

CHAPTER 290A

PROPERTY TAX REFUND ACT

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290A.01 CITATION.

Sections 290A.01 to 290A.20 may be cited as the "State of Minnesota Property Tax Refund Act."

History: 1Sp1981 c 4 art 1 s 137

290A.02 PURPOSE.

The purpose of sections 290A.01 to 290A.20 is to provide property tax relief to certain persons who own or rent their homesteads.

History: 1Sp1981 c 4 art 1 s 138

290A.03 DEFINITIONS.

Subdivision 1. **Generally.** The following words, terms, and phrases when used in sections 290A.01 to 290A.20 shall have the meaning ascribed to them in this section, except where the context indicates a different meaning.

[For text of subd 2, see M.S.1980]

Subd. 3. **Income.** (1) "Income" means the sum of the following:

- (a) federal adjusted gross income as defined in the Internal Revenue Code of 1954 as amended through December 31, 1980; and
- (b) the sum of the following amounts to the extent not included in clause (a):
 - (i) additions to federal adjusted gross income as provided in Minnesota Statutes, Section 290.01, Subdivision 20, Clause (a)(1), (a)(3), (a)(9), (a)(14), and (a)(15);
 - (ii) all nontaxable income;
 - (iii) recognized net long term capital gains;
 - (iv) dividends and interest excluded from federal adjusted gross income under section 116 of the Internal Revenue Code of 1954;
 - (v) cash public assistance and relief;
 - (vi) any pension or annuity (including railroad retirement benefits, all payments received under the federal social security act, supplemental security income, and veterans benefits), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;
 - (vii) nontaxable interest received from the state or federal government or any instrumentality or political subdivision thereof;
 - (viii) workers' compensation;

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- (ix) unemployment benefits;
- (x) nontaxable strike benefits; and

(xi) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise. In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year.

(2) "Income" does not include

(a) amounts excluded pursuant to the Internal Revenue Code, Sections 101(a), 102, 117, and 121;

(b) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(c) gifts from nongovernmental sources;

(d) surplus food or other relief in kind supplied by a governmental agency;

(e) relief granted under sections 290A.01 to 290A.20;

(f) child support payments received under a temporary or final decree of dissolution or legal separation; or

(g) federal adjusted gross income shall be reduced by wage or salary expense, or expense of work incentive programs which are not allowed as a deduction under provisions of section 280C of the Internal Revenue Code of 1954.

[For text of subs 4 to 7, see M.S.1980]

Subd. 8. **Claimant.** "Claimant" means a person, other than a dependent, who filed a claim authorized by sections 290A.01 to 290A.20 and who was domiciled in this state during the calendar year for which the claim for relief was filed. In the case of a claim relating to rent constituting property taxes, the claimant shall have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu of ad valorem taxes, including payments of special assessments imposed in lieu of ad valorem taxes, are payable at some time during the calendar year covered by the claim, except that a claimant who is disabled or who has attained the age of 65 on the date specified in section 290A.04, subdivision 1, may file a claim based on residence in a nursing home on which ad valorem taxes were not payable. "Claimant" shall not include a resident of a nursing home, intermediate care facility, or long term residential facility whose rent constituting property taxes is paid pursuant to the supplemental security income program under Title XVI of the social security act, the Minnesota supplemental aid program under sections 256D.35 to 256D.41, the medical assistance program pursuant to Title XIX of the social security act, or the general assistance medical care program pursuant to section 256D.03, Subdivision 3. If only a portion of the rent constituting property taxes is paid by these programs, the resident shall be a claimant for purposes of this chapter, but the refund calculated pursuant to section 290A.04 shall be multiplied by a fraction, the numerator of which is income as defined in subdivision 3 reduced by the total amount of income from the above sources other than vendor payments under the medical assistance program or the general assistance medical care program and the denominator of which is income as defined in subdivision 3 plus vendor payments under the medical assistance program or the general assistance medical care program, to determine the allowable refund pursuant to this chapter. In the case

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of a claim for rent constituting property taxes of a part year resident, the income and rental reflected in this computation shall be for the period of Minnesota residency only. Any rental expenses paid which may be reflected in arriving at federal adjusted gross income cannot be utilized for this computation. When two individuals of a household are able to meet the qualifications for a claimant, they may determine among them as to who the claimant shall be. If they are unable to agree, the matter shall be referred to the commissioner of revenue and his decision shall be final. If a homestead property owner was a part year resident, the income reflected in the computation made pursuant to section 290A.04 shall be for the entire calendar year, including income not assignable to Minnesota.

