

## CHAPTER 290A

## PROPERTY TAX REFUND

290A.03 Definitions.  
290A.04 Refund allowable.

290A.15 Claim applied against outstanding liability.

## 290A.03 DEFINITIONS.

*[For text of subds 1 to 5, see M.S.2000]*

Subd. 6. **Homestead.** "Homestead" means the dwelling occupied as the claimant's principal residence and so much of the land surrounding it, not exceeding ten acres, as is reasonably necessary for use of the dwelling as a home and any other property used for purposes of a homestead as defined in section 273.13, subdivision 22, except for agricultural land assessed as part of a homestead pursuant to section 273.13, subdivision 23, "homestead" is limited to the house and garage and immediately surrounding one acre of land. The homestead may be owned or rented and may be a part of a multidwelling or multipurpose building and the land on which it is built. A manufactured home, as defined in section 273.125, subdivision 8, or a park trailer taxed as a manufactured home under section 168.012, subdivision 9, assessed as personal property may be a dwelling for purposes of this subdivision.

*[For text of subds 7 to 11, see M.S.2000]*

Subd. 12. **Gross rent.** (a) "Gross rent" means rental paid for the right of occupancy, at arms-length, of a homestead, exclusive of charges for any medical services furnished by the landlord as a part of the rental agreement, whether expressly set out in the rental agreement or not.

(b) The gross rent of a resident of a nursing home or intermediate care facility is \$350 per month. The gross rent of a resident of an adult foster care home is \$550 per month. Beginning for rent paid in 2002, the commissioner shall annually adjust for inflation the gross rent amounts stated in this paragraph. The adjustment must be made in accordance with section 1(f) of the Internal Revenue Code, except that for purposes of this paragraph the percentage increase shall be determined from the year ending on June 30, 2001, to the year ending on June 30 of the year in which the rent is paid. The commissioner shall round the gross rents to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall round it up to the next \$10 amount. The determination of the commissioner under this paragraph is not a rule under the Administrative Procedure Act.

(c) 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, the commissioner may adjust the gross rent to a reasonable amount for purposes of this chapter.

(d) Any amount paid by a claimant residing in property assessed pursuant to section 273.124, subdivision 3, 4, 5, or 6 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 or the dwelling unit occupied by the claimant that qualifies for homestead treatment pursuant to section 273.124, subdivision 3, 4, 5, or 6 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 after deductions made under sections 273.135, 273.1382, 273.1391, 273.42, subdivision 2, and any other state paid property tax credits in any calendar year, and after any refund claimed and allowable under section 290A.04, subdivision 2h, that is first payable in the year that the property tax is payable. In the case of a claimant who makes ground lease payments, "property taxes payable" includes the amount of the

payments directly attributable to the property taxes assessed against the parcel on which the house is located. 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 manufactured homes as defined in section 273.125, subdivision 8, and for homesteads which are park trailers taxed as manufactured homes under section 168.012, subdivision 9, "property taxes payable" shall also include 19 percent of the gross rent paid in the preceding year for the site on which the homestead is located. 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 whose 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 273.124, on or before December 15 of the assessment year to which the "property taxes payable" relate; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made on or before December 15 of the year in which the "property taxes payable" were payable and that the assessor has approved the application.

Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through June 15, 2001.

**History:** *1Sp2001 c 5 art 4 s 1,2; art 7 s 44; art 10 s 9*

**290A.04 REFUND ALLOWABLE.**

*[For text of subd 1, see M.S.2000]*

Subd. 2. **Homeowners.** A claimant whose property taxes payable are in excess of the percentage of the household income stated below shall pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of property taxes payable. The state refund equals the amount of property taxes payable that remain, up to the state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
\$ 0 to 1,189	1.0 percent	15 percent	\$1,450
1,190 to 2,379	1.1 percent	15 percent	\$1,450
2,380 to 3,589	1.2 percent	15 percent	\$1,410
3,590 to 4,789	1.3 percent	20 percent	\$1,410
4,790 to 5,979	1.4 percent	20 percent	\$1,360
5,980 to 8,369	1.5 percent	20 percent	\$1,360
8,370 to 9,559	1.6 percent	25 percent	\$1,310
9,560 to 10,759	1.7 percent	25 percent	\$1,310
10,760 to 11,949	1.8 percent	25 percent	\$1,260
11,950 to 13,139	1.9 percent	30 percent	\$1,260
13,140 to 14,349	2.0 percent	30 percent	\$1,210
14,350 to 16,739	2.1 percent	30 percent	\$1,210
16,740 to 17,929	2.2 percent	35 percent	\$1,160
17,930 to 19,119	2.3 percent	35 percent	\$1,160
19,120 to 20,319	2.4 percent	35 percent	\$1,110
20,320 to 25,099	2.5 percent	40 percent	\$1,110
25,100 to 28,679	2.6 percent	40 percent	\$1,070

28,680 to 35,849	2.7 percent	40 percent	\$1,070
35,850 to 41,819	2.8 percent	45 percent	\$ 970
41,820 to 47,799	3.0 percent	45 percent	\$ 970
47,800 to 53,779	3.2 percent	45 percent	\$ 870
53,780 to 59,749	3.5 percent	50 percent	\$ 780
59,750 to 65,729	4.0 percent	50 percent	\$ 680
65,730 to 69,319	4.0 percent	50 percent	\$ 580
69,320 to 71,719	4.0 percent	50 percent	\$ 480
71,720 to 74,619	4.0 percent	50 percent	\$ 390
74,620 to 77,519	4.0 percent	50 percent	\$ 290

The payment made to a claimant shall be the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is \$77,520 or more.

