



Greetings, Mr. Chair and members, Representative Norris and co-authors. On behalf of The American Legion Department of Minnesota, thank you for your attention to this important matter.

Bills to modernize the disabled veterans and surviving spouse homestead market value exclusion are a dime a dozen, with legislators from both parties and chambers introducing a litany of bills on this subject. Everyone wants to take credit for helping veterans, but somehow none of these bills ever make it across the finish line, leaving the veterans community without a resolution and to come back year after year. This needs to stop, and you all have the power to do that, now.

Representative Norris, your bill is the only one that encompasses all the changes that have been requested by the eight Congressionally Chartered Veterans Service Organizations in the Minnesota Commander's Task Force. Last fall, you sat down with Trent Dilks of the DAV and myself to discuss the needs. You truly listened to and took veterans' feedback at the grassroots level into consideration. The devil is in the details. So, thank you.

A change has been needed to this statute for many years. The prices of homes have skyrocketed since the exclusion amounts existing in current law were set, leaving veterans who may have previously received full exemption to now owe property taxes, perhaps for the first time in many years. It places hardship on Minnesota veterans, especially our seniors, which drives the need for more services across the entire veteran benefits and social services systems. We agree with the proposed exemption levels of \$200,000 for 70% to 100% disabled veterans and \$400,000 for 100% permanent and total veterans. We also support the indexing to inflation as specified in HF1756 to plan for future economic trends, so that we are not back here again in a few years.

We enthusiastically support several important technical changes to this bill because it will make the administration of this benefit more efficient which will save counties and taxpayers money.

This bill removes all references to character of discharge from state statute (lines 1.12 through 1.15). Today, the statute causes counties to re-adjudicate a veteran's character of discharge, sometimes incorrectly, when that is already done by the VA. If a veteran is receiving VA compensation for a disability, the VA has already decided the character of discharge is honorable for VA purposes. Striking these words would keep eligibility criteria consistent with benefits offered by the federal government and would eliminate confusion as county personnel verify a veteran's benefits each year to the county assessors, and even erroneously kick people off benefits. This language change on lines 3.16 through 3.17 also clarifies that service members who are currently serving but who have service-connected disabilities with the VA are eligible. While we believe current service members with disabilities are already receiving this benefit, we are not comfortable with the ambiguity and confusion the existing statute creates, again, resulting in the potential for counties to erroneously deny the benefit to people who should have it.

There are several areas of the current statute that are unfavorable to surviving spouses and exclude them from receiving the benefit.

Contact: Kristy Janigo, The American Legion Department of Minnesota Legislative Chair,
Phone: 612-708-9029 **Email:** Kristy.janigo@gmail.com

First, we support the removal of the “equal or lesser value” language for surviving spouses on lines 4.15 through 4.18. It is often more expensive to downsize from a large home that is already paid off to a smaller home, town home, or a condo. Second, the present law still contains deadlines that a surviving spouse must file within two years of the death. When you’re in grief, you’re not thinking about applying for benefits, so two years is often not enough time. In 2021, we got rid of most of the time limits, but we should finish the job as stated on lines 3.5-3.8 and remove the last of the time limits for surviving spouses applying for the benefit.

Third, the law discriminates against active-duty spouses and would help only Minnesota National Guard or Reserve spouses. Active-duty spouses likely live on or near out-of-state bases when their spouse dies in service to the country. This describes our own American Legion comptroller, Rachael Hill, a Gold Star Spouse and female veteran herself whose husband died in another state in a training accident while on active duty. When Rachael and the two young boys returned to Minnesota, they found they did not qualify for the surviving spouse property tax exemption. This is not in the spirit of our state’s support for veterans and their families. Lines 2.18 through 2.22 corrects this issue.

Lastly, we also support this bill’s provision (lines 2.10-2.11, line 3.21, and 4.10) to allow the spouse to remarry and retain the benefit. The American Legion at all levels, whether post, district, state, or national, support the institution of marriage and advocate to allow surviving spouses to remarry and retain their benefits. Veterans who have passed on would want their loved one to find happiness in their absence. Therefore, we support that references to remarriage are eliminated with this bill.

There has been much misinformation about the costs of this bill with some state lawmakers and county commissioners fearing they will not be elected in the future for driving costs to taxpayers. There is actually no cost to the state and there is no cost to local governments. There is a shifting of the tax burden from eligible veterans and surviving spouses to the remainder of the county’s tax base. That shift represents a very small fraction of any given county’s property tax revenues, whether large metro or small rural counties. We have done the math, and the amounts of the shift across Minnesota counties for funding the entirety of the benefit as it is today range from 0.1% to 1.51% with the average being a 0.54% shift. We calculated these numbers by taking each of the 87 Minnesota counties’ veterans’ homestead exclusion totals divided by the estimated market value totals. So, we are talking about even smaller fractions of a percent of a shift caused by the expansion to the exclusion caps and new elements of this bill. We estimate the additional shift would be less than .03%. When we’ve talked to Minnesotans, many have said they will gladly pay a few more dollars on their property taxes to help veterans in their communities.

-Dr. Kristy Janigo



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