If a homestead is occupied by two or more renters, who are not husband and wife, the rent shall be deemed to be paid equally by each, and separate claims shall be filed by each. The income of each shall be his household income for purposes of computing the amount of credit to be allowed.

[For text of subs 9 and 10, see M.S.1980]

Subd. 11. Rent constituting property taxes. "Rent constituting property taxes" means 23 percent of the gross rent actually paid in cash, or its equivalent, or that portion of gross rent which is paid in lieu of property taxes, in any calendar year by a claimant solely for the right of occupancy of his Minnesota homestead in the calendar year, and which rent constitutes the basis, in the succeeding calendar year of a claim for relief under sections 290A.01 to 290A.20 by the claimant.

Subd. 12. Gross rent. "Gross rent" means rental paid solely for the right of occupancy, at arms-length, of a homestead, exclusive of charges for any utilities, services, furniture, or furnishings furnished by the landlord as a part of the rental agreement, whether expressly set out in the rental agreement or not. If the landlord and tenant have not dealt with each other at arms-length and the commissioner determines that the gross rent charged was excessive, he may adjust the gross rent to a reasonable amount for purposes of sections 290A.01 to 290A.20.

If the landlord does not supply the charges for any utilities, furniture, or furnishings furnished by him, or if the charges appear to be incorrect the commissioner may apply a percentage determined from samples of similar gross rents paid solely for the right of occupancy.

Any amount paid by a claimant residing in property assessed pursuant to section 273.133 for occupancy in that property shall be excluded from gross rent for purposes of this chapter. However, property taxes imputed to the homestead of the claimant pursuant to section 273.133 shall be included within the term "property taxes payable" as defined in subdivision 13, notwithstanding the fact that ownership is not in the name of the claimant.

Subd. 13. Property taxes payable. "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead before reductions made pursuant to section 273.13, subdivisions 6, 7 and 14a, but after deductions made pursuant to sections 124.213, 273.115, 273.116, 273.135 and 273.139 in any calendar year. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For homesteads which are mobile homes as defined in section 168.011, subdivision 8, "property taxes payable" shall also include 23 percent of gross rent paid in the preceding year for the site on

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which the homestead is located, exclusive of charges for utilities or services. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue and his decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable", the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.13, subdivisions 6, 7, or 14a on or before June 1 of the year in which the "property taxes payable" were levied; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made prior to July 1 of the year in which the "property taxes payable" were payable.

For property taxes levied in 1981, payable 1982, "property taxes payable" shall be limited to that portion of the property taxes eligible for the homestead credit as determined pursuant to section 273.13, subdivision ~~156~~ 15b

History: 1981 c 60 s 24; 1981 c 178 s 112,113; 1981 c 343 s 36; 1Sp1981 c 1 art 3 s 2; art 5 s 9; art 8 s 16; 1Sp1981 c 4 art 1 s 139-142

290A.04 CREDIT ALLOWABLE.

[For text of subd 1, see M.S.1980]

Subd. 2. The refund shall be paid to claimants whose property taxes payable exceed the following percentages of their income, up to the designated maximum credit amounts:

For claimants earning:

- \$0 to \$2,999, 0.5 percent, up to \$650;
- 3,000 to 3,999, 0.6 percent, up to \$650;
- 4,000 to 4,999, 0.7 percent, up to \$650;
- 5,000 to 5,999, 0.8 percent, up to \$650;
- 6,000 to 6,999, 0.9 percent, up to \$650;
- 7,000 to 7,999, 1.0 percent, up to \$650;
- 8,000 to 8,999, 1.1 percent, up to \$650;
- 9,000 to 9,999, 1.2 percent, up to \$650;
- 10,000 to 10,999, 1.3 percent, up to \$650;
- 11,000 to 11,999, 1.4 percent, up to \$650;
- 12,000 to 19,999, 1.5 percent, up to \$650;
- 20,000 to 22,999, 1.6 percent, up to \$650;
- 23,000 to 25,999, 1.8 percent, up to \$600;
- 26,000 to 30,999, 2.0 percent, up to \$550;
- 31,000 to 35,999, 2.2 percent, up to \$525;
- 36,000 to 40,999, 2.4 percent, up to \$500;
- 41,000 to 44,999, 2.6 percent, up to \$500;
- 45,000 to 52,999, 2.8 percent, up to \$500;
- 53,000 to 65,999, 3.0 percent, up to \$500;

