

CHAPTER 290A

PROPERTY TAX REFUND

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290A.03 DEFINITIONS.

[For text of subs 1 and 2, see M.S.1990]

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

- (a) federal adjusted gross income as defined in the Internal Revenue Code; and
- (b) the sum of the following amounts to the extent not included in clause (a):
 - (i) all nontaxable income;
 - (ii) the amount of a passive activity loss that is not disallowed as a result of section 469, paragraph (i) or (m) of the Internal Revenue Code and the amount of passive activity loss carryover allowed under section 469(b) of the Internal Revenue Code;
 - (iii) an amount equal to the total of any discharge of qualified farm indebtedness of a solvent individual excluded from gross income under section 108(g) of the Internal Revenue Code;
 - (iv) cash public assistance and relief;
 - (v) 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;
 - (vi) interest received from the federal or a state government or any instrumentality or political subdivision thereof;
 - (vii) workers' compensation;
 - (viii) nontaxable strike benefits;
 - (ix) 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;
 - (x) a lump sum distribution under section 402(e)(3) of the Internal Revenue Code;
 - (xi) contributions made by the claimant to an individual retirement account, including a qualified voluntary employee contribution; simplified employee pension plan; self-employed retirement plan; cash or deferred arrangement plan under section 401(k) of the Internal Revenue Code; or deferred compensation plan under section 457 of the Internal Revenue Code; and
 - (xii) nontaxable scholarship or fellowship grants.

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. Federal adjusted gross income shall not be reduced by the amount of a net operating loss carryback or carryforward or a capital loss carryback or carryforward allowed for the year.

(2) "Income" does not include

- (a) amounts excluded pursuant to the Internal Revenue Code, sections 101(a), 102, 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) surplus food or other relief in kind supplied by a governmental agency;
 - (d) relief granted under this chapter; or
 - (e) child support payments received under a temporary or final decree of dissolution or legal separation.
- (3) The sum of the following amounts may be subtracted from income:
- (a) for the claimant's first dependent, the exemption amount multiplied by 1.4;
 - (b) for the claimant's second dependent, the exemption amount multiplied by 1.3;
 - (c) for the claimant's third dependent, the exemption amount multiplied by 1.2;
 - (d) for the claimant's fourth dependent, the exemption amount multiplied by 1.1;
 - (e) for the claimant's fifth dependent, the exemption amount; and
 - (f) if the claimant or claimant's spouse was disabled or attained the age of 65 prior to June 1 of the year for which the taxes were levied or rent paid, the exemption amount.

For purposes of this subdivision, the "exemption amount" means the exemption amount under section 151(d) of the Internal Revenue Code of 1986, as amended through December 31, 1989, for the taxable year for which the income is reported.

[For text of subs 4 to 6, see M.S.1990]

Subd. 7. Dependent. "Dependent" means any person who is considered a dependent under sections 151 and 152 of the Internal Revenue Code of 1986, as amended through December 31, 1989. In the case of a son, stepson, daughter, or stepdaughter of the claimant, amounts received as an aid to families with dependent children grant or allowance to or on behalf of the child must not be taken into account in determining whether the child received more than half of the child's support from the claimant.

[For text of subs 8 to 15, see M.S.1990]

History: 1991 c 291 art 6 s 40,41

290A.04 REFUND ALLOWABLE.

[For text of subs 1 to 2b, see M.S.1990]

Subd. 2h. (a) If the gross property taxes payable on a homestead increase more than ten percent over the net property taxes payable in the prior year on the same property that is owned by the same owner in both years, and the amount of that increase is \$40 or more for taxes payable in 1990 and 1991, \$60 or more for taxes payable in 1992, \$80 or more for taxes payable in 1993, and \$100 or more for taxes payable in 1994, a claimant who is a homeowner shall be allowed an additional refund equal to the sum of (1) 75 percent of the first \$250 of the amount of the increase over ten percent for taxes payable in 1990 and 1991, 75 percent of the first \$275 of the amount of the increase over ten percent for taxes payable in 1992, 75 percent of the first \$300 of the amount of the increase over ten percent for taxes payable in 1993, and 75 percent of the first \$325 of the amount of the increase over ten percent for taxes payable in 1994, and (2) 90 percent of the amount of the increase over ten percent plus \$250 for taxes payable in 1990 and 1991, 90 percent of the amount of the increase over ten percent plus \$275 for taxes payable in 1992, 90 percent of the amount of the increase over ten percent plus \$300 for taxes payable in 1993, and 90 percent of the amount of the increase over ten percent plus \$325 for taxes payable in 1994. This subdivision shall not apply to any increase in the gross property taxes payable attributable to improvements made to the homestead after the assessment date for the prior year's taxes.

(b) For purposes of this subdivision, the following terms have the meanings given:

(1) "Net property taxes payable" means property taxes payable after reductions made under sections 273.13, subdivisions 22 and 23; 273.135; 273.1391; and 273.42, subdivision 2, and any other state paid property tax credits and after the deduction of tax refund amounts for which the claimant qualifies pursuant to subdivision 2 and this subdivision.

(2) "Gross property taxes" means net property taxes payable determined without regard to the refund allowed under this subdivision.

(c) In addition to the other proofs required by 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, 1990, and December 1 of each of the following three years, the commissioner shall estimate the cost of making the payments provided by this subdivision for taxes payable in the following year. Notwithstanding the open appropriation provision of section 290A.23, if the estimated total refund claims for taxes payable in 1991, 1993, or 1994 exceed the following amounts for the taxes payable year designated, the commissioner shall increase the dollar amount of tax increase which must occur before a taxpayer qualifies for a refund so that the estimated total refund claims do not exceed the appropriation limit.

Taxes payable in:	Appropriation limit
1991	\$13,000,000
1993	\$ 6,000,000
1994	\$ 5,500,000

The determinations of the revised thresholds by the commissioner are not rules subject to chapter 14.

[For text of subds 2i to 5, see M.S.1990]

History: 1991 c 199 art 2 s 21; 1991 c 291 art 1 s 34

290A.05 COMBINED HOUSEHOLD INCOME.

If a person occupies a homestead with another person or persons not related to the person as husband and wife, excluding dependents, roomers or boarders on contract, and has property tax payable with respect to the homestead, the household income of the claimant or claimants for the purpose of computing the refund allowed by section 290A.04 shall include the total income received by the other persons residing in the homestead. For purposes of this section, "dependent" includes a parent of the claimant or spouse who lives in the claimant's homestead and does not have an ownership interest in the homestead. If a person occupies a homestead with another person or persons not related as husband and wife or as dependents, the property tax payable or rent constituting property tax shall be reduced as follows.

If the other person or persons are residing at the homestead under rental or lease agreement, the amount of property tax payable or rent constituting property tax shall be that portion not covered by the rental agreement.

History: 1991 c 291 art 6 s 42

290A.091 CLAIMS OF TENANTS IN LEASEHOLD COOPERATIVES.

The cooperative manager of a leasehold cooperative shall furnish a statement to each tenant by March 31 of the year in which the property tax is payable showing each unit's share of the gross property tax and each unit's share of any property tax credits. Each tenant may apply for a property tax refund under this chapter as a homeowner based on each tenant's share of property taxes. The tenant may not include any rent constituting property taxes paid on that unit. For the purposes of this section, a leasehold cooperative is formed on the day that leasehold cooperative status is granted by the appropriate county official.

History: 1991 c 291 art 6 s 43