notice of termination of deferral, the notice of qualification for deferral under section
6.27 290B.04, subdivision 2, and the lien created by it are discharged. If the deferral is not timely
6.28 paid, the penalty, interest, lien, forfeiture, and other rules for the collection of ad valorem
6.29 property taxes apply.

6.30 **EFFECTIVE DATE.** This section is effective for applications for deferral of taxes
6.31 payable in 2020 and thereafter.

7.1 Sec. 9. Minnesota Statutes 2018, section 290B.10, is amended to read:

7.2 **290B.10 PROPERTY TAX DEFERRAL PROGRAM FOR SENIOR DEFERRAL**
7.3 **PROGRAM CITIZENS AND THE TERMINALLY ILL; INFORMATION**
7.4 **PROVIDED.**

7.5 The commissioner of revenue shall provide information about the property tax deferral
7.6 program for senior deferral program citizens and the terminally ill and eligibility criteria
7.7 for the program in the instruction booklet prepared for taxpayers to use in applying for
7.8 property tax refunds under chapter 290A.

7.9 **EFFECTIVE DATE.** This section is effective for applications for deferral of taxes
7.10 payable in 2020 and thereafter.