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66,000 to 81,999, 3.2 percent, up to \$500;
82,000 to 99,999, 3.5 percent, up to \$500;
100,000 and over, 4.0 percent, up to \$500;

provided that maximum credits for incomes above \$20,000 decline according to the following schedule:

between \$20,000 and \$26,000 decline \$16.67 per \$1,000; between \$26,000 and \$36,000 decline \$5 per \$1,000.

The payment made to a claimant shall be the amount of refund calculated pursuant to this subdivision, but not exceeding \$850, less the homestead credit given pursuant to section 273.13, subdivisions 6, 7 and 14a.

[For text of subs 2a and 2b, see M.S.1980]

Subd. 2c. If the net property taxes payable on a homestead in 1981 increase more than ten percent over the net property taxes payable in 1980 on the same property, a claimant who is a homeowner shall be allowed an additional refund equal to 50 percent of the amount by which the increase exceeds ten percent. This subdivision shall not apply to any increase in the net property taxes payable attributable to improvements made to the homestead. The refund shall not exceed \$500.

For purposes of this subdivision, "net property taxes payable" means property taxes payable after reductions made pursuant to sections 273.13, subdivisions 6, 7 and 14a; and 273.115; 273.116; and 273.139; and after the deduction of tax refund amounts for which the claimant qualifies pursuant to subdivisions 2, 2a and 2b.

In addition to proofs required pursuant to this chapter, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.

Subd. 2d. If the net property taxes payable on a homestead increase more than 20 percent over the net property taxes payable in the previous year on the same property, a claimant who is a homeowner shall be allowed an additional refund equal to 75 percent of the amount by which the increase exceeds 20 percent. This subdivision shall not apply to any increase in the net property taxes payable attributable to improvements made to the homestead. The refund shall not exceed \$200.

For purposes of this subdivision, "net property taxes payable" means property taxes, whether or not the taxes are eligible for reimbursement pursuant to section 273.13, subdivision 15b, payable after reductions made pursuant to sections 273.13, subdivisions 6, 7 and 14a; 273.115, subdivision 1; 273.116, subdivision 1; 124.-213; 273.135; and 273.1391; and after the deduction of tax refund amounts for which the claimant qualifies pursuant to subdivisions 2, 2a and 2b but with no deduction of the amount received pursuant to this subdivision for the preceding year.

In addition to proofs required pursuant to this chapter, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.

On or before December 1, 1981, the commissioner shall redetermine the estimated total amount of the refunds paid or payable pursuant to Minnesota Statutes 1980, Section 290A.04, Subdivision 2c. If the amount so redetermined is

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less than \$13,800,000, the commissioner shall add the difference to the appropriation provided in First Special Session Laws 1981, Chapter 1, Article 2, Section 24 to make the payments.

On or before December 1, 1981, the commissioner shall estimate the cost of making the payments provided by this section. Notwithstanding the open appropriation provision of section 290A.23, if the estimated total refund claims exceed the total funds available to pay the refunds, the commissioner shall adjust accordingly the percentage increase in net property taxes payable over the previous year which is required to qualify for the credit provided in this subdivision.

[For text of subd 3, see M.S.1980]

History: 1981 c 178 s 114,115; 1Sp1981 c 1 art 2 s 19,20

290A.06 FILING TIME LIMIT, LATE FILING.

Any claim for property taxes payable shall be filed with the department of revenue on or before August 31 of the year in which the property taxes are due and payable. Any claim for rent constituting property taxes shall be filed with the department of revenue on or before August 31 of the year following the year in which the rent was paid. The commissioner may extend the time for filing these claims for a period not to exceed six months in the case of sickness, absence, or other disability, or when in his judgment other good cause exists.

