

CHAPTER 8099
DEPARTMENT OF REVENUE
INCOME TAX DIVISION
TARGETING

8099.0100 HOMESTEAD QUALIFICATIONS
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8099.0100 HOMESTEAD QUALIFICATIONS.

The refund contained in Minnesota Statutes, section 290A.04, subdivision 2c (targeting) provides up to \$300 of property tax relief in 1981 to homeowners whose property taxes have increased by more than ten percent from 1980 after reduction is made for improvements and other state paid credits. To qualify for targeting the property must qualify as the claimant's homestead for purposes of claiming the property tax refund for property taxes payable in 1980 and 1981. The claimant, therefore, must have owned and occupied the property as the claimant's homestead on January 2, 1980 and on January 2, 1981. When a homestead is owned by two or more persons as joint tenants or tenants in common, the tenants shall determine between them which tenant shall be the claimant for purposes of claiming the property tax refund and targeting. The joint tenant or tenant in common who claims the property tax refund in 1981 is the only joint owner who qualifies to claim targeting in 1981. The joint owner who claims the property tax refund and targeting in 1981 need not be the same joint owner who claimed the property tax refund in 1980. In order for a joint owner to claim the property tax refund and targeting in 1981, the property must also have been the joint owner's homestead on January 2, 1980.

Statutory Authority: *MS s 290A.20*

8099.0200 NEW CONSTRUCTION.

The claimant shall reduce the amount of the net property taxes payable in 1981 by the amount which is attributable to improvements. The amount attributable to improvements shall be determined by applying a ratio to the property taxes payable after reduction for the state-paid homestead credit and all other state-paid credits including the property tax refund. The ratio that shall be used is:

Assessor's estimated market value of improvements

Assessor's estimated market value of the entire
 homestead (including land)

This ratio shall apply to the estimated market value of all improvements which are included in the estimated market value for the first time for property taxes payable in 1981 regardless of the year the improvement was actually made.

Statutory Authority: *MS s 290A.20*

8099.0300 NET PROPERTY TAXES PAYABLE.

Subpart 1. **Reductions.** A claimant who was required to reduce the property taxes payable for purposes of the property tax refund because the homestead was used for business purposes and depreciation expenses were claimed or, part of the homestead was rented to another, must make the similar reduction in the net property taxes payable which qualify for targeting. The

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same percentage reduction must be applied to net property taxes payable in 1980 and 1981. The largest percentage reduction must be used whether it be the 1980 percentage reduction or the 1981 percentage reduction.

The taxpayer shall recompute the property tax refund claimed for the year in which the smaller percentage reduction was made. The taxpayer shall use the property taxes for that year reduced by the largest percentage reduction when recomputing the property tax refund.

Subp. 2. **Homestead only qualification.** The net property tax payable is only for that part of the property that qualifies as the claimant's homestead. On a duplex, only the property taxes attributable to the homestead portion qualify for targeting.

Subp. 3. **Computation of tax.** For purposes of computing the net property taxes payable that qualify for targeting, the property taxes payable must be reduced by the amount of the Class 3CC credit which was received under the provisions of Minnesota Statutes, section 273.13, subdivision 7.

Subp. 4. **Rent constituting property taxes.** The net property taxes payable in 1980 shall be reduced only by the amount of the property tax refund attributable to property taxes payable. No reduction shall be allowed for that part of a property tax refund attributable to rent constituting property taxes. If a taxpayer's property tax refund includes property taxes payable and rent constituting property taxes, the property tax refund shall be recomputed using only property taxes payable.

Statutory Authority: *MS s 290A.20*

8099.0400 ORDER OF REDUCTIONS.

The taxpayer who must make a reduction for improvements and a reduction for business or rental use must first make the reduction for improvements and then make the reduction for business or rental use. If the improvement that was made is totally used for business or rental use, and this is the only part of the residence that is used for business or rental use, the claimant is required to only make the reduction for the improvement.

Statutory Authority: *MS s 290A.20*