Subd. 2a. **Renters.** A claimant whose rent constituting property taxes exceeds the percentage of the household income stated below must pay an amount equal to the percent of income shown for the appropriate household income level along with the percent to be paid by the claimant of the remaining amount of rent constituting property taxes. The state refund equals the amount of rent constituting property taxes that remain, up to the maximum state refund amount shown below.

Household Income	Percent of Income	Percent Paid by Claimant	Maximum State Refund
\$ 0 to 3,589	1.0 percent	5 percent	\$1,190
3,590 to 4,779	1.0 percent	10 percent	\$1,190
4,780 to 5,969	1.1 percent	10 percent	\$1,190
5,970 to 8,369	1.2 percent	10 percent	\$1,190
8,370 to 10,759	1.3 percent	15 percent	\$1,190
10,760 to 11,949	1.4 percent	15 percent	\$1,190
11,950 to 13,139	1.4 percent	20 percent	\$1,190
13,140 to 15,539	1.5 percent	20 percent	\$1,190
15,540 to 16,729	1.6 percent	20 percent	\$1,190
16,730 to 17,919	1.7 percent	25 percent	\$1,190
17,920 to 20,319	1.8 percent	25 percent	\$1,190
20,320 to 21,509	1.9 percent	30 percent	\$1,190
21,510 to 22,699	2.0 percent	30 percent	\$1,190
22,700 to 23,899	2.2 percent	30 percent	\$1,190
23,900 to 25,089	2.4 percent	30 percent	\$1,190
25,090 to 26,289	2.6 percent	35 percent	\$1,190
26,290 to 27,489	2.7 percent	35 percent	\$1,190
27,490 to 28,679	2.8 percent	35 percent	\$1,190
28,680 to 29,869	2.9 percent	40 percent	\$1,190
29,870 to 31,079	3.0 percent	40 percent	\$1,190
31,080 to 32,269	3.1 percent	40 percent	\$1,190
32,270 to 33,459	3.2 percent	40 percent	\$1,190
33,460 to 34,649	3.3 percent	45 percent	\$1,080
34,650 to 35,849	3.4 percent	45 percent	\$ 960
35,850 to 37,049	3.5 percent	45 percent	\$ 830
37,050 to 38,239	3.5 percent	50 percent	\$ 720
38,240 to 39,439	3.5 percent	50 percent	\$ 600
39,440 to 40,629	3.5 percent	50 percent	\$ 360
40,630 to 41,819	3.5 percent	50 percent	\$ 120

The payment made to a claimant is the amount of the state refund calculated under this subdivision. No payment is allowed if the claimant's household income is \$41,820 or more.

*[For text of subd 2b, see M.S.2000]*

Subd. 2h. **Additional refund.** (a) Beginning with gross property taxes payable in 2003, if the gross property taxes payable on a homestead increase more than 12 percent over the property taxes payable in the prior year on the same property that is owned and occupied by the same owner on January 2 of both years, and the amount of that increase is \$100 or more, a claimant who is a homeowner shall be allowed an additional refund equal to 60 percent of the amount of the increase over the greater of 12 percent of the prior year's property taxes payable or \$100. 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. This subdivision shall not apply to any increase in the gross property taxes payable attributable to the termination of valuation exclusions under section 273.11, subdivision 16.

The maximum refund allowed under this subdivision is \$1,000.

(b) For purposes of this subdivision "gross property taxes payable" means 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.

(d) Upon request, the appropriate county official shall make available the names and addresses of the property taxpayers who may be eligible for the additional property tax refund under this section. The information shall be provided on a magnetic computer disk. The county may recover its costs by charging the person requesting the information the reasonable cost for preparing the data. The information may not be used for any purpose other than for notifying the homeowner of potential eligibility and assisting the homeowner, without charge, in preparing a refund claim.

Subd. 2j. [Repealed, 1Sp2001 c 5 art 7 s 66]

*[For text of subd 3, see M.S.2000]*

Subd. 4. **Inflation adjustment.** Beginning for property tax refunds payable in calendar year 2002, the commissioner shall annually adjust the dollar amounts of the income thresholds and the maximum refunds under subdivisions 2 and 2a for inflation. The commissioner shall make the inflation adjustments in accordance with section 1(f) of the Internal Revenue Code, except that for purposes of this subdivision the percentage increase shall be determined from the year ending on June 30, 2000, to the year ending on June 30 of the year preceding that in which the refund is payable. The commissioner shall use the appropriate percentage increase to annually adjust the income thresholds and maximum refunds under subdivisions 2 and 2a for inflation without regard to whether or not the income tax brackets are adjusted for inflation in that year. The commissioner shall round the thresholds and the maximum amounts, as adjusted to the nearest \$10 amount. If the amount ends in \$5, the commissioner shall round it up to the next \$10 amount.

The commissioner shall annually announce the adjusted refund schedule at the same time provided under section 290.06. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

*[For text of subd 5, see M.S.2000]*

**History:** 1Sp2001 c 5 art 4 s 3-6

#### **290A.15 CLAIM APPLIED AGAINST OUTSTANDING LIABILITY.**

The amount of any claim otherwise payable under this chapter may be applied by the commissioner against any delinquent tax liability of any member of the household. If there are two members of the household, the commissioner may apply only one-half of a refund to the separate liability of either member of the household.

**History:** 1Sp2001 c 5 art 7 s 45