A claim filed after the original or extended due date shall be allowed, but the amount of credit shall be reduced by five percent of the amount otherwise allowable, plus an additional five percent for each month of delinquency, not exceeding a total reduction of 25 percent which may be cancelled or reduced by the commissioner in the case of sickness, absence, or other disability, or when in his judgment other good cause exists. In any event no claim shall be allowed if the initial claim is filed two years after the original due date for filing the claim.

The time limit on redetermination of claims for refund and examination of records shall be governed by sections 290.49, 290.50, and 290.56 and for purposes of computing the time limit as provided in these sections the due date of the property tax refund return shall be the same as the due date contained in section 290.42 for an income tax return covering the year in which the rent was paid or the year preceding the year in which the property taxes are payable.

History: 1981 c 178 s 116

290A.07 TIME FOR PAYMENT.

[For text of subd 1, see M.S.1980]

Subd. 2. A claimant who had attained the age of 65 or had been disabled on or before June 1 of the year following the year for which the taxes were levied or in which the rent was paid shall receive full payment no later than 60 days after receipt of the application or may elect to take as a credit against his income tax the full amount. Interest shall be added at six percent per annum beginning 30 days after the 60 days have elapsed and until the date the claim is paid. If the claimant elected to take the credit against the income tax, interest shall be paid as required under section 290.92, subdivision 13.

Subd. 2a. A claimant not included in subdivision 2 who is a renter shall receive full payment prior to August 15 or 60 days after receipt of the application, whichever is later.

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Subd. 3. Any claimant not included in subdivision 2 or 2a shall receive full payment after September 30 and prior to October 15. Interest shall be added at six percent per annum from October 15 or 60 days after receipt of the application if the application is filed after August 31. Interest will be computed until the date the claim is paid.

Subd. 4. [Repealed, 1981 c 343 s 43]

History: 1981 c 178 s 117; 1981 c 343 s 37,38; 1Sp1981 c 3 s 6-8

290A.08 ONE CLAIMANT PER HOUSEHOLD.

Only one claimant per household per year is entitled to relief under sections 290A.01 to 290A.20. Payment of the claim for relief may be made payable to the husband and wife as one claimant. The commissioner, upon written request, may issue separate checks, to the husband and wife for one-half of the relief provided the original check has not been issued or has been returned. Individuals related as husband and wife who were married during the year may elect to file a joint claim which shall include each spouse's income, rent constituting property taxes, and property taxes payable. The maximum dollar amount allowable for a joint claim shall not exceed the amount that one person could receive.

History: 1981 c 343 s 39; 1Sp1981 c 4 art 1 s 144

290A.09 PROOF OF CLAIM.

Every claimant shall supply to the department of revenue, in support of his claim, proof of eligibility under sections 290A.01 to 290A.20, including but not limited to amount of rent paid or property taxes accrued, name and address of owner or managing agent of property rented, changes in homestead, household membership, household income, size and nature of property claimed as a homestead.

Disabled persons filing claims shall submit proof of disability in the form and manner as the department may prescribe. The department may require examination and certification by the claimant's physician or by a physician designated by the department. The cost of any examination shall be borne by the claimant, unless the examination proves the disability, in which case the cost of the examination shall be borne by the department.

A determination of disability of a claimant by the social security administration under Title II or Title XVI of the Social Security Act shall constitute presumptive proof of disability.

History: 1Sp1981 c 4 art 1 s 145

290A.11 OBJECTIONS TO CLAIMS.

Subdivision 1. **Audit of claim.** When on the audit of any claim filed under sections 290A.01 to 290A.20 the department determines the amount thereof to have been incorrectly determined, the department shall redetermine the claim and notify the claimant of the redetermination and the reasons therefor. The redetermination shall be final unless appealed to the Minnesota tax court within 60 days of notice thereof.

[For text of subd 1a, see M.S.1980]

Subd. 2. **Fraudulent claim; penalty.** In any case in which it is determined that the claim is or was excessive and was filed with fraudulent intent, the claim shall be disallowed in full. If the claim has been paid, the amount disallowed shall be recovered by assessment and collection in the manner provided in chapter 290

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for collection of income tax. The assessment shall bear interest from the date the claim is paid by the state until the date of repayment by the claimant, at the rate specified in section 270.75. The claimant, and any person who assisted in the preparation of filing of the excessive claim or supplied information upon which the excessive claim was prepared, with fraudulent intent, is guilty of a misdemeanor.

Any person who knowingly prepares, assists in preparing, or files false or excessive claims with the intent of defrauding the state of Minnesota of \$2,500 or more, aggregated within any 12 month period, is guilty of a felony and upon conviction may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than \$10,000, or both.

[For text of subd 3, see M.S.1980]

Subd. 4. **Interest.** Amounts to be repaid to the state shall bear interest at the rate specified in section 270.75 from the date the state paid the claim until the date of repayment by the claimant.

History: 1981 c 343 s 40,41; 1Sp1981 c 4 art 1 s 146

290A.13 NO RELIEF ALLOWED IN CERTAIN CASES.

No claim for relief under sections 290A.01 to 290A.20 shall be allowed if the commissioner determines that the claimant received title or tenancy to his homestead primarily for the purpose of receiving benefits under sections 290A.01 to 290A.20 and not for bona fide residence purposes.

History: 1Sp1981 c 4 art 1 s 147

290A.15 CLAIM APPLIED AGAINST OUTSTANDING LIABILITY.

The amount of any claim otherwise payable under sections 290A.01 to 290A.20 may be applied by the commissioner against any delinquent tax liability of the claimant or spouse of the claimant payable to the department of revenue.

History: 1Sp1981 c 4 art 1 s 148

290A.16 INCOME TAX DEDUCTION PROHIBITED.

Notwithstanding section 290.09, subdivision 4, the income tax deduction for property taxes paid shall not exceed the amount paid, reduced by the amount of credit allowed with respect to the tax pursuant to sections 290A.01 to 290A.20.

History: 1Sp1981 c 4 art 1 s 149

290A.17 PUBLISHING OR RELEASING INFORMATION ON CLAIMS.

The provisions of section 290.61 relating to the confidential nature of income tax returns shall be applicable to claims filed pursuant to the provisions of chapter 290A. When it is necessary to adjust or audit a claim that is required to include or recognize the income of another person, or information furnished by that person, the commissioner is authorized to disclose the income and other information of all people involved, to each person involved, so that a proper claim may be allowed.

Nothing herein shall be construed to prohibit the commissioner from publishing or releasing the information concerning amounts of property tax accrued and the relief granted to taxpayers without including information which would identify individual taxpayers. The commissioner may examine income tax returns as he deems necessary and may utilize the information in legal and administrative proceedings to insure proper administration of sections 290A.01 to 290A.20, notwithstanding section 290.61.

History: 1Sp1981 c 4 art 1 s 150

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290A.19 OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE; PENALTY.

The owner or managing agent of any property for which rent is paid for occupancy as a homestead shall furnish a certificate of rent paid to each person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves prior to December 31, the owner or managing agent shall at his option either provide the certificate to the renter at the time he moves, or mail the certificate to the forwarding address if an address has been provided by the renter. The certificate shall be made available to the renter not later than January 31 of the year following the year in which the rent was paid. Any owner or managing agent who willfully fails to furnish a certificate as provided herein shall be liable to the commissioner for a penalty of \$20 for each act or failure to act. The penalty shall be assessed and collected in the manner provided in chapter 290 for the assessment and collection of income tax.

History: *1981 c 104 s 1*

290A.20 RULES AND REGULATIONS.

The commissioner shall promulgate rules and regulations which he deems appropriate for the administration of sections 290A.01 to 290A.20. He shall also make available forms with instructions for claimants as he deems necessary for the proper administration of sections 290A.01 to 290A.20. The claim shall be in the form the commissioner may prescribe.

History: *1Sp1981 c 4 art 1 s 151*

290A.22 SUPPLEMENTAL HOUSING ALLOWANCE FOR AFDC RECIPIENTS.

Recipients of the aid to families with dependent children program who receive a supplemental housing allowance under section 256.879 are not eligible for the tax credit set forth under sections 290A.01 to 290A.20. The commissioner of revenue shall assist the commissioner of public welfare in the administration of the supplemental housing allowance, and shall provide the commissioner of public welfare with such records and information as are necessary to administer the housing allowance.

History: *1Sp1981 c 4 art 1 